

## **How to Trade, Week 1 - Homework**

*Please complete this homework before the next class in this course. We will review the answers and the project assigned at the beginning of the next class.*

1. Which of the following is a managed product where opening and closing trades are placed at Net Asset Value price at the end of the trading day?

- a. Stock
- b. Mutual Fund
- c. ETF

2. Which of these is a security that represents ownership in a publicly traded company?

- a. Stock
- b. Mutual Fund
- c. ETF

3. Select the managed product that trades on exchange and often tracks an index:

- a. Stock
- b. Mutual Fund
- c. ETF

4. This term is used to define the overall size of a stock:

- a. Valuation
- b. Market cap
- c. Dividend rate
- d. Height

5. Which portfolio allocation would be considered to have the highest risk?
- a. 100% short term
  - b. 50/50 stocks and bonds
  - c. 100% stock
6. Which of the following is NOT considered a sector?
- a. Health Care
  - b. Oil, Gas, & Consumable fuels
  - c. Energy
  - d. Financials
7. Name one sector that has overperformed historically during a recession phase of the business cycle:
8. An investor looking for diamonds in the rough (companies whose stock prices don't necessarily reflect their fundamental worth) would be most interested in what type of stocks?
- a. Value
  - b. Growth
  - c. Blend

**Project:** On Fidelity.com, go to your portfolio page and select the analysis tab on the top. For your portfolio, determine your current allocation. Also identify your current Market Cap and Style and how that compares to the overall market.

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*Stock markets are volatile and can fluctuate significantly in response to company, industry, political, regulatory, market, or economic developments. Investing in stock involves risks, including the loss of principal.*

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