Grantley Speaking
Episode 16: Make it Rain

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. **Investment** - An asset or item acquired with the goal of generating income or appreciation. In an economic sense, an investment is the purchase of goods that are not consumed today but are used in the future to create wealth. In finance, an investment is a monetary asset purchased with the idea that the asset will provide income in the future or will later be sold at a higher price for a 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. **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.

5. **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.

6. **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.

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

8. **Assets under management (AUM) -** This is the total market value of the investments that a person or entity handles on behalf of investors.

9. **Basis points** - Basis points (BPS) refer to a common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%. One percent (1%) change = 100 basis points and 0.01% = 1 basis point.

10. **Risk averse -** This describes investors who are only willing to accept a low level of risk on their investments. They are willing to accept a lower return (capital preservation) because of this preference.

11. **Rainy day fund -** A rainy day fund is intended to pay for a one-time, smaller expenditure. For example, replacing a broken window in your home, summer camp for your child or any other short-term, unexpected cost.

12. **Compounding** - Compound interest is interest calculated both on the principal (original sum of money) and on interest which has previously been added to that principal. So, compounding refers to the increasing value of an asset due to the interest earned on both the principal and accumulated interest.

13. **Inflation –** This is the rate at which the general level of prices for goods and services is rising and, consequently, the purchasing power of currency is falling.

14. **Stock market –** A stock market or exchange is a place where shares (stocks) in companies are bought and sold, or the organization of people whose job is to do this buying or selling.

15. **Asset class** - An asset class is a grouping of investments that exhibit similar characteristics and are subject to the same laws and regulations. Examples include equities (stocks), fixed income (bonds), cash and cash equivalents, real estate, and valuable inventory, such as artwork or stamps.

16. **Portfolio** - A portfolio is a grouping of financial assets held by individuals or institutions. Portfolios are held directly by investors and/or managed by financial professionals and money managers.

17. **Treasury bills (T-bill)**- A short-term government security with a maturity of one year or less. Interest is paid at maturity. The longer the maturity date, the higher the interest rate that the T-Bill will pay to the investor.

18. "**Pink tax"** – This traditionally refers to the gender price differential in some consumer goods. Research and observation have shown that women pay more than men for certain goods, including clothes, home health and personal care products. Davinia also extends it to the additional burden that women have to withstand financially as it relates to the gender pay and investing gaps, impact of motherhood on earnings, and the resulting retirement savings gaps.

19. **Meeting turn** - A meeting turn is an informal rotating savings club popular amongst West Indian and African communities. A group of people get together and contribute an equal amount of money into a fund weekly, bi-weekly or monthly. The total pool, also known as a hand, is then paid to one member of the club on a previously agreed schedule. The pool rotates until all members have received their share.

    People from different West Indian islands also refer to it as sou-sou (from the Yoruba term "esesu,"), "partner", "box hand" and "min" among other terms.

20. **Interest** – In the case of debt this refers to the annual cost of credit, while regarding savings, it is the annual percentage growth of a savings account.

Definitions extracted from:

www.360financialliteracy.org

www.thebalance.com

www.dictionary.cambridge.org

www.investopedia.com

www.marketbusinessnews.com

www.npr.org