

SOURCE – with some edits <https://am.jpmorgan.com/us/en/asset-management/adv/resources/glossary-of-investment-terms/>

INVESTMENT VOCABULARY

Items highlighted in BOLD should be terms you understand after taking the Money 101 Investment Segment.



Alpha - The return expected from an investment from its inherent value.

Alternative Minimum Tax (AMT)—A federal tax revamped by the Tax Reform Act of 1986, the AMT ensures that wealthy individuals, trusts, estates, and corporations pay at least some tax.

Annual report - The yearly audited record of a corporation or a mutual fund's condition and performance that is distributed to shareholders.

Annualized - A procedure where figures covering less than one year are extended to cover 12 months.

Annualized rate of return—The average annual return over years, considering the effect of compounding. It can also be called compound growth rate.

Appreciation - The increase in value of a financial asset.

Asset allocation is the process of dividing investments among cash, income, and growth buckets to optimize the balance between risk and reward based on investment needs.

Asset class - Securities with similar features. The most common asset classes are stocks, bonds, and cash equivalents.

Average maturity - For a bond fund, the average of the stated maturity dates of the debt securities in the portfolio. It is also called average weighted maturity. Generally, the longer the average maturity, the greater the fund's sensitivity to interest-rate changes, which means more significant price fluctuation. A shorter average maturity usually means a less sensitive and less volatile portfolio.

Balanced funds seek growth and income in a portfolio with a mix of common stock, preferred stock, or bonds. The companies selected typically are in different industries and geographic regions.

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Bear market - A bear market is a prolonged period of falling stock prices, usually marked by a decline of 20% or more. A market in which prices decline sharply against widespread pessimism, growing unemployment, or business recession. The opposite of a bull market.

Benchmark—A standard, usually an unmanaged index, used for comparative purposes in assessing the performance of a portfolio or mutual fund.

Best-in-class -

- A top-performing product, service, or person within a category or peer group.
- A sustainable investment style involves investing in companies that lead their peer groups regarding sustainability performance.

Beta - A measurement of volatility where 1 is neutral, above one is more volatile, and less than one is less volatile.

Blue chip—A high-quality, relatively low-risk investment, blue chips usually refer to stocks of large, well-established companies that have performed well over a long period. **The term** is borrowed from poker, where the blue chips are the most valuable.

Board of Trustees or Board of Directors - A governing board elected or appointed to direct an institution's policies. In the case of the Board of Directors, they also hire the chief personnel such as the President, Chief Operating Officer, Vice President, Corporate Secretary, and Treasurer.

Bond - A bond acts like a loan or an IOU that a corporation, municipality, or the U.S. government issues. The issuer promises to repay the total amount of the loan on a specific date and pay a specified rate of return for using the money to the investor at particular time intervals.

BOND ISSUER = entity borrowing the money

BOND TERM = length of time before full repayment of principal is required

Bond FACE VALUE = Original Issue = Par Value = amount borrowed

Bond DISCOUNT = difference between face value and market value

Bond fund - A mutual fund that invests exclusively in bonds.

Breakpoint—The dollar investment level in a mutual fund at which an investor becomes eligible for a discounted sales fee. This level may be achieved through a single purchase or a series of smaller purchases.

Bull market—Any market in which prices are advancing upward. In general, someone is bullish if they believe the value of a security or market will rise. It is the opposite of a bear market.

Capital—The funds invested in a company long-term and obtained by issuing preferred or common stock, retaining a portion of the company's earnings from the date of incorporation, and long-term borrowing.

When the difference is positive, capital gain is the difference between a security's purchase and selling prices.

Capital gains ex-date—The date a shareholder is no longer eligible for a capital gain distribution declared by a security or mutual fund.

Capital gains long term - The difference between an asset's purchase and selling price (when the difference is positive) earned in more than one year.

Capital gains reinvest NAV—The difference between an asset's purchase price and selling price (when the difference is positive) that was automatically vested in more security or mutual fund shares invested at the security's net asset value.

Capital gains short-term: The difference between an asset's purchase price and selling price (when the difference is positive) earned in under one year.

Capital loss - The amount by which the proceeds from a sale of a security are less than its purchase price.

Capitalization is a company's market value calculated by multiplying the number of shares outstanding by the price per share.

- **Giant-Cap = 200 billion or more**
- **Large-Cap = 10 billion to 200 billion**
- **Mid-Cap = 2 billion to 10 billion**
- **Small-Cap = 300 million to 2 billion**
- **Micro-Cap = 150 million to 300 million**

Cash equivalent - A short-term money-market instrument, such as a Treasury bill or repurchase agreement, of such high liquidity and safety that it is easily converted into cash.

Climate Action 100+ - An investor-led initiative to encourage better climate disclosures and emission reduction strategies for a group of large greenhouse gas-emitting companies.

Common stock - Securities that represent ownership in a corporation must be issued by a corporation.

Contingent deferred sales charge (CDSC) - A back-end sales charge imposed when shares are redeemed from a fund. This fee usually declines over time.

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Corporate bond - A long-term bond issued by a corporation to raise outside capital.

Corporate engagement - Shareholders enter into discussions with company management to better understand the company's management of certain risks and to influence a company's decision-making process.

Corporate social responsibility - A business' commitment to its customers, employees, and communities around the world is to be conscious of the kind of impact it is having on all aspects of society, including economic, social, and environmental factors.

Country breakdown - Breakdown of securities in a portfolio by country.

Custodian - A bank that holds a mutual fund's assets, settles all portfolio trades, and collects most of the valuation data required to calculate a fund's net asset value (NAV).

Cut-off time is when a transaction can no longer be accepted for that trading day.

Daily dividend factor (date) - Daily dividend distributed by a money market mutual fund.

Default is the failure of a debtor to make timely payments of interest and principal as they become due or to meet some other provision of a bond indenture.

Distribution schedule - A tentative distribution schedule of a mutual fund's dividends and capital gains.

Diversification is the process of owning different investments that tend to perform well at various times to reduce the effects of volatility in a portfolio and increase the potential for increasing returns.

Dividend - A dividend is a portion of a company's profit paid to common and preferred shareholders. Dividends provide an incentive to own stock in stable companies even if they are not experiencing much growth. Companies are not required to pay dividends.

Dividend paid - Amount paid to the shareholder of record, security or mutual fund.

Dividend reinvest NAV—Dividends paid to the shareholder of record are automatically invested in more shares of the security or mutual fund purchased at the security's net asset value.

Dividend yield is the annual percentage of return earned by a mutual fund. It is determined by dividing the annual dividends per share by the current net asset value or public offering price.

Dollar-cost averaging involves investing the same amount of money at regular intervals over an extended period, regardless of the share price. By investing a fixed amount, you purchase more shares when prices are low and fewer shares when prices are high, which may reduce your overall average cost of investing.

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Dow Jones Industrial Average (Dow) - The most commonly used indicator of stock market performance, based on prices of 30 actively traded blue-chip stocks, primarily major industrial companies. The Average is the sum of the current market price of 30 major industrial companies' stocks divided by a number that has been adjusted to consider stocks splits and changes in stock composition.

Equities are shares issued by a company that represents ownership in it. They are ownership of property, usually in the form of common stocks, as distinguished from fixed-income securities such as bonds or mortgages. Stock funds may vary depending on the fund's investment objective.

Equity fund - A mutual fund/collective fund in which the money is invested primarily in common and/or preferred stock. Stock funds may vary, depending on the fund's investment objective.

Exclusions -

- An investment process that excludes specific investments or classes of investment from the investment universe based on specific values or norms-based criteria.
- A sustainable investment style that excludes certain sectors, companies or practices based on specific values or norms-based criteria from a fund or portfolio. For example, certain industries, such as defense, tobacco or fossil fuel producers, can systematically be excluded from investment.

Ex-Dividend - The interval between the announcement and the payment of the next dividend for a stock.

Ex-Dividend date - The date on which a stock goes ex-dividend. Typically, about three weeks before the dividend is paid to shareholders of record.

Exchange privilege - The ability to transfer money from one mutual fund to another within the same fund family.

Expense ratio - The ratio between a mutual fund's operating expenses for the year and the average value of its net assets.. A high expense ratio means there are lots of costs, perhaps for management salaries or research, a low expense ratio is thus always better,

Expense ratio (date) - Amount, expressed as a percentage of total investment that shareholders pay annually for mutual fund operating expenses and management fees.

FDIC = Federal Deposit Insurance Corporation = \$250,000 insurance per depositor is provided by the federal government on certain types of accounts at certain institutions.

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Federal Funds Rate (Fed Funds Rate) - The interest rate charged by banks with excess reserves at a Federal Reserve district bank to banks needing overnight loans to meet reserve requirements. The most sensitive indicator of the direction of interest rates, since it is set daily by the market, unlike the prime rate and the discount rate, which are periodically changed by banks and by the Federal Reserve Board.

Federal Reserve Board (The Fed) - The governing board of the Federal Reserve System it regulates the nation's money supply by setting the discount rate, and tightening or easing the availability of credit in the economy.

Financial materiality - An event or information that is reasonably likely to impact the financial condition or operating performance of a company and should be considered during the investment decision-making process.

Fixed income fund - A fund or portfolio where bonds are primarily purchased as investments. There is no fixed maturity date and no repayment guarantee.

Fixed income security - A security that pays a set rate of interest on a regular basis.

Fund - A pool of money from a group of investors in order to buy securities. The two major ways funds may be offered are (1) by companies in the securities business (these funds are called mutual funds); and (2) by bank trust departments (these are called collective funds).

Green bonds are a type of fixed-income instrument specifically earmarked to raise money for climate—and environmental-friendly projects.

Green Bond Principles - Voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Bond market by clarifying the approach for issuance of a Green Bond.

Growth investing - Investment strategy that focuses on stocks of companies and stock funds where earnings are growing rapidly and are expected to continue growing.

Growth stock - Typically a well-known, successful company that is experiencing rapid growth in earnings and revenue, and usually pays little or no dividend.

Growth-style funds - Growth funds focus on future gains. A growth fund manager will typically invest in stocks with earnings that outperform the current market. The manager attempts to succeed by focusing on rapidly growing sectors of the economy and investing in leading companies with consistent earnings growth. The fund grows primarily as individual share prices climb.

Impact investing - A sustainable investment style that seeks to generate measurable positive social or environmental impact alongside financial return. Investment themes include activities such as affordable housing, education and healthcare.

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Investment stewardship - Engaging with companies and voting proxies to ensure our clients' interests are represented and protected and the company is focused on responsible allocation of capital and long-term value creation.

Index - An investment index tracks the performance of many investments as a way of measuring the overall performance of a particular investment type or category. The S&P 500 is widely considered the benchmark for large-stock investors. It tracks the performance of 500 large U.S. company stocks.

Individual Retirement Account (IRA) - A tax-deferred account to which an eligible individual can make annual contributions up to \$3,000 (\$6,000 for a single-income married couple filing a joint income tax return).

Inflation - A rise in the prices of goods and services, often equated with loss of purchasing power.

Interest rate - The fixed amount of money that an issuer agrees to pay the bondholders. It is most often a percentage of the face value of the bond. Interest rates constitute one of the self-regulating mechanisms of the market, falling in response to economic weakness and rising on strength.

Interest-rate risk - The possibility of a reduction in the value of a security, especially a bond, resulting from a rise in interest rates.

Investment advisor - An organization employed by a mutual fund to give professional advice on the fund's investments and asset management practices.

Investment company - A corporation, trust or partnership that invests pooled shareholder dollars in securities appropriate to the organization's objective. Mutual funds, closed-end funds and unit investment trusts are the three types of investment companies.

Investment grade bonds - A bond generally considered suitable for purchase by prudent investors.

Investment objective - The goal of a mutual fund and its shareholders, e.g. growth, growth and income, income and tax-free income.

IPO = Initial Public Offering - When a company sells shares for the first time on a public market

Junk bond - A lower-rated, usually higher-yielding bond, with a credit rating of BB or lower.

Large-cap - The market capitalization of the stocks of companies with market values greater than \$10 billion.

Letter of intent - A letter of intent may also be issued by a mutual fund shareholder to indicate that he/she would like to invest certain amounts of money at certain specified times. In

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exchange for signing a letter of intent, the shareholder would often qualify for reduced sales charges. A letter of intent is not a contract and cannot be enforced, it is just a document stating serious intent to carry out certain business activities.

Lipper ratings - The Lipper Mutual Fund Industry Average is the performance level of all mutual funds, as reported by Lipper Analytical Services of New York. The performance of all mutual funds is ranked quarterly and annually, by type of fund such as aggressive growth fund or income fund. Mutual fund managers try to beat the industry average as well as the other funds in their category.

Liquidity - The ability to have ready access to invested money. Mutual funds are liquid because their shares can be redeemed for current value (which may be more or less than the original cost) on any business day.

Loads (back-end, front-end and no-load) - Sales charges on mutual funds. A back-end load is assessed at redemption (see contingent deferred sales charge), while a front-end load is paid at the time of purchase. No-load funds are free of sales charges.

Long-term investment strategy - A strategy that looks past the day-to-day fluctuations of the stock and bond markets and responds to fundamental changes in the financial markets or the economy.-

Management fee - The amount a mutual fund pays to the investment advisor for its services.

Market price - The current price of an asset.

Market risk - The possibility that an investment will fail to achieve its target.

Market timing - A risky investment strategy that calls for buying and selling securities in anticipation of market conditions.

Maturity - The date specified in a note or bond on which the debt is due and payable.

Maturity distribution - The breakdown of a portfolio's assets based on the time frame when the investments will mature.

Median Market Cap - The midpoint of market capitalization (market price multiplied by the number of shares outstanding) of the stocks in a portfolio, where half the stocks have higher market capitalization and half have lower.

Mid-cap - The market capitalization of the stocks of companies with market values between \$3 to \$10 billion.

Money market mutual fund - A short-term investment that seeks to protect principal and generate income by investing in Treasury bills, CDs with maturities less than one year and other conservative investments.

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Morningstar ratings - System for rating open- and closed-end mutual funds and annuities by Morningstar Inc. of Chicago. The system rates funds from one to five stars, using a risk-adjusted performance rating in which performance equals total return of the fund.

Mutual fund - Fund operated by an investment company that raises money from shareholders and invests it in stocks, bonds, options, commodities or money market securities.

NASDAQ - National Association of Securities Dealers Automated Quotations system, which is owned and operated by the National Association of Securities Dealers. NASDAQ is a computerized system that provides brokers and dealers with price quotations for securities traded over the counter as well as for many New York Stock Exchange-listed securities.

Net Asset Value per share (NAV) - The current dollar value of a single mutual fund share; also known as share price. The fund's NAV is calculated daily by taking the fund's total assets, subtracting the fund's liabilities, and dividing by the number of shares outstanding. The NAV does not include the sales charge. The process of calculating the NAV is called pricing.

Number of Holdings - Total number of individual securities in a fund or portfolio.

P/B Ratio - The stock price per share divided by its book value (net worth) per share. For a stock portfolio, the ratio is the weighted average price-to-book ratio of the stocks it holds.

Paris Agreement—An agreement within the United Nations Framework Convention on Climate Change stating a global goal to keep global temperatures relative to pre-industrial levels well below 2° Celsius while pursuing efforts to limit the increase to 1.5° Celsius.

Par value - Par value is the amount originally paid for a bond and the amount that will be repaid at maturity. Bonds are typically sold in multiples of \$1,000.

Portfolio - A collection of investments owned by one organization or individual and managed collectively with specific investment goals in mind.

Portfolio allocation - Amount of assets in a portfolio specifically designated for a certain type of investment.

Portfolio holdings - Investments included in a portfolio.

Portfolio manager—The person or entity responsible for making investment decisions to meet the portfolio's specific investment objective or goal.

Positive tilt -

- An investment process that tilt a portfolio fund toward a specific sector, company, or project based on specific values or norms-based criteria.

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- A sustainable investment style in which the portfolio will be tilted toward sectors, companies, or projects with positive ESG characteristics.

Power Purchase Agreements (PPAs) - a financial agreement where a developer arranges for the design, permitting, financing, and installation of a solar energy system on a customer's property at little to no cost.

Preferred stock is a class of stock with a fixed dividend that has preference over a company's common stock in the payment of dividends and the liquidation of assets. There are several kinds of preferred stock, including adjustable-rate and convertible.

Premium - The amount by which a bond or stock sells above its par value.

Price-to-book - The price per share of a stock divided by its book value (net worth) per share. For a stock portfolio, the ratio is the weighted average price-to-book ratio of the stocks it holds.

Price-to-earnings (P/E) Ratio - A stock's price divided by its earnings per share, which indicates how much investors are paying for a company's earning power.

P/E Ratio (1 yr trailing) (long position) - Price of a stock divided by its earnings from the latest year.

P/E Ratio (1 yr forecast) - Price of a stock divided by its projected earnings for the coming year.

Prospectus - Formal written offer to sell securities that sets forth the plan for proposed business enterprise or the facts concerning an existing one that an investor needs to make an informed decision. Prospectuses are also issued by mutual funds, containing information required by the SEC, such as history, background of managers, fund objectives and policies, financial statement, risks, services and fees.

Proxy - A shareholder vote on matters that require shareholders' approval.

Public offering price (POP) - A mutual fund share's purchase price, including sales charges.

Quality distribution - The breakdown of a portfolio's assets based on quality rating of the investments.

R2 - The percentage of a fund's movements that result from movements in the index ranging from 0 to 100. A fund with an R2 of 100 means that 100 percent of the fund's movement can completely be explained by movements in the fund's external index benchmark.

Ratings - Evaluations of the credit quality of bonds usually made by independent rating services. Ratings generally measure the probability of timely repayment of principal and interest on debt securities.

Recession - A downturn in economic activity, defined by many economists as at least two consecutive quarters of decline in a country's gross domestic product.

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Redemption - Sale of mutual fund shares by a shareholder.

Reinvestment option - Refers to an arrangement under which a mutual fund will apply dividends or capital gains distributions for its shareholders toward the purchase of additional shares.

REIT – Real Estate Investment Trusts, invests normally in commercial properties such as office buildings, warehouses, restaurant buildings used by chain restaurants, strip malls

Relative risk and potential return - The amount of potential return from an investment as related to the amount of risk you are willing to accept.

Renewable Energy Certificates (RECs) - A market-based instrument that is issued when one megawatt-hour of electricity is generated and delivered to the electricity grid from a renewable energy resource.

Rights of accumulation - The right to buy over a period of time. For example, this might be done by an institutional investor to avoid making a single substantial purchase that might drive up the market price, or by a retail investor who wants to reduce risk by dollar cost averaging.

Risk tolerance - The degree to which you can tolerate volatility in your investment values.

Russel 2000 = 2,000 US-based companies with a small capitalization (est. 1984)

Sales charge - An amount charged for selling some fund shares, usually those sold by brokers or other sales professionals. A mutual fund sales charge may not exceed 8.5 percent of an investment purchase by regulation. The charge may vary depending on the amount invested and the fund chosen. A sales charge or load is reflected in the asked or offering price. See loads.

Sector - A group of similar securities, such as equities in a specific industry.

Sector breakdown - Breakdown of securities in a portfolio by industry categories.

Securities - Another name for investments such as stocks or bonds. The name 'securities' comes from the documents that certify an investor's ownership of particular stocks or bonds.

Securities and Exchange Commission (SEC) - The federal agency created by the Securities and Exchange Act of 1934 that administers the laws governing the securities industry, including the registration and distribution of mutual fund shares.

Share - A unit of ownership in an investment, such as a share of a stock or a mutual fund. When the term “share” is used with individual companies, it means a fractional ownership in that company.

Share class net assets (date) - Fund assets included in a specific share class.

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Share classes - Classes represent ownership in the same fund but charge different fees. This can enable shareholders to choose the fee structure that best suits their needs.

Sharpe Ratio - A risk-adjusted measure that measures reward per unit of risk. The higher the Sharpe ratio, the better. The numerator is the difference between the Fund's annualized return and the annualized return of the risk-free instrument (T-Bills).

Short-term investment - Asset purchased and held for less than a year.

Small-cap - The market capitalization of the stocks of companies with market values less than \$3 billion.

Social bonds are bond instruments in which the proceeds are exclusively applied to finance or refinance new and/or existing eligible Social Projects in part or in full.

Standard & Poor's Index—A broad-based measurement of changes in stock market conditions based on the average performance of 500 widely held common stocks, commonly known as the Standard & Poor's 500 or S&P 500.

Standard Deviation - A statistical measure of the degree to which an individual value in a probability distribution tends to vary from the mean of the distribution.

Statement of additional information (SAI) - The supplementary document to a prospectus that contains more detailed information about a mutual fund; also known as 'Part B' of the prospectus.

Stock - A long-term, growth-oriented investment representing ownership in a company; also known as 'equity.'

Stockholder - The owner of common or preferred stock of a corporation. Also called 'shareholder.'

Sustainability Accounting Standards Board (SASB) - A nonprofit organization that aims to develop sustainability-related accounting standards.

Sustainability Bonds—Bond instruments in which the proceeds will be exclusively applied to finance or re-finance a combination of Green and Social Projects.

Sustainable Development Goals (SDGs) - A United Nations Initiative for all countries to adopt 17 goals that address global challenges, including poverty, inequality, climate change, environmental degradation, and peace and justice.

Sustainable investing is a forward-looking investment approach that aims to deliver long-term sustainable financial return in a fast-changing world. It encompasses a wide spectrum of approaches, the core of which starts with the incorporation of ESG information.

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Sustainability-Linked Bonds (SLB's) - Bond instrument for which the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined Sustainability/ ESG objectives.

Systematic investment plan - A service option that allows investors to buy mutual fund shares on a regular schedule, usually through bank account deductions.

Task Force On Climate-related Financial Disclosures (TCFD) - A framework through which companies can improve and increase the reporting of climate-related financial information.

Tax-exempt income - Tax-exempt income is income that is exempt from income taxes. A purchaser of state municipal bonds is exempt from federal taxation on the income earned from the bonds.

Thematic:

- An investment process that focuses on themes or assets specifically related to topic selected based on specific values or norms-based criteria.
- A sustainable investment style that focuses on themes or assets specifically related to sustainability, such as renewable energy, water or healthcare.

Time horizon - The amount of time that you expect to stay invested in an asset or security.

TIPS - Treasury Inflation-Protected Securities, or TIPS, protect against inflation. The principal of a TIPS increases with inflation and decreases with deflation, as measured by the Consumer Price Index. When a TIPS matures, you are paid the adjusted principal or original principal, whichever is greater. Interest is paid twice a year. The interest rates also rise with inflation and decrease with deflation. The terms are 5, 10 or 15 years.

Top 10 holdings - Ten largest holdings in a portfolio based on asset value.

Top 10 long and short positions - The top 10 holdings ranked by market value in each position category (long and short). A long position is one in which an investor buys shares of stock and as an equity holder will profit if the price of the stock rises. With a short position an investor will sell shares of stock that they do not own but have borrowed. The investor in a short position will profit if the price of the stock falls.

Top five contributors - Top five industries in a portfolio based on amount of invested assets.

Top five detractors - Five assets in a portfolio that generated largest negative returns (losses).

Top five holdings - Top five securities in a portfolio based on amount of invested assets.

Top five industries - Top five industries in a portfolio based on amount of invested assets.

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Total return - Accounts for all of the dividends and interest earned before deductions for fees and expenses, in addition to any changes in the value of the principal, including share price, assuming the funds' dividends and capital gains are reinvested. Often, this percentage is presented in a specified period of time (one, five, ten years and/or life of fund). Also, a method of calculating an investment's return that takes share price changes and dividends into account.

Tracking Error - The active risk of the portfolio. It determines the annualized standard deviation of the excess returns between the portfolio and the benchmark.

Transfer agent - An agent, usually a commercial bank, appointed to monitor records of stocks, bonds and shareholders. A transfer agent keeps a record of the name of each registered shareholder, his or her address, the number of shares owned, and sees that certificates presented for the transfer are properly canceled and new certificates are issued in the name of the new owner.

Treasury bill - Negotiable short-term (one year or less) debt obligations issued by the U.S. government and backed by its full faith and credit.

Treasury bond - Negotiable long-term (10 years or longer) debt obligations issued by the U.S. government and backed by its full faith and credit.

Treasury note - Negotiable medium-term (one year to 10 years) debt obligations issued by the U.S. government and backed by its full faith and credit.

Treasury security - Securities issued by the U.S. Treasury Department and backed by the U.S. government.

Trustee - 1. An organization or individual who has responsibility for one or more accounts. 2. An individual who, as part of a fund's board of trustees, has ultimate responsibility for a fund's activities.

Turnover Ratio - Percentage of holdings in a mutual fund that are sold in a specified period.

United Nations-convened Net-Zero Asset Owner Alliance - An international group of institutional investors delivering on a commitment to transition investment portfolios to net-zero GHG emissions by 2050.

United Nations Global Compact (UNGC) - Strategic policy and advocacy initiative that aim to mobilize a global movement of sustainable companies and stakeholders in the areas of human rights, labor, environment, and anti-corruption.

United Nations-Supported Principles for Responsible Investment (PRI)—An official network of investors that promotes sustainable investment by incorporating environmental, social, and governance factors.

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Valuation - An estimate of the value or worth of a company; the price investors assign to an individual stock.

Value investing - A strategy whereby investors purchase equity securities that they believe are selling below estimated true value. The investor can profit by buying these securities then selling them once they appreciate to their real value.

Value stock - Typically an overlooked or underpriced company that is growing at slower rates.

Value-style funds - Value-style funds typically hold company stocks that are undervalued in the market. Fundamentally strong companies whose stocks are inexpensive but trending upward may also be selected for value funds.

Volatility - The amount and frequency with which an investment fluctuates in value.

Wtd. Avg. Market Cap - Most indexes are constructed by weighting the market capitalization of each stock on the index. In such an index, larger companies account for a greater portion of the index. An example is the S&P 500 Index.

Weighted average maturity - A Fund's WAM calculates an average time to maturity of all the securities held in the portfolio, weighted by each security's percentage of net assets. The calculation takes into account the final maturity for a fixed income security and the interest rate reset date for floating rate securities held in the portfolio. This is a way to measure a fund's sensitivity to potential interest rate changes.

YTD total return - Year-to-date return on an investment including appreciation and dividends or interest.

YTD - Year-to-date return on an investment, including appreciation and dividends or interest.

YTD Return (w load) - Year-to-date return on an investment, including appreciation and dividends or interest, minus applicable expenses or charges.

Yield - Annual percentage rate of return on capital. The dividend or interest paid by a company expressed as a percentage of the current price.

Yield to maturity - Concept used to determine the rate of return an investor will receive if a long-term, interest-bearing investment, such as a bond, is held to its maturity date.

Yield to maturity distribution - The average rate of return that will be earned on a bond if held to maturity.

12b-1 fee - A mutual fund fee, named for the SEC rule that permits it, used to pay for broker-dealer compensation and other distribution costs. If a fund has a 12b-1 fee, it will be disclosed in the fee table of the fund's prospectus.

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30-day SEC yield (date) - Represents net investment income earned by a fund over 30 days, expressed as an annual percentage rate based on the fund's share price at the end of the 30 days. The 30-day yield should be regarded as an estimate of investment income and may not equal the fund's actual income distribution rate.

52 Week High - A security's trading high point over the last 52-week period.

OTHER TERMS - to be integrated into the above list and which we study in the Money 101 Investment segment.

ACTIVELY MANAGED FUND - Active management is the use of a human element, such as a single manager, co-managers or a team of managers, to actively manage a fund's portfolio. Active managers rely on analytical research, forecasts, and their own judgment and experience in making investment decisions on what securities to buy, hold and sell.

Asset Based Fees

Bear Market

BENCHMARK - is a standard against which the performance of a mutual fund or investment manager can be measured. Generally, broad market and market-segment stock and bond indexes are used for this purpose.

BOND TERM = length of time before full repayment of principal is required

Broker or Advisor

Bull Market

Commission

COMMODITIES = Metals, Grains, Foreign Currencies, Electronic Currencies

Custodian

Discount Value Bond

DOMESTIC COMPANY - American companies traded on U.S. stock exchanges.

Dow Jones Industrial Average

ELECTRONIC TRADED FUND = ETF (Stocks) is an asset that tracks a particular set of equities, similar to an index. It trades just as a normal stock would on an exchange, but unlike a mutual fund, prices adjust throughout the day rather than at market close.

EMERGING MARKET COMPANY – companies based in countries that have an emerging or rapidly developing economies and are moving away from economies that have relied on agriculture and the export of raw materials.

Face Value Bond

FOREIGN/INTERNATIONAL COMPANY - companies based outside of the United States.

INDEX FUND - is a type of mutual fund or exchange-traded fund (ETF) with a portfolio constructed to match or track the components of a financial market index, The Dow Jones Industrial Average, S&P 500, and Russell 2000 are indices. So, if you owned an S&P 500 Index Fund, the fund would own shares of all the stocks in the S&P 500.

LOAD FUND- a mutual fund that comes with a sales charge or commission. The fund investor pays the load, which goes to compensate a sales intermediary, such as a broker, financial planner or investment advisor,

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for his time and expertise in selecting the fund. In general stay away from any Load fund. Only buy NO LOAD funds

Mutual Fund

No Load Funds

Post Tax Investment Account

Pre-tax (Retirement) Account

PRICE EARNINGS RATIO - the current market price of the company shares, divided by the earnings per share of the company.

PUBLIC Vs. PRIVATE Companies – Public companies are traded on stock exchanges and anyone can buy them. Private companies are not traded on the stock market. Generally private companies are smaller and the shares are owned by individuals who founded the firm, or their relatives, and or are working in the firm.

S & P 500

Stock Exchange

Target Date funds

TAX EXEMPT BOND = When the bond interest is NOT subject to federal or state tax (or both). A tax-exempt bond generally pays a lower interest rate, than a taxable bond. Investors accept the lower interest rate because they know the interest income will not be taxable. When designing a portfolio, tax status is an important consideration. In general, tax-exempt bonds are best suited for your “regular” investment account, but not for your tax deferred accounts, i.e. IRA or 401K.