

01

Financial products

Warm up

Read the quote. How much risk does Paul Samuelson think investors should take? Discuss with a partner.

Investing should be more like watching paint dry or watching grass grow. If you want excitement, take \$800 and go to Las Vegas.

Paul Samuelson, investor

LEARNING OBJECTIVES

Investment communication skills

Advising and warning investors;
Confirming a telephone call by email;
Discussing and recommending an investment

Reading

A banking services web page; An email chain following up a request for information

Listening

A radio phone-in show; A telephone call discussing retirement planning

Language

Common financial terms; Phrases for giving advice and warnings; Phrases to ask for and check information politely

Choosing your investment


1 Work with a partner. You have both just won €200,000. Discuss how you would invest this money in the current economic climate and why.

2 Match the words in the box to the definitions (a-j).

| | | | | |
|-----------------|----------------------|--------------|----------------|--------------|
| commodities | currencies | diversifying | equities | fixed income |
| investment fund | investment portfolio | market trend | stock exchange | yield |

- a** an organization that manages the sale of equities _____
- b** a collection of different investments _____
- c** the money used in different countries _____
- d** certificates of ownership in a company giving the holder the right to claim a percentage of company profits _____
- e** raw materials such as metal, oil or agricultural goods _____
- f** the general direction of price changes in a security _____
- g** a stable return to investors, often through products such as bonds _____
- h** investing in more than one type of security to reduce risk _____
- i** the amount of the return on a fixed-income product _____
- j** a financial product that collects money from lots of individuals and invests it _____

3 New Capital Bank offers various investment products to its clients. Complete the web page with the correct form of words from 2.



Investment Services

Equity Funds
Invest in a range of ^(a) _____ from the major ^(b) _____ and have an expert fund manager manage your investment ^(c) _____. These investments are generally higher risk but enjoy higher returns.

^(d) _____ **Funds**
Generate a regular income from investing in bonds and other debt securities with the reassurance that an experienced fund manager is protecting your capital in these relatively low-risk investments.

Diversified Funds
Spread your risk by ^(e) _____ your portfolio across fixed-income securities, equities, ^(f) _____ such as the USD or Euro and ^(g) _____ like oil and iron ore. Benefit from high-yielding investments without risking your capital.

Brokerage Services
If you prefer to make your own decisions, you can take advantage of our brokerage services. Choose our advisory services to receive advice on what to invest in and the developing ^(h) _____ trend for a fixed fee.
For those of you who just want to access the capital markets and don't require advice, you can choose our execution-only service, allowing you to execute trades on a wide range of markets.





4 Read the web page again and decide which product is the best for each person. Think about the level of risk and timescale of each investment.

- a a 54-year-old preparing for retirement
- b a 23-year-old planning for retirement
- c someone who wants a regular income from investing
- d someone who wishes to trade securities as a new career

5 **01** Listen to a radio show called *The Money Hour*. A financial advisor, David Williams, will give advice to three of the people in 4. Which person does he not give advice to? How similar was David's advice to yours?

6 **01** Listen again and answer the questions.

- a Why can Jenny take a lot of risks if she wants to?
- b What advice does David give Jenny and why?
- c What does David mean when he tells Brian he's 'leaving it late'?
- d What advice does he give Brian?
- e What advice does David give Sandra?

7 Put the words in italics in the correct order.

- a *for / I'd / go* something with a modest risk-reward ratio, such as fixed income.

- b *suggest / is / I / what* focusing on stocks.

- c *of / careful / be* very high advertised returns as these would mean taking on too much risk.

- d *overexpose / shouldn't / you* your portfolio because you don't have time to earn back any losses.

- e *recommend / I'd / fund / a* with a yield of 5–10%.

- f *is / I'd / do / what* contact a broker and have a more detailed talk about your needs.

- g You can invest yourself ..., *must / I / say / but* the fees will be high.

- h *be / you'll / probably / off / with / better* an investment fund.

8 Match the sentences (a–h) in 7 to the reasons you use them (1–2).

- 1** to give advice
- 2** to give a warning

9 Match the advised products (a–d) to the potential problems with those products (1–4). Then write full sentences using the phrases in 7.

- | | |
|--------------------------|--|
| a execution-only service | 1 the type of investments in the fund |
| b fixed-income fund | 2 too much risk in the share market |
| c an equity fund | 3 high fees |
| d a diversified fund | 4 returns are low on debt products |

Over to you

Work in groups of three. Roleplay the scenario at the back of the book.

Student A: Turn to page 46.

Student B: Turn to page 48.

Student C: Turn to page 50.

Retirement planning

1 Discuss the questions with a partner.

- a When should people start planning for retirement?
- b How should you plan for retirement?
- c What products would you recommend to someone investing for retirement?

2 Walter Lyon is planning for his retirement. Read the email chain between Walter and a financial advisor at New Capital Bank and complete it with the phrases in the box.

available any day Could we arrange Could you please I would like to
Thank you for your interest would be convenient

1

Dear Sir/Madam,
I saw on your website that you provide diversified funds. I would be interested in learning more about these funds.
(a) _____ send me more information?

Kind regards,
Walter Lyon

2

Dear Mr Lyon,
(b) _____ in our products. To ensure that we provide you with the right investment, (c) _____ find out more about your reasons for investing. (d) _____ a call to discuss your needs?
Please let me know a time and day that (e) _____ for me to call you.

Best regards,
Rachel Jackson,
Investment Advisor

3

Dear Rachel,
Thank you for your reply. I'm (f) _____ this week between 12 and 2pm. Let me know which day works best for you.
Thanks,
Walter


3 Write Rachel's final reply confirming a telephone call for Friday.

4 Work in small groups. Read the information about Walter and the products from New Capital Bank. Discuss what advice you would give him.

Walter recently paid off the mortgage on his house and has between €500–1,000 extra income a month. He plans to retire in the next 10–15 years and wants to build up an amount of money to use in his retirement.

New Capital Bank offers a range of investment products including:

- Advised and execution-only brokerage services
- Equity, fixed-income and diversified funds
- Pensions
- Personal investment services for high net worth individuals

5  02 Listen to the phone call between Rachel and Walter and decide if the statements are true (T) or false (F). Correct the false statements.

- a Walter wants to generate a monthly income. T / F
- b He already has a pension. T / F
- c He doesn't want to manage his investment himself. T / F
- d He wants to invest a lump sum of money. T / F
- e He wants to take a lot of risk. T / F



6 **02 Listen again and complete the questions.**

- a** Right, so first, _____ your reasons for looking to invest?
- b** Okay, so you're mainly thinking about retirement planning, _____?
- c** And _____ in capital growth for retirement rather than income?
- d** Now, you said you already had a pension, _____?
- e** _____ about how you'd like to manage your money?
- f** Okay, _____ I ask when you expect to retire?
- g** Okay, and _____ like to invest?
- h** Okay, and finally, _____ your attitude to risk?

7 Match the questions (a–h) in 6 to the reasons Rachel uses them (1–2).

- 1** to ask for information politely
- 2** to check information

8 **03 Listen to the next part of the conversation and answer the questions.**

- a** What products does Rachel offer Walter?
- b** What are the main differences between these products?
- c** What do they agree to do?

9 Underline the correct options in the sentences.

- a** Okay, so I think we have two products that would *suit* / *meet* you.
- b** ... the Euro Tracker might give you the *safety* / *security* you're looking for ...
- c** ... or our Growth Plus Fund, which has a better *yield* / *payment*.
- d** It's quite stable and has a good rate of *yield* / *return*.
- e** Well, that's a *bag* / *basket* of investments across various asset classes ...
- f** It's slightly higher risk, but does have a better performance *status* / *record*, yielding 4–5% a year.

10 **03 Listen again and check your answers.**

11 Complete the conversation with words and phrases from 6 and 9. Then practise the conversation with a partner.

- Advisor** Do you ^(a) _____ I ask what your attitude to risk is?
- Customer** Well, I want something with a good ^(b) _____ of _____, but I'm mainly concerned about financial ^(c) _____.
- Advisor** So you're more concerned about security than ^(d) _____, is ^(e) _____?
- Customer** Yes, that's right.
- Advisor** So, I think our mutual fund would ^(f) _____ your needs. It's a ^(g) _____ of investments.
- Customer** Okay, ^(h) _____ ask what the performance ⁽ⁱ⁾ _____ of that is?

Over to you

- 1** Discuss your retirement plans with a partner. Take turns to find out your partner's investment objectives and to give advice / recommend a product.
- 2** Roleplay the scenarios at the back of the book.

Student A: Turn to page 46.

Student B: Turn to page 49.