Grantley Speaking
Episode 17: The Millennial Investor

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. **Financial independence -** There is no absolute definition of financial independence. The most common sense of the term is that someone has enough wealth to live as they wish for the rest of their life without having to work.

9. **401(k) Plan** - In the United States, a 401(k) plan is a company-sponsored, defined-contribution plan for retirement savings. The employee and employer can make contributions to the account, up to the dollar limits set by the Internal Revenue Service. Its name stems from where it is defined in the Internal Revenue Code. - subsection 401(k).

10. **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.

11. **CD/Fixed Deposit** - A certificate of deposit (CD), also known as a fixed deposit, is a product offered by banks and credit unions that offers an interest rate premium in exchange for the customer agreeing to leave a lump-sum deposit untouched for a predetermined period of time.

12. **Set it and Forget it/Fire and Forget -** Also known as dollar cost averaging, this is a strategy whereby an investor buys the same dollar amount of an investment at regular intervals. A monthly savings plan is one way to achieve this, usually through a pre-arranged automatic salary deduction or direct debit. The idea is to reduce the effect of short-term market volatility over time.

13. **Investment Property** - An investment property is real estate property purchased with the intention of earning a return on the investment either through rental income, the future resale of the property, or both.

14. **Risk vs Reward** - A financial analysis comparing the potential gains from a project or property against the potential losses. The greater the risk, the greater the reward should be.

15. **Asset -** An item that has value. It could be financial or “real”, that is something physical like land, buildings, cattle or machinery.

16. **Cash flow -** The net amount of cash and cash-equivalents being transferred into and out of a business.

Definitions extracted from:

www.360financialliteracy.org
www.financial-dictionary.thefreedictionary.com
www.investopedia.com
www.marketbusinessnews.com
www.thebalance.com