MODULE 6: Vocab & Key Terms

Top Investor Strategies

Growth Investing

Growth investing is an investment strategy where investors focus on stocks of companies that are expected to experience above-average growth. This type of investing is typically focused on the long-term and involves buying stocks in companies with the potential for future growth and appreciation in value. Examples of growth stocks include technology companies, healthcare providers, biotechnology firms, and consumer discretionary goods.

Value Investing

Value investing is a strategy where investors focus on buying companies that they believe are undervalued by the market and have the potential to increase in value over time. This strategy typically seeks to identify companies that are undervalued relative to their peers or their intrinsic value. Value investors use fundamental analysis to evaluate a company's financials, management team, competitive position within their industry, and other factors to determine whether a company is undervalued or not.

Assets Under Management (AUM)

AUM refers to the total market value of all assets managed by an investment firm or advisor. This figure can include investments such as stocks, bonds, cash balances, mutual funds and other securities. Typically AUM values are reported quarterly as part of a financial statement issued by an investment firm or advisor.

Dividends

Dividends are payments made by corporations to their shareholders out of profits earned during fiscal quarters or fiscal years depending on the board's decision. These payments generally represent a portion of profits which have been retained by the corporation instead of being reinvested in operations or passed onto executives as bonuses/incentives/salaries etc.. Dividend payments may be made either in cash or stock form depending on corporate policy and shareholders' preference. The dividend yield is a ratio calculated by dividing annual dividends per share (DPS) by the current stock price per share (SP).

Passive Management

Passive management is an investment strategy whereby asset managers do not actively pick individual securities but rather invest according to predetermined criteria such as benchmarks like indices or sectors rather than picking individual securities. In addition passive managers generally seek low costs through minimal trading activity leading to efficient portfolio construction avoiding excess trading costs as well as taxes.

Contrarian Investing

This style of investing involves taking an opposite stance to the prevailing market trend. It involves buying stocks or other assets when their prices are low or shorting them when their prices are high. Contrarian investors believe that by going against the majority, they can take advantage of market imbalances and benefit from price movements in either direction.

Emerging Markets

Emerging markets refer to countries that have recently begun to experience rapid economic growth, such as those located in Asia and South America. These markets are attractive investment destinations due to their potential for explosive growth and often provide opportunities not found in developed markets. They can be riskier than investing in more established markets, but the potential rewards may be worth the additional risk taken. Investors should research these markets carefully before deciding whether to invest in them.