



Activity 1

You have money invested in two stocks, stock A and stock B. You currently own 1,000 shares of each stock. The table below provides some information about the stocks. Both stocks currently sell for the same price of \$15 a share. Your financial advisor tells you that while stock B is trading lower than in 2010, she believes that it will grow at the same rate as stock A through 2020. She believes the price will be \$25 a share for both stocks in 2020. After 2020, she believes both stocks will perform at the market average.

	Stock A	Stock B
Purchase price in 2010	\$10	\$20
Current Price	\$15	\$15
Expected Price in 2020 (according to financial advisor)	\$25	\$25
Total Amount Received if Sold Today	\$15,000	\$15,000
Gain or Loss if Sold Today	Gain of \$5,000	Loss of \$5,000

You want to sell one of the stocks to have money for a new car. Fortunately, the country in which you reside does not have capital gains taxes, so you do not worry about taxes when making this choice.

Which stock will you sell? (Check one.) Stock A _____ Stock B _____

Why did you choose to sell that stock?
