

# The Fundamentals of Investing Note Taking Guide

	Total Points Earned
	Total Points Possible
	Percentage

Name \_\_\_\_\_

Date \_\_\_\_\_

Class \_\_\_\_\_

## Characteristics of Investments

Define investments:

Investments have the potential for \_\_\_\_\_ returns.



Define return:

All investments have some \_\_\_\_\_.



Define investment risk:

Investments are important to building \_\_\_\_\_.

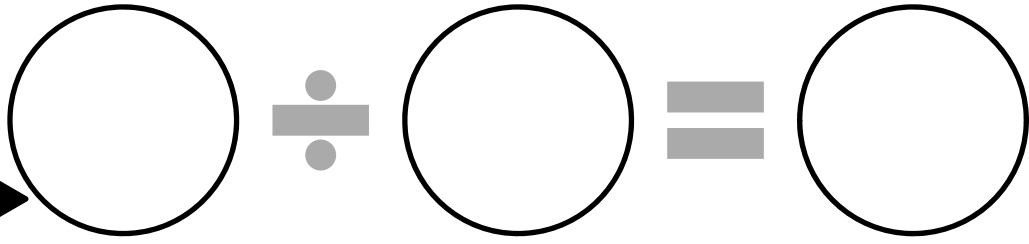
Why are investments less liquid than savings tools?

Investments are for \_\_\_\_\_ goals.



Two examples of long-term goals are:

Rate of return:



Strive to have the rate of return on an investment be \_\_\_\_\_ than the rate of inflation.



Define inflation risk:

**Bond**

Definition:	Description:	Risk level:
		Type of return:

**Stock**

Definition:	Dividend returns are:	Risk level:
	Capital gain returns are:	

**Real Estate**

Definition:	Types of returns include:	Risk level:
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**Speculative Investments**

Definition:	Examples include:	Risk level:
	Returns:	

**Mutual Fund & Index Fund**

Definition:	Types of returns:
	Risk level:
What is included?	Advantage:
	Disadvantage:
How is an index fund different than a mutual fund?	

**Lending vs. Owning**

Lending	Type of investment tools:	Type of returns:
	Type of investment tools:	Type of returns:

Typically, investments that are a form of **owning** have:

_____	_____	_____
inflation risk	potential for high returns	investment risk

**Investment Philosophy**

<p>Each individual has a tolerance for the amount of _____</p>	<p>Generally divided into three categories:</p>	<p>May be influenced by:</p>
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**Portfolio Diversification**

<p>Definition:</p>	<p>Purpose:</p>	<p>Impact it has on risk:</p>
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**Brokerage Firms**

<p>What is a stock exchange?</p>	<p>What is a brokerage firm?</p>	<p>What is the difference between a full-service and discount brokerage firm?</p>
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<p>All brokerage firms charge _____ for their services.</p>	<p>What is one question to ask when choosing a firm?</p>
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**Tax-Advantaged Investments**

<p>How do tax-advantaged investments benefit consumers?</p>	<p>When are taxes paid?</p>	<p>Why should an employee invest in an employer-sponsored plan?</p>	<p>What are examples of retirement accounts?</p>
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