

## Glossary of investment terms

### **Bond**

A certificate of debt given by a public organization or company to those who lend it money and that guarantees the bondholders an annual interest.

### **Capital**

Amount of money that you have available to spend or invest.

### **Capital guaranteed**

Option in the investment agreement you make with your caisse. If you choose a capital guaranteed investment, the caisse guarantees that the initial amount you invest will be protected from market risk.

### **Capital invested**

Amount of money invested in an investment vehicle or asset.

### **Compound interest**

Interest that is calculated on invested capital as well as on previous interest that is periodically reinvested with the capital.

### **Contribute**

To make a payment into a retirement plan.

### **Diversification**

Investment strategy that decreases the risks of investing by dividing the funds into a variety of investment vehicles.

### **Fixed-interest security**

Type of investment for which the rate of return is known in advance.

### **Growth stock**

Type of investment that is expected to gain value quickly, but for which there is no guaranteed rate of return.

### **Investment**

Amount of money invested to generate profit.

### **Investment vehicle**

Any financial product (RRSP, term savings, investment fund, etc.) that allows you to invest an amount of money and make it grow.

### **Investor profile**

Personality or type of investor (e.g., prudent, aggressive) determined by an individual's circumstances and his or her risk tolerance.

### **Liquid assets**

Money immediately accessible or assets that can be quickly and easily converted to cash.

### **Market-linked guaranteed investment**

Type of investment that poses no risk to your capital and has a higher return potential.

### **Retirement savings**

Amount of money saved to cover the cost of your living expenses when you retire.

### **Return**

Amount of interest or dividends received from an investment in a given period of time.

### **Risk tolerance**

Ability to handle a decrease in the value of your investments for a certain period.

### **Security**

Document that certifies the value of a stock or a bond to its holder.

### **Shares**

Part ownership of the capital of a business or company.

### **Stock market**

System in which investments such as company stocks and securities are traded through capital markets (e.g., New York Stock Exchange).

### **Taxes**

A fee charged by the government on your income or on products you buy. Taxes finance government expenditures like public goods and services.