

Before You Invest Post Test (HS)

1. Common stock ownership gives investors
 - a. voting rights in shareholders meetings
 - b. guaranteed dividends
 - c. low risk with a high rate of return.

2. The statement “risk and reward are related” implies:
 - a. making money in the stock market is risky
 - b. the lower the risk the lower the reward
 - c. there is no reward in taking a risk

3. Dividends can be paid out to investors in the form of
 - a. stock
 - b. cash
 - c. stock or cash

4. If you own 100 shares of PEP stock, valued at \$15.45 per share, and this stock has split 2 for 1, then this means that
 - a. you now own 100 shares of PEP stock worth \$772.50
 - b. you now own 200 shares of PEP stock worth \$1,545.00
 - c. you now own 200 shares of PEP stock worth \$\$3,090.00

5. Some investors place a greater priority on high earnings than on safety . They prefer _____ stocks.
 - a. no beta
 - b. low beta
 - c. high beta

6. Usually when interest rates rise, bond prices:
 - a. rise
 - b. fall
 - c. stay the same

7. Short selling is a way to make money when:
 - a. you don't have enough money to buy a round lot
 - b. the market is going down
 - c. you use the Internet and not a broker

Use the following table to answer questions 8-13.

STOCK TABLE as of 4/20/06											
52 Week		Stock	Sym	Div	Yld %	P/E	Vol 100s	Hi	Lo	Close	Net Chng
Hi	Lo										
60.25	55.75	CocaCola	KO	1.98	3.1	16.0	31600	56.66	55.90	56.50	+0.45
44.48	21.40	Dell	DELL			38.2	16540	29.91	29.15	28.80	+2.22
19.60	6.40	Ford pf	F	0.55	1.3	18.4	23200	9.15	9.01	9.12	-0.35
38.80	18.34	Intel	INTL			59.8	9990	30.23	32.20	32.23	-0.29

8. Which stock's closing price showed the least change from the previous day?
 - a. Intel
 - b. Dell
 - c. Ford

9. Which stock closed nearest its 52 week low?
 - a. Coca-Cola
 - b. Intel
 - c. Dell

10. How many transactions of Coca-Cola were made?
 - a. 31,600,000
 - b. 3,160,000
 - c. 31,600

11. What was the closing price for Dell stock on 4/19/06?
 - a. \$29.91
 - b. \$31.02
 - c. \$26.58

12. The symbol pf following Ford means that this stock is
 - a. private fund stock
 - b. preferred stock
 - c. performing at a higher than usual profit margin

13. If you bought 150 shares of Dell at its highest price of the year, and sold it at its current price, what would be your capital gain/loss?
 - a. \$2,352 loss
 - b. \$4,320 loss
 - c. \$6,672 gain

14. An important difference between common stock and preferred stock is that the price of the common stock tends to be more _____ than that of preferred stock.
 - a. volatile
 - b. stable
 - c. expensive

15. A company gets money from shareholders when:
 - a. its stock is issued
 - b. it makes a profit
 - c. shares are traded between buyers and sellers

16. Cal owns 100 shares of Tricor stock. Tricor pays an annual dividend of \$6.25 per share. Cal will receive his first quarterly payment on March 30. The dividend check will be for:
 - a. \$6.25
 - b. \$625.00
 - c. \$156.25

17. IPO means:
 - a. investor protection option
 - b. income producing opportunity
 - c. initial public offering

18. The portion of a company's outstanding shares that is in the hands of public investors, as opposed to company officials. Is called
 - a. shares outstanding
 - b. open shares
 - c. public float

19. Which of the following is not a listing requirement for the NYSE?

- a. earnings
 - b. number of shares
 - c. payment of dividends
20. If a dividend has been announced but not yet paid, the stock is said to have gone:
- a. dividend deferred
 - b. pre-dividend
 - c. ex-dividend
21. Based on the Rule of 72, if you invested money and earned 8% interest, your money would double in
- a. 72 years
 - b. 9 years
 - c. 8 years.
22. Interest earned on interest occurs with:
- a. buying on margin
 - b. diversification
 - c. compounding
23. Conservative, _____, and moderate are types of risk takers.
- a. democratic
 - b. speculative
 - c. entrepreneurial
24. A bond is:
- a. contract for credit
 - b. money borrowed from a bank
 - c. a type of IOU
25. You could find a tombstone ad in the:
- a. Classified section of the newspaper listing company's going out of business
 - b. company's annual report
 - c. Wall Street Journal
26. You love M&Ms! You bought 150 shares at \$45 to add to your portfolio. While eating away, you earned a dividend of .75 a share. Later you decide you are getting fat and you sell your Mars stock for \$44 a share. How did your candy addiction affect you investment?
- a. You made \$102.50
 - b. You lost \$37.50
 - c. You lost \$150
27. Mary's mother owns Target stock. She currently receives a dividend payment every quarter. She is guaranteed to receive a dividend every quarter as long as she owns Target stock.
- a. True
 - b. False
28. Stock prices fall because:
- a. there are more sellers than buyers
 - b. companies don't make profits everyday
 - c. dividends are paid

Before You Invest Post Test (HS) Answer Key

1. Common stock ownership gives investors
 - a. **voting rights in shareholders meetings**
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