

## Chapter 1 GETTING STARTED AS AN INVESTOR

At the end of this chapter you will be able to:

- Describe the different types of investments, including fixed versus variable-income, financial versus real assets, direct versus indirect, and long-term versus short-term
- Explain the features of stocks and bonds, and the drawbacks and benefits of each
- Differentiate between common stocks and mutual funds
- Assess how interest rates affect the market value of investments and how risk and return are related

## Chapter 2 FINANCIAL MARKETS AND INVESTMENT PROCESS

At the end of this chapter you will be able to:

- Discuss the primary and secondary capital markets and the characteristics of each
- Explain the various types of securities transactions and what is involved in each type
- Compare and contrast stock splits and stock dividends
- Assess when buying stock on margin is a good idea and when selling stock short is advisable

## Chapter 3 RETURN AND RISK

At the end of this chapter you will be able to:

- Explain return on investment and how it is measured over time
- Define business risk
- Measure risk, assess what risks you face and recommend techniques to reduce risk
- Describe how investment alternatives affect the risk-return trade-off

## Chapter 4 FUNDAMENTAL ANALYSIS

At the end of this chapter you will be able to:

- Define fundamental analysis
- Explain the importance of risk analysis
- Analyze financial statements
- Evaluate financial ratios

## Chapter 5 TECHNICAL ANALYSIS

At the end of this chapter you will be able to:

- Describe the tools of technical analysis
- Explain charting and what types of charts may be used
- List the key indicators of market and stock performance and discuss how they are used

## Chapter 6 COMMON STOCKS AND PREFERRED STOCKS

At the end of this chapter you will be able to:

- Describe the characteristics of common stock and compare to preferred stock
- Calculate the expected return from preferred stock
- List the different types of preferred stock

## Chapter 7 HOW MUCH ARE YOU WILLING TO PAY FOR A COMMON STOCK?

At the end of this chapter you will be able to:

- Explain the time value of money
- Calculate the fundamental value of common stock
- Compare price/earnings ratio approaches

## Chapter 8 FIXED INCOME SECURITIES

At the end of this chapter you will be able to:

- Describe the characteristics of the different types of bonds including, bond yields, interest rates, prices and risk
- Discuss the features of the different categories of bonds
- List the advantages and disadvantages of investing in bond funds

## Chapter 9 INVESTING IN OPTIONS

At the end of this chapter you will be able to:

- Define the terms: options, stock rights, stock warrants, and calls and puts
- Determine the value of an option and a warrant
- Explain how stock options are used by hedgers and speculators
- Compare and contrast the different kinds of stock options

## Chapter 10 FUTURES CONTRACTS

At the end of this chapter you will be able to:

- Define futures contracts
- Explain the returns and risks associated with the use of futures contracts and derivatives
- Discuss the uses of and differences between: financial futures, interest rate futures, currency futures and index futures

## Chapter 11 GLOBAL INVESTING

At the end of this chapter you will be able to:

- Compare and contrast the advantages and risks of global investing
- Illustrate the effect of the exchange rate on the investment rate of return
- Differentiate between a Eurobond and a foreign bond
- Describe the methods of investing in international money markets

## Chapter 12 TAX -ADVANTAGED INVESTMENTS

At the end of this chapter you will be able to:

- Define the following: limited partnerships, real estate investment trusts (REITs), and real estate operating company (REOC)
- Compare the advantages and disadvantages of the various types of pension funds
- Explain how annuities work

## Chapter 13

### MUTUAL FUNDS

At the end of this chapter you will be able to:

- Describe the attributes of mutual funds and the common services offered by mutual funds
- Determine the total return on a mutual fund
- List the types of mutual funds
- Define performance benchmarking

## Chapter 14

### DIVERSIFICATION, PORTFOLIO CONSTRUCTION, AND ASSET ALLOCATION

At the end of this chapter you will be able to:

- Describe an efficient portfolio
- Discuss how to allocate assets with mutual funds
- Demonstrate the use of beta coefficients to adjust asset allocation
- Determine whether following a life-cycle guide recommended asset allocation would be beneficial