Name _____ Date _____ Class _____

Chapter 31 Investing

Section 31.2 How to Invest

Reading Activity—Draw Conclusions

Directions Read the excerpt from the textbook, then rewrite the paragraph using your own words and include any conclusions you have drawn about why investing in mutual funds is less risky than investing in individual stocks.

> Mutual funds lessen the risk of investing in the stock market. A mutual fund is a fund created by an investment firm that raises money from many shareholders and invests it in a variety of stock or other investments. A mutual fund has great buying power. If the investments owned by a mutual fund make a profit, then the mutual fund's shareholders are likely to earn a dividend.

Copyright © by The McGraw-Hill Companies, Inc. All rights reserved.