

English For Investors

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Investment English
投资英语

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投 资 英 语

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前 言

本书为 English For Investors (投资者英语系列教程)的第4册。书中课文和阅读材料主要选自美国近年出版的有关投资书籍,旨在帮助读者提高阅读投资英语书刊的能力,扩大投资英语词汇量,丰富投资业务知识。

本书共分15个单元,1个附录,可供财经院校、综合性大学经济学院以及英语专业学生课堂学习,也可供自修之用。书中课文和阅读材料均选自国外有关近作,除个别地方为使上下文衔接紧凑而略作修改外,尽量保持原作风格。每单元均有“Word Study”,以便读者掌握更多的投资英语词汇。“Exercises”后附有阅读材料,以便读者扩大投资业务知识面。书末附有课文译文,聊供读者参考。附录《中国有关公司法概要》仅供读者借鉴,如需引用,应以正式法律文本为准。

限于编者的水平,加以时间仓促,错误之处祈请各位读者和同行予以批评指正。

编 者

1993年7月

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Unit 1

Why Investing?

Craig Hall had an uncommon problem when he started college in 1968 — he had \$4,000 in excess funds that he wanted to invest. While attending Eastern Michigan University in Ypsilanti, Hall started looking around for an investment property in nearby Ann Arbor, Michigan. He bought a rundown house for \$27,250, using his \$4,000 for the down payment. During his spare hours he painted, carpeted, and renovated the house. In 1970, he sold the house for \$52,000. He cleared out \$20,000 on the transaction, a 400 percent return on his \$4,000 down payment. Not bad, you say. The guy probably graduated from Eastern, and moved to a safe comfortable job in Detroit. Right? Not quite. Hall got hooked on investing in real estate. He continued to buy and sell investment properties and wrote a book about his experiences. One final question — how well has he done? By his own estimate, Hall had seen his \$4,000 grow to over \$10 million by 1978. And he was not even 30 years old at the time!

Not all of us are interested in real estate investments. Besides real estate, there are stamps, coins, comic books, lunch boxes, beer cans, dolls, jewelry, antiques, books, prints, art objects, gizmos, and do-dads. And let's not forget stocks and bonds.

It is not very often that we meet someone as successful in investing as Craig Hall. Perhaps more familiar is hearing of someone who has lost money in the stock market. Any investment opportunity that we could look at carries with it a promise of providing a return and a chance that the investment will go down in value. That is, investments involve both possible returns and risk of loss.

Then, why should we, the risk-aversers run risks to invest our money?

Generally, most people have only two viable alternatives for their money (incomes) — they can spend it all or they can spend some of it and save the rest. That is, for a given time period:

$$\text{Spending} + \text{Saving} = \text{Income}$$

All of us have certain expenditures that have to be made. Food, clothing, shelter, recreation, transportation, etc., are items on which income has to be spent. A certain part of income is not needed to pay for these required expenditures. This portion of income can either be saved or spent on nonessential items. The consumer has to make a conscious decision regarding whether to spend or save this certain portion of income.

If a person decides to save a portion of his or her income, it raises another question,

“Why save?” Savings can be viewed as postponing present consumption in favor of future consumption. A person may be willing to save if he or she feels that the satisfaction derived from saving now and consuming in the future is greater than the satisfaction derived from current consumption.

The trade-off between present consumption and saving for future consumption is something all of us face. The decision between these alternatives is a personal one — there is no good or bad choice. What we are doing is maximizing our satisfaction or welfare. Each person has a different view of how he or she can maximize his or her own welfare. Welfare depends on both present and future consumption.

We are now in a position to go back and answer one of the two questions posed earlier. We use our income to maximize our welfare. Maximizing our welfare implies maximizing our present as well as our future consumption. However, maximizing our future consumption is dependent on how we have invested portions of our incomes. For example, a person is saving \$ 15 a week for 52 weeks. If the person stuffs the money in a mattress, he or she will have, in one year, $\$ 15 \times 52 = \$ 780$. Now assume that this same amount is invested in a savings account which pays and compounds interest weekly. The interest rate is 5.25 percent. In one year, this person will have \$ 800.42 in the savings account. By investing, this person has more for future consumption than by not investing.

Now it becomes obvious why we run risks to invest. We invest to maximize or increase our welfare. We invest to earn a return, just like Crag Hall. Investments in savings accounts are very safe, and the returns are not risky. Other investments, such as buying stocks or antiques, do not guarantee a set return. However, there is a common issue — the investor expects the return to be positive. Investments can be defined as an assets acquired with the expectation of earning a positive return over a certain time span.

New Words & Expressions

excess fund 多余资金

property *n.* 物业;财产

rundown house 破烂房子

clear out 售清

get hooked on 迷上;沉缅于

comic *adj.* 滑稽的

lunch box 午餐盒

beer can 啤酒罐

prints *n.* 印刷品

gizmo /'gizməu/ *n.* 灵巧的机械装置

do-dad /'du:dæd/ *n.* 小装饰品

viable *adj.* 实际的,可实施的

spending *n.* 开支

expenditures *n.* 消费,经费

nonessential *adj.* 不重要的,非必需的

item *n.* 物品;项目

consumption *n.* 消费

trade-off /'treidɔ:f/ 一半一半的机会,(公平)交易

maximize *v.* 极力扩大

pose *v.* 提出

mattress /'mætrɪs/ *n.* 床垫

compound interest 计算复利

Proper Nouns

Notes

1. Hall's amazing story is covered in his book *The Real Estate Turnaround*.
2. "investment" can also be defined as investing money (投资) or sum of money that is invested (投资额).

Word Study

close

close company 内股公司(为纳税目的经过法定手续成立的一种公司,不论其股票在市场上是否公开出售)
closed indent 限制性定单
close out 了结交易
closing 了结,结束,最后的
closing an account 结清帐户,关闭帐户
closing entries 结帐分录
closing prices 收盘价

risk

risk 危险,风险,冒险

risk-asset ratio 风险与资产比率

risk capital 冒险资本

income

income 收入(从劳动、生意、职业或财产所得的付款、利润、利息等金额)
real income 实际收入
income bond 收益契约
income debenture 收益债券
income gearing 收益比例关系
income tax 所得税
income yield 利息收益
incoming partner 新合伙人

Exercises

I. Answer the following questions:

1. Give two examples to show why you should defer present consumption for future consumption.
2. Explain why people invest.
3. What is meant by "maximizing one's welfare?"
4. Is a savings program a good idea for everyone?
5. Savings is a form of consumption. Is the statement true or false or neutral? Explain.
6. Find more about Craig Hall.
7. Why does one save?
8. Define investments from an investing viewpoint.

II. Translate the following into English:

1. 投资目标
2. 多余资金
3. 物业投资项目
4. 400%的回报

- | | |
|-------------------|-----------------|
| 5. 冒险投资 | 9. 按周计算并支付复利 |
| 6. 把现在节约的资金用于将来消费 | 10. 固定利润 |
| 7. 一所破烂的房子 | 11. 相同的金额 |
| 8. 实际开销 | 12. 极力扩大将来的消费能力 |

III. Translate the following statements into Chinese:

1. He bought a rundown house for \$ 27,250, using his \$ 4,000 for the down payment.
2. By his own estimate, Hall had seen his \$ 4,000 grow to over \$ 10 million by 1978.
3. Perhaps more familiar is hearing of someone who has lost money in the stock market.
4. That is, investments involve both possible returns and risk of loss.
5. Most people have only two viable alternatives for their money — they can spend it all or they can spend some of it and save the rest.
6. Savings can be viewed as postponing present consumption in favor of future consumption.
7. Each person has a different view of how he or she can maximize his or her own welfare.
8. By investing, this person has more for future consumption than by not investing.
9. Other investments, such as buying stocks or antiques, do not guarantee a set return.
10. Maximizing our future consumption is dependent on how we have invested portions of our incomes.

Reading Material

Returns from Investing

By the way, in case you were wondering, Craig Hall did not receive his initial investment amount of \$ 4,000 from his parents as a “going away to college” present. He diligently accumulated the sum by doing odd jobs starting at age 10. What alternatives exist to allow one to save for investing? Using budgets, forcing savings, skipping an expenditure and saving the nonroutine incomes.

People invest with the expectation of returns and with the knowledge that these returns may not be realized. Investments involve both returns and risks. The various components of returns from an investment are discussed in this section.

Interest, dividends, capital gains, rent, and retirement income are all various forms of return.

Interest. A person can make an investment by lending money to someone else. Savers lend money to the financial institution where they have savings accounts. A person opening a savings account at a bank is basically lending money to the bank. Another form of lending is buying bonds issued by the government or a corporation. For example, one way

that the federal government borrows money is by selling U. S. savings bonds. Borrowers pay interest on the loans they have received. These interest payments are returns to or income for the lenders. Annual interest income is usually expressed as a percent of the amount of the loan.

Dividend. A corporation has two alternatives for using profits. It can keep all or some portion of profits and reinvest them in the business. The amount of profits that the firm keeps for reinvesting is called retained earnings. Second, the firm can pay some or all of its profits to its stockholders. The portion of profits paid to stockholders is called dividends. Dividends are usually stated as a dollar amount per share of common stock.

Capital gains. When one buys certain investments, such as common stocks, it is with the expectation that, besides paying dividends, the price of the stock will go up. If the stock is sold for a price that is higher than the purchase price, then the difference between the selling price and the purchase price is called capital gains. Capital gains are a form of return on investments. Many investments are bought with the expectation of capital gains. People invest in such things as antiques and art objects not because they pay dividends, but because they are expected to provide capital gains. Of course, not all investments go up in price. Some go down in price, and if sold for less than the purchase price, produce capital losses.

Rent. One can buy property and then lease its use to someone else. The person using the property pays rent to the owner. Most of us, at one time or another, have lived in a rented house, trailer, or apartment. Rent is another form of return on an investment.

Retirement Income. A person who has financially planned his or her retirement will receive retirement income. This retirement income may be from social security, from a pension plan, or from a life insurance policy purchased some years before. Retirement income is a form of return on investment. It's true that people have no choice about making certain types of retirement income investments, such as a social security. Still they are investments and are expected to produce returns in later years.

Now let's see some examples of returns.

A person invests money in a savings account at a financial institution. The interest received by the person is the return on that investment. Similarly, a person who buys U. S. savings bonds will also receive returns in the form of interest. Persons who own the common stock, for example, Procter & Gamble, or IBM, are reasonably well assured of receiving periodic dividends on their common stock holdings.

Assume that a person bought a house for \$ 35,000 in 1977. Recently, this house was sold for \$ 57,000. The difference between the selling price and the purchase price is the profit the homeowner made on the house and is a return on the \$ 35,000 investment. Someone who buys stock for \$ 1,000 and sells it for \$ 1,200 one year later has earned a $(\$ 1,200 - \$ 1,000) / \$ 1,000 = .20$ or 20 percent return on the investment of \$ 1,000.

A person buys an apartment building for \$ 100,000 and receives rent of \$ 18,000 an-

nually. After operating expenses of \$ 6,000, the person is left with \$ 12,000 every year, which is the annual return on the \$ 100,000 investment. A person may buy an ordinary life insurance policy, which pays him \$ 500 per month after that person reaches age 65. Part of the \$ 500 is the money originally paid for the insurance policy, the premiums. The remaining amount is the return from the policy. These are but some of the ways in which persons receive returns on their investments.

New Words & Expressions

initial investment amount 最初投资额
“going away to college” present “上大学”
礼物
skip *v.* 遗漏,漏过
nonroutine income 非例行收入
component *n.* 成分
retained earnings 留存的收入

trailer /'treilə/ *n.* (汽车拖动的)活动
房屋
retirement income 退休收入
retirement pension 退休金
life insurance policy 人寿保险单
premium *n.* 报酬,奖赏,奖金,定期支付
的保险费

Unit 2

Investment Alternatives

The investor has a wide variety of investment alternatives available. These alternatives vary both in terms of the returns they provide and the risks they carry. The following table summarizes major types of investments and their risk and return characteristics.

Investment Alternatives & Their Characteristics

Type of Investment	Business Risk	Market Risk	Inflation Risk	Liquidity Risk	Composite Risk	Expected Annual Return
1. U. S. Savings bonds	none	none	high	none	none	6.5%
2. Savings accounts	very low	none	high	none	negligible	5%-15%
3. High grade bonds	low	average	average	low	very low	10%-15%
4. Speculative bonds	High	high	average	average	moderate	12%-18%
5. Blue-chip common stocks	very low	average	low	negligible	average	12%-18%
6. Common stock mutual funds	low	average	low	negligible	average	12%-18%
7. Real estate	low-average	low	low	average-high	above average	15%-25%
8. Antiques, art objects, mineral recovery	average-high	average	low-average	high	high	15%-30%

The safest types of investments are U. S. savings bonds and savings accounts. Both are highly liquid and, as such, are often viewed as investments where funds can be "parked" temporarily until more desirable alternatives become available.

High grade corporate bonds are issued by major, well-known U. S. corporations, such as General Motors and U. S. Steel. High grade bonds are issued by corporations that are leaders in their fields. As such, there is little business risk associated with these

bonds. The market prices of these bonds tend to change with interest rate changes. These bonds can be sold readily and have low composite risk.

Bonds issued by lesser known or more risky firms are considered to be more speculative. Speculative bonds are somewhat less safe than high grade bonds. Because of the higher risk, these bonds provide returns that are higher than returns from high grade bonds. Bonds issued by many corporations, such as American Airliners and International Harvester, fall into this category.

Major, well-known, well-established corporations are also called blue-chip firms. Common stocks issued by blue-chip corporations are safe investments. It should be noted that not all common stocks are safe investments. Common stocks, in general, tend to be more risky investments than corporate bonds. Common stocks issued by new, small companies are, in many cases, very risky investments.

Common stock mutual funds are professionally managed funds whose assets are invested in common stocks. An investor can buy shares of a mutual fund. The mutual fund uses the monies received to buy common stock of various companies. The investment objectives of mutual funds tend to vary. Those mutual funds that invest in blue-chip common stock have risk and return characteristics very similar to the blue-chip stocks themselves.

Typical investments in real estate include rental properties such as apartment buildings, rental homes, and professional buildings. Real estate investments have shown a steady increase in values in the past two decades. Because of these fairly steady increases in the market value of real estate investments, they are considered to have low market risk. Real estate investments provide a good hedge against inflation also. The major problem with real estate investments is that they do not tend to be very liquid. Unlike common stocks, real estate investments often require considerable sales time and effort. Some real estate investments are for sale for a number of years before they are sold. The composite risk for real estate investments is above average.

Antiques, art objects, collectibles, and mineral recovery programs (such as oil drilling and mining) are highly risky investments. Various types of collectibles go in and out of favor with collectors. Norman Rockwell prints may be in vogue at one time, only to be replaced in popularity by Alexander Calder prints. Collectibles are not liquid investments. The composite risk for collectibles is high.

Investing requires the establishment of definite investment strategies. Without establishing investment strategies, investing may prove to be a tiresome, time-consuming chore without adequate returns. Prior to establishing investment strategies though, one would have to set investment goals. Setting investment goals will produce certain investment criteria that are then matched with investment alternatives.

New Words & Expressions

to carry risk 携带风险
 high grade corporate bonds 高级公司债券
 composite risk 综合风险
 well-established corporations 信誉好的公司
 common stock mutual funds 普通股互助金
 rental properties 供出租的物业
 considerable sales time 很长的销售时间
 antiques *n.* 古董

collectibles *n.* 收藏品
 collector *n.* 收藏家, 收藏者
 in vogue 时髦, 流行
 investment strategy 投资策略
 time-consuming 费时的, 白费的
 chore /tʃɔ:/ *n.* 困难而讨厌的工作

Proper Names

Norman Rockwell 诺曼·罗克威尔
 Alexander Calder 亚历山大·卡尔德

Notes

1. 1980 saw interest rates soar to then record highs. The expected annual returns mentioned in the table are based on recent experience and not on long-run historical returns.
2. mutual funds: 又称互惠基金, 是美国对共同投资信托公司 (Unit Trust) 的称谓。

Word Study

grade

grade 阶级, 等级
 at grade 在同一水平上
 down grade 变坏; 往下走
 in grades 按等级
 on the up (/down) grade 上升(下降); 盛(衰)
 up grade 变好; 上坡; 往上走
 up to grade 够标准
 grade mark 货品等级记号

compound

compound arbitrage 复合套汇交易
 compound interest 复利
 compound settlement 复合限制授予工地

契据

proprietary

proprietary 业主的, 所有权的
 propriety company 土地兴业公司, 控股公司
 proprietor 所有人, 业主
 proprietorship register 所有权登记
 proprietor's stake 业主资本

first

first class bill 头等票据
 first cost 第一成本
 first mortgage 首次抵押
 first of exchange 第一联票据

Exercises

I. Answer the following questions:

1. Explain briefly the following terms:

- a. Business risk
- b. Market risk
- c. Composite risk

2. What is liquidity risk? Why is it important from the investor's viewpoints?

3. Is it possible to obtain high returns from low risk investments?

4. What is the relationship between risk and return in investing? Explain.

5. Define return from an investing viewpoint.

6. U. S. bonds are safe, but not liquid investments. Is the statement true? Explain your answer.

7. Speculative bonds are about as desirable as blue-chip common stocks for investment purposes. Is the statement true or false or neutral?

8. Why are antiques regarded as a risky investment?

II. Translate the following into English:

1. 风险投资项目

2. 美国储蓄债券

3. 高品级公司债券

4. 名列本行业榜首的公司

5. 综合风险低

6. 投机债券投资

7. 安全投资

8. 普通股互惠基金

9. 供出租的物业

10. 建立明确的投资策略

11. 确定投资目标

12. 一定的投资项目选择一定的投资标准

III. Translate the following statements into Chinese:

1. Investment alternatives vary both in terms of the returns they provide and the risks they carry.

2. The safest types of investments are U. S. savings bonds and savings accounts.

3. As such, there is little known business risk associated with these bonds.

4. Common stocks, in general, tend to be more risky investments than corporate bonds.

5. The mutual fund uses the monies received to buy common stock of various companies.

6. The major problem with real estate investments is that they do not tend to be very liquid.

7. The composite risk for real estate investments is above average.

8. Norman Rockwell prints may be in vogue at one time, only to be replaced in popularity by Alexander Calder Prints.

9. Without establishing investment strategies, investing may prove to be a tiresome,

time-consuming chore without adequate returns.

10. Setting investment goals will produce certain investment criteria that are then matched with investment alternatives.

Reading Material

Investment Strategies

Different people have different end uses for their investment funds. In fact, it is entirely possible for one person or family to have multiple investment goals. Three basic types of investment goals can be identified — those related to precautionary, specific, and speculative funds.

Goals for Precautionary Funds. All people need to set aside some funds for emergency reasons. Typically, three to six months of take-home salary should be placed in an emergency fund. As the term implies, the purpose of precautionary funds is to provide money during emergencies. For example, a person may get laid-off from a job suddenly. The emergency fund could be utilized for day to day living until a suitable job is accepted. Since the fund is for emergency purposes, it needs to be invested only in highly liquid and highly safe investments. The planning horizon, or expected length of time to maturity, for these funds has to be very short, since emergencies can arise at any time.

Goals for Specific Funds. Specific funds are designed to provide funds for specific events. These events include retirement, leisure activities, and building an estate. The events mentioned do not occur on an emergency basis. They are highly predictable, and one can easily estimate the time when they will occur. For example, the typical worker knows when she or he could expect to retire. Similarly, one can plan well ahead of time for leisure activities, such as an extended vocation. Since these activities generally occur well in the future, one can consider investments that have low to average levels of risk with related returns. Liquidity is not an important factor in the short run.

Goals for Speculative Funds. Speculative funds include monies that would not be missed if they were not available. One can proceed to “blow” speculative funds without changing one’s life style. Since speculative funds are not expected to be a required part of one’s financial plans, they can be invested in investments that have high risks and high returns. Liquidity and Planning horizon are not important considerations in investing speculative funds.

Investment goals tend to vary with the types of funds to be invested. Liquidity and safety, risk and return, and planning horizon all need to be carefully considered in matching investment alternatives to investment goals.

Proper investment management procedures require that investment alternatives be selected to insure that investment goals are met. Precautionary funds require highly safe and