



Secret Money Business *for mums*

LESSON 1 - QUIZ

How much do you know about the
basics of investing

Confidence with investing comes from a solid understanding of the basics and therefore a knowledge of how to protect yourself and your funds. Complete the multiple choice questions to test your knowledge. Answers are on the last page.

Question # 1

Which of the following are reasons to invest for the future?

- (a) Funding a comfortable retirement
- (b) Sending your children to private school
- (c) Setting your children up financially
- (d) All of the above

Question # 2

If you put \$20,000 in a drawer at home, what would it be worth in 30 years time taking inflation into account?

- (a) More than \$20,000
- (b) Less than \$20,000
- (c) \$20,000

Question # 3

What is the first step to take when getting started investing?

- (a) Selecting your investments
- (b) Create an investment plan
- (c) Knowing your goals
- (d) Diversifying your investments

Question # 4

What is NOT one of the four types of asset classes?

- (a) Property
- (b) Shares
- (c) Casino Account
- (d) Fixed Income
- (e) Cash

Question # 5

Generally speaking, the higher the investment return, the increase in risk associated with that investment.

- (a) True
- (b) False



Question # 6

Which is the better example of a diversified investment portfolio:

- (a) Owning shares, keeping cash in term deposits and having an investment property
- (b) Owning shares in 3 different mining companies
- (c) Having one investment property
- (d) Owning shares in Australian banks

Question # 7

Which is untrue about Diversification

- (a) Diversification is allocating your money to a variety of investments
- (b) Diversification allows you reduce your exposure to any one particular asset or risk
- (c) Diversification is putting all your eggs in one basket
- (d) Diversification can be achieved by investing across the four main asset classes

Question # 8

What should you do before you start investing?

- (a) pay off any outstanding credit cards & other high – interest personal debts
- (b) have some savings set aside to meet your short term financial needs in case of emergency
- (c) Have a household budget in place
- (d) All of the above

Question # 9

What is the most diverse allocation below?

- (a) Invest everything in Google shares
- (b) Invest 50% of you portfolio in cash and 50% in shares
- (c) Buy a race horse and with any left over money bet on that horse in its next race
- (d) Allocate your portfolio between cash, fixed income, shares and property

Question # 10

What should you do if you don't understand the investment you are trying to make?

- (a) Don't invest and seek professional advice
- (b) Invest anyway and ride out the volatility
- (c) Always invest in property
- (d) Open a share portfolio instead



Answers

Question 1 - [d]

Question 2 - [b]

Question 3 - [c]

Question 4 - [c]

Question 5 - [a]

Question 6 - [a]

Question 7 - [c]

Question 8 - [d]

Question 9 - [d]

Question 10 - [a]

