

QUICK QUIZ – INVESTING

Name: Class/Block: Date:

1. Define the words:

- a. expected return _____
- b. risk _____
- c. liquidity _____

2. Which is not an investment? (circle the correct answer)

- a. stocks
- b. bonds
- c. a credit card
- d. real estate

3. What is the difference between saving and investing?

4. Describe what a mutual fund is.

5. It's better to have high risk tolerance than low risk tolerance.

True False

6. Circle the statement that reflects the term "diversification."

- a. a stitch in time saves nine
- b. don't put all your eggs in one basket
- c. people who live in glass houses shouldn't throw stones
- d. he who laughs last, laughs best

7. If an investment promises a high return and very low risk, a good investor would:

- a. buy as much as possible
- b. buy just enough to improve the balance in a low-return portfolio
- c. report it to the provincial or territorial securities regulator
- d. find out how the investment strategy works and copy it

QUICK QUIZ – INVESTING (cont'd)

8. Why is it important to diversify your investment portfolio?

9. List three things that you should know before you make an investment.

- a. know _____
- b. know _____
- c. know _____

10. Why is it good to be skeptical when investing?

11. Which of the following is not a smart way for investors to assess information for bias and accuracy?

- a. Check whether it's from an official source with standards for accuracy.
- b. Check whether the source is known and is reliable and unbiased.
- c. Check whether the information is consistent with other known facts.
- d. Ensure that you're the only person that is receiving "inside" information about the investment.