

## Selecting Your Investment (ES)

1. If you have a diversified portfolio, you are at \_\_\_\_\_ risk of losing your money.
  - a. no
  - b. less
  - b. greater
  
2. A \_\_\_\_\_ is an IOU that a company or government sells when it borrows money.
  - a. stock
  - b. mutual fund
  - c. bond
  
3. \_\_\_\_\_ is a group of companies producing a similar product or service.
  - a. a mutual fund
  - b. an index
  - c. an industry
  
4. You can find stock data on the Internet, but you will not find mutual fund data on the Internet.
  - a. True
  - b. False
  
5. The DOW is a \_\_\_\_\_ that is followed by investors to tell them how well the stock market is doing.
  - a. mutual fund
  - b. stock index
  - c. an industry
  
6. Misty is willing to take \_\_\_\_\_ risk so she can get \_\_\_\_\_ return on his investment.
  - a. less, greater
  - b. more, less
  - c. more, greater
  
7. Investor Abraham invested in companies in several different \_\_\_\_\_ which will diversify his portfolio.
  - a. brands
  - b. industries
  - c. governments

8. The Dow Jones index is
  - a. 30 mutual funds
  - b. 30 stocks of large companies
  - c. 30 stocks and mutual funds
  
9. Danielle's portfolio includes cash, stocks, mutual funds, and bonds. This is an example of
  - a. compounding
  - b. capitalization
  - c. diversification
  
10. A \_\_\_\_\_ is an investment company that pools savers' money to invest in a variety of stocks and bonds.
  - a. stock
  - b. mutual fund
  - c. bond
  
11. Owning mutual funds
  - a. guarantees a profit.
  - b. helps to diversify your portfolio.
  - c. are riskier than stocks.
  
12. The mutual fund manager decides when to buy and sell stock within the mutual fund.
  - a. True
  - b. False
  
13. Mutual funds are a good investment for conservative investors.
  - a. True
  - b. False
  
14. When a stock is delisted, it means that this stock
  - a. is no longer traded on the stock exchange
  - b. has split
  - c. is downgraded
  
15. To be diversified, a portfolio must hold only mutual funds.
  - a. True
  - b. False
  
16. Investors like to buy mutual funds because
  - a. they have managers who do the research of stocks in the fund
  - b. they cost less than stocks
  - c. they never go down in value

17. Which of the following team portfolios is the most diversified?
- Karen's - with 3 mutual funds and 5 shares of Hasbro.
  - Karla's - with 100 shares of Delta Airlines and 70 shares of Papa John's Pizza.
  - Jay's - with 100 shares of Sara Lee, 35 shares of Kraft, 150 shares of Kellogg.
18. Investing in mutual funds requires more money than stocks.
- True
  - False
19. \_\_\_\_\_ funds have a fixed number of shares and trade like stocks.
- Open end funds
  - Closed-end funds
  - Fixed funds
20. The \_\_\_\_\_ of a mutual fund is the cost to an investor.
- NAV
  - IPO
  - dollar cost average

## Selecting Your Investment Post Test (ES) Answer Key

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  - b. IPO
  - c. dollar cost average