

## Selecting Your Investments Post-Test (MS)

1. Jeremy invested all of his money in airline stocks. Chris advised him to invest in companies in several different industries. Chris' advice is for Jeremy to \_\_\_\_\_ his portfolio.
  - a. marginalize
  - b. diversify
  - c. liquidate
2. A sector is a diversified group of companies.
  - a. True
  - b. False
3. Mutual funds can only hold stocks.
  - a. True
  - b. False
4. The Dow Jones Industrial Average is followed by investors to tell them
  - a. the general health of the stock market
  - b. how the Dow Chemical stock is performing
  - c. whether they should diversify their portfolios
5. A group of companies producing a similar product or service is called
  - a. a franchise
  - b. a competitor
  - c. an industry
6. The price you can buy a mutual fund for is called
  - a. load
  - b. net asset value
  - c. equity value
7. Which of these is not a saving or investing opportunity?
  - a. certificate of deposit
  - b. credit card
  - c. mutual fund
8. A diversified stock portfolio is most like
  - a. a pizza with 5 toppings
  - b. four scoops of chocolate ice cream on a cone.
  - c. a six pack of Coke
9. Biotechnology, Communications, Railroads, and Sporting goods are examples of
  - a. markets
  - b. industries
  - c. monopolies
10. A mutual fund without a sales charge is called \_\_\_\_\_
  - a. a load fund
  - b. a no load fund
  - c. a 12b-1 fund
11. Which of the following is NOT a stock index?
  - a. SEC
  - b. S&P500
  - c. Dow Jones Industrial Average

12. Which of the following team portfolios is the most diversified?
- Jacob's team with 80 shares of Sara Lee, 35 shares of Kraft, 150 shares of Kellogg.
  - Maddie's team with 100 shares of Google, 100 shares of Microsoft, 100 shares of Dell computers
  - Allen's team with 100 shares of United Airlines, 80 shares of Peabody Energy, 70 shares of Papa John's Pizza
13. The NAV is the
- net asset value of a stock
  - the net asset value of a company
  - the net asset value of a mutual fund.
14. A person's risk tolerance is based on a number of factors including financial stability, amount of time before the invested funds are needed for other purposes, and \_\_\_\_\_
- age of the investor
  - occupation of the investor
  - investor's ability to repay debt
15. Dee's investment portfolio includes stocks, mutual funds, and bonds to lessen her risk of losing money. This is an example of
- diversification
  - compounding
  - stock splits
16. When mutual fund investors want to sell their fund shares, they sell them
- to the stock exchange
  - back to the fund
  - to brokers
17. In general, the \_\_\_\_\_ risk you are willing to take, the \_\_\_\_\_ the possible return on your investments.
- more, greater
  - less, greater
  - more, less
18. A \_\_\_\_\_ investor is one who is willing to take more risk in their investments.
- speculative
  - conservative
  - moderate
19. \_\_\_\_\_ are issued by corporations and by governments to raise funds.
- Stocks
  - Bonds
  - Mutual Funds
20. The benefit of mutual funds is that
- they are managed by professionals
  - they help to diversify your portfolio
  - both a and b
21. When researching stock and mutual fund data, you can find
- more information on the Internet
  - more information in the newspaper



c. the same information.

22. Mutual fund symbols are different from stock ticker symbols in that they have a total of \_\_\_\_\_ letters and end in the letter \_\_\_\_\_.

- a. 4, Y
- b. 3, M
- c. 5, X

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