

Before You Invest Pre-Test (ES)

1. A company is a business that sells products or provides services to make a(n)
 - a. loss
 - b. profit
 - c. investment.
2. Corporations can be private or publicly-owned.
 - a. True
 - b. False
3. Pepsico is a _____ company that sells _____ like chips, soft drinks, and juices.
 - a. parent, products
 - b. brand, subsidiaries
 - c. small, stock
4. When you buy a share of stock in a public company, you become a _____ of the company.
 - a. borrower
 - b. customer
 - c. part-owner
5. Patrick bought 10 shares of stock in Mattel Corporation for \$12.00 per share. Two years later he sold the 10 shares for \$15.00 per share. Patrick made a _____.
 - a. profit
 - b. loss
 - c. debt
6. The letters that identify a stock for investors is called the
 - a. nickname.
 - b. ticker symbol.
 - c. abbreviation.
7. A _____ investor is one who doesn't like to take risks.
 - a. conservative
 - b. moderate
 - c. speculative
8. All stocks must pay dividends.
 - a. True
 - b. False

9. When a company “goes public”, what does it do?
 - a. issues stock for investors
 - b. invites shareholders to vote
 - c. receives money from the government

10. If a company is a subsidiary, it:
 - a. belongs to a larger company
 - b. is new to the stock market
 - c. doesn’t have shareholders

11. The chance of losing all or part of your investment is called:
 - a. risk
 - b. margin
 - c. option

12. Not all companies publicly trade stock.
 - a. True
 - b. False

14. A partnership, corporation and proprietorship are forms of:
 - a. stock ownership
 - b. companies
 - c. exchanges

15. In a stock quote, volume means:
 - a. number of dividends paid
 - b. total number of shares traded
 - c. how many shareholders own the stock

16. If you bought 200 shares of YUMMY at \$45 per share and sold YUMMY for \$48 per share, how much money did you make?
 - a. \$460
 - b. \$300
 - c. \$600

17. Doritos, M&Ms and Mountain Dew are examples of:
 - a. companies
 - b. brands
 - c. stocks

18. When an investor receives a dividend, that money comes from:
 - a. stock splits
 - b. company profits
 - c. the stock exchange

19. The NYSE, AMEX and NASDAQ are:
 - a. technology stocks
 - b. stock exchanges
 - c. mutual funds

20. Only rich people invest in the stock market.
 - a. True
 - b. False

Before You Invest Pre-Test (ES) Answer Key

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