



## Lesson 6—Assessment 1

# Investing Quiz

**Directions:** Match the following terms to the correct definition:

1. _____ Diversification	A. Share of profits paid to a stockholder
2. _____ Treasury bill	B. Total value of a company in the stock market
3. _____ Dividend	C. Short-term securities with maturities ranging from a few days to 52 weeks
4. _____ Emergency savings	D. Unique identifier by which individual securities can be researched and traded
5. _____ Index fund	E. Securities with terms of 20 or 30 years
6. _____ Stockholder	F. Original value of the bond
7. _____ Face value	G. Money set aside for unforeseen events
8. _____ Ticker symbol	H. Person who owns stock in a company and is eligible to share in profits and losses
9. _____ Market capitalization	I. Distribution of investments among several companies to lessen the risk of loss
10. _____ Treasury bonds	J. Type of mutual fund where components of the fund track the performance of a financial market index



## Lesson 6—Assessment 1

# Investing Quiz (Cont.)

**Write a short response to the following questions:**

11. Explain how financial markets and financial institutions help facilitate the transfer of funds from people who have saved money to people, firms and governments with investment projects.
  
  
  
  
  
  
  
  
  
  
12. What are three common types of emergencies people save money for?
  
  
  
  
  
  
  
  
  
  
13. What is the difference between stocks and bonds?
  
  
  
  
  
  
  
  
  
  
14. What is a stock exchange? Give one example.
  
  
  
  
  
  
  
  
  
  
15. If a company goes bankrupt and its stock price goes to zero, what happens to its shareholders?



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# Investing Quiz (Cont.)

**Choose the correct answer:**

16. A kind of ownership in a corporation that entitles the investor to share any profits remaining after all other obligations have been met:
- Preferred stock
  - Common stock
17. When the value of the stock increases:
- Stock appreciation
  - Stock depreciation
18. A financial asset that represents a piece, or share, of ownership in a company:
- Stock exchange
  - Stock
19. When a buyer offers to buy shares of stock at a given price:
- Bid price
  - Ask price
20. Companies have a market value of more than \$10 billion:
- Large-cap
  - Small-cap