

Name _____

Choosing the Right Stocks for Your Investment Journey

Multiple Choice Questions

1. What is the first step to take when choosing stocks to invest in?
 - a) Assess your risk tolerance
 - b) Research the company's financials
 - c) Determine your investment goals
 - d) Seek professional advice

2. Which type of stock is known for its regular income payments to shareholders?
 - a) Growth stock
 - b) Value stock
 - c) Dividend stock
 - d) Small-cap stock

3. Why is it important to research a company's financial statements when choosing stocks?
 - a) To assess industry trends
 - b) To understand the company's competitive position
 - c) To determine the company's growth potential
 - d) To study its financial health

4. What is the main purpose of diversifying a stock portfolio?
 - a) To maximize short-term gains
 - b) To reduce the impact of poor performance by any single stock
 - c) To focus on a single industry
 - d) To increase the overall risk of the portfolio

5. Why is it advisable to invest in stocks for the long term?
 - a) To take advantage of short-term price fluctuations
 - b) To minimize risk
 - c) To achieve stable, consistent returns
 - d) To avoid paying taxes on gains

