
Strategies for Successful Investing

Quiz - 2 FPD CPD Points

The Key to Successful Investing

Q1. The most important factor to successful investing is:

- a) Knowing which stocks will go up
- b) Knowing which stocks will go down
- c) Knowing how to invest

Answer – ___

Portfolio Planning

Q2. To reduce risk, one of the basic principals of portfolio planning is:

- a) Diversification, i.e. rather than investing in one share or industry only, one should invest in a spread of shares in different industries. By doing this, one reduces the risk of losing money when a particular share or shares are in trouble;
- b) Bring down the average cost of shares within your portfolio by buying additional shares at lower prices;
- c) Liquidate your share portfolio and buy options in the same companies;

Answer – ___

Investment Analysis & Economics

Q3. According to Martin Pring in his book “Technical Analysis Explained”, movements in the stock market:

- a) Tend to lead changes in the economy by 6 to 9 months;
- b) Tend to lag changes in the economy by 6 to 9 months;
- c) Are a reflection of the prevailing economic circumstance;

Answer – ___

Checklist for Value Investing

Q4. When investors use the term “value stocks” they are generally referring to stocks:

- a) That are high risk but offer the potential for high return in the short term;
- b) That are seen as being safe, reasonably priced and offering the potential for an acceptable return at an acceptable level of risk;
- c) That are low risk and offers the potential for low, but steady returns over the long term;

Answer – ___

Checklist for Short Term Momentum Investing

Q5. The essence of momentum investing is:

- a) Analysing the financial accounts of a group of companies and looking to buy the best performer;
- b) Identifying trends in the market and timing our entry and exit into appropriate stocks;
- c) Analysing the daily turnover of shares of stocks and buying into companies with greatest volume;

Answer – ___