

✎ **7.3 INSERT THE WORDS (change the word form if necessary):**

*downturn, to raise money, stock, common shareholder, tracking, stock, voting rights, cap size, investment, penny stock, fluctuation, cyclical stock, defensive stock, sector.*

1. Stocks are among the most talked about and most popular ... opportunities available.
2. Price ... create another opportunity for investors to make money through stock.
3. Companies sell stock in order ... and investors buy stock in order to make money.
4. The investor takes on a certain amount of risk when investing in a company's ....
5. Stocks of different classes aren't always the best arrangement for the ..., so if ... are important to you, you should probably think carefully before buying stock that is split into different classes.
6. In general, the larger the ..., the more established the company, and the more stable the price of its stock.
7. Investor Guide recommends that beginners steer clear of ....
8. Of course, other groups break up the market into different ... categorizations, and sometimes break them down further into subsectors.
9. ... are stocks of companies whose profits move up and down according to the business cycle.
10. But although ... tend to hold up well during economic ..., their performance during upswings in the economy tends to be lackluster compared to that of cyclical stocks.
11. A company will sometimes issue ... when it has a very successful division that it feels is underappreciated by the market and not fully reflected in the company's stock price.

✎ **7.4 INSERT THE PREPOSITIONS WHERE NECESSARY**

A buyback is a corporation's repurchase ... stocks or bonds that it has previously issued. ... the case ... stocks, this reduces the number ... shares outstanding, giving each remaining shareholder a larger percentage ownership ... the company. This is usually considered a sign that the company's management is optimistic ... the future and believes that the current share price is undervalued.

Companies may decide to repurchase stock ... many reasons. They may be attempting to improve the price ... earnings ratio ... reducing market capitalization, or they may want to offer the stock as an incentive ... employees. It's important to note that when a company's shareholders vote to authorize a buyback, they aren't obliged to actually undertake the buyback. Some companies announce buyback plans as a sign ... confidence, but it's meaningless unless they actually go ... ... the repurchase.