**USE CASE for TRIVIA**

**Level 1 (Beginner)**

1. **Question:** Which of the following is NOT a type of investment?
   * A. Stocks
   * B. Bonds
   * C. Savings Account (**Correct Answer**)
   * D. Real Estate

* Justification: Savings accounts are for storing money, not actively investing it for growth.

1. **Question:** What is the goal of a growth investment strategy?
   * A. To generate regular income.
   * B. To preserve your principal investment.
   * C. To achieve long-term capital appreciation. (**Correct Answer**)
   * D. To minimize risk.

* Justification: Growth investments aim for higher returns over time, potentially with more risk.

1. **Question:** What does "diversification" mean in the context of investing?
   * A. Investing all your money in one company.
   * B. Spreading your investments across different asset classes to reduce risk. (**Correct Answer**)
   * C. Focusing on short-term investment opportunities.
   * D. Withdrawing your money from the market when it declines.

* Justification: Diversification helps mitigate risk by not being overly reliant on any single investment.

1. **Question:** What is the stock market?
   * A. A physical location where stocks are traded.
   * B. A network of electronic exchanges where companies' shares are bought and sold. (**Correct Answer**)
   * C. A government agency that regulates investments.
   * D. A place where individuals can get loans.

* Justification: The stock market is a virtual platform where investors trade company shares.

1. **Question:** What does it mean to "buy low, sell high"?
   * A. To purchase investments when their prices are high and sell them later when they're lower.
   * B. To invest consistently regardless of market conditions.
   * C. To sell investments when their prices are low and buy them back when they're higher. (**Correct Answer**)
   * D. To withdraw money from the market during a downturn.

* Justification: "Buy low, sell high" is a fundamental investment principle aiming to profit from price increases.

**Level 2 (Intermediate)**

1. **Question:** What is the difference between a stock and a bond?
   * A. Stocks represent ownership in a company, while bonds are loans to a company or government. (**Correct Answer**)
   * B. Stocks are always riskier than bonds.
   * C. Bonds offer higher potential returns than stocks.
   * D. Only institutions can invest in bonds.

* Justification: Stocks represent ownership and can be riskier but potentially offer higher returns. Bonds are loans with fixed interest payments.

1. **Question:** What is compound interest?
   * A. The interest earned on your initial investment only.
   * B. The interest earned on both your initial investment and the accumulated interest over time. (**Correct Answer**)
   * C. A fee charged by a brokerage firm.
   * D. A measure of a company's profitability.

* Justification: Compound interest is the "power of money" concept, where interest is earned on both the principal amount and prior accumulated interest.

1. **Question:** What is a bull market?
   * A. A period of sustained decline in stock prices.
   * B. A period of rising stock prices and investor optimism. (**Correct Answer**)
   * C. A government program that provides financial assistance to investors.
   * D. A type of investment focused on generating regular income.

* Justification: A bull market is characterized by rising stock prices and investor confidence.

1. **Question:** What is a "dividend"?
   * A. The cost of buying a stock.
   * B. A periodic payment made by a company to its shareholders. (**Correct Answer**)
   * C. A fee charged for selling an investment.
   * D. A measure of a company's debt level.

* Justification: Dividends are a portion of a company's profits distributed to shareholders.

1. **Question:** What does "risk tolerance" refer to in investing?
   * A. The amount of money you are comfortable investing.
   * B. Your understanding of different investment options.
   * C. Your ability to withstand potential losses. (**Correct Answer**)
   * D. The minimum investment required for a particular option.

* Justification: Risk tolerance is your comfort level with potential investment losses.

1. **Question:** What is a mutual fund?
   * A. A single company's stock.
   * B. A professionally managed investment pool that combines various assets. (**Correct Answer**)
   * C. A government program that insures investment losses.
   * D. A brokerage firm that helps you buy and sell investments.

* Justification: Mutual funds offer diversification and professional management across various investments.

1. **Question:** What does "liquidity" mean in the context of investments?
   * A. The potential for an investment to grow in value.
   * B. The ease with which an investment can be bought or sold. (**Correct Answer**)
   * C. The risk associated with a particular investment.
   * D. The fees charged for managing an investment.

* Justification: Liquidity refers to how quickly and easily you can convert an investment to cash.

1. **Question:** What is a stock split?
   * A. A company going bankrupt.
   * B. A company dividing its existing shares into a larger number of shares. (**Correct Answer**)
   * C. A company merging with another company.
   * D. A government agency regulating the stock market.

* Justification: A stock split increases the number of shares outstanding without affecting the total company value.

1. **Question:** What is a bear market?
   * A. A period of sustained increase in stock prices.
   * B. A period of decline in stock prices and investor pessimism. (**Correct Answer**)
   * C. A type of investment strategy focused on short-term gains.
   * D. A government program that stimulates the economy.

* Justification: A bear market is characterized by falling stock prices and investor fear.

1. **Question:** What is an initial public offering (IPO)?
   * A. A company taking out a loan from a bank.
   * B. The first time a company's shares are offered for public sale. (**Correct Answer**)
   * C. A government bond issued to raise funds.
   * D. A company merging with another company to become private.

* Justification: An IPO is when a private company issues its stock to the public for the first time.

**Level 3 (Intermediate)**

1. **Question:** What is the difference between a market order and a limit order when buying or selling stocks?
   * A. A market order guarantees a specific price, while a limit order does not.
   * B. A market order executes the trade immediately at the best available price, while a limit order only executes at a specified price or better. (**Correct Answer**)
   * C. A market order is for buying stocks, while a limit order is for selling stocks.
   * D. There is no difference; they are the same type of order.

* Justification: A market order prioritizes execution, while a limit order prioritizes price control.

1. **Question:** What does "asset allocation" mean in investing?
   * A. The total amount of money you have invested.
   * B. The process of dividing your investments among different asset classes based on your risk tolerance and goals. (**Correct Answer**)
   * C. The fees charged for managing a brokerage account.
   * D. The minimum investment required for a particular option.

* Justification: Asset allocation is a crucial strategy for managing risk by spreading investments across asset classes.

1. **Question:** What is a blue-chip stock?
   * A. A recently IPO'd company with high growth potential.
   * B. A well-established, financially sound company with a history of stable performance. (**Correct Answer**)
   * C. A stock with a very low price per share.
   * D. A stock that is no longer being traded publicly.

* Justification: Blue-chip stocks are from large, stable companies with a proven track record.

1. **Question:** What is "inflation" and how does it affect investments?
   * A. A decrease in the purchasing power of money over time. (**Correct Answer**)
   * B. A government program that stimulates the economy.
   * C. A measure of unemployment in a country.
   * D. A fee charged for trading stocks.

* Justification: Inflation erodes the purchasing power of your money, potentially impacting the value of your investments.

1. **Question:** What is the importance of rebalancing a portfolio?
   * A. It is not necessary; you can set it and forget it.
   * B. It helps maintain your desired asset allocation and manage risk as market conditions and your investments' performance change over time. **(Correct Answer)**

* Justification: Rebalancing involves periodically buying or selling assets to bring your portfolio back to its original target allocation. This helps manage risk by ensuring your portfolio remains aligned with your risk tolerance and investment goals.