

- With Load funds, there is a charge to buy/sell, as opposed to No-load funds.
- Ethical funds: comprise of socially responsible investments
- Stock option: purchased right to buy or sell a stock, often given to executives
 - Call option: buy it at a certain price until a particular future date
 - Put option: sell it at a certain price until a future date
 - Stock options are worthless if exercising them is not profitable (“underwater” option)
- Risk reduction:
 - Diversification involves using different kinds of investments in a portfolio (Eg: tech, oil, gold)
 - Asset Allocation is the relative amounts of a portfolio allocated to different investment vehicles (Eg: mutual funds, bonds, common stocks)

Buying and Selling Securities

- Stock quotations show the company, number (volume) of shares sold, and the high, low, close and change in price.
- Bond quotations show the issuer, coupon rate, maturity date, price, and yield.
 - Coupon: face value interest rate
 - Price: expressed in terms of 100, a ratio of market value/face value.
 - Yield: annual interest paid (based on coupon rate) divided by the bond’s current market price, represent return on investment. The true yield is increased when the bond matures and face value is received.
- Mutual fund quotations include the fund’s “net asset value” (NAV) is the current market value of one share. They also include: 52-week high and low, company name (‘n’ after the name signifies a no-load fund), close price at the end of the recent week, weekly change, and the % return from last week, the current year to date, and the last 3 years.
- Market Indices: measures of market value of stocks providing a summary of price trends in an industry or on the whole. Bull markets: upward stock prices, Bear Market: downward stock prices. Some common indices (4):
 - Dow Jones Industrial Average (DJIA): includes prices of the 30 largest firms on the NYSE and NASDAQ. An indicator of blue-chip stock price movement.
 - Standard and Poor’s Composite Index (S&P 500): Dow considers few firms, but this one includes 500 stocks: 400 industrial + 40 utilities + 40 financial institutions + 20 transportation companies, weighted average based on market caps.
 - S&P/TSX Average: average of 225 large Canadian stocks from various industry groups. Recently has been very volatile.
 - NASDAQ Composite Index: the most important index, includes all firms on the NASDAQ, a weighted average, includes domestic and foreign firms.
- Buying and Selling Stocks:
 - Market orders authorize a broker to buy or sell a stock at the current market price
 - Limit Buy orders authorize brokers to buy if the price falls below a given limit
 - Limit Sell orders authorize brokers to sell if the price reaches/surpasses a given amount
 - Stop orders authorize brokers to sell if the price falls to a certain amount.
 - Round lot orders are orders that are even multiples of 100 shares. Odd lots are fractions or units other than 100 lot share purchases and are more expensive because they require another intermediary called an ‘odd-lot broker’.
 - Brokers will lose business as consumers buy stocks over the internet and companies begin to sell stocks directly, eliminating middlemen

Securities Regulation

- US Securities Regulation: NASD and NYSE exercise self-regulation in addition to government regulations. “Circuit Breakers” have been established to halt trading if a certain market index changes a certain amount in a certain amount of time. This halt is a “cooling down” period for traders to re-evaluate their positions. Program Trading (using computer programs to evaluate the future values of stocks and automatically trigger