

# Foreign Equity Is Good or Bad



# Vocabulary

**Skeptical:** doubting that something is true or useful.

**Ample:** more than enough.

**Diversification:** the process of a company varying its investments.

**Downturn:** a reduction in the amount or success of something, such as a country's economic activity.

**Assets:** something that is owned by a person, company, or organization, such as money, property, or land.

**Liabilities:** the amount of money that a person or organization owes.

**To spread the risk:** to reduce the chance of losing money through a diversification of investments.

# Introduction

$$\text{Equity} = \text{Assets} - \text{Liabilities}$$

**Equity** is basically the difference between the value of the **assets** and the value of the **liabilities**.

