

## Grantley Speaking

### Episode 7: Allow Us to Reintroduce Ourselves

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. **Investing** - The process of committing your savings to a goal, with the expectation of obtaining a future benefit that outweighs the cost.
3. **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.
4. **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.

5. **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.
6. **Savings** - The amount of money left over after spending. Economist Simon Naitram views it as a security, a means of getting your money from today to tomorrow.
7. **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.
8. **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.
9. **Return** - A return, also known as a financial return, in its simplest terms, is the money made or lost on an investment.
10. **The Right Excellent Sir Grantley Adams** - Sir Grantley Adams is a Barbados national hero. Born in 1898, he became the first premier of Barbados and the only Prime Minister of the *Federation of the West Indies*. He was an attorney-at-law and was first elected to the House of Assembly in 1934. He remained active in elected politics until October 1970. He died on 28<sup>th</sup> November 1971.

The sole international airport in Barbados and a secondary school in his former constituency are named after him. His portrait appears on the \$100 note, which is colloquially referred to as “a Grantley”.

11. **Interest rate** - Interest rate may refer to the annual cost of credit or the annual percentage growth of a savings account. In 2015 the Central Bank of Barbados ended the practice of stipulating the minimum rate of interest (minimum savings rate) savers could receive on their savings deposits with commercial banks. This resulted in banks reducing the interest rates on offer, with further reductions continuing every year till the present.
12. **Vehicle** – An investment vehicle refers to any method by which individuals or businesses can invest and, ideally, grow their money. There are varied types of vehicles and many investors choose to hold a mixture to help diversify their portfolios and minimise risk. They include items such as term deposits, bonds, stocks, annuities, collectibles, and mutual funds among others.
13. **Long term** - This refers to the extended period of time that an asset is held. Long-term investing for individuals is often thought to be in the range of at least seven to ten years of holding time, although there is no absolute rule.
14. **Growth Account - Growth Fund** - A growth fund is a diversified portfolio of stocks that has capital appreciation as its primary goal, with little or no dividend payouts. Growth funds are one of the main types of mutual funds.

The [Fortress Caribbean Growth Fund](#) invests in equities in the Caribbean and around the world. The level of risk is moderate, and the fund seeks to provide attractive returns over the long-term. This fund is ideal for you if you have at least a five-year time horizon and want to enjoy the highest potential returns while limiting your risk. Investors can open a Fortress Caribbean Growth Fund account with a \$100 minimum (“a *Grantley*”) investment.

15. **Delayed gratification** - The ability to resist the temptation for an immediate, but usually smaller, reward and wait for an enduring reward or achievement later.
16. **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.
17. **Direct debit** - This is an instruction from you to your bank. It authorises the organisation you want to pay to collect specified amounts from your account. The money is then deducted from your account automatically at the regular intervals you have identified.
18. **Salary deduction** – This is also known as “payroll deduction” and is an amount withheld by an employer from an employee's earnings. It typically includes income tax, national insurance contributions, and may also include group insurance or pension fund contributions, union dues etc.
19. **Paying yourself first** - Simply automatically routing a specified savings contribution from each paycheck at the time it is received. It's widely considered by financial experts as a very effective way to ensure you continue making your chosen savings contributions month after month.

20. **Productive investment** - This is when businesses or governments spend on new technology, infrastructure and ideas that will increase the capacity of the economy.
21. **BEF \$20 Challenge** – The \$20 Challenge is an annual entrepreneurship competition hosted by the Barbados Entrepreneurship Foundation for 4th and 5th form students in secondary schools across Barbados. These students are loaned \$20 for five weeks and challenged to make money, while also making a difference in their communities.

The challenge's main purpose is to give young people the opportunity to be enterprising. It aims to increase their ability to respond positively to change, take reasonable risks, create and execute new ideas and new ways of doing things, and to act on their plans confidently.

22. **Credit card** – A card is a borrowing tool used to buy items; you can also use it to transfer balances or withdraw cash. Once a month you receive a statement of your borrowing. You then have the option to pay off the full balance on the card, or an amount less than that, as long as you make at least the minimum payment. If you don't repay in full, you'll usually be charged interest. You'll be given a credit limit – make sure you keep within this, as the charges for not doing so can be high.
23. **Scared money don't make any money/Scared money never wins** - "Scared money never wins" is believed to be an old gambler's adage originating in New York City during the 1940s. It is a reminder not to be driven by fear in your investing, but instead to plan, execute and manage for growth, even though there are uncertainties ahead.
24. **Compound Interest** - This is interest that is calculated both on an original sum of money and on interest which has previously been added to that original sum.
25. **The Dog Food Episode** – We first heard about this in Episode 5 – *Delayed Gratification*. Is it fact or fiction? We don't know but [check it out](#) and tell us you're not scarred for life!
26. **NIS Pension Scheme** - The NIS Pension Scheme in Barbados is a social security scheme. It is run by the National Insurance Board and the National Insurance Office. It provides pension, disability, and other monetary assistance to people with an inadequate or no income and is funded through the investment of contributions by the working population.
27. **Pension plan** – Sometimes also referred to as a retirement plan. This type of plan requires employees and employers to make contributions into a pool of funds set aside for the workers' future benefit. The pool of funds is invested on the employees' behalf, and the earnings on the investments generate income to the workers when they retire.

**Definitions extracted from:**

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