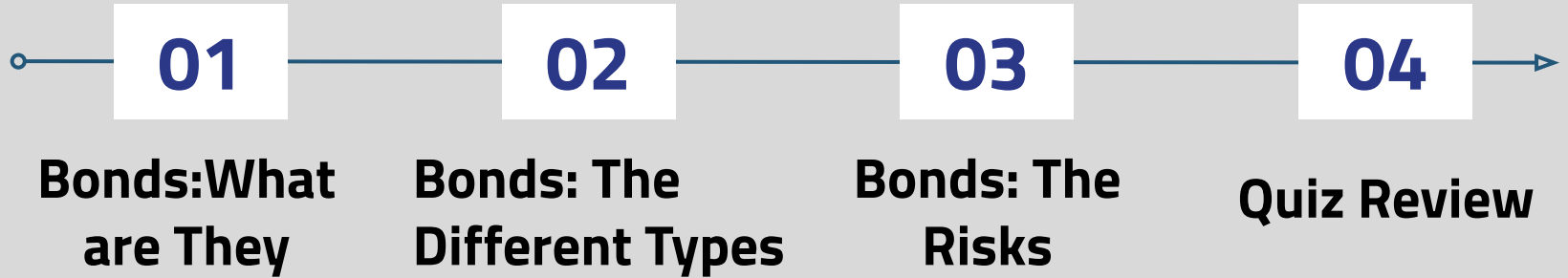


A Beginner's Overview of Bonds

A Beginner's Overview To Bonds



Bonds

What They Are

Definition and Explanation

Definition

Bonds: Units of debt issued by companies and/or the government that are converted into tradable assets

Explanation

Loans are taken out by companies from investors
The companies pay the investor an interest coupon in exchange for the investors capital

Important to Note about Bonds

Nominal Yield

The annual interest rate is a % of the face value of the bond.

Principal is returned on maturity date, loan ends.

Expensive

Retail investors can purchase bond indexes

Predetermined Intervals

Company pays investors interest coupons on predetermined intervals.

Example: monthly, annually, and semiannually.

Bond Maturity: What is it?

Maturity: When the principal, or “par” amount, of a bond is paid to the investor. Essentially, the lifetime of a bond.

Short term: 1-3 Years

Medium term: 4-10 Years

Long term: over 10 years

Bonds

The Different
Types

Types of Bonds

Corporate

Issued by companies

AKA “Junk Bonds”

- Risky with the highest return

Sovereign/ Government

Issued by national governments

High credit rating due to low risk of defaulting

- relatively low yield

Municipal

Issued by states and municipalities

These include state and county debt

Zero Coupon Bonds

Bonds with no coupon

- Only have par value at maturity
- Sold at discount from face value

How Bonds Interact with Taxes

Answer

Certain bonds are exempt from certain types of taxes depending on the type ie corporate bonds, sovereign/government bonds, and municipal bonds

Explanation

Corporate bonds are subject to both federal and income taxes

Sovereign/Government bonds are exempt from state and local taxes, but not federal income tax

Municipal bonds are not subject to most taxes

Bonds

The Risks

Two Main Risks

Interest Rates

Bonds have an INVERSE relationship to interest rates

- When interest rates rise, bonds fall
- The longer the maturity period, the higher the interest rate period is

Credit/Default Risk

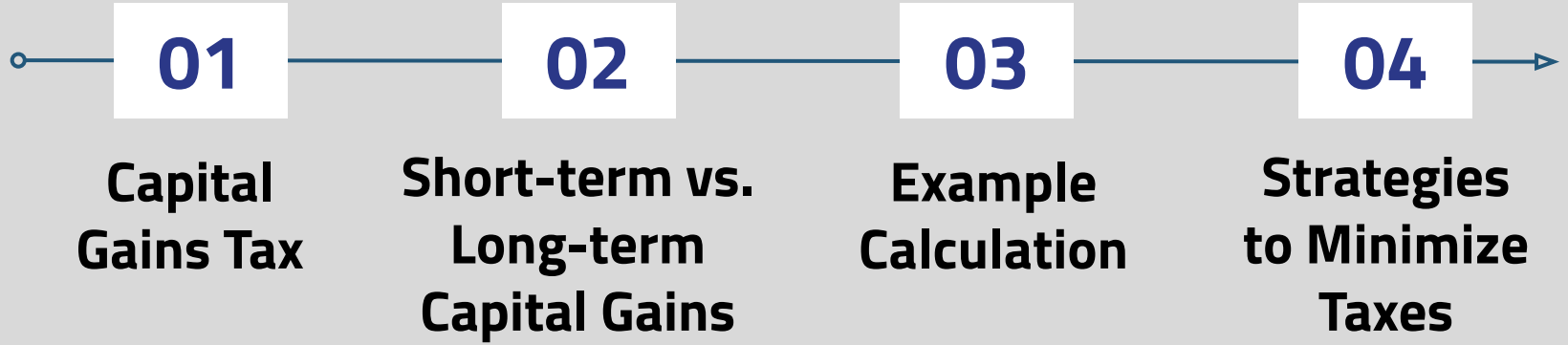
When the interest and principal payments on a bond won't be made by a company

- Typically higher operating income of company, safer the bond

A Beginner's Overview of Taxes

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A Beginner's Overview To Taxes



Capital Gains Tax

What Is It

❖ Capital gains tax is the tax you pay on the profit from selling an investment.

❖ It applies to assets like stocks, bonds, real estate, and cryptocurrencies.

❖ The tax rate depends on how long you hold the investment.

Capital Gains

Short-term

- ❖ gains occur when you sell an asset you've held for one year or less
- ❖ taxed at your ordinary income tax rate

VS

Long-term

- ❖ gains apply to assets held for more than one year
- ❖ taxed at lower rates, ranging from 0% to 20%, depending on your income

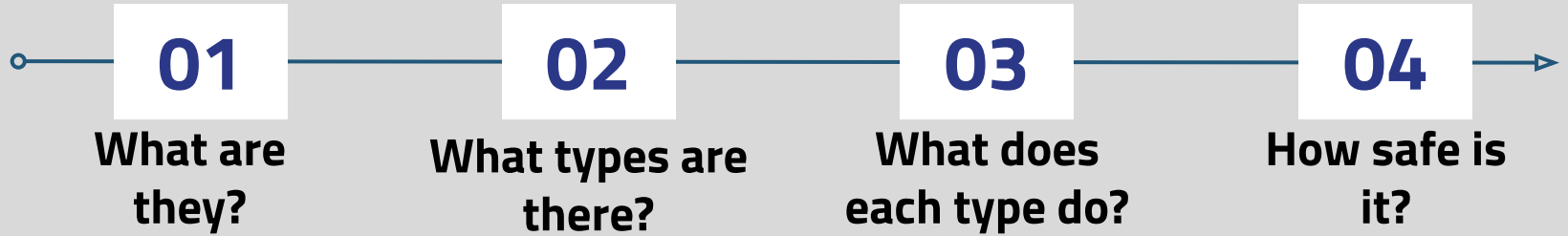
Example Calculation

- ❖ You bought a stock for \$1,000 and sold it for \$1,500 after 11 months, realizing a \$500 profit
- ❖ If your ordinary income tax rate is 22%, you'll owe \$110 in taxes on the short-term capital gain.
- ❖ However, if you had held the stock for over a year, your long-term capital gains tax might be lower, depending on your tax bracket.

Strategies to Minimize Taxes

- ❖ Hold investments for over a year to qualify for lower long-term capital gains tax rates
- ❖ Utilize tax-advantaged accounts like IRAs and 401(k)s to defer or avoid taxes on investment gains
- ❖ Explore tax-loss harvesting, which involves selling investments at a loss to offset gains and reduce taxable income

A Beginner's Overview To Risk Free Investments



What are risk free investments?



What types are there?



- Savings accounts
- Treasury bills
- Treasury bonds
- Money markets
- Certificates of deposit (CD's)

What does each type do?

- **Savings accounts**

- Generic bank accounts that gain interest.
- You can withdraw and have access to your money at any time.
- Subject to insurance by the FDIC of up to \$250,000

What does each type do?

- **Treasury Bills**

- Government issued debt obligation backed by the U.S. Treasury
- Usually issued for a length of 1 year or shorter.

What does each type do?

- **Treasury Bonds**

- Government issued debt obligation backed by the U.S. Treasury (like Treasury Bills)
- Usually issued for a length of 10-30 years

What does each type do?

- **Money Market**

- Relatively short term,
about 1 year or less
- Involves large volume
trades between
institutions and traders.

What does each type do?

- **Certificates of Deposit (CD's)**

- A type of savings account that can earn interest at a fixed rate.
- You can face a penalty if you try to withdraw the funds before the term expires



How safe are they?



Risk free investments are usually very safe. Most of them are insured by the FDIC, and other are backed by the U.S. Treasury.

While technically there are no investments that are truly 100% safe, risk free investments like FDIC-insured savings accounts, Money Market funds, Treasury bills and bonds are all generally accepted to be very safe investments.



A Beginner's Overview To Stock Screening



What is stock screening?





Market Beta

Beta = 0 to <1 : Less volatile than the Market

Beta = 1: Follows volatility of the Market

Beta >1 : More volatile than the Market

Ratios



Earnings Per Share

$$\frac{\text{Net Income}}{\text{Weighted Avg. Shares Outstanding}}$$



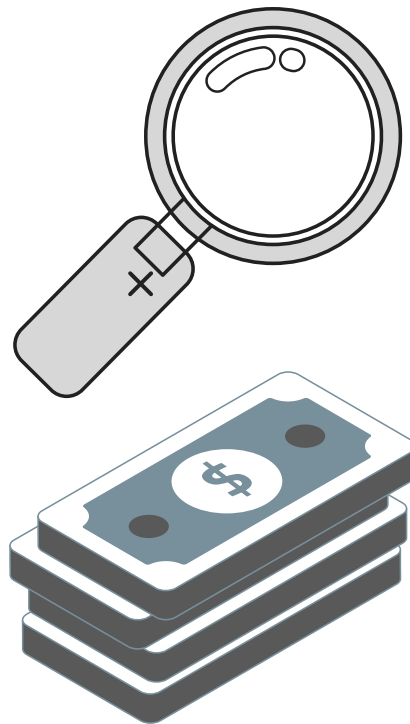
Price-Earnings Ratio

$$\frac{\text{Current Stock Price}}{\text{Earnings Per Share}}$$



Return on equity

$$\frac{\text{Net Income}}{\text{Shareholder's Equity}}$$



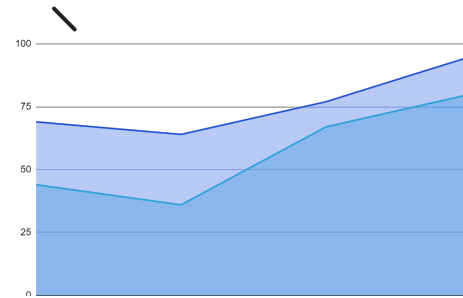
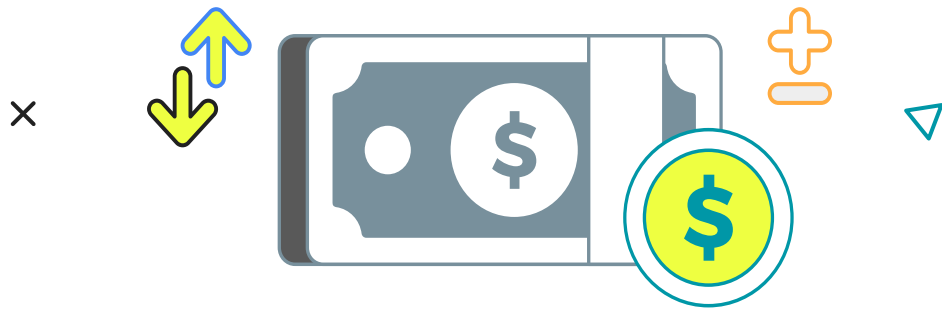
Build Your Own Strategy



A Beginner's Overview To Blockchain



Basics of Blockchain



Blockchain Basics



Decentralized

No central Authority

Benefit 1



Efficiency

No paper needed

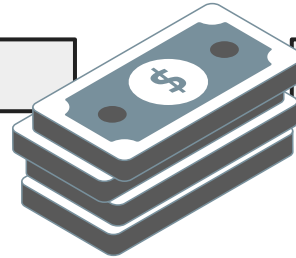
Benefit 2



Validation

Ledgers for proof of transactions

Benefit 3



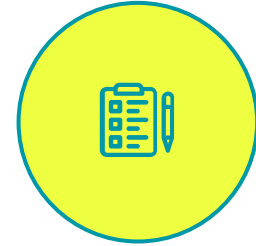
Crypto and NFTs



Stable Coins



Alternate Coins
&
Meme Coins



Utility NFTs



Collectible
NFTs



How to invest in Crypto and NFTs?

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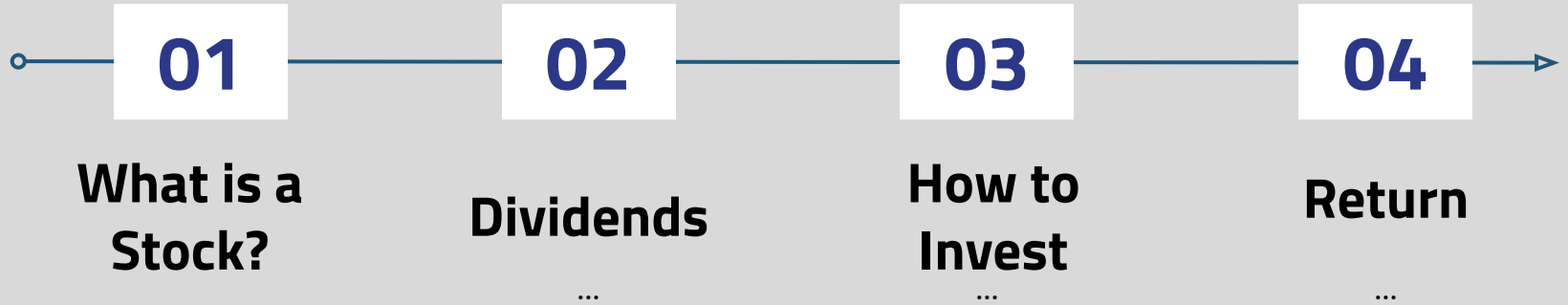


Multiple exchanges and
opportunities!



**What is stock
and what
happens
when you
invest?**

A Beginner's Overview To Stocks



What is a Stock?

Stocks

01

- Represent Ownership of a Company
- When you buy stock, you become a *shareholder*
- Ownership Stake
 - Based on number of shares you own

Value of Stocks

- Value can fluctuate based on various factors:
 - Company performance
 - Industry trends
 - Economic conditions

01

Dividends

Dividends

- Some companies distribute a portion of their earnings in the form of dividends
- Not all companies pay dividends, and a company's board of directors decides whether to distribute them or not

How to Invest

Buying and Selling Stocks

- Capital Gain
- Capital Loss
- Long-Term Growth investors often buy stocks to hold for long periods of time, hoping to benefit from the potential growth of the companies they invest in

How to Invest in Common Stock

- Important part of portfolio
- **Growth Stocks:** belong to companies expected to increase earnings
- **Value Stocks:** priced relatively lower, often pay dividends
- **Large-cap Stocks:** more frequently traded, represent well-established and stable companies
- **Small-cap Stocks:** often belong to newer, growth-oriented firms; tend to be more volatile

Stock Options

- Gives an investor the right (but not obligation) to buy or sell a stock at an agreed-upon price and date
- Agreed-upon price is called the strike price
- Two types:
 - Puts - a bet that a stock will fall
 - Calls - a bet that a stock will rise

Return

Mutual funds and Index Funds for Beginners

A Beginner's Overview To Mutual Funds

01

**What is a
Mutual
Fund?**

02

**Active Funds
vs Index
Funds**

...

03

**Pros and
Cons of
Funds**

...

What is a Mutual Fund?

- **Group Investment Opportunity**
- **Managed by a professional**
- **Prospectus**
- **Diverse Holdings**
 - **Many Different Types**
- **Returns**
 - **Income, Portfolio Distributions,
Capital Gains**

Active Funds Vs. Index Funds

Active

- Want to do better than the market
- Actively managed by a professional
- Typically Higher Fees

Index

- Want to match the market
 - Usually tied to an index
- Typically managed by automation
- Typically Lower Fees

Pros and Cons of Funds

Pros

- Easy to trade
- Gives Portfolio Diversity
- Professional Management

Cons

- Lack of transparency
- Higher fees
- No FDIC Protection