

Chapters 10 & 11 Review Questions

Chapter 10

1. What is the face value of a bond?
2. What are the 4 major types of bonds issued by corporations?
3. What is it called if a company pays back a bond early... they are _____ the bond. What must they pay if they do this?
4. What are two other ways that a company pays back their bonds?
5. What are the 3 major reasons that investors purchase bonds?
6. What are the 3 types of government securities that are offered? What are their similarities and differences?
7. What are the 2 types of Savings Bonds offered? What's the difference between them?
8. Why do state and local governments issue bonds? What are these bonds called?
9. What are the bond ratings? Which ones are investment grade? What is the highest?
10. What is the major advantage of mutual funds?
11. What is the document that provides information on mutual funds called? What is some of the information provided?
12. What price do you buy mutual funds at? What are the 3 ways that an investor can make money from a mutual fund?
13. What kind of investments can you participate in through a mutual fund?
14. What are the 4 ways that investors primarily invest in mutual funds?

Chapter 11

1. What are the 3 ways that an investor can directly invest in real estate? Provide an example & description of each.
2. What are the advantages and disadvantages of direct investment?
3. What are the 4 ways that an investor can indirectly invest in real estate? Provide an example & description of each.
4. What are the advantages and disadvantages of indirect investment?
5. What is an REIT? REIT's can invest money in 3 ways, what are they and what do they invest in?
6. Which has provided a greater rate of return historically? REIT's or direct ownership? What other investment is REIT's most similar to? Direct ownership?
7. What are the 3 examples of "alternative investments" that you could invest in? What are the pros and cons of each of them?