Name ______________________________ Date ____________ Class __________

Chapter 32 Real Estate and Other Investment Options

Section 32.2 Other Investment Options

Reading Activity—Figures of Speech

Directions Read the excerpts from the textbook and answer the questions.

> There are many different types of investments from which to choose, allowing people to diversity their investment plan. To diversify means to vary investments in order to spread risk or to expand. A diversified investment plan (or portfolio) might include real estate, stocks, bonds, and commodities. It could also include precious metals, gems, and collectibles.

1. How does the saying, "Don't put all your eggs in one basket" relate to the above excerpt?

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> Some people like to "play the market" for commodities such as oil, corn, and coffee. Through a commodities exchange, investors can buy contracts for quantities of a given commodity for delivery at a future date. Most investors want to sell their contract before the delivery date. They hope that the price of the commodity will rise in the world market. If it does, they can make a significant return. However, if prices decrease, they can lose a great deal. Even when you think you know the market very well, an unexpected event—for example, a freeze during the time coffee beans are about to be picked—can spell the difference between rags and riches.

2. Explain the phrase "Spell the difference between rags and riches" as it is used in the excerpt above.

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3. How does the saying, "Don't count your chickens before they hatch" relate to the above excerpt?

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