

Selecting Your Investments Post Test (HS)

1. Dividing a stock's current price per share by the issuing company's earnings per share results in:
 - a. the share value
 - c. the dividend yield
 - b. the price to earnings ratio
2. Stocks, bonds and mutual funds are all part of:
 - a. an initial public offering
 - b. an industry sector
 - c. a diversified portfolio
3. _____ issue a fixed number of shares that trade on a stock exchange.
 - a. Closed end mutual funds
 - b. Open end mutual funds
 - c. money market funds
4. The S&P 500 Index is made up of _____.
 - a. the 500 best performing stocks on the NASDAQ.
 - b. 500 large-cap stocks from a wide variety of sectors.
 - c. 500 stocks that are made up of small, mid-cap and large-cap companies.
5. A stock is to a mutual fund as:
 - a. a can of soda is to a six-pack
 - b. a pencil is to paper
 - c. a tree is to a forest
6. Holding _____ from several different sectors _____ your portfolio
 - a. bonds, specializes
 - b. stocks, marginalizes
 - c. stocks, diversifies
7. If you know that the ticker symbol for Ford is F, on which exchange is it listed?
 - a. NYSE
 - b. AMEX
 - c. NASDAQ
8. This week, DEF stock's price increased from \$12 to \$18 per share, JKL stock increased from \$24 to \$39 per share, and MNO stock increased from \$110 to \$139 per share. Which stock showed the greatest percentage gain in value?
 - a. DEF
 - b. JKL
 - c. MNO
9. The Nasdaq 100, the Dow Jones Industrial Average and the Russell 2000 are examples of:
 - a. a stock report
 - b. stock exchanges
 - c. stock indices
10. If PatchCo's PE ratio is 8 and its stock is currently valued at \$64 per share, then its annual Earnings per Share
 - a. is 7
 - b. is 56



- c. is 8.
11. Diversification creates:
- more risk in a portfolio
 - less diversity in a portfolio
 - less risk in a portfolio
12. A mutual fund without a sales charge is called _____
- a load fund
 - a no load fund
 - a 12b-1 fund
13. Investors with a low risk tolerance tend to seek stocks that are
- cyclical
 - blue-chip
 - small-cap
14. Ford, Toyota, and GM show PE ratios of 18, 36, and 5, respectively. Based solely on this information, which company's stock would be the less risky buy?
- GM
 - Ford
 - Toyota
15. Mutual funds are regulated by:
- Securities and Exchange Commission
 - mutual fund managers
 - National Association of Securities Dealers
16. An industry is composed of:
- 10 to 15 stocks
 - corporations with similar products and services
 - industrial businesses working together
17. The Dow Jones Industrial Average represents:
- 30 blue chip stocks
 - 30 of the most popular companies on the NYSE
 - 300 Industrial companies
18. If a share of a mutual fund cost \$8 a year ago and costs \$12 today, it means the NAV increased how much per share?
- 96%
 - 32%
 - 50%
19. Marcus has \$3,000 in Microsoft stock, \$2,000 in Disney stock, \$500 in Hershey stock and \$2,000 in a government bond. A broker tells Carrie that her portfolio is not diversified enough. Carrie should probably:
- sell the government bond and buy a mutual fund
 - sell the Microsoft Computer stock and buy another bond
 - sell some of her stock and buy a mutual fund
20. To be diversified, a portfolio must hold bonds as well as stocks and mutual funds.
- True
 - False



24. A new restaurant, Pasta Premier has opened in Vicki's neighborhood. Vicki can't find the ticker symbol for Pasta Premier stock. Which of the following statements is not true.
- a. Pasta Premier could be a subsidiary
 - b. Pasta Premier could be a parent company
 - c. Past Premier could be a privately traded company
26. Exchange-Traded Funds, or ETFs, are _____ funds that trade just like stocks on major stock exchanges
- a. bond
 - c. market exchange
 - b. index
27. Large cap, mid caps and small caps are descriptions of:
- a. company size and market value
 - b. mutual funds
 - c. index funds

Selecting Your Investments Post Test (HS) Answer Key

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- a. True
 - b. **False**



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