

Please match the following type of investment with its description:

- A. Investments with very little risk, and correspondingly, very little return. Often used as a place to “park your money” or for an emergency fund of 3 to 6 months income.
- B. Speculative securities that derive their value from an underlying security or asset. Examples include options contracts and futures contracts.
- C. Securities that represent ownership in a corporation. Investors receive dividends and capital gains (or capital losses).
- D. Fixed-income securities that represent loans to corporations, municipalities (state & local governments and agencies), and the Federal government. Investors receive interest and a promise to repay the loan.
- E. Securities designed to offer the stability of fixed-income investments with the opportunity for capital growth of equity investments. Examples include preferred stock and convertible bonds.
- F. Investment companies that pool investors’ money and invest in a diversified portfolio of securities. Investors get diversification and professional money management.

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| <u>C</u> | common stocks |
| <u>D</u> | bonds |
| <u>A</u> | short-term securities |
| <u>F</u> | mutual funds |
| <u>E</u> | hybrid securities |
| <u>B</u> | derivatives |