APFC Quiz 3

The information to help you answer these questions can be found on 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