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Hello everyone!

Choose one or more of the following review questions, and discuss them as a class.

How does a company's financing strategy impact its operations and performance?

What is risk, and how does it affect decisions about investment?

In finance, risk refers to the degree of uncertainty and/or potential financial loss inherent in an investment decision. In general, as investment risks rise, investors seek higher returns to compensate themselves for taking such risks. With business risk, you purchase stocks (ownership) in the company or bonds (loans to companies). Returns from both of these investments require that the company stays in business. If a company goes bankrupt and its assets are liquidated, bonds are paid first and common stockholders are last.

Reference

What is Risk? | Investor.gov. (n.d.). Retrieved September 26, 2021, from <https://www.investor.gov/introduction-investing/investing-basics/what-risk>.



Aaron Zulueta



Hi everyone,

What is risk, and how does it affect decisions about investment?

Risk is where you invest your money in hopes of getting something in return or end up losing your money and not get anything. We can separate risk into high level and low. Higher risk tends to give higher rewards but this means investing more. Lower risk means lower rewards. Its a degree of uncertainty when an investor choose to invest. If you choose to invest specially the higher risk, make sure to have plenty of cash reserve in case of unexpected expenses.