

## APFC Quiz 3

The information to help you answer these questions can be found on [apfc.org](http://apfc.org) or in [An Alaskan's Guide to the Permanent Fund \(pdf\)](#).

1. **What is an asset class?**
  - a. A university course about assets
  - b. A category of investment
  - c. A very large sum of money
  
2. **A fiduciary is?**
  - a. A person or company holding assets in trust for a beneficiary
  - b. A company engaged in making loans to businesses and/or individuals
  - c. A high-speed, computerized communications network used for investing
  
3. **What is a stock?**
  - a. Ownership in a corporation, represented by one or more shares
  - b. A loan to a government or business
  - c. A piece of property and all the physical property related to it
  
4. **What is a bond?**
  - a. A certificate that proves ownership of commercial or retail property
  - b. An "IOU" that states how and when a borrower will pay back a lender
  - c. An official document stating number of shares owned
  
5. **What is real estate?**
  - a. A palatial manor inhabited by a very wealthy individual or individuals
  - b. Any piece of property and the physical property related to it
  - c. Only property that is owned by a business or government
  
6. **What is a security?**
  - a. Evidence of debt or ownership
  - b. A general term referring to conventional stock, bond and real estate investments
  - c. Documentation signifying ownership in a corporation or a creditor relationship with a corporation or government, or rights to ownership
  - d. All of the above
  
7. **What investment strategy helps to protect an investor from volatility?**
  - a. Hedging
  - b. Diversification
  - c. A bull market
  
8. **What investment guideline does the Permanent Board of Trustees follow?**
  - a. Keep "all your eggs in one basket"
  - b. 100% high risk, high returns
  - c. The Prudent Investor Rule

9. **What does the Prudent Investor Rule state?**
  - a. Fiduciaries may invest only in a restricted list of securities, the "legal list"
  - b. Stocks are the superior investment over the long run
  - c. A fiduciary must act with discretion and intelligence, seek reasonable income, preserve principal and avoid speculative investments
  
10. **What is the profit from an investment, expressed as a % of the amount invested?**
  - a. Dividend
  - b. Interest rate
  - c. Rate of return