



### Adjusted Cost Base (ACB)

The cost used to calculate capital gains or losses for tax purposes. For stocks, the ACB includes the purchase price, commissions, and other costs. For real estate, it may also include expenses like maintenance, property taxes, and property management fees.

### Annuity

A financial product that provides a fixed stream of payments, commonly used as a retirement income stream.

### Asset Allocation

Diversification within a single fund, consisting of a mix of investments managed by fund professionals.

### Asset Class

A group of investments sharing similar characteristics. Examples include cash and equivalents, fixed income, equities, balanced funds, and asset allocation funds.

### Asset Mix

The recommended distribution of investments across asset classes.

### Balanced Fund

A fund containing a mix of investments, such as stocks, bonds, mortgages, and cash equivalents, for diversification.

### Bear Market

A period when stock prices decrease by at least 20% from a recent peak, typically following a bull market in the cycle.

### Blue Chip Stocks

Shares of well-established, reliable companies known for stability and consistent dividends.

### Bond

An investment representing a loan made to a corporation, municipality, or government, with repayment of the principal and interest on a specified date.

### Bond Fund

A mutual fund that invests solely in bonds.

### Bull Market

A period of rising stock prices, marked by an increase of at least 20% following a bear market.

### Canadian Equity

An investment fund focusing primarily on stocks of Canadian corporations.

## **Capital Gain or Loss**

The increase or decrease in the value of investments, such as stocks or real estate, from the purchase price. Gains or losses are “realized” upon selling the asset.

## **Cash and Equivalents**

Short-term investments, like money market funds, maturing in less than a year.

## **Compound Interest**

Interest calculated on both the initial principal and accumulated interest, compounding on a set schedule (e.g., daily, monthly, annually).

## **Diversification**

A risk management strategy that involves investing across various funds or assets to minimize potential losses.

## **Dividends**

Profit distributions paid by companies to shareholders in cash or additional stock, typically issued monthly, quarterly, or annually.

## **Dividend Reinvestment Plan (DRIP)**

A program that allows investors to automatically reinvest their cash dividends from eligible stocks or securities to purchase additional shares of the same stock—commission-free.

## **Dollar-Cost Averaging**

Investing a fixed amount at regular intervals to mitigate the effects of market fluctuations.

## **Equity Asset Classes**

Funds composed of various stocks traded on domestic or international stock markets.

## **Exchange-Traded Fund (ETF)**

A security that tracks an index, sector, or commodity. ETFs trade like stocks and often have lower fees, making them attractive for diversified portfolios.

## **Fixed Income**

Investments like bonds or mortgages that provide regular interest payments.

## **First Home Savings Account (FHSA)**

A registered plan that allows first-time home buyers to save for the purchase or construction of a qualifying first home tax-free, up to specified limits.

## **Foreign Equity**

An investment fund focused on stocks of non-Canadian corporations.

## **Guaranteed Investment Certificate (GIC)**

A fixed-term investment where money is lent to a financial institution in exchange for interest.

## **Index Fund**

A mutual fund or ETF designed to replicate the performance of a specific index, such as the S&P 500.

## **Inflation**

The gradual increase in the prices of goods and services over time.

## **Investment Manager**

A professional responsible for managing a fund's portfolio.

## **Investment Management Fee (IMF)**

Fees paid to fund managers for their services.

## **Life Income Fund (LIF)**

Converts pension savings into retirement income.

## **Limit Order**

An order to buy or sell a stock or other security at a specified price or better, allowing traders to control the price at which they trade. A limit can be set for both buy and sell orders.

## **Liquidity**

The ease with which an investment can be converted to cash.

## **Load**

Fees for buying (front-end load) or selling (back-end load) units of a fund.

## **Locked In Retirement Account (LIRA)**

An account for locked-in pension funds. It is like an RRSP, but funds are not normally available to holders until retirement.

## **Management Expense Ratio (MER)**

An ongoing fee charged by mutual funds to cover operating costs, indirectly paid by investors.

## **Market Bubble**

A period of rapid price increases, followed by a sharp decline due to changing market sentiment.

## **Market Capitalization (Market Cap)**

The total value of a company's outstanding shares, calculated by multiplying share price by the number of shares.

## **Market Order**

An instruction to a broker to buy or sell a security at the best available market price. This is the most common type of order placed by investors.

## **Market Timing**

Attempting to predict market trends to buy or sell investments profitably.

## **Market Volatility**

Fluctuations in market performance over time.

## **Non-Registered Account**

An investment account without tax-deferral benefits, subject to income tax on earnings.

## **Portfolio**

A collection of investments owned by an individual or organization.

## **Pre-Authorized Debit (PAD)**

A payment method that automatically withdraws funds from a bank account to pay bills or make investments seamlessly.

## **Price-to-Earnings (P/E) Ratio**

A valuation metric comparing a company's share price to its earnings per share.

## **Principal**

The initial amount of money invested or lent to generate interest or other income.

## **Rate of Return**

The performance of an investment over a specific time period, expressed as a percentage.

## **Real Estate Investment Trust (REIT)**

A company that owns income-generating properties and pays dividends to investors.

## **Registered Education Savings Plan (RESP)**

A government-supported account for saving for a child's education, with tax-free investment growth.

## **Registered Retirement Income Fund (RRIF)**

A retirement account requiring minimum annual withdrawals.

## **Registered Retirement Savings Plan (RRSP)**

A tax-deferred savings account designed for retirement.

## **Risk**

The potential for financial loss and uncertainty in investment returns.

## **Segregated Fund**

An investment fund offered by insurance companies with potential capital guarantees and other benefits.

## **Socially Responsible Investing (SRI)**

An investment approach considering environmental, social, and governance factors.

## **Special Equity**

Funds focusing on specific industries or sectors, like real estate or natural resources.

## **Stock**

A security representing ownership in a company.

## **Stock Market Return**

The change in a stock's value over time, including dividends and interest payments.

## **Trailing Commission**

An ongoing fee paid to your dealer or advisor for as long as you hold a fund. It is deducted from the fund's management fees and varies based on the fund type and series.

## **Tax-Free Savings Account (TFSA)**

A registered savings account allowing tax-free investment growth and withdrawals.

## **Target Date Fund**

Funds designed with a specific maturity date, adjusting risk levels over time.

## **Time Horizon**

The expected duration of an investment.

## **Unit Value**

The price of a single unit in an investment fund.

## **Yield**

The annual return on an investment, expressed as a percentage.