

The Basics of Investing Key

1. Wise investing relies on:

- Hiring a full-service broker
- Research and risk-managed moves**
- Luck of the draw

2. Inflation is:

- The general rise in the cost of goods and services over time**
- A temporary drop in the cost of goods and services
- The upward movement of the stock market over time

3. Before investing, it is a good idea to:

- Buy a house
- Attend an investing seminar
- Create a budget and set goals**

4. If you don't have enough money to save for all of your goals, you should:

- Give up
- Only save for one goal at a time
- Consider if any goals can be adjusted**

5. Cash equivalents include:

- Money market mutual funds**
- Common stocks
- Government bonds

6. Stocks are an important part of an investment portfolio because they:

- Provide a guaranteed return
- Generally provide the greatest return**
- Have the lowest commission charge

7. Which of the following is a true statement about mutual funds?:

- They are the least risky of all investment vehicles
- They are always free of professional management risks
- They can be made up of stocks, bonds, and/or cash equivalents**

8. One of the best risk management tools is:

- Diversification**
- Selling frequently
- Averaging

9. Which of the following is a true statement about obtaining financial information from the internet?:

- It can be a good place to get information, but pay attention to the source**
- You should only get information from the websites of major companies
- Information on the internet is never reliable

10. A discount broker can be a good option for:

- People who only want to invest in cash equivalent
- People who do not want to do their own research
- People who do not need advise from a financial advisor**