

The Fundamentals of Investing Vocabulary List

	TERM	DEFINITION
1	Bond	A form of lending to a company or the government (city, state, or federal)
2	Brokerage firm	Facilitates the buying and selling of investments from a stock exchange
3	Capital Gain	Unearned income received from the sale of an asset above its purchase price
4	Discount brokerage firm	Only completes orders to buy and sell investments
5	Dividend	The share of profits distributed in cash
6	Financial advisor	A trained professional that helps people make investing decisions
7	Full-service brokerage firm	Offer investment transactions as well as investment advice and a financial advisor
8	Index	A group of similar stocks and bonds
9	Index fund	A mutual fund that was designed to reduce fees by investing in the stocks and bonds that make up an index
10	Inflation	The rise in the general level of prices
11	Inflation risk	The danger that money won't be worth as much in the future as it is today
12	Investment	Assets purchased with the goal of providing additional income from the asset itself but with the risk of loss
13	Investment philosophy	An individual's general approach to investment risk
14	Investment risk	The possibility that an investment will fail to pay the expected return or fail to pay a return at all
15	Market price	The current price that a buyer is willing to pay
16	Maturity date	The specified time in the future when the principal (or initial investment) amount of the bond is repaid to the bondholder
17	Mutual fund	Created when a company combines the funds of many different investors and then invests that money in a diversified portfolio of investments
18	Portfolio diversification	Reduces risk by spreading money among a wide array of investments
19	Rate of return	The total return on an investment expressed as a percentage of the amount of money saved
20	Rent	A fee charged for the use of property or land
21	Return	The profit or income generated by saving and investing
22	Risk	The chance of loss from an event that cannot be entirely controlled
23	Speculative investments	Have the potential for significant fluctuations in return over a short period of time
24	Stock	A share of ownership in a company
25	Stockholder or Shareholder	The owner of a stock
26	Stock exchange	An organized, central service to buy and sell stocks, bonds and other investments that are traded
27	Tax-advantaged investments	Reduce, defer, or adjust the current year tax liability