MONEY

Learn the essential terms

Understand the language before evaluating a product or claim.

MINI STOCK INVESTING COURSE

BUILD A WORKING VOCABULARY

A stock is a share of ownership in a company. A bond generally represents a loan to an issuer. A fund pools investments, while an index measures a defined market segment. A brokerage account is an account used to hold or trade investments.

- ☐ Price and value are different concepts.
- ☐ A dividend is a distribution, not guaranteed income.
- ☐ A ticker is a market symbol, not evidence of quality.

EXAMPLE

Example: Owning one share gives a person a very small ownership interest; a broad fund can hold interests in many companies.

PUT IT INTO PRACTICE

Which term can I explain in my own words?

What product description needs a definition before I continue?

IMPORTANT DISCLAIMER

General educational information only; not personalized financial, investment, tax, or legal advice; investing involves risk including loss of principal; past performance does not guarantee future results; all examples are hypothetical; no stock picks or return promises; independently research and consult qualified professionals as appropriate.

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Understand ownership and markets

Markets connect buyers and sellers, but prices can move quickly.

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SEE WHAT A TRADE REPRESENTS

When shares trade, buyers and sellers agree on a price at a particular moment. Companies may issue shares to raise capital, and investors may later trade them in public markets. Market price reflects changing expectations and available information, not a guarantee of future business results.

- ☐ A market order and limit order work differently.
- ☐ Trading hours and liquidity can affect execution.
- ☐ Owning stock may include voting rights, subject to share class and rules.

EXAMPLE

Example: A hypothetical investor sees a quoted price change during the day; that movement alone does not explain the company's long-term prospects.

PUT IT INTO PRACTICE

What does this account allow me to buy or sell?

What information is missing behind a price movement?

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Risk, volatility, and time

Uncertainty is part of investing, including the possibility of loss.

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NAME THE RISKS CLEARLY

Volatility describes how much prices move; it is not the only risk. Investments may face market, company, sector, interest-rate, inflation, liquidity, and concentration risk. A long horizon does not eliminate losses, and money needed soon for essentials may need a different level of stability.

- ☐ Do not treat past returns as a promise.
- ☐ Avoid investing money needed for urgent obligations.
- ☐ Consider how a decline could affect your choices.

EXAMPLE

Example: Money needed for next month's rent has a different time constraint from money set aside for a distant, uncertain goal.

PUT IT INTO PRACTICE

When might I need this money?

What loss or price movement would make me act impulsively?

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Diversification and allocation

Spreading exposure can reduce single-investment risk, not remove all risk.

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AVOID ONE-POINT FAILURE

Diversification means spreading investments across issuers, sectors, and sometimes asset types. Asset allocation describes how a portfolio is divided among categories such as stocks, bonds, and cash. Both are concepts for managing exposure; neither guarantees gains or prevents market-wide losses.

- ☐ Check a fund's stated objective and holdings.
- ☐ Different funds can overlap substantially.
- ☐ Concentration can include employer stock or one popular theme.

EXAMPLE

Example: A hypothetical portfolio centered on one employer has more single-company exposure than one holding many unrelated companies.

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Where could my exposure be concentrated?

What does this fund actually hold?

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Compare long-term approaches

Strategies are frameworks, not recommendations or promises.

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RECOGNIZE COMMON METHODS

Some people seek broad market exposure through index funds; others use actively managed funds or individual securities. Buy-and-hold, periodic contributions, and rebalancing are common long-term concepts. Each has different costs, tax implications, effort, and behavior requirements, and none fits everyone.

- ☐ Periodic investing does not guarantee gains.
- ☐ Frequent trading can add costs and errors.
- ☐ Understand a strategy before applying it.

EXAMPLE

Example: Periodic investing means contributing a set hypothetical amount on a schedule, even though market prices may be higher or lower each time.

PUT IT INTO PRACTICE

What tradeoff does this approach make?

Can I describe its limits without a slogan?

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Fees and taxes as concepts

Costs and rules can affect results even when they are easy to overlook.

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READ THE DOCUMENTS

Possible costs include expense ratios, management or advisory fees, commissions, spreads, account fees, and transaction charges. Tax treatment can depend on account type, holding period, location, and personal facts. Read official documents and qualified guidance rather than assuming a label explains all consequences.

- ☐ Commission-free does not always mean cost-free.
- ☐ Compare similar products on comparable terms.
- ☐ Ask how, when, and by whom a fee is charged.

EXAMPLE

Example: Two hypothetical funds may have similar objectives but different annual expense ratios and holdings; their official documents show the relevant details.

PUT IT INTO PRACTICE

What ongoing and one-time fees apply?

What tax question requires qualified or official guidance?

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Research, fraud, and decisions

Slow verification and written rules can counter pressure and hype.

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USE A DISCIPLINED CHECKLIST

Research through official filings, fund prospectuses, regulated-provider disclosures, and regulator databases where applicable. Warning signs include guaranteed returns, secret tips, pressure to act now, unregistered sellers, and unusual payment requests. Before acting, write the goal, time horizon, risk, diversification effect, costs, source, unanswered questions, and a cooling-off period.

- [ ] No stock picks or return promises belong in this course.
- [ ] Independently verify claims beyond the seller or social post.
- [ ] Consult a qualified professional when personal advice is needed.

EXAMPLE

Example: After a viral post promotes a ·risk-free· opportunity, Dana waits 48 hours, checks official sources, notes unanswered questions, and decides not to act on pressure.

PUT IT INTO PRACTICE

Which warning sign tells me to pause?

What fact would change my decision?

What is my cooling-off rule?