

Active Investment

An investment that has a human managing the shares within, based on their skill and what they believe will perform best. Will include higher management fees.

Asset Allocation

The mix between assets within your portfolio, expressed as a %. I.e. a portfolio may have an allocation of 70% growth and 30% defensive.

ASX

Australian Securities Exchange (where Australian public shares are listed and traded).

Broker

Essentially the link between your money, the ASX (or exchange) and your money.

Defensive Investments

Investments that carry little risk and are not volatile. This includes cash, term deposits.

Direct Shares

Generally, shares you hold direct not via a managed fund or ETF.

Distribution

A payment of a pool of profits or dividends within a managed fund that is paid to unit holders of the managed fund (usually quarterly or twice per year).

Dividend

A payment of profit that is paid to share holders, usually twice per year.

DOW Jones

The Dow Jones Industrial Average, Dow Jones, or simply the Dow, is a stock market index that measures the stock performance of 30 large and important companies listed on stock exchanges in the United States.

Equities/Stocks/Shares

A public company or group of public companies or part of an asset allocation "20% allocation to Australian equities (or shares or stocks)"

ETF

Exchange Traded Fund (usually an index fund that people can buy directly).

Franking Credit

A portion of a dividend payment that has already had tax paid at the company level, that allows for a tax credit to the share holder to ensure they are not taxed twice.

Growth Investments

Investments that incur and have the best chance of growing overtime, can be risky. Includes Australian shares, International shares, property, bitcoin etc

Index

A group of shares that a company has pooled together to track or invest in. The ASX200 is an index of the top 200 shares listed on the Australian Securities Exchange (ASX). It can be a pulse check of the market, an industry or segment.

Index Fund

A managed fund with a portfolio constructed to match or track the return before fees of a particular market index, such as the ASX 200 or the ASX Small Ordinaries Index.

Inflation

The increase in the cost of goods and services over time.

Listed Company

A public company that is listed on an exchange. Woolworths is a public company and it's listed on the ASX as WOW.

Managed Fund

An investment fund where your money and that of other investors is pooled and used to buy assets such as cash, shares, bonds, and listed property trusts. The fund is managed by a fund manager.

Micro investing

Micro investing is investing in small increments by buying fractions of shares, allowing people to start investing with as little as \$5.

NASDAQ

The Nasdaq Stock Market, also known as Nasdaq or NASDAQ, is an American stock exchange at One Liberty Plaza in New York City.

Passive Investment

An investment that generally has no human involvement and just tracks an index (see index). Will have less fees than active. Can be an index fund.

Platform

This is a structure that holds investments and can take care of annual reporting, automatically investing money, a one stop shop. Will have a platform fee. Your super company is basically an investment platform.

Share Registry

A third party that a listed company employs to manage records of shareholders. Used to update dividend payments etc.

Yield

The rate of return on an investment.


Glen James