

## UNIT SEVEN

# Key Words and Terms in Investing





### Activity 7.1 - Key Word Search

Match key words with the corresponding text/definition on the right.  
This can be done in groups or as an individual or take home exercise.

#### KEY INVESTOR TERMS

Insider trading | Compounding | Pyramid Scheme | Investment Adviser | Broker-Dealer | Regulator | Bull Market  
Fixed Expenses | Shares | Cross List | Bear Market | Trinidad and Tobago Securities and Exchange Commission  
Stag | Mutual Funds | Ponzi Scheme | Medium-term financing | Investment Risk | Long-term financing | Securities  
Trinidad and Tobago Stock Exchange

DEFINITIONS	ANSWERS
1. A market in which prices are generally rising and investor confidence is high. The term is most often used to refer to the securities market but can be applied to anything that is traded such as bonds, currencies, and commodities. It is characterized by optimism, investor confidence and high expectations for a strong future.	        
2. The probability or likelihood of occurrence of losses relative to the expected return on any particular investment. It is a measure of the level of uncertainty of achieving the returns as per the expectations of the investor. It is the extent of unexpected results to be realized.	
3. A prolonged period of falling prices usually brought on by the anticipation of a decline in economic activity. It is normally triggered when investors sell off securities, because they anticipate worsening economic conditions and falling corporate profits. As prices fall, widespread pessimism among investors causes the negative sentiment to be self-sustaining.	
4. An investment scam which promises exceptionally high rates of returns in a short period of time. The organizer will only ask you to invest in something. You won't be asked to take any more action other than handing over your money. He or she will claim to take care of the rest and give you your returns later. The scheme uses new investors' monies to repay previous investors. The scheme inevitably collapses when the promoter runs out of new investors to repay the previous investors.	
5. This happens when your investment earnings or income are reinvested and added to your principal, forming a larger base on which earnings can accumulate.	
6. An investment vehicle which pools money from investors and purchases various types of securities such as shares, bonds or money market securities based on stated investment objectives. Also known as: Collective Investment Schemes.	
7. The trading of a corporation's shares or other securities on the basis of non-public and price sensitive information.	
8. Stock certificates, bonds or other evidence of a secured indebtedness or of a right created in the holder to participate in the profits or asset distribution of a profit making enterprise.	

# Key Words and Terms in Investing

## UNIT SEVEN

### Activity 7.1 - Key Word Search cont'd

DEFINITIONS	ANSWERS
9. The nation's centralised market place for buying and selling stocks. In addition to increasing the investment options available to individuals, it also provides a mechanism through which companies can raise capital for expansion purposes by selling and issuing securities.	
10. A person engaging in, or holding himself/herself out as engaging in, the business of— (a) effecting transactions in securities for the account of others; (b) buying or selling securities for his/her own account and who holds himself/herself out at all normal times, as willing to buy and sell securities at prices specified by him/her	
11. Units of ownership in a corporation. There are two main types of these - Common and Preference. Generally represented by a certificate which names the company and the owner.	
12. A person engaging in, or holding himself out as engaging in, the business of providing investment advice, and includes a person that provides investment advice to a manager of a collective investment scheme.	
13. It is required for investment and for replacement of some fixed assets. It is raised for a period ranging from one year to five to ten years.	
14. It is required for investment in assets like land, building, plant, house, and machinery, fixtures and fittings, patent rights and other fixed assets, and also for financing extension or expansion of business for a period of more than 10 years.	
15. To trade a company's stock on more than one stock exchange.	
16. An investment scam which promises exceptionally high rates of returns in a short period of time. New investors are usually asked to bring in additional investors into the fold. The scheme uses new investors' monies to repay previous investors. The scheme inevitably collapses when the promoter runs out of new investors to repay the previous investors.	
17. Costs that do not fluctuate with changes in production level or sales volume. They include such expenses as rent, insurance, dues and subscriptions, equipment leases, payments on loans, depreciation, management salaries, and advertising.	
18. A speculator who makes it a practice to get in and out of stocks for a fast profit. His aim is to buy and sell the shares in very short intervals and make a profit from the fluctuation, rather than to hold securities for investment.	
19. The local regulatory body charged with the responsibility of ensuring that market participants comply with the regulations set forth in the Securities Act, 2012.	
20. A person or body that supervises a particular industry or business activity.	

