

Money 101 - Investments

12.40 How are Capital Gains Created when investor does not make a sale

Company	Purchase Price Basis	Current Value
A	50	55
B	18	19
C	20	25
D	6	8
E	30	32
	<u>124</u>	<u>139</u>

EVENT - Fund manager decided that they want to make a change
Sells Company A - Buys company F

Sold	55
Cost Basis	<u>50</u>
CAPITAL GAIN	<u><u>5</u></u>

New Portfolio has the same value

B	19
C	25
D	8
E	32
F	<u>55</u>
	<u><u>139</u></u>