Grantley Speaking

Episode 4: A Match Made in Heaven

1. **Mutual funds** - A mutual fund is a way for many people to pool their money and buy stocks, bonds or other securities. Mutual funds are divided into shares and each investor in the fund buys a number of shares that corresponds to the amount of money invested. Investors therefore participate proportionally in the gains or losses of the fund. The price of each share is known as the Net Asset Value (NAV). The NAV is simply the total value of the securities the fund owns divided by the number of the fund's shares outstanding.

2. **Invest** – The act of committing money or capital to an endeavour with the expectation of obtaining an additional income or profit.

3. **Investors** - An investor is any person or other entity (such as a firm or mutual fund) who commits capital with the expectation of receiving financial returns.

4. **Diversification** - Diversification can be neatly summed up as, "Don't put all your eggs in one basket." The idea is that if one investment loses money, the other investments will make up for those losses. Diversification can't guarantee that your investments won't suffer if the market drops. But it can improve the chances that you won't lose money, or that if you do, it won't be as much as if you weren't diversified.

5. **Stocks** - A stock (also known as "shares" and "equity") is a type of security that signifies ownership in a corporation and represents a claim on part of the corporation's assets and earnings.

6. **Bonds** – A debt security, similar to an IOU. Borrowers issue bonds to raise money from investors willing to lend them money for a certain amount of time.

   When you buy a bond, you are lending to the issuer, which may be a government, or corporation. In return, the issuer promises to pay you a specified rate of interest during the life of the bond and to repay the principal, also known as face value or par value of the bond, when it "matures," or comes due after a set period of time.

7. **Real Estate** - Property consisting of land or structures attached to land. As an investment, this refers to property that generates income or is otherwise intended for investment purposes rather than as a primary residence.

8. **Public Traded Company** - A public company is a business whose shares can be freely traded on a stock exchange or over-the-counter. Also known as a publicly company, publicly held company, or public corporation. The stocks of this type of company belong to members of the general public, as well as pension funds, and other large investing organisations.

9. **Risk** - The chance an outcome or investment's actual return will differ from the expected outcome or return. Risk includes the possibility of losing some or all the original investment.

10. **Return** - A return, also known as a financial return, in its simplest terms, is the money made or lost on an investment.

11. **Joint Account -** A bank or brokerage account that is shared between two or more individuals. This type of account typically allows anyone named on the account to access funds within it.

12. **Delayed gratification** – The ability to resist the temptation for an immediate, but usually smaller, reward and wait for an enduring reward or achievement later.

13. **Term life insurance** – Life insurance that guarantees payment of a death benefit during a specified term. Once the term expires, the policyholder can either renew for another term, convert to permanent coverage, or allow the policy to terminate. It's also known as pure life insurance

Definitions extracted from:

www.360financialliteracy.org
www.entrepreneur.com
www.investopedia.com
www.marketbusinessnews.com