

## Answer to Question #38590 – Math - Other

An investor bought 5,000 preferred shares (par value \$1.00) of BC Resources at \$.755 and received a dividend of \$.05. He then sold them at \$.80. What was the investor's total gain in dollars? What was the percentage gain?

### Solution:

He bought 5000 preferred shares for \$5000 (because the cost is \$1.00 par value)

The real cost is \$0.755 per value. So, he gained  $\$5000 - \$0.755 * 5000 = \$1225$

After that he received a dividend of \$0.05 -  $\rightarrow 5000 * \$0.05 = \$250$

And after, he sold them at \$0.8, so he earned -  $\rightarrow 5000 * \$0.8 = \$4000$

Gain =  $\$4000 + \$250 + \$1225 - \$5000 = \$ 475$

Percentage of gain is =  $\$ 475 * 100\% / \$5000 = 9,5\%$