ILLUSTRATED DICTIONARY OF BUSINESS FINANCE

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Business Finance

Finance is not merely about making money. It's about achieving our deep goals and protecting the fruits of our labor. It's about stewardship and, therefore, about achieving the good society.

-Robert J. Shiller

Finance studies topics such as borrowing money to receive a greater return on the funds. Business finance is required for the establishment of every business organisation. With the growth in activities, financial needs also grow. Funds are required for the purchase of land and building, machinery and other fixed assets. If you want to understand what you are studying, then you need to familiarize yourself with all these terms first. Lack of ample terminology fluency is considered a major difficulty for understanding of scientific texts and learning in the sciences. Undoubtedly, students with good vocabulary knowledge master the material faster, communicate their knowledge better, and start critical analysis of the discussed material sooner. This Illustrated Dictionary has been designed to motivate students to effort mastering business finance vocabulary.

A

Accounts payable

A record of all short-term (less than 12 months) invoices, bills and other liabilities yet to be paid. Examples of accounts payable include invoices for goods or services, bills for utilities and tax payments due. Accounts payable is money owed by a business to its suppliers shown as a liability on a company's balance sheet. It is distinct from notes payable liabilities, which are debts created by formal legal instrument documents.

Accounts receivable

A record of all short-term (less than 12 months) expected payments, from customers that have already received the goods/services but are yet to pay. These types of customers are called debtors and are generally invoiced by a business. A legally enforceable claim for payment held by a business for goods supplied and/or services rendered that

customers/clients have ordered but not paid for. These are generally in the form of invoices raised by a business and delivered to the customer for payment within an agreed time frame.

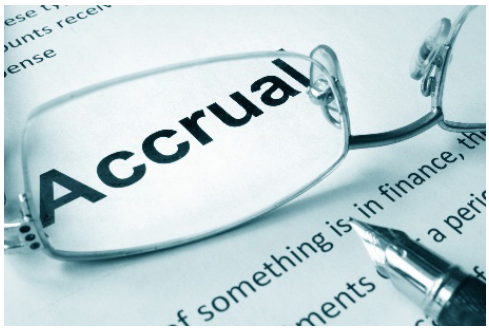
Accounts Receivable Turnover Ratio

The receivables turnover ratio is an activity ratio measuring how efficiently a firm uses its assets. Receivables turnover ratio can be calculated by dividing the net value of credit sales during a given period by the average accounts receivable during the same period.

$$\text{Accounts Receivable Turnover} = \frac{\text{Net Credit Sales}}{\text{Average Accounts Receivable}}$$

Accrual Accounting

Accrual accounting is an accounting method that measures the performance and position of a company by recognizing economic events regardless of when cash transactions occur. The general idea is that economic events are recognized by matching revenues to expenses (the matching principle) at the time in which the transaction occurs rather than when payment is made (or received). This method allows the current cash inflows/outflows to be combined with future expected cash inflows/outflows to give a more accurate picture of a company's current financial condition. Most businesses typically use one of two basic accounting methods in their bookkeeping systems: cash basis or accrual basis. While most businesses use the accrual basis, the most appropriate method for your company depends on your sales volume, whether or not you sell on credit and your business structure.



Accumulation

A mathematical function defined in terms of the ratio future value to present value; Capital accumulation, the gathering of objects of value. An individual investor's cash contributions to invest in securities over a period of time in order to build a portfolio of desired value. Dividends and capital gains are also reinvested during this process. An institutional investor's purchase of a large number of shares in a public company over an extended period of time. The retention of company profits in corporate finance for reinvestment in business operations, as opposed to the payout of earnings as dividends to shareholders.

Acid-Test Ratio

The acid-test ratio is a strong indicator of whether a firm has sufficient short-term assets to cover its immediate liabilities. This metric is more robust than the current ratio, also known as the working capital ratio, since it ignores illiquid assets such as inventory.

$$\text{Acid-test ratio} = \frac{\text{Current assets less stocks}}{\text{Current liabilities}}$$

Active Investing

Active investing refers to an investment strategy that involves ongoing buying and selling actions by the investor. Active investors purchase investments and continuously monitor their activity to exploit profitable conditions. Active investing is highly involved. Unlike passive investors, who invest in a stock when they believe in its potential for long-term appreciation, active investors typically look at the price movements of their stocks many times a day. Usually, active investors are seeking short-term profits. Smart beta exchange-traded funds (ETFs) are a cost-effective way for investors to take advantage of active investing by considering alternative factors as opposed to simply tracking a benchmark index, such as selecting a portfolio based on company earnings or some other fundamental approach.

Advance-Decline Ratio

A market-breadth indicator used in technical analysis to compare the number of stocks that closed higher with the number of stocks that closed lower than their previous day's closing prices. To calculate the advance/decline ratio, divide the number of advancing shares by the number of declining shares. The A/D ratio can be calculated for various time periods, such as one day, one week or one month.

All-Or-None Orders

An All-Or-None (AON) order is an order to buy or sell a stock that must be executed in its entirety, or not

executed at all. AON orders that cannot be executed immediately remain active until they are executed or cancelled. All or none (AON) is an instruction used on a buy or sell order that instructs the broker to fill the order completely or not at all. If there are not enough shares available to fill the order completely, the order is canceled when the market closes. An AON order is considered a duration order because the investor provides instructions to the trader about how the order must be filled, which impacts how long the order remains active.

American Stock Exchange (Amex)

The American Stock Exchange (AMEX) is the third-largest stock exchange by trading volume in the United States. In 2008, it was acquired by the NYSE Euronext and became the NYSE Amex Equities in 2009. The AMEX is located in New York City and handles about 10% of all securities traded in the United States. The AMEX name was first changed to NYSE Alternext US, then it became known as NYSE Amex Equities. It used to be a strong competitor to the New York Stock Exchange (NYSE), but that role has since been filled by the Nasdaq. Today, almost all trading on the AMEX is in small-cap stocks, exchange-traded funds and derivatives.

Amortization

Amortization is the paying off of debt with a fixed repayment schedule in regular installments over a period of time for example with a mortgage or a car loan. It also refers to the spreading out of capital expenses for intangible assets over a specific duration (usually over the asset's useful life) for accounting and tax purposes. Amortization is similar to depreciation, which is used for tangible assets, and to depletion, which is used for natural resources. When businesses amortize expenses, it helps tie the cost of the asset with the revenues it generates. For example, if a company buys a ream of paper, it writes off the cost in the year of purchase and generally uses all the paper the same year. Conversely, with a large asset, the business reaps the rewards of the expense for years, so it writes off the expense incrementally over several years.

Analyst

Analysts are generally divided into 'buy-side' and 'sell-side'. A buy-side analyst, such as a fund manager, works for a company which buys and holds stocks itself, on the analyst's recommendation. A sell-side analyst's work is not used by its employer to invest directly, rather it is sold either for money or for other benefits by the employer to buy-side organizations. Sell-side research is often used as 'soft money' rather than sold directly, for example provided to preferred clients in return for business. It is sometimes used to promote the companies being researched when the sell-side has some other interest in them, as a form of marketing, which can lead to conflicts of interest. The buy-side is sometimes considered more prestigious, professional, and scholarly, while the sell-side may be higher-paid and more like a sales and marketing role. It is common to begin careers on the sell-side at large banks then move to the buy-side at a fund.

Annual Report

An annual report is a comprehensive report on a company's activities throughout the preceding year. Annual reports are intended to give shareholders and other interested people information about the company's activities and financial performance.

Assets

An asset is a resource with economic value that an individual, corporation or country owns or controls with the expectation that it will provide future benefit. Assets are reported on a company's balance sheet, and they are bought or created to increase the value of a firm or benefit the firm's operations. An asset can be thought of as something that in the future can generate cash flow, reduce expenses, improve sales, regardless of whether it's a company's manufacturing equipment or a patent on a particular technology.

Asset Allocation

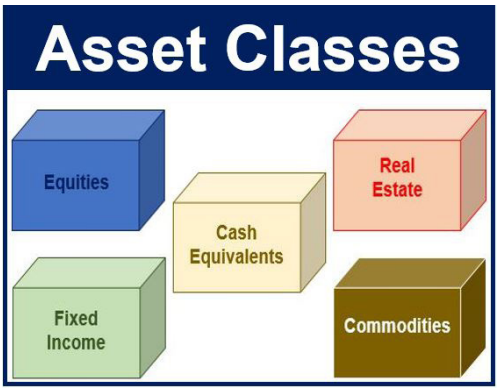
Asset allocation is the rigorous implementation of an investment strategy that attempts to balance risk versus reward by adjusting the percentage of each asset in an investment portfolio according to the investor's risk tolerance, goals and investment time frame.

Asset Backed Security

An asset-backed security (ABS) is a security whose income payments and hence value are derived from and collateralized (or "backed") by a specified pool of underlying assets. The pool of assets is typically a group of small and illiquid assets which are unable to be sold individually. Pooling the assets into financial instruments allows them to be sold to general investors, a process called securitization, and allows the risk of investing in the underlying assets to be diversified because each security will represent a fraction of the total value of the diverse pool of underlying assets. The pools of underlying assets can include common payments from credit cards, auto loans, and mortgage loans, to esoteric cash flows from aircraft leases, royalty payments and movie revenues.

Asset Class

An asset class is a group of instruments which have similar financial characteristics and behave similarly in the marketplace. We can often break these instruments into those having to do with real assets and those having to do with financial assets. Often, assets within the same asset class are subject to the same laws and regulations; however, this is not always true. For instance, futures on an asset are often considered part of the same asset class as the underlying instrument but are subject to different regulations than the underlying instrument. Many investment funds are composed of the two main asset classes which are securities: equities (stocks) and fixed-income (bonds). However, some also hold cash and foreign currencies. Funds may also hold money market instruments and they may even refer to these as cash equivalents; however, that ignores the possibility of default. Money market instruments, being short-term fixed income investments, should therefore be grouped with fixed income.



Asset Utilization Ratio

The asset utilization ratio calculates the total revenue earned for every dollar of assets a company owns. For example, with an asset utilization ratio of 52%, a company earned $.52 for each dollar of assets held by the company. An increasing asset utilization means the company is being more efficient with each dollar of assets it has. This ratio is frequently used to compare a company's efficiency over time.

Accounts

Financial records of an organization that register all financial transactions, and must be kept at its principal office or place of business. The purpose of these records is to enable anyone to appraise the organization's current financial position with reasonable accuracy. Firms present their annual accounts in two main parts: the balance sheet, and the income statement (profit and loss account). The annual accounts of a registered or incorporated firm are required by law to disclose a certain amount of information. And have to be certified by an external auditor that they present a 'true and fair view' of the firm's financial affairs.

Accretion of Discount

The increase in the value of a discounted instrument as time passes and it approaches maturity. The value of the instrument will accrete (grow) at the interest rate implied by the discounted issuance price, the value at maturity and the term to maturity. For example, a three-month note maturing at $100 is issued at $98. Between issuance and maturity, the value of the bond will increase until it reaches its full value of $100, which is the amount that will be paid at maturity. Accretion can be accounted for in a straight-line method, whereby the increase is evenly spread throughout the term, or by constant interest, whereby the increase is heaviest closest to maturity.

Accretion

Accretion is asset and earnings growth due to business expansion, and it can occur through a company's internal growth or by way of mergers and acquisitions. Accretion is also used to account for a capital gain when an investor buys a bond at a discount and holds the bond until maturity. Accretion is a term used in accounting for bonds and accretion is required when a bond is purchased at a discount. Bonds are issued with a face amount (par value) of $1,000, or a multiple of $1,000. The investor receives $1,000 at maturity, and the interest rate on the bond is based on

the $1,000 face amount. In some cases, a bond is issued at a price below the face amount and this occurs when interest rates increase during the time that the bond is being underwritten for sale to the public. To make the bond attractive due to higher interest rates, the bond issue is issued at a discount from the face amount.

Accrued Expense

An accrued expense is an accounting expense recognized in the books before it is paid for. It is a liability, and is usually current. These expenses are typically periodic and documented on a company's balance sheet due to the high probability that they will be collected.

Accrued Income

Accrued income is earned in a fund or by a company for providing a service or selling a product that has yet to be received. Mutual funds or other pooled assets that accumulate income over a period of time but only pay out to shareholders once a year are by definition accruing their income.

Accumulation fund

A type of superannuation fund in which the benefit a member receives reflects total contributions plus whatever they have earned, less expenses and tax, so the benefit reflects the performance of the fund's investments.

Acquisition

An acquisition is a corporate action in which a company buys most, if not all, of another firm's ownership stakes to assume control of it. An acquisition occurs when a buying company obtains more than 50% ownership in a target company. As part of the exchange, the acquiring company often purchases the target company's stock and other assets,

which allows the acquiring company to make decisions regarding the newly acquired assets without the approval of the target company's shareholders. Acquisitions can be paid for in cash, in the acquiring company's stock or a combination of both.

Actively managed funds

A pool of liquidity with a portfolio that an investment company trades actively in order to meet the fund's investment goals. For example, an actively managed fund may have a target return or a target level of risk. If the target is not being met, the investment company managing the fund makes appropriate trades in order to correct the situation. Mutual funds are actively managed funds. Managers of actively managed mutual funds buy and sell investments to achieve a particular goal, such as providing a certain level of return or beating a relevant benchmark. As a result, they generally trade much more frequently than managers of passively managed funds whose goal is to mirror the performance of the index a fund tracks. While actively managed funds may provide stronger returns than index funds in some years, they typically have higher management and investment fees.

Additional Paid in Capital (APIC)

Additional paid-in-capital represents the excess paid by an investor over and above the par-value price of a stock issue and is often included in the contributed surplus account in the shareholders' equity section of a company's balance sheet. Additional paid-in-capital can arise from issuing either preferred stock or common stock.

Administration

Administration, also referred to as business administration, is the management of an office, business, or organization. It involves the efficient organization of people, information, and other resources to achieve organizational objectives. Information is key to business operations, and people are the resources who make use of information to add value to an organization. This

means that companies will struggle without some type of administration management.

Adverse Credit

This is the expression used to describe a poor/ bad credit history. For example it may be used to describe someone with a history of late payments, CCJs or bankruptcy. Adverse credit' is credit slang for people with a less-than-perfect record of repaying their credit commitments. Those with 'adverse credit' have something seriously nasty on their credit report, such as a default, or an arrangement to pay, an insolvency, such as a bankruptcy or an IVA, or a mortgage repossession. Adverse credit can also refer to a series of late payments on a credit report. Adverse credit will affect your credit rating and your subsequent ability to obtain credit. Such credit account information will remain on your credit report for six years from the date of account closure, after which it will automatically be removed from your file. Whilst adverse credit will continue to have a negative impact while it remains on your report, it will have less significance the older it becomes and as long as the rest of your report is clear of such negative information.

After-hours Trading

After-hours trading is the period of time after the market closes when an investor can buy and sell securities outside of regular trading hours. Both the New York Stock Exchange and the Nasdaq Stock Market normally operate from 9:30 a.m. to 4:00 p.m. Eastern Time. However, trades in the after-hours session can be completed through electronic exchanges anytime between 4:00 p.m. and 8:00 p.m. Eastern Time. These electronic communication networks (ECNs) match potential buyers and sellers without using a traditional stock exchange.

Agreement in Principle (AIP)

An Agreement in Principle is confirmation that a lender is prepared to advance a loan to a potential borrower subject to being satisfied with the security offered – i.e. a positive Decision in Principle. A stepping stone to a contract. Such agreements with regard to the principle are usually considered fair and equitable. Even if not all details are known, an agreement in principle

may, for example, outline a schedule of royalties.

All Ordinaries Accumulation Index

An index which measures movements in the value of the major shares listed on the Australian Stock Exchange. It takes into account the capital appreciation and dividends of the 500 largest listed companies.

All Ordinaries Index

An Australian Stock Exchange measure of the share price movements of the 250 Australian companies identified in the index.

Allocation Rate

An allocation rate is a percentage of an investor's cash or capital outlay that goes toward a final investment. The allocation rate most often refers to the amount of capital invested in a product net of any fees that may be incurred through the investment transaction. An allocation rate may also be used when determining the percentage of income an investor plans to contribute to specified investments through an automatic investment plan. As an example of an overhead rate, a business has a factory overhead cost pool of $100,000, and routinely produces 20,000 widgets per month. In this case, the allocation rate is $5 per widget, which is calculated as follows: $100,000 Cost pool / 20,000 Units of production = $5 Allocation rate.

Alternative Investment Market (AIM)

AIM (formerly the Alternative Investment Market) is a sub-market of the London Stock Exchange that was launched on 19 June 1995. It allows smaller, less-viable companies to float shares with a more flexible regulatory system than is applicable to the main market. At launch, AIM comprised only 10 companies valued collectively at £82.2 million. By 2017, over one thousand companies comprise the sub-market, with an average market cap of £80 million per listing. AIM has also started to become an international exchange, often due to its low regulatory burden, especially in relation to the U.S. Sarbanes–Oxley Act (though only a quarter of AIM-listed companies would qualify to list on a U.S. stock exchange even prior to passage of the Sarbanes–Oxley Act). As of December 2005 over 270 foreign companies had been admitted to the AIM.

Angel Investor

An affluent individual who provides capital for a business start-up, usually in exchange for convertible debt or ownership equity. A small but increasing number of angel investors invest online through equity crowd funding or organize themselves into angel groups or angel networks to share research and pool their investment capital, as well as to provide advice to their portfolio companies.

Annual Equivalent Rate (AER)

The annual equivalent rate (AER) is interest that is calculated under the assumption that any interest paid is combined with the original balance and the next interest payment will be based on the slightly higher account balance. Overall, this means that interest can be compounded several times in a year depending on the number of times that interest payments are made.

Annual general meeting (AGM)

An annual general meeting (AGM) is a mandatory yearly gathering of a

company's interested shareholders. At the AGM, the directors of the company present an annual report, which contains information for shareholders about its performance and strategy. Shareholders with voting rights vote on current issues, such as appointments to the company's board of directors, executive compensation, dividend payments and selection of auditors.

Annual Percentage Rate (APR)

An annual percentage rate (APR) is the annual rate charged for borrowing or earned through an investment, and is expressed as a percentage that represents the actual yearly cost of funds over the term of a loan. This includes any fees or additional costs associated with the transaction but does not take compounding into account. As loans or credit agreements can vary in terms of interest-rate structure, transaction fees, late penalties and other factors, a standardized computation such as the APR provides borrowers with a bottom-line number they can easily compare to rates charged by other lenders.

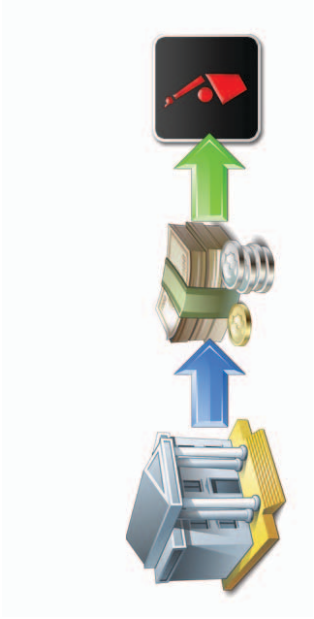
Provides an indication of the overall cost of a loan including all set up costs (spread over the life of the loan) and interest charged on the loan. You can compare APR rates between different loans to provide a rough indication of which is more expensive, regardless of loan term. The lender is obliged to tell you the APR before you sign a loan agreement.

Annuity

An annuity is a contractual financial product sold by financial institutions that is designed to accept and grow funds from an individual and then, upon annuitization, pay out a stream of payments to the individual at a later point in time. The period of time when an annuity is being funded and before payouts begin is referred to as the accumulation phase. Once payments commence, the contract is in the annuitization phase.

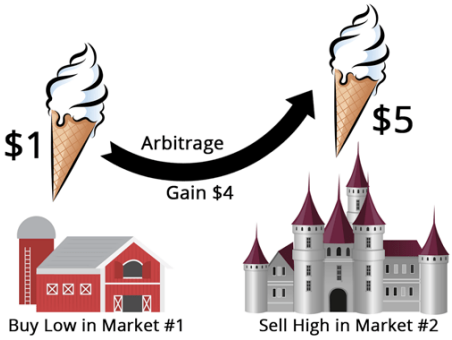
Approved Deposit Fund (ADF)

A type of fund into which eligible termination payments (ETPs) can be "rolled over" upon a person's retirement, resignation or retrenchment. ADFs were introduced in the second half of 1984 in response to changes in the way that lump-sum superannuation payments are treated in terms of taxation. Funds placed in ADFs benefit from favorable tax treatment.



Arbitrage

Arbitrage is the simultaneous purchase and sale of an asset to profit from a difference in the price. It is a trade that profits by exploiting the price differences of identical or similar financial instruments on different markets or in different forms. Arbitrage exists as a result of market inefficiencies. Arbitrage provides a mechanism to ensure prices do not deviate substantially from fair value for long periods of time. With advancements in technology, it has become extremely difficult to profit from pricing errors in the market. Many traders have computerized trading systems set to monitor fluctuations in similar financial instruments. Any inefficient pricing setups are usually acted upon quickly, and the opportunity is often eliminated in a matter of seconds. Arbitrage is a necessary force in the financial marketplace. To understand more of this concept, read trading the Odds with Arbitrage.



Arrangement Fee

This is the amount charged by a lender to set up the mortgage for you. It is usually due when the loan application is completed and may be added to the loan.

Arrears

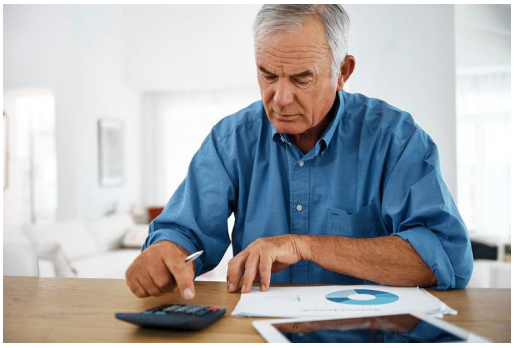
Someone is in arrears if they have missed payments that they should have made towards their mortgage or other debt.

Asset Management (AM)

Asset Management is a team within a financial firm that is dedicated to managing the assets (cash, investments etc.) of clients. The asset management firm has dedicated portfolio managers as well as access to internal, detailed equity research reports which should give it an edge over investors controlling their own money.

Asset Mix

The percentage of an investment held in each asset sector. Investment analysis is the outworking of asset allocation. Investment analysis shows the asset mix is a major factor in investment performance. An example of an asset mix is as follows: Australian shares 27%, international shares 18%, and property investments 15%, Australian fixed interest 35% and short dated fixed interest 5%. Asset mixes are applicable to both the total fund and individual products.



Asset Stripping

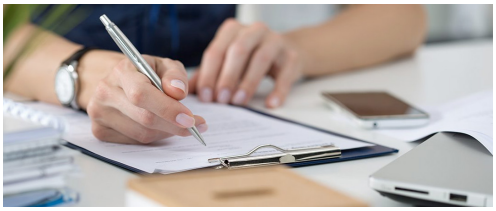
The process of buying an undervalued company with the intent to sell off its assets for a profit. The individual assets of the company, such as its equipment and property, may be more valuable than the company as a whole due to such factors as poor management or poor economic conditions. For example, imagine that a company has three distinct businesses: trucking, golf clubs and clothing. If the value of the company is currently $100 million but another company believes that it can sell each of its three businesses to other companies for $50 million each, an asset stripping opportunity exists. The purchasing company will then purchase the three-business company for $100 million and sell each company off, potentially making $50 million.

Assets liabilities income expenditure (ALIE)

This typically shoes the total household income and expenditure and what the total asset values are liabilities that are held.

Assured Short hold Tenancy

Entitles the landlord to a possession order immediately after the initial agreed period, which is usually for six months. The landlord is therefore able to evict the tenant after the initial fixed term without a legal reason.

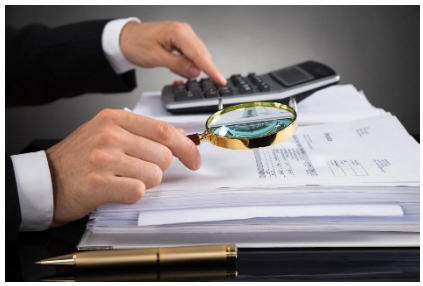


Audit

A physical check performed by an auditor or tax official on a business' financial records to check that everything is accounted for correctly. Audits performed by outside parties on private companies can be extremely helpful in removing any bias when it comes to the state of a company's financials. Audits look for what can be called a "material error" in statements on any specific object. They help provide stakeholders with a sense of accuracy when regarding the state of the subject being audited and can help enable them to make better, more informed decisions regarding the subject being audited. When audits are performed by third parties, the opinion on whatever is being audited (a business' books, an organization as a whole or a system) can be candid and honest without it effecting daily work relationships.

Auditor

An auditor is a person or a firm appointed by a company to execute an audit. To act as an auditor, a person should be certified by the regulatory authority of accounting and auditing or possess certain specified qualifications. Generally, to act as an external auditor of the company, a person should have a certificate of practice from the regulatory authority.



Authorized Firm

A firm that has the necessary permissions from the FCA (or its successor bodies) to carry out regulated activities – e.g. arranging residential mortgages or insurance.

Auto Sales

Auto sales refers to the number of cars sold in the United States, although some statistical reports include sales of light trucks as well. The automobile companies report their car sales at the beginning of each month, and the U.S. Department of Commerce reports overall auto and light truck sales on a seasonally adjusted annual basis later in the month. The financial markets closely watch both sets of data.

Average Collection Period

The average collection period is the average number of days between 1) the date that a credit sale is made, and 2) the date that the money is received from the customer. The average collection period is also referred to as the days' sales in accounts receivable. The average collection period can be calculated as follows: 365 days in a year divided by the accounts receivable turnover ratio. Assuming that a company has an accounts receivable turnover ratio of 10 times per year, the average collection period is 36.5 days (365 divided by 10). An alternate way to calculate the average collection period is: the average accounts receivable balance divided by average credit sales per day. If a company offers credit terms of net 30 days, the company may find that its average collection period is actually 45 days or more. Monitoring the average collection period is important for a company's cash flow and its ability to meet its obligations when they come due.

Average Inventory Period Ratio

An asset utilization ratio that indicates how long goods remain in inventory of unsold. The average inventory period ratio is measured by dividing days in a year by inventory turnover, (365/inventory turnover). The average inventory period is a usage ratio that calculates the average number of days, over a given time period, goods are held in inventory before they are sold. In other words, it shows how long it takes a company to sell its current inventory. Conversely, it shows how long inventory sits on the shelf and remains unsold. In this sense, this ratio could also be considered an efficiency ratio.

B

Bad Debts

Money owed to you that is unlikely to be paid to you in the foreseeable future. Bad debt is debt that is not collectible and therefore worthless to the creditor. Bad debt is usually a product of the debtor going into bankruptcy but may also occur when the creditor's cost of pursuing the debt collection activities is more than the amount of the debt. Once a debt is considered bad, the business may be able to write it off as an expense on its income tax return.

Balance Sheet

A snapshot of a business as of a particular date. It lists all of a business' assets and liabilities and works out the net assets. A balance sheet is a financial statement that summarizes a company's assets, liabilities and shareholders' equity at a specific point in time. These three balance sheet segments give investors an idea as to what the company owns and owes, as well as the amount invested by shareholders.

The balance sheet adheres to the following formula:

Assets = Liabilities + Shareholders' Equity

Balanced Fund

A fund or portfolio which invests in all major asset classes. i.e. cash, fixed interest, property and shares, domestically and internationally. It provides long term capital growth and a reasonable level of income. A balanced fund combines a stock component, a bond component and sometimes a money market component in a single portfolio. Generally, these hybrid funds stick to a relatively fixed mix of stocks and bonds that reflects either a moderate, or higher equity, component, or conservative, or higher fixed-income, component orientation.

Balloon Payment

A final lump sum payment due on a loan agreement. Loans with a larger final 'balloon payment' have lower regular repayments over the term of the loan. A balloon payment is a large payment

due at the end of a balloon loan, such as a mortgage, commercial loan or other amortized loan. A balloon loan typically features a relatively short term, and only a portion of the loan's principal balance is amortized over the term. At the end of the term, the remaining balance is due as a final repayment.

Bank Reconciliation

A cross-check that ensures the amounts recorded in the cashbook match the relevant bank statements. A bank reconciliation is the process of matching the balances in an entity's accounting records for a cash account to the corresponding information on a bank statement. The goal of this process is to ascertain the differences between the two, and to book changes to the accounting records as appropriate.

Bankruptcy

A process where an individual is legally declared bankrupt and their assets and financial affairs are administered by an appointed trustee. Bankruptcy is a legal proceeding involving a person or business that is unable to repay outstanding debts. The bankruptcy process begins with a petition filed by the debtor, which is most common, or on behalf of creditors, which is less common. All of the debtor's assets are measured and evaluated, and the assets may be used to repay a portion of outstanding debt.

Basis Point

One hundredth of 1 per cent: 100 basis points equals 1 per cent. Basis points, otherwise known as bps or "bips," is a unit of measure used in finance to describe the percentage change in the value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent) or 0.0001 in decimal form.

BBR

The Bank of England Bank Rate is reviewed every month and is the interest rate set by the Bank of England. Your mortgage interest rate may be linked to BBR depending on your mortgage type. The interest rate that the Bank of England charges Banks for secured overnight lending. It is the British Government's key interest rate for enacting monetary policy. It is more analogous to the US discount rate than to the Federal funds rate. The security for the lending can be any of a list of eligible securities (commonly Gilts) and are transacted as overnight repurchase agreements. Changes are recommended

by the Monetary Policy Committee and enacted by the Governor.

Bear Market

A market which is likely to fall; a situation where a dealer is more likely to sell an asset, even to the extent of selling assets which the dealer does not have. The bear hopes to close his short position by buying at a lower price than the assets he has contracted to deliver. The difference between the purchase price and the original sale price represents the successful bear's profit. Assets can be in the form of stock, currency or commodities.

Benchmark

The long-term "neutral" asset mix within the limits (maximum and minimum) of the strategy range of a particular asset class. A benchmark provides a standard for measuring the individual fund manager's investment performance. It is used by trustees to determine the investment option best suited to their profile. The benchmark index is the generally accepted market index, which is used to assess performance (eg. the All Ordinaries Accumulation Index.)

Beta

A measure of the price volatility of a security or portfolio, compared with the market as a whole. Beta is used in finance as a measure of investment portfolio risk. Beta in this context is calculated as the covariance of the portfolio's returns with its benchmark's returns, divided by the variance of the benchmark's returns. A beta of 1.5 means that for every 1% change in the value of the benchmark, the portfolio's value changes by 1.5%.

Bill of Sale

A legal document used in the purchase of property or other assets that details what was purchased, where the purchase took place, and for how much. A bill of sale is a document that transfers ownership of goods from one person to another. It is used in situations where the former owner retains possession of the goods. Bills of sale may be used in a wide variety of transactions: people can sell their goods, exchange them, give them as gifts or mortgage them to get a loan.

Bond

A debt security issued by entities such as:- corporations, Governments or their agencies (e.g. statutory authorities). A bond holder is a creditor of the issuer and not a shareholder.

Book to Market Ratio

The ratio of a firm's accounting value (book value) of its equity to the value of the equity assigned by the market (i.e. the product of the number of shares outstanding and the share price).

Book Value

The value of an asset as recorded in the books of account of an organization. Book value is the value of an asset according to its balance sheet account balance. For assets, the value is based on the original cost of the asset less any depreciation, amortization or impairment costs made against the asset. Traditionally, a company's book value is its total assets minus intangible assets and liabilities. However, in practice, depending on the source of the calculation, book value may variably include goodwill, intangible assets, or both. The value inherent in its workforce, part of the Intellectual capital of a company, is always ignored. When intangible assets and goodwill are explicitly excluded, the metric is often specified to be "tangible book value".

Bookkeeping

The process of recording the financial transactions of a business. Bookkeeping is the recording of financial transactions, and is part of the process of accounting in business. Transactions include purchases, sales, receipts, and payments by an individual person or an organization/ corporation. There are several standard methods of bookkeeping, such as the single-entry bookkeeping system and the double-entry bookkeeping system, but, while they may be thought of as "real" bookkeeping, any process that involves the recording of financial transactions is a bookkeeping process.

Bootstrapping

Where a business funds growth purely through personal finances and revenue

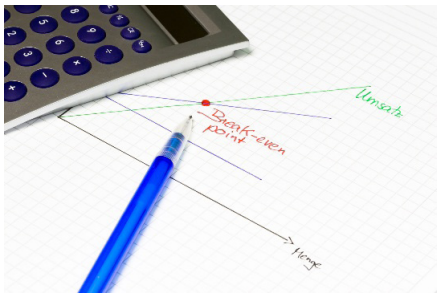
from the business. Bootstrapping usually refers to a self-starting process that is supposed to proceed without external input. In computer technology the term (usually shortened to booting) usually refers to the process of loading the basic software into the memory of a computer after power-on or general reset, especially the operating system which will then take care of loading other software as needed.

Bottom Line

An entity's income minus cost of goods sold, expenses and taxes for an accounting period. It is computed as the residual of all revenues and gains over all expenses and losses for the period, and has also been defined as the net increase in shareholders' equity that results from a company's operations. In the context of the presentation of financial statements, the IFRS Foundation defines net income as synonymous with profit and loss.

Break-even Point

The exact point when a business' income equals a business' expenses. The break-even point (BEP) in economics, business—and specifically cost accounting—is the point at which total cost and total revenue are equal. There is no net loss or gain, and one has "broken even," though opportunity costs have been paid and capital has received the risk-adjusted, expected return.



Broker Fee

This is the fee charged by a mortgage broker for sourcing and processing the most appropriate mortgage for you. This may be due either up front or on completion. A brokerage fee is a fee charged by an agent or agent's company to conduct transactions between buyers and sellers. The broker charges the brokerage fee for services such as purchases, sales, and advice on the transaction, negotiations or delivery.

Budget

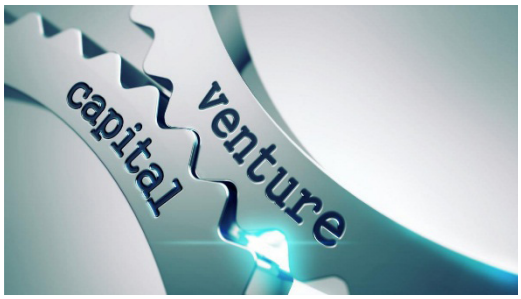
A budget is an estimation of revenue and expenses over a specified future period of time; it is compiled and re-evaluated on a periodic basis. Budgets can be made for a person, a family, a group of people, a business, a government, a country, a multinational organization or just about anything else that makes and spends money. Among companies and organizations, a budget is an internal tool used by management and is often not required for reporting by external parties.

Bull Market

A market which is likely to rise; a situation where a dealer is more likely to buy than sell stock/currency/commodities and therefore establish a bull position. A bull with a long position hopes to sell his purchases at a higher price after the market has risen.

Burn Rate (VC)

The amount of cash that a company requires to keep going. Closely related to "burn time" (ie "how long until we run out of cash?"). Burn rate is normally used to describe the rate at which a new company is spending its venture capital to finance overhead before generating positive cash flow from operations; it is a measure of negative cash flow. Burn rate is usually quoted in terms of cash spent per month. For example, a burn rate of $1 million would mean a company is spending $1 million per month.



Business Loan

A bridge loan is a short-term loan used until a person or company secures permanent financing or removes an existing obligation. This type of financing allows the user to meet current obligations by providing immediate cash flow. The loans are short term, up to one year, with relatively high interest rates and are usually backed by some form of collateral such as real estate or inventory.

Buy and Build

An investment strategy executed by private equity groups. Implementation of this strategy involves first purchasing a company in a specific industry that can then be used as the foundation for purchasing other (often smaller) companies. The foundation company then purchases several other companies to bolster is competitive position. See "Leveraged Build-Ups".

Buy-ins

A management buy in (MBI) uses a leveraged buyout organized by new managers or a management team external to the business to buy into a company. A buy-in is when an investor is forced to repurchase shares, because the seller did not deliver securities in a timely fashion -- or did not deliver them at all.

Buy-outs

There are two major types of buy outs, leveraged buy outs (LBOs) and management buy outs (MBOs). Both are organized by the existing management of the company. An MBO involves the acquisition of a product or business from either a public or private entity through the assistance of a venture capital or private equity firm. Financing is usually through the provision of equity. An LBO involves the acquisition of a product or business from either a public or private entity using a significant amount of debt and little or no equity (usually a ratio of 90% debt and 10% equity). In other words, the purchaser uses borrowed money for the acquisition, using the company's assets as collateral for the loan.

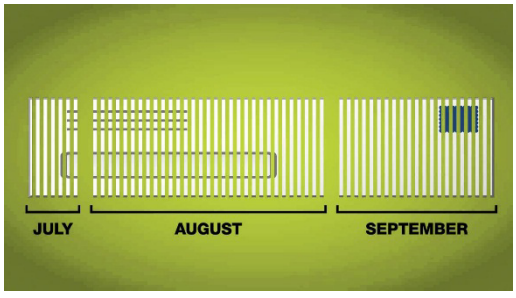
Buy to Let Mortgage

It is a form of residential investment in which you buy a property, typically with a mortgage, with the view of renting it out to a tenant(s). When you buy a property with a 'buy to let 'mortgage, you become a landlord

C

Calendarization

Calendarization involves spreading the recordation of a transaction over more than one reporting period. For example, a company pays for a year of property insurance in advance, costing $60,000. The firm elects to calendarize the transaction by initially recording the payment as a prepaid expense and then spreading the expense recognition for the payment over the entire year, at a rate of $5,000 per month. If the consumption of an expenditure is uneven over time, then the associated calendarization can be designed to charge it to expense in differing amounts per month to match the consumption level. Calendarization is commonly used in the formulation of a budget, where revenues and expenses are spread across the full range of periods used within a budget. It is quite possible that actual revenues and expenses will vary from the monthly allotments, but the expectation is that the actual experience of the firm over the full period of the budget will approximately match the budget.

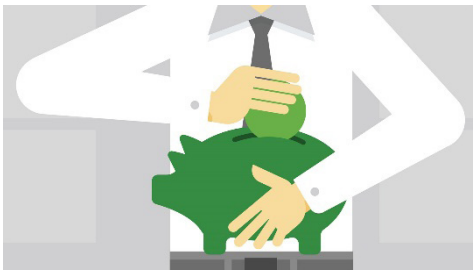


Candlestick

A candlestick is a chart that displays the high, low, opening and closing prices of a security for a specific period. The wide part of the candlestick is called the "real body" and tells investors whether the closing price was higher or lower than the opening price. Black/red indicates that the stock closed lower and white/green indicates that the stock closed higher.

Capital Asset Pricing Model (CAPM)

The capital asset pricing model (CAPM) is a model that describes the relationship between systematic risk and expected return for assets, particularly stocks. CAPM is widely used throughout finance for the pricing of risky securities, generating expected returns for assets given the risk of those assets and calculating costs of capital.



Capital Cost

A one-off substantial purchase of physical items such as plant, equipment, building or land. Capital costs are fixed, one-time expenses incurred on the purchase of land, buildings, construction, and equipment used in the production of goods or in the rendering of services. In other words, it is the total cost needed

to bring a project to a commercially operable status.

Capital Expenditure

Capital expenditure, or CapEx, are funds used by a company to acquire, upgrade, and maintain physical assets such as property, industrial buildings, or equipment. CapEx is often used to undertake new projects or investments by the firm. This type of financial outlay is also made by companies to maintain or increase the scope of their operations. Capital expenditures can include everything from repairing a roof to building, to purchasing a piece of equipment, or building a brand new factory.

Capital Gain

Capital gain is an increase in the value of a capital asset (investment or real estate) that gives it a higher worth than the purchase price. The gain is not realized until the asset is sold. A capital gain may be short-term (one year or less) or long-term (more than one year) and must be claimed on income taxes.

Capital growth

Capital growth is the increase in value of an asset or investment over time. Capital growth is measured on the basis of the current value of the asset or investment, in relation to the amount originally invested in it. Capital growth is one of the most fundamental investment objectives for investors. It generally connotes a higher appetite for risk as opposed to an income objective, which may denote lower risk tolerance. Capital growth can also be classified into moderate growth and high growth. In the equity realm, the former would include blue chips while the latter would encompass speculative investments. Also known as capital appreciation.

Capital Leases

A capital lease is a contract entitling a renter to a temporary use of an asset, and such a lease has economic characteristics of asset ownership for accounting purposes. The capital lease requires a renter to add assets and liabilities associated with the lease if the rental contract meets specific requirements. In substance, a capital lease is considered a purchase of an asset, while an operating lease is handled as a true lease under generally accepted accounting principles (GAAP).

Capital

Capital refers to financial assets or the financial value of assets, such as funds held in deposit accounts, as well as the tangible machinery and production equipment used in environments such as factories and other manufacturing facilities. Additionally, capital includes facilities, such as the buildings used for the production and storage of the manufactured goods. Materials used and consumed as part of the manufacturing process do not qualify.

Capital Structure

The capital structure is how a firm finances its overall operations and growth by using different sources of funds. Debt comes in the form of bond issues or long-term notes payable, while equity is classified as common stock, preferred stock or retained earnings.

Cash Accounting

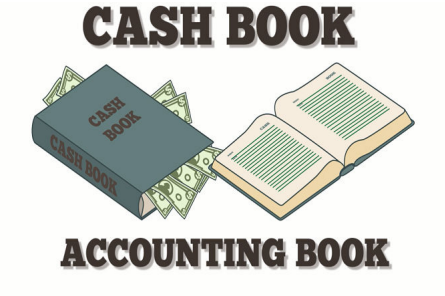
An accounting system that records transactions at the time money is actually received or paid. Cash accounting is an accounting method where receipts are recorded during the period they are received, and expenses are recorded in the period in which they are actually paid. Cash accounting is one of the two forms of accounting.

Cash and Cash Equivalents (CCE)

These include bank accounts, marketable securities, commercial paper, Treasury bills and short-term government bonds with a maturity date of three months or less. Marketable securities and money market holdings are considered cash equivalents because they are liquid and not subject to material fluctuations in value.

Cash book

A cash book is a financial journal that contains all cash receipts and payments, including bank deposits and withdrawals. Entries in the cash book are then posted into the general ledger. Larger firms usually divide the cash book into two parts: the cash disbursement journal that records all cash payments, such as accounts payable and operating expenses, and the cash receipts journal, which records all cash receipts, such as accounts receivable and cash sales.



Cash

Includes all money that is available on demand including bank notes and coins, petty cash, certain cheques, and money in savings or debit accounts.

Cash flow

The measure of actual cash flowing in and out of a business. A cash flow in its narrow sense is a payment (in a currency), especially from one central bank account to another; the term 'cash flow' is mostly used to describe payments that are expected to happen in the future, are thus uncertain and therefore need to be forecasted with cash flows. The balance sheet provides an overview of company assets and debts. The income statement provides an overview of company revenues and

expenses. The cash flow statement bridges the gap between these two statements by showing analysts how much cash is generated or spent on operating, investing and financing activities.

Cash Flow Statement (CFS)

The Cash Flow Statement is one of the three financial statements that are used to value a company and it shows actual inflows and outflows of cash. The Cash Flow Statement is constructed using the Balance Sheet and Income Statement and other relevant data.

Chart of Accounts

An index of the accounts a business will use to classify transactions. Each account represents a type of transaction such as Asset, Liability, Owner's equity, Income, and Expense. The chart of accounts is a listing of all accounts used in the general ledger of an organization. The chart is used by the accounting software to aggregate information into an entity's financial statements. The chart is usually sorted in order by account number, to ease the task of locating specific accounts.

Chartered Financial Analyst (CFA)

The Chartered Financial Analyst (CFA) Program is a professional credential offered internationally by the American-based CFA Institute (formerly the Association for Investment Management and Research, or AIMR) to investment and financial professionals. The program covers a broad range of topics relating to investment management, financial analysis, stocks, bonds and derivatives, and provides a generalist knowledge of other areas of finance. A candidate who successfully completes the program and meets other professional requirements is awarded the "CFA charter" and becomes a "CFA charter holder". As of June 2016, there are approximately 132,000 charter holders around the world. Successful candidates take an average of four years to earn their CFA charter. According to the CFA Institute, fewer than 20% of candidates who begin the program receive the CFA Charter.

Chattel Mortgage

It is similar to a hire-purchase agreement although the business owns the asset from the start. Chattel mortgages require regular ongoing payments and typically provide the option of reducing the payments through the use of a final 'balloon' payment.

Chief Executive Officer (CEO)

A chief executive officer (CEO) is the highest-ranking executive in a company, and their primary responsibilities include making major corporate decisions, managing the overall operations and resources of a company, and acting as the main point of communication between the board of directors and corporate operations. A CEO often has a position on the board; in some cases, she or he is even the chair.

Chief Financial Officer (CFO)

A chief financial officer (CFO) is the senior executive responsible for managing the financial actions of a company. The CFO's duties include tracking cash flow and financial planning as well as analyzing the company's financial strengths and weaknesses and proposing corrective actions. The CFO is similar to a treasurer or controller because he is responsible for managing the finance and accounting divisions and for ensuring that the company's financial reports are accurate and completed in a timely manner.

Collateral

Collateral is a property or other asset that a borrower offers as a way for a lender to secure the loan. If the borrower stops making the promised loan payments, the lender can seize the collateral to recoup its losses. Since collateral offers some security to the lender should the borrower fail to pay back the loan, loans that are secured by collateral typically have lower interest rates than unsecured loans. A lender's claim to a borrower's collateral is called a lien.

Collateral Value

A collateral value is the estimated fair market value of an asset that is being used as loan collateral. Collateral value is determined by appraisal from a qualified expert. If publicly traded securities are being used, then the current price of the securities is the collateral value.

Collateralized Debt Obligation (CDO)

A collateralized debt obligation (CDO) is so-called because the pooled assets – such as mortgages, bonds and loans – are essentially debt obligations that serve as collateral for the CDO. The tranches in a CDO vary substantially in their risk profile.

Commercial Bank

A commercial bank is a type of financial institution that accepts deposits, offers checking account services, and makes business, personal and mortgage loans, and offers basic financial products like certificates of deposit (CDs) and

savings accounts to individuals and small businesses. A commercial bank is where most people do their banking, as opposed to an investment bank.

Commercial Bill

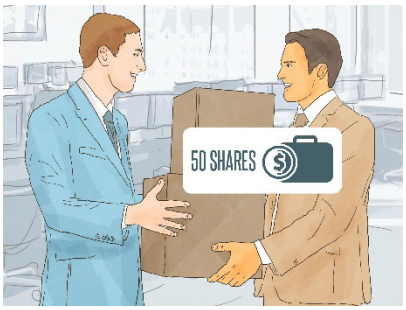
Is a form of commercial loan that can be offered on an interest only basis, or reducing basis. Commercial bills typically require some sort of security and suit short-term funding needs such as inventory.

Commodity

An economic good or service that has full or substantial fungibility: that is, the market treats instances of the good as equivalent or nearly so with no regard to who produced them. The price of a commodity good is typically determined as a function of its market as a whole: well-established physical commodities have actively traded spot and derivative markets. Most commodities are raw materials, basic resources, or agricultural products, such as iron ore, sugar, or rice.

Common Stock

A stock is a type of security that signifies ownership in a corporation and represents a claim on part of the corporation's assets and earnings. There are two main types of stock: common and preferred. Common stock usually entitles the owner to vote at shareholders' meetings and to receive dividends.



Comparable Company Analysis

A comparable company analysis (CCA) is a process used to evaluate the value of a company using the metrics of other businesses of similar size in the same industry. Comparable company analysis (CCA) operates under the assumption that similar companies will have similar valuation multiples, such as EV/EBITDA. Analysts compile a list of available statistics for the companies being

reviewed and calculate the valuation multiples in order to compare them.

Contingent Liability

A liability that only needs to be paid if a particular event or circumstance occurs. A contingent liability is a potential liability that may occur, depending on the outcome of an uncertain future event. A contingent liability is recorded in the accounting records if the contingency is probable and the amount of the liability can be reasonably estimated.

Convergence

A coming together of two or more distinct entities or phenomena. Technological convergence is increasingly prevalent in the information technology world; in this context, the term refers to the combination of two or more different technologies in a single device.

Convertible Bond

A convertible bond is a type of debt security that can be converted into a predetermined amount of the underlying company's equity at certain times during the bond's life, usually at the discretion of the bondholder. Convertible bonds are a flexible financing option for companies and are particularly useful for companies with high risk/reward profiles. Convertible bonds are sometimes referred to as "CVs."!--break--Convertibles bonds are issued by companies for a number of reasons. Issuing convertible bonds is one way for a company to minimize negative investor interpretation of its corporate actions. For example, if an already public company chooses to issue stock, the market usually interprets this as a sign that the company's share price is somewhat overvalued. To avoid this negative impression, the company may choose to issue convertible bonds, which bondholders are likely to convert to equity anyway should the company continue to do well.

Cost of Equity

The cost of equity is the return a company requires to decide if an investment meets capital return requirements; it is often used as a capital budgeting threshold for required rate of return. A firm's cost of equity represents the compensation the market demands in exchange for owning the asset and bearing the risk of ownership.

Cost of Goods Sold (COGS)

The direct costs attributable to the production of the goods sold in a company. This amount includes the cost of the materials used in creating the good along with the direct labor costs used to produce the good.

Counterparty Risk

Counterparty risk is the risk to each party of a contract that the counterparty will not live up to its contractual

obligations. Counterparty risk is a risk to both parties and should be considered when evaluating a contract. In most financial contracts, counterparty risk is also known as default risk.

Coupon Rate

A coupon rate is the yield paid by a fixed-income security; a fixed-income security's coupon rate is simply just the annual coupon payments paid by the issuer relative to the bond's face or par value. The coupon rate is the yield the bond paid on its issue date.

Covariance

A measure of the degree to which returns on two risky assets move in tandem. A positive covariance means that asset returns move together. A negative covariance means returns move inversely. One method of calculating covariance is by looking at return surprises (deviations from expected return) in each scenario.

Covenant

A covenant is a promise in an indenture, or any other formal debt agreement, that certain activities will or will not be carried out. Covenants in finance most often relate to terms in a financial contracting, such as a loan document stating the limits at which the borrower can further lend. Covenants are put in place by lenders to protect themselves from borrowers defaulting on their obligations due to financial actions detrimental to themselves or the business.

Crack Spread

Crack spread refers to the overall pricing difference between a barrel of crude oil and the petroleum products refined from it. The "crack" being referred to is an industry term for breaking apart crude oil into the component products, including gases like propane, heating fuel, gasoline, light distillates like jet fuel, intermediate distillates like diesel fuel and heavy distillates like grease. The price of a barrel of crude oil and the various prices of the products refined from it are not always in perfect synchronization. Depending on the time of year, the weather, global supplies and many other factors, the supply and demand for particular distillates results in pricing changes that can impact the profit margins on a barrel of crude oil for the refiner. To mitigate pricing risks, refiners use futures to hedge the crack spread. Futures and options traders can also use the crack spread to hedge other investments or speculate on potential price changes in oil and refined petroleum products.

Credit

A lending term used when a customer purchases a good or service with an agreement to pay at a later date (e.g. an account with a supplier, a store credit card or a bank credit card).

Creditor

A person or business that allows you to purchase a good or service with an agreement to pay at a later date. A creditor is also anyone who you owe money to, such as a lender or supplier.

Credit Default Swap (CDS)

A credit default swap is a particular type of swap designed to transfer the credit exposure of fixed income products between two or more parties. In a credit default swap, the buyer of the swap makes payments to the swap's seller up until the maturity date of a contract.

Credit History

A report detailing an individual's or businesses past credit arrangements. A credit history is often sought by a lender when assessing a loan application. A credit history is a record of a borrower's responsible repayment of debts. A credit report is a record of the borrower's credit history from a number of sources, including banks, credit card companies, collection agencies, and governments.

Credit Limit

A dollar amount that cannot be exceeded on a credit card or the maximum lending amount offered for a loan. A credit limit is the maximum amount of credit that a financial institution or other lender will extend to a debtor for a particular line of credit (sometimes called a credit line, line of credit, or a trade line).

Credit rating

A ranking applied to a person or business based on their credit history that represents their ability to repay a debt. A credit rating is an evaluation of the credit risk of a prospective debtor (an individual, a business, company or a government), predicting their ability to pay back the debt, and an implicit forecast of the likelihood of the debtor defaulting.

Crowd funding

Is a way of financing your business idea through donations of money from the public? This is usually done online, through a crowd funding website. Crowd funding is the practice of funding a project or venture by raising many small amounts of money from a large number of people, typically via the Internet. Crowd funding is a form of crowdsourcing and of alternative finance.

Current Asset

An asset in cash or that can be converted into cash within the next 12 months. Current assets is a balance sheet account that represents the value of all assets that can reasonably expect to be converted into cash within one year. Current assets include cash and cash equivalents, accounts receivable, inventory, marketable securities, prepaid expenses and other liquid assets that can be readily converted to cash.

Current Liability

Current liabilities are a company's debts or obligations that are due within one year, appearing on the company's balance sheet and include short term debt, accounts payable, accrued liabilities and other debts. Essentially, these are bills that are due to creditors and suppliers within a short period of time.

D

Debit

In double-entry bookkeeping a debit is an entry made on the left hand side of a journal or ledger representing an asset or expense. A debit is an accounting entry that results in either an increase in assets or a decrease in liabilities on a company's balance sheet. In fundamental accounting, debits are balanced by credits, which operate in the exact opposite direction. For instance, if a firm were to take a loan to purchase equipment, one would debit fixed assets and credit a liabilities account, depending on the nature of the loan.

Debt Consolidation

The process of combining several loans or other debts into one for the purposes of obtaining a lower interest rate or reducing fees. Debt consolidation is a form of debt refinancing that entails taking out one loan to pay off many others. This commonly refers to a personal finance process of individuals addressing high consumer debt but occasionally refers to a country's fiscal approach to corporate debt or Government debt. The process can secure a lower overall interest rate to the entire debt load and provide the convenience of servicing only one loan.

Debt Finance

Money provided by an external lender, such as a bank or building society. In return for lending the money, the individuals or institutions become creditors and receive a promise that the principal and interest on the debt will be repaid. The other way to raise capital in the debt markets is to issue shares of stock in a public offering; this is called equity financing.

Debtor

A debtor is a company or individual who owes money. If the debt is in the form of a loan from a financial institution, the debtor is referred to as a borrower, and if the debt is in the form of securities, such as bonds, the debtor is referred to as an issuer. Legally, someone who files a voluntary petition to declare bankruptcy is also considered a debtor.

Debtors Finance

Debtor finance is an umbrella term used to describe a process to fund a business using its accounts receivable ledger as

collateral. Generally, companies that have low working capital reserves can get into cash flow problems because invoices are paid on net 30 terms.

Depreciation

The process of expensing an asset over a period of time. An asset is depreciated to spread the cost of the asset over its useful life.

Disbursements

Money that is paid out by a business. A disbursement is a form of payment from a public or dedicated fund, or a payment sought from a client to pass on to a third party. In the UK, solicitors generally refer to disbursements as payments which they have made or will make to third parties in connection with the matter they are dealing with on behalf of the client.

Discount

A reduction applied to a full priced good or service. Discounts and allowances are reductions to a basic price of goods or services. They can occur anywhere in the distribution channel, modifying either the manufacturer's list price (determined by the manufacturer and often printed on the package), the retail price (set by the retailer and often attached to the product with a sticker), or the list price (which is quoted to a potential buyer, usually in written form).

Double-Entry Bookkeeping

Is a bookkeeping method that records each transaction in two accounts, both as a debit and a credit. In accounting, is a system of bookkeeping so named because every entry to an account requires a corresponding and opposite entry to a different account? The double entry has two equal and corresponding sides known as debit and credit. The left-hand side is debit and right-hand side is credit. For instance, recording a sale of $100 might require two entries: a debit of $100 to an account named "Cash" and a credit of $100 to an account named "Revenue".

Drip pricing

Is when one price is presented at the beginning of an online shopping experience and gradually, incremental fees and charges are added (or 'dripped') as you progress, for example, when buying a plane ticket. Drip pricing can result in the customer paying a higher price for a service or product than they

first thought. As a business owner, you are required to show fees and charges at the beginning of an online shopping process and not gradually add them in.

Day trading

Day trading is speculation in securities, specifically buying and selling financial instruments within the same trading day. Strictly, day trading is trading only within a day, such that all positions are closed before the market closes for the trading day. Many traders may not be so strict or may have day trading as one component of an overall strategy. Traders who participate in day trading are called day traders. Traders who trade in this capacity with the motive of profit are therefore speculators. The methods of quick trading contrast with the long-term trades underlying buy and hold and value investing strategies.

Dead Cat Bounce

A dead cat bounce is a temporary recovery from a prolonged decline or a bear market that is followed by the continuation of the downtrend. The name "dead cat bounce" is based on the notion that even a dead cat will bounce if it falls far enough and fast enough.

Defined Benefit Pension Plan

A defined benefit pension plan is a type of pension plan in which an employer/sponsor promises a specified pension payment, lump-sum (or combination thereof) on retirement that is predetermined by a formula based on the employee's earnings history, tenure of service and age, rather than depending directly on individual investment returns. Traditionally, many governmental and public entities, as well as a large number of corporations, provided defined benefit plans, sometimes as a means of compensating workers in lieu of increased pay. A defined benefit plan is 'defined' in the sense that the benefit formula is defined and known in advance. Conversely, for a "defined contribution retirement saving plan", the formula for computing the employer's and employee's contributions is defined and known in advance, but the benefit to be paid out is not known in advance

Defined Contribution

Defined contribution (DC) schemes are occupational pension schemes where your own contributions and your employer's contributions are both invested and the proceeds used to buy a pension and/or other benefits at retirement. A DC scheme has a set contribution for the employee and a set contribution for the employer.

Deflation

Deflation is a contraction in the supply of circulated money within an economy, and therefore the opposite of inflation. In times of deflation, the purchasing power of currency and wages are higher than they otherwise would have been. This is distinct from but similar to price deflation, which is a general decrease in the price level, though the two terms are often mistaken for each other and used interchangeably.

Demand-Pull Inflation

Demand-pull inflation is asserted to arise when aggregate demand in an economy outpaces aggregate supply. It involves inflation rising as real gross domestic product rises and unemployment falls, as the economy moves along the Phillips curve. This is commonly described as "too much money chasing too few goods".

Demutualization

Demutualization is the process by which a customer-owned mutual organization (mutual) or co-operative changes legal form to a joint stock company. It is sometimes called stocking or privatization. Demutualization is a complex process that involves transitioning a company's financial structuring from a mutual company structure to a shareholder supported structure. A mutual company (not to be confused with a mutual fund) is a company created to provide specific services that are supported through investment by its members and also utilized by its members as customers. Mutual company structures are often utilized by insurance companies, savings and loan associations and banking trusts. Credit unions are also typically structured as a mutual company.

Derivatives

A derivative is a security with a price that is dependent upon or derived from one or more underlying assets. The derivative itself is a contract between two or more parties based upon the asset or assets. Its value is determined by fluctuations in the underlying asset.

Diminishing Returns

Diminishing returns, also called law of diminishing returns or principle of diminishing marginal productivity, economic law stating that if one input in the production of a commodity is increased while all other inputs are held fixed, a point will eventually be reached at which additions of the input yield progressively smaller, or diminishing, increases in output. In the classic example of the law, a farmer who owns a given acreage of land will find that a certain number of laborers will yield the maximum output per worker. If he should hire more workers, the combination of land and labor would be less efficient because the proportional increase in the overall output would be less than the expansion of the labor force. The output per worker would therefore fall. This rule holds in any process of production unless the technique of production also changes.

Discount Mortgage

A discounted rate is a type of variable interest rate – so your payments can go up and down. They work by offering a set discount on a lender's Standard Variable Rate (SVR). So, if the lender's SVR is currently 5.00% and the discounted rate offers a 1.00% discount, you'll initially pay 4.00%.

Dividend

A dividend is a distribution of a portion of a company's earnings, decided by the board of directors, paid to a class of its shareholders. Dividends can be issued as cash payments, as shares of stock, or other property. The board of directors can choose to issue dividends over various timeframes and payout rates. Dividends are typically monthly or quarterly. It is also common for a company to issue special dividends either individually or simultaneously with a scheduled dividend. Investors often view the company's dividend by its dividend yield which measures the dividend in terms of a percent of the current market price. The dividend rate can also be quoted in terms of the dollar amount each share receives (dividends per share, or DPS). A company's net profits are an important factor in determining a dividend. Net profits can be allocated to shareholders via a dividend, or kept within the company as retained earnings. A company may also choose to use net profits to repurchase their own shares in the open market in a share buyback. Dividends and share buybacks do not change the fundamental value of a company's shares. Dividend payments must be approved by the shareholders and are managed by the board of directors.

Dividend Yield

The dividend yield or dividend-price ratio of a share is the dividend per share, divided by the price per share. It is also a company's total annual dividend payments divided by its market capitalization, assuming the number of shares is constant. It is often expressed as a percentage.

Dow Jones Industrial Average

A stock market index of thirty major companies and one of several indices created by Wall Street Journal editor and Dow Jones & Company co-founder Charles Dow. The industrial average was first calculated on May 26, 1896. Currently owned by S&P Dow Jones Indices, which is majority owned by S&P Global, it is the most notable of the Dow Averages, of which the first (non-industrial) was originally published on February 16, 1885. The averages are named after Dow and one of his business associates, statistician Edward Jones. It is an index that shows how 30 large publicly owned companies based in the United States have traded during a standard trading session in the stock market. It is the second-oldest U.S. market index after the Dow Jones Transportation Average, which was also created by Dow.

E

EAFE Index

EAFE Index is a stock market index that is designed to measure the equity market performance of developed markets outside of the U.S. & Canada. It is maintained by MSCI Inc., a provider of investment decision support tools; the EAFE acronym stands for Europe, Australasia and Far East.

Early Redemption Charge (ERC)

The Early Repayment Charge (also known as Early Redemption Charge) is a charge that may be implemented under the terms of your mortgage if you repay early or before a set date. The charge usually ceases once the mortgage is out of its fixed or discounted rate term.

Early Withdrawal

The removal of funds from a fixed-term investment before the maturity date, or the removal of funds from a tax-deferred investment account or retirement savings account, such as an IRA or 401(k) before a prescribed time. Early withdrawal could be anything earlier than the account owner's attainment of a prescribed minimum age requirement, or the maturity of a fixed-term investment, such as a certificate of deposit (CD).

Earned Income Credit

A refundable tax credit for low- to moderate-income working individuals and couples, particularly those with children. The amount of EITC benefit depends on a recipient's income and number of children. For a person or couple to claim one or more persons as their qualifying child, requirements such as relationship, age, and shared residency must be met. In the 2013 tax year, working families, if they have children, with annual incomes below $37,870 to $51,567 (depending on the number of dependent children) may be eligible for the federal EITC. Childless workers that have incomes below about $14,340 ($19,680 for a married couple) can receive a very small EITC benefit. U.S. tax forms 1040EZ, 1040A, or 1040 can be used to claim EITC without qualifying children. To claim the credit with qualifying children, forms 1040A or 1040 must be used along with Schedule EITC attached.

Earned Income

Earned income is income derived from active participation in a trade or business, including wages, salary, tips, commissions and bonuses. This is the opposite of unearned income. Earned income includes any income that a person or company receives for work they have done – AKA "personal

efforts". If you collect regular dividends from a stock, or receive a monetary gift, that money would be considered unearned income because you didn't do anything to earn it.

Earned Surplus

Earned surplus is the sum of a company's profits, after dividend payments, since the company's inception. It can also be called retained earnings, retained capital, or accumulated earnings.

Earnest Money

Earnest money is a deposit made to a seller showing the buyer's good faith in a transaction. Often used in real estate transactions, earnest money allows the buyer additional time when seeking financing. Earnest money is typically held jointly by the seller and buyer in a trust or escrow account.

Earnings

Earnings typically refer to after-tax net income. Earnings are the main determinant of share price, because earnings and the circumstances relating to them can indicate whether the business will be profitable and successful in the long run. Earnings are perhaps the single most studied number in a company's financial statements, because they show a company's profitability compared to analyst estimates and company guidance.

Earning Asset

Include stocks, bonds, income from rental property, certificates of deposit (CDs) and other interest or dividend earning accounts or instruments. They can provide a steady income, making them especially attuned to long-term goals such as retirement planning.

Earning Power

Earnings power is a business' ability to generate profit from conducting its operations. It is used to analyze stocks to assess whether the underlying company is worthy of investment.

Earnings before interest after taxes (EBIAT)

Earnings before interest after taxes (EBIAT) is a financial measure that is an indicator of a company's operating performance. EBIAT, which is equivalent to after-tax EBIT, measures a company's profitability without taking into account the capital structure, like ratios such as debt to equity.

Earnings before interest and, taxes (EBIT)

Earnings before interest and taxes (EBIT), is a measure of a firm's profit that includes all expenses except interest and income tax expenses. It is the difference between operating revenues and operating expenses.

Earnings before taxes (EBT)

Earnings before taxes (EBT) is the money retained by the firm before deducting the money to be paid for taxes. EBT includes the money paid for interest. Thus, it can be calculated by subtracting the interest from EBIT (Earnings before Interest and Taxes).

Earnings per Share (EPS)

A company's profit divided by its number of common outstanding shares. If a company earning $2 million in one year had 2 million common shares of stock outstanding, its EPS would be $1 per share. In calculating EPS, the company often uses a weighted average of shares outstanding over the reporting term.

Earnings response coefficient

In financial economics and accounting, the earnings response coefficient, or ERC, is the estimated relationship between equity returns and the unexpected portion of (i.e., new information in) companies' earnings announcements.

Earnings Retention Ratio

Retention ratio indicates the percentage of a company's earnings that are not paid out in dividends but credited to retained earnings. It is the opposite of the dividend payout ratio, so that also called the retention rate. The payout ratio is the amount of dividends the company pays out divided by the net income.

Earnings surprises

Earnings surprises can have a huge impact on a company's stock price. Several studies suggest that positive earnings surprises not only lead to an immediate hike in a stock's price, but also to a gradual increase over time. Hence, it's not surprising that some companies are known for routinely beating earning projections.

Earnings yield

Earnings yield are the earnings per share for the most recent 12-month period divided by the current market price per share. The earnings yield (which is the inverse of the P/E ratio) shows the percentage of each dollar invested in the stock that was earned by the company.

Earnings-price Ratio

The price/earnings ratio (often shortened to the P/E ratio or the PER) is the ratio of a company's stock price to the company's earnings per share. The ratio is used in valuing companies.

Eating Stock

The forced purchase of a security when there are insufficient buyers. Eating stock often applies to underwriters of an initial public offering (IPO), if a certain level of subscription is guaranteed but is not met. This allows the company going public to have a better approximation for the amount of capital it will raise from the offering.

Eclectic paradigm

An eclectic paradigm is a theory that provides a three-tiered framework for a company to follow when determining if it is beneficial to pursue direct foreign investment (DFI). The eclectic theory paradigm is based on the assumption that institutions will avoid transactions in the open market when internal transactions carry lower costs.

Econometrics

Econometrics is the application of statistical and mathematical theories in economics for the purpose of testing hypotheses and forecasting future trends. It takes economic models, tests them through statistical trials and then compare and contrast the results against real-life examples. Econometrics can therefore be subdivided into two major categories: theoretical and applied.

Economic

Economic is the social science that studies the production, distribution, and consumption of goods and services. Economics focuses on the behavior and interactions of economic agents and how economies work.

Economic and Monetary Union (EMU)

The European Economic and Monetary Union (EMU) is really a broad term, under which a group of policies aimed at the convergence of European Union member state economies. The EMU's succession over the EMS occurred through a three phase process, with the third and final phase initiating the adoption of the euro currency in place of former national currencies. This has been completed by all initial EU members except for the United Kingdom and Denmark, who have opted out of adopting the euro.

Economic assumptions

The assumption is that people attempt to maximize outcomes (that is, to do as well as possible for themselves) as defined by their preferences, given their resource constraints. Economists refer to people who do this as exhibiting 'rational maximizing behavior'.

Economic bubble

An economic bubble or asset bubble (sometimes also referred to as a speculative bubble, a market bubble, a price bubble, a financial bubble, a

speculative mania, or a balloon) is trade in an asset at a price or price range that strongly exceeds the asset's intrinsic value.

Economic Defeasance

A provision in a loan removing it from a balance sheet if cash or a portfolio is set aside for debt service. Usually, defeasance occurs when a borrower owns a portfolio of Treasury securities whose coupons are used to service a debt.

Economic Earnings

Economic earnings represent the true earnings for shareholders and are very different from accounting earnings. GAAP accounting data was not originally designed for equity investors, but for debt investors. To derive economic earnings, 30+ adjustments must be made to accounting earnings.

Economic exposure

Economic exposure is the risk that a company's cash flow, foreign investments, and earnings may suffer as a result of fluctuating foreign currency exchange rates.

Economic growth

Economic growth is an increase in the capacity of an economy to produce goods and services, compared from one period of time to another. It can be measured in nominal or real terms, the latter of which is adjusted for inflation. Traditionally, aggregate economic growth is measured in terms of gross national product (GNP) or gross domestic product (GDP), although alternative metrics are sometimes used.

Economic income

Economic income is the way for companies to account for changes in the value of a given asset in the market. It generally recognizes unrealized gains, in addition to recognizing realized gains. A change in market value rather than cash received is the perfect example of an economic income. Economic income or loss recognizes all gains and losses whether realized or unrealized. This differs from accounting income which only recognizes realized gains: gains resulting from an actual business transaction. This defines the difference of accounting earnings vs economic earnings.

Economic indicators

An economic indicator is a statistic about an economic activity. Economic indicators allow analysis of economic

performance and predictions of future performance. One application of economic indicators is the study of business cycles.

Economic Life

Economic life is the expected period of time during which an asset is useful to the average owner. The economic life of an asset could be different than its actual physical life.

Economic order quantity (EOQ)

Economic order quantity (EOQ) is an equation for inventory that determines the ideal order quantity a company should purchase for its inventory given a set cost of production, demand rate and other variables. This is done to minimize variable inventory costs, and the formula takes into account storage, or holding, costs, ordering costs and shortage costs.

Economic Risk

Economic risk is the chance that macroeconomic conditions like exchange rates, government regulation, or political stability will affect an investment, usually one in a foreign country.

Economic Shock

A shock is an unexpected or unpredictable event that affects an economy, either positively or negatively. Technically, it refers to an unpredictable change in exogenous factors that is, factors unexplained by economics which may influence endogenous economic variables.

Economic Stimulus

An economic stimulus is the use of monetary or fiscal policy changes to kick start growth during a recession. Governments can accomplish this by using tactics such as lowering interest rates, increasing government spending and quantitative easing, to name a few.

Economic union

An economic union is a type of trade bloc which is composed of a common market with a customs union. The participant countries have both common policies on product regulation, freedom of movement of goods, services and the factors of production (capital and labor) and a common external trade policy.

Economic value added (EVA)

Economic value added (EVA) is a measure of a company's financial performance based on the residual wealth calculated by deducting its cost of capital from its operating profit, adjusted for taxes on a cash basis.

Economies of scope

Economies of scope is an economic theory stating that the average total cost

of production decreases as a result of increasing the number of different goods produced. For example, McDonald's can produce both hamburgers and French fries at a lower average expense than what it would cost two separate firms to produce each of the goods separately. This is because McDonald's hamburgers and French fries are able to share the use of food storage, preparation facilities and so forth during production.

Economies of Vertical Integration

In microeconomics and management, vertical integration is an arrangement in which the supply chain of a company is owned by that company. Usually each member of the supply chain produces a different product or (market-specific) service, and the products combine to satisfy a common need.

Efficient Market Hypothesis (EMH)

The efficient market hypothesis (EMH) is an investment theory that states it is impossible to "beat the market" because stock market efficiency causes existing share prices to always incorporate and reflect all relevant information.

EFG

The Enterprise Finance Guarantee (EFG) is a UK government-guaranteed lending scheme intended to help smaller viable businesses who may be struggling to secure finance, by facilitating bank loans of between £1,000 and £1 million.

Employee share schemes

An employee share scheme (ESS) is where you give your employees the opportunity to buy shares in your company. It is also known as an 'employee share purchase plan' or an 'employee equity scheme'.

Enterprise Funds

Funds that are accounted for in a manner similar to a private business. Enterprise funds usually recover their costs (including depreciation) through user fees. The City has one such self-supporting fund in its primary governmental reporting unit: Wastewater Treatment Fund.

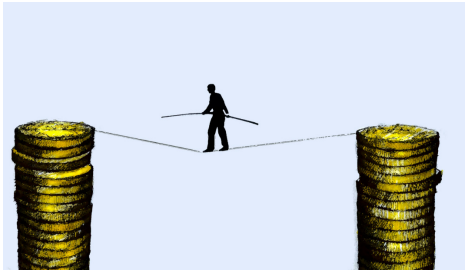
Enterprise Value (EV)

The Enterprise Value, or EV for short, is a measure of a company's total value, often used as a more comprehensive alternative to equity market capitalization. Enterprise value is calculated as the market capitalization plus debt, minority interest and preferred shares, minus total cash and cash equivalents. EV = market value of common stock + market value of preferred equity + market value of debt + minority interest - cash and investments. Often times, the minority interest and preferred equity is effectively zero, although this need not be the case.

Equity

The value of ownership interest in the business, calculated by deducting liabilities from assets. See also owner's

equity. A stock or any other security representing an ownership interest. This may be in a private company (not publicly traded), in which case it is called private equity. On a company's balance sheet, the amount of the funds contributed by the owners (the shareholders) plus the retained earnings (or losses).



Equity Capital Markets (ECM)

A market that exists between companies and financial institutions that is used to raise equity capital for the companies. Some activities that companies operate in the equity capital markets include: overall marketing, distribution and allocation of new issues; initial public offerings, special warrants, and private placements.

Equity finance

Is money provided to a business in exchange for part ownership of the business. This can be money invested by the business owners, friends, family, or investors like business angels and venture capitalists.

Equity or Net Assets: Residual interest in the assets of an entity after deduction of its liabilities.

Equity Research (ER)

Equity Research is a division within either a buy-side or sell-side firm which is responsible for the research used by the firm and its clients. The purpose of an equity researcher is to provide insight and detailed analysis into a company, entity or sector and this information is then used by investors to decide how to allocate their funds and by Private Equity firms and investment banks to value companies for mergers, LBOs, IPOs etc. Buy-side firms will then pay the equity research team for access to their information, and this is why equity research is a revenue-producing group for an investment bank. Equity Research can be thought of as a liaison between investors and corporations. Typically an equity research department is split into different coverage groups, and these coverage groups will be small teams that focus on a specific sector (i.e. mining, energy & resources, healthcare, consumer etc.). Each team will usually cover 5-20 companies.

Equity Value

Equity value is the value of a company available to owners or shareholders. It is the enterprise value plus all cash and cash equivalents, short and long-term investments, and less all short-term debt, long-term debt and minority interests.

Estimate

The most recent prediction of current year revenue and expenditures. Estimates are based upon many months of actual expenditure and revenue information and are prepared to consider the impact of unanticipated costs or other economic changes.

Estimated Revenue

The amount of projected revenue to be collected during the fiscal year. In accrual basis accounting it signifies the revenue projected to accrue during an accounting period, whether or not all of it is to be collected during that period. In cash basis accounting it signifies the amount projected to be collected during an accounting period.

Exchange Rate

An exchange rate is the rate at which one currency will be exchanged for another. It is also regarded as the value of one country's currency in relation to another currency. Exchange Rate Risk: Exchange-rate risk is the risk of receiving less in domestic currency when investing in a bond that is in a different currency denomination than in the investor's home country. When investors purchase a bond that is designated in another currency other than their home countries, investors are opened up to exchange risk. This is because the payment of interest and principal will be in a foreign currency. When investors receive that currency, they have to go into the foreign currency markets and sell it to purchase their home currency. The risk is that their foreign currency will be devalued compared to the currency of their home countries and that they will receive less money than they expected to receive. As an example, suppose that a U.S. investor purchases a Euro denominated bond. When the interest payment comes due and if the Euro has declined in value compared to USD, the investor will receive less in USD than expected when he or she transacts in the foreign currency markets. In short, the investor will receive fewer Euros to purchase USD.

Exchange Traded Fund (ETF)

An ETF, or exchange-traded fund, is a marketable security that tracks an index, a commodity, bonds, or a basket of assets like an index fund. Unlike mutual funds, an ETF trades like a common stock on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold.

Excise duty

An indirect tax levied on certain types of goods produced or manufactured in Australia including petrol, alcohol, tobacco and coal.

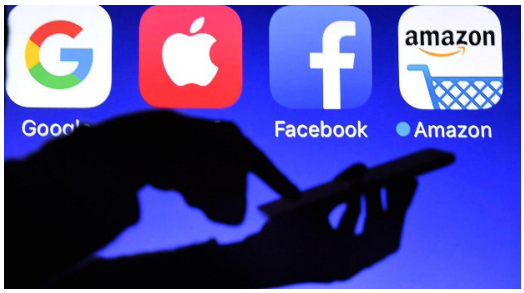
Expense

Total value of all of the resources consumed in producing goods and services or the loss of future economic benefits in the form of reductions in assets or increases in liabilities of an entity.

F

FAAMG Stocks

FAAMG is an abbreviation coined by Goldman Sachs for five top performing tech stocks in the market, namely Facebook, Amazon, Apple, Microsoft, and Alphabet's Google. Each of the stocks in the FAAMG class are in the top 10, by market capitalization, in the S&P 500 index. Although the five stocks are only 1% of the 500 companies in the index, they make up 13% of the market value weighting in the S&P 500.



Fabless Company

Fabless (without fab) refers to the business methodology of outsourcing the manufacturing of silicon wafers, which hundreds of semiconductor companies have adopted. Fabless companies focus on the design, development and marketing of their products and form alliances with silicon wafer manufacturers, or foundries.

Face Value

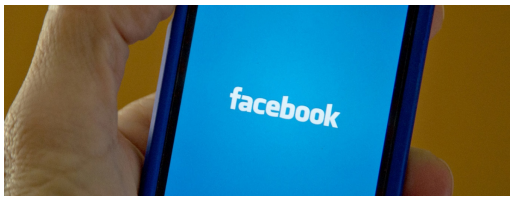
Face value is the nominal value or dollar value of a security stated by the issuer. For stocks, it is the original cost of the stock shown on the certificate. For bonds, it is the amount paid to the holder at maturity, generally $1,000. It is also known as "par value" or simply "par."

Face-Amount Certificate Company

A type of investment firm that issues debt securities to its investors. These securities are called face-amount certificates and are backed by security interest on assets such as real property or other securities. This is similar in nature to mortgage bond debt financing.

Facebook Credits

Virtual currency (currency used only on the internet) that can be used to buy goods in online games through the social networking platform, Facebook. Facebook credits can be purchased online using a credit card, PayPal account, mobile phone or other various payment methods, or offline at various retailers. The credits can be used to purchase games or software applications, also referred to as apps.



Facilitating Payment

A facilitating payment is a financial payment that may constitute a bribe and is made with the intention of expediting an administrative process.

It is a payment made to a public or government official that acts as an incentive for the official to complete some action or process expeditiously, to the benefit of the party making the payment.

Facility

A predetermined arrangement such as an account offered by a financial institution to a business (e.g. a bank account, a short-term loan or overdraft).

Facility Operations

Facility operations' includes all the services required to ensure a facility will do what it is designed to do. Facility operations typically includes the day to day operations of the facility. Depending on the industry, each facility will operate differently.

Factor

A factor allows a business to obtain immediate capital based on the future income attributed to a particular amount due on an account receivable or business invoice. Accounts receivable function as a record of the credit extended to another party where payment is still due. Factoring allows other interested parties to purchase the funds due at a discounted price in exchange for providing cash up front.

Factor Income

Factor income is income received from the factors of production – land, labor, and capital. Factor income on the use of land is called rent, income generated from labor is called wages and income generated from capital is called profit. The factor income of all normal residents of a country is referred to as the national income, and factor income plus current transfers is referred to as private income.

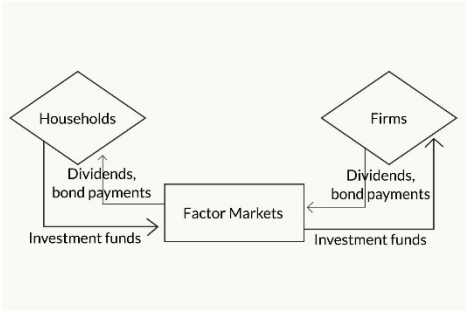
Factor Investing

Factor investing is a strategy which chooses securities on attributes that are associated with higher returns. There are two main types of factors that have driven returns of stocks, bonds, and other factors; macroeconomic factors and style factors. The former captures broad risks across asset classes while the latter aims to explain returns and risks within asset classes.

Factor Market

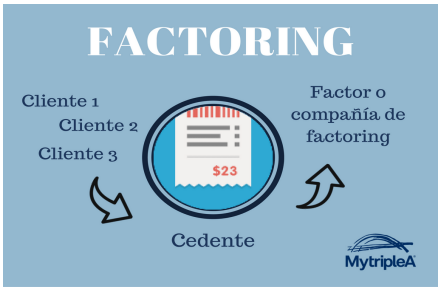
A factor market is a marketplace for the services of a factor of production. A factor market facilitates the purchase and sale of services of factors of production, which are inputs like labor, capital, land and raw materials that are used by a

firm to make a finished product. A factor market is distinct from the goods and services market, which is the market for finished products or services.



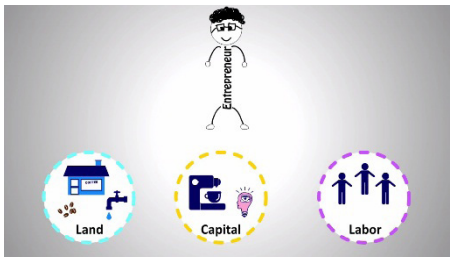
Factoring

A factor company buys a business' outstanding invoices at a discount. The factor company then chases up the debtors. Factoring is a way to get quick access to cash, but can be quite expensive compared to traditional financing options.



Factors of Production

Factors of production is an economic term that describes the inputs that are used in the production of goods or services in order to make an economic profit. The factors of production include land, labor, capital and entrepreneurship. These production factors are also known as management, machines, materials and labor, and knowledge has recently been talked about as a potential new factor of production.



Factory Orders

An economic indicator that reports the dollar level of new factory orders for both durable and non-durable goods. Because the performance of the economy has a large effect on the performance of the investment markets, it is important for investors to monitor indicators such as the Factory Orders to provide insight into growth trends.

FactSet

FactSet Systems provides computer-based financial data and analysis for financial professionals, including investment managers, hedge funds and investment bankers. It consolidates data on global markets, public and private companies, and equity and fixed-income portfolios.

Facultative Reinsurance

Facultative reinsurance is purchased by a primary insurer to cover a single risk or a block of risks held in the primary insurer's book of business. Facultative reinsurance is one of the two types of reinsurance, with the other type

being treaty reinsurance. Facultative reinsurance is considered to be more of a one-off transactional deal while treaty reinsurance is more of a long-term arrangement.

Fade

A fade is a contrarian investment strategy used to trade against the prevailing trend. "Fading the market" is typically very high risk, requiring the trader to have a high risk tolerance. A fade trader would sell when a price is rising and buy when it's falling. Also known as "fading".

Fail

Fail is also used as a bank term when a bank is unable to pay its debt to other banks. The inability of one bank to pay its debt to other banks in interbank fund transfer systems, can potentially lead to a domino effect, causing several banks to become insolvent.

Failed Break

A price movement through an identified level of support or resistance that does not have enough momentum to maintain its direction. Since the validity of the breakout (or breakdown) is compromised, many traders close their positions and the price fails to make the sharp move that many were expecting.

Failure to Deliver

An outcome in a transaction where one of the counterparties in the transaction fails to meet their respective obligations. When failure to deliver occurs, either the party with the long position does not have enough money to pay for the transaction, or the party in the short position does not own the underlying assets that are to be delivered. Failure to deliver can occur in both equity and derivatives markets.

Fair and Accurate Credit Transactions Act (FACTA)

With the passing of FACTA, people are now allowed to request their credit reports free, once per year, from all three of the major credit reporting agencies (Equifax, Experion and Transunion).

Fair Credit Billing Act (FCBA)

The Fair Credit Billing Act is a 1974 federal law designed to protect consumers from unfair credit billing practices.

Fair Credit Reporting Act (FCRA)

The Fair Credit Reporting Act (FCRA) is the act that regulates the collection of credit information and access to your credit report. It was passed in 1970 to ensure fairness, accuracy and privacy of the personal information contained in the files of the credit reporting agencies.

Fair Debt Collection Practices Act (FDCPA)

The Fair Debt Collection Practices Act (FDCPA) is a federal law that limits the behavior and actions of third-party debt collectors who are attempting to collect debts on behalf of another person or entity. The law restricts the means and methods by which collectors can contact debtors, as well as the time of day and number of times contact can be made.

Fair Funds for Investors

Fair Funds for Investors was put into place to benefit those investors who have lost money because of the illegal or unethical activities of individuals or companies that violate securities regulations. Essentially, this provision enabled the Securities and Exchange Commission (SEC) to add civil money penalties to disgorgement funds for the relief of the victims of stock swindles.

Fair Housing Act

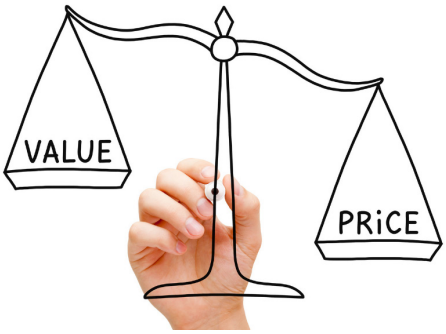
Fair housing act prohibits discrimination in the buying, selling, rental or financing of housing based on race, skin color, sex, nationality, religion or any other protected class characteristics.

Fair Labor Standards Act (FLSA)

The FLSA is intended to protect workers against certain unfair pay practices or work regulations. The Fair Labor Standards Act is one of the most important laws for employers to understand since it sets out a wide array of regulations for dealing with employees.

Fair Market Value

Fair market value (FMV) is, in its simplest expression, the price that a person reasonable interested in buying a given asset would pay to a person reasonably interested in selling it for the purchase of the asset or asset would fetch in the marketplace.



Fair Market Value Purchase Option

The Fair Market Value Purchase Option does not provide the purchase price in advance, but as long as the assessed fair market value is accurate, the consumer will not overpay for the asset and the lessor will not receive less than the asset is worth.

Fair Trade Investing

Fair trade investing mainly deals with trade in agricultural products, such as coffee, sugar and textiles. Many of the growers of these products are low-income workers who are often marginalized in trade agreements and receive few subsidies from their home governments. Fair trade practices aim to help these workers gain a higher standard of living and financial independence, while the companies who actively promote fair trade can show transparency in their business dealings and gain valuable image points with shareholders.

Fair Trade Price

Fair trade price is the minimum price paid for certain agricultural products imported from developing countries. Fair trade is a movement that believes it is unethical to pay producers in developing countries the market price if that price is too low to provide a sufficient quality of living.

Fair Value

Fair value is defined as a sale price agreed to by a willing buyer and seller, assuming both parties enter the transaction freely. Many investments have a fair value determined by a market where the security is traded.

Fair Weather Fund

A type of mutual fund that has a tendency to perform well during a bull market. In other words, it is a mutual fund that generally outperforms the market when the market is doing well, and underperforms the market when the market is doing poorly.

Fairness Opinion

Fairness opinions are provided to the key decision makers in the target/selling company and are written by qualified analysts or advisors, usually of an investment bank. The analysts examine the specifics of the deal, including any possible business synergies that benefit the target/seller if applicable, the terms of the agreement, and the price offered for the stock of the target/seller.

Fairway Bond

A type of bond that accrues interest if the embedded index or interest-rate option underlying the bond remains within a specified range. The fairway in golf is like the index or interest rate range. The outlook is positive if the ball lands on the fairway; if a ball lands in the rough, the outlook is negative.

Fake Claims

The term fake claims refers to insurance claims that are made fraudulently. These claims are made in an attempt for the policy holder to benefit financially from making claims that are false or exaggerated. While such practices are a fairly common occurrence, they are highly illegal.

For example, a homeowner insurance policy holder may have been the victim of a breaking and entering where items were stolen.

FAKO Score

A derogatory term for a credit score that is not one of the FICO scores lenders pull when deciding whether to approve a loan application or extend credit. FAKO scores are also called "equivalency scores" or "educational scores" and are usually provided by free online credit scoring services.

Fallen Angel

A fallen angel is a bond that was given an investment-grade rating but has since been reduced to junk bond status due to the weakening financial condition of the issuer. It is also a stock that has fallen substantially from its all-time highs. There is a fine line between fallen angel bonds and value stocks, which have the potential to recover from short-term challenges, and those that are headed straight toward bankruptcy.

Falling Knife

A falling knife is a slang phrase for a security or industry in which the current price or value has dropped significantly in a short period of time. A falling knife security can rebound, or it can lose all of

its value, such as in the case of company bankruptcy where equity shares become worthless.

Fallout Risk

The lending risk that occurs when the terms of a loan are confirmed simultaneously with the terms of a property sale. Because the mortgage terms are set but the sale is not finalized, there is a risk that the transaction may not be completed. This represents a risk to the mortgage pipeline, as the loan may not be issued.

False Market

A market where prices are manipulated and impacted by erroneous information, preventing the efficient negotiation of prices. These types of markets will often be marred by volatile swings because the true value of the market is clouded by the misinformation.

False Signal

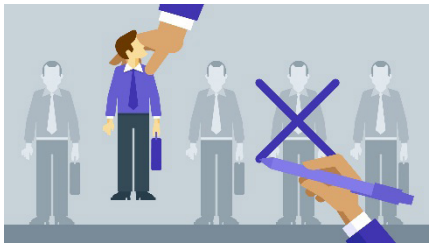
A false signal refers to an indication of future price movements which gives an inaccurate picture of the economic reality. False signals may arise due to a number of factors, including timing lags, irregularities in data sources, smoothing methods or even the algorithm by which the indicator is calculated.

Fama and French Three Factor Model

The Fama and French Three Factor Model is an asset pricing model that expands on the capital asset pricing model (CAPM) by adding size and value factors to the market risk factor in CAPM. This model considers the fact that value and small-cap stocks outperform markets on a regular basis.

Family and Medical Leave Act (FMLA)

The FMLA is a labor law requiring larger employers to provide employees unpaid leave for serious health conditions, to care for a sick family member, or to care for a newborn or adopted child.



Family Income Rider

An addition to a life insurance policy that provides the beneficiary with an amount of money equal to the policyholder's monthly income if the policyholder dies. A family income rider is a type of death benefit, and specifies the term for the additional coverage. It eventually expires if it is not enacted.

Family Limited Partnership (FLP)

A type of partnership designed to centralize family business or investment accounts. FLPs pool together a family's assets into one single family-owned business partnership that family members own shares of. FLPs are frequently used as an estate tax minimization strategy, as shares in the FLP can be transferred between generations, at lower taxation rates than would be applied to the partnership's holdings.

Family of Funds

A family of funds includes all the funds managed by one Investment Company. Investing broadly across funds from one family of funds can offer many benefits.

Family Offices

Family offices are private wealth management advisory firms that serve ultra-high-net-worth investors. They are different from traditional wealth management shops in that they offer a total outsourced solution to managing the financial and investment side of an affluent individual or family. For example, many family offices offer budgeting, insurance, charitable giving, family-owned businesses, wealth transfer and tax services.

Far Option

The option with the longer time to expiration in a calendar option spread, which involves buying or selling options with different expirations. In such a spread, the shorter-dated option will be the near option. Because far options have more time to attain an in-the-money status, they are associated with larger premiums.

Farm Credit System (FCS)

The Farm Credit System is a nationwide network of cooperative banks and associations that provide credit to farmers, agricultural concerns and related businesses. The FCS makes loans for a variety of purposes, including agricultural processing and marketing activities, rural housing initiatives, farm-related businesses, rural utilities and foreign and domestic companies involved in agricultural trade.

Farm Income

Farm income refers to profits and losses incurred through the operation of a farm. A farm income statement (sometimes called a farm profit and loss statement) is a summary of income and expenses that occurred during a specified accounting period.

Farm Price Index (FPI)

Farm prices are thought to be a leading indicator of food prices in the producer price index (PPI) and the consumer price index (CPI), and a sign of overall inflation or deflation. Because inflation (whether high or low) can have drastic effects on the investment markets, this is a valuable tool for predicting market movements.

Fast Market

A condition that will be officially declared by a stock market exchange when the financial markets are experiencing unusually high levels of volatility, combined with unusually heavy trading. Fast markets occur rarely, but when one does occur, brokers are not held to the same constraints as they are during a regular market.

Fast Market Rule

Fast markets are rare and are triggered by highly unusual circumstances. The fast market rule is made possible because circuit breakers are not used. Circuit breakers allow exchanges to temporarily halt trading during sharp price declines to prevent panic selling. With a circuit breaker, the sharper the decline, the longer trading is halted.

Fast Tape

A type of futures market that occurs when a single traded price is unavailable because of the rapid and large number of transactions occurring in the pit or ring.

Fast-Moving Consumer Goods (FMCG)

These are consumer goods products that sell quickly at relatively low cost items such as milk, gum, fruit and vegetables, toilet paper, soda, beer and over-the-counter drugs like aspirin.

FCA

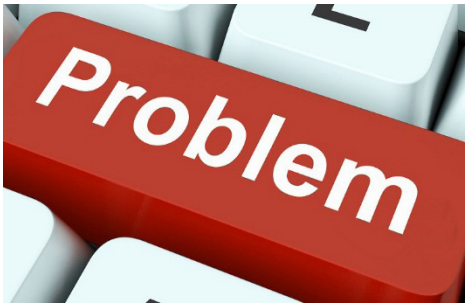
The financial conduct authority is one of the regulatory bodies with authority over the UK financial services industry. The FCA seeks to promote competition, ensure market integrity and protect consumers. All residential mortgages are regulated by the FCA, as are certain buy to let mortgages where it is felt necessary that the consumer be given similar levels of protection e.g. "let to buy", whereby a home-mover remortgages and lets out their existing home instead of selling it.

FDIC Insured Account

The main purpose of the Federal Deposit Insurance Corporation (FDIC) is to prevent the kind of "run on the bank" scenarios that devastated many banks during the Great Depression. Before FDIC, there was no guarantee beyond the bank's own stability. This meant that only those who were first to withdraw their money from a troubled bank would get it; those who waited stood the risk of losing their life savings overnight.

FDIC Problem Bank List

The Federal Deposit Insurance Corporation (FDIC) issues this problem list quarterly based on liquidity, capital levels and asset quality. Only institutions that are insured by the FDIC through the Deposit Insurance Fund (DIF) are included on the list.



Fear and Greed Index

The Fear and Greed Index is a contrarian index of sorts, which is based on the premise that excessive fear can result in stocks trading well below their intrinsic values, while unbridled greed can result in stocks being bid up far above what they should be worth.

Feasibility Study

A feasibility study is an analysis of how successfully a project can be completed, accounting for factors that affect it such as economic, technological, legal and scheduling factors. Project managers use feasibility studies to determine potential positive and negative outcomes of a project before investing a considerable amount of time and money into it.

Featherbedding

Featherbedding has developed over time as unions respond to workers being laid off because of technological change. These lay-offs have caused unions to seek some way to retain workers, even though there may be little work for them to perform.

Fed Balance Sheet

A breakdown of the assets and liabilities held by the Federal Reserve. This report essentially outlines the factors that affect both the supply and the absorption of Federal Reserve funds. The Fed balance sheet report reveals the means the Fed uses to inject cash into the economy and is formally known as the factors affecting reserve balances report.

Fed Funds Futures

Fed funds futures are used by banks and fixed-income portfolio managers to hedge against fluctuations in the short-term interest rate market. They are also a common tool traders use to take speculative positions on future Federal Reserve monetary policy.

Fed Model

A model thought to be used by the Federal Reserve that hypothesizes a relationship between long-term Treasury notes and the market return of equities. Many security analysts use this model in valuing equities.

FED Pass

An action taken by the Federal Reserve that looks to increase the availability of credit by moving additional reserves into the banking system. The supply of loans is increased as more funds are injected into major banks, typically allowing lenders to originate more mortgages at lower interest rates.

Fed Speak

A phrase used to describe former Federal Reserve Board Chairman Alan

Greenspan's tendency to make wordy statements with little substance. Many analysts felt that Greenspan's ambiguous "Fed speak" was an intentional strategy used to prevent the markets from overreacting to his remarks.

Federal Advisory Council

The Federal Advisory Council is one of three formal bodies that advise the Federal Reserve Board on its operations, the others being the Consumer Advisory Council and the Thrift Institutions Advisory Board, which are comprised of executives from credit unions, saving and loans, and mutual banks.

Federal Agencies

Special government organizations set up for a specific purpose such as the management of resources, financial oversight of industries or national security issues. These organizations are typically created by legislative action, but may initially be set up by a presidential order as well. The directors of these agencies are typically selected by Presidential appointment. A number of these organizations issue securities such as stocks and bonds that have been historically popular with investors.

Federal Budget

The federal budget is an itemized plan for the annual public expenditures of the United States. The federal budget is used to finance a variety of federal expenses, which range from paying federal employees, to dispersing agricultural subsidies, to paying for U.S. military equipment. Budgets are calculated on an annual basis, with a fiscal year beginning on Oct. 1 and ending on Sept. 30 of the subsequent year, which is the year for which the budget is named.

Federal Communications Commission (FCC)

The Federal Communications Commission (FCC) is an independent U.S. government regulatory agency that oversees all interstate and international communications. The FCC maintains standards and consistency among ever-growing types of media and methods of communications while protecting the interests of both consumers and businesses.

Federal Covered Advisor

Federal covered advisors are required to be registered and file annually

with the U.S. Securities and Exchange Commission (SEC). In addition, federal covered advisors must meet specific regulations set forth by individual states.

Federal Credit Union (FCU)

Federal credit unions operate like retail banks with one major exception: every credit union member is also a partial owner of the institution. Credit unions operating under the label "federal" are not directly run by the government or limited to government employees.

Federal Deposit Insurance Corporation (FDIC)

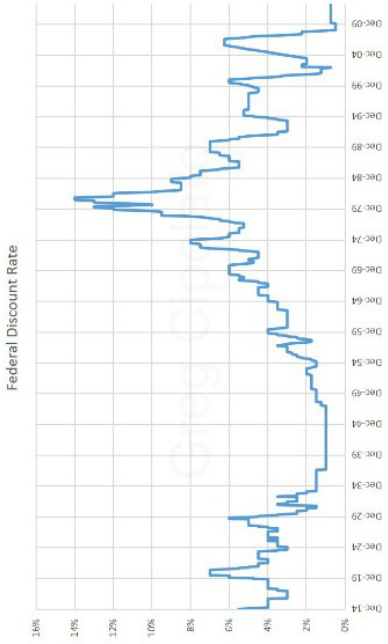
The main purpose of the Federal Deposit Insurance Corporation (FDIC) is to prevent the kind of "run on the bank" scenarios that devastated many banks during the Great Depression. Before FDIC, there was no guarantee beyond the bank's own stability. This meant that only those who were first to withdraw their money from a troubled bank would get it; those who waited stood the risk of losing their life savings overnight.

Federal Deposit Insurance Corporation Improvement Act (FDICIA)

While it may be hard to fully appreciate the changes made to the internal workings of the FDIC through this legislative act, most consumers can agree that the Truth in Savings Act has gone a long way towards forcing banks to deliver on their advertised promises.

Federal Discount Rate

The federal discount rate is the interest rate set by the Federal Reserve on loans offered to eligible commercial banks or other depository institutions as a measure to reduce liquidity problems and the pressures of reserve requirements. The discount rate allows the Federal Reserve to control the supply of money and is used to assure stability in the financial markets.



Federal Employee Retirement System (FERS)

Retirement benefits under FERS are structured as annuities. Eligibility and payment amounts are based on age, years of service and contributions to the plan. Although less generous than CSRS was, FERS is more generous than many corporate plans.

Federal Funds

Federal funds, often referred to as fed funds, are excess reserves that commercial banks and other financial institutions deposit at regional Federal Reserve banks; these funds can be lent, then, to other market participants with insufficient cash on hand to meet their lending and reserve needs. The loans are unsecured and are made at a relatively low interest rate, called the federal funds rate or overnight rate, as that is the period for which most such loans are made.

Federal Funds Rate

The federal funds rate is the rate at which depository institutions (banks) lend reserve balances to other banks on an overnight basis. Reserves are excess balances held at the Federal Reserve to maintain reserve requirements.

Federal Income Tax

Federal income taxes are applied on all forms of earnings that make up a taxpayer's taxable income, such as employment earnings or capital gains. Tax deducted from income is known as the federal income tax. All money earned whether as a wage, a salary, and cash gift from employer, business income, tips, gambling income, bonuses, or unemployment compensation constitutes as income for federal tax purposes.

Federal Insurance Contributions Act (FICA)

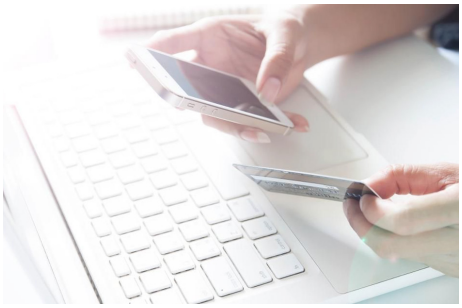
The Federal Insurance Contributions Act (FICA) is a U.S. law that creates a payroll tax requiring a deduction from the paychecks of employees as well as a contribution from employers. The withheld amounts go towards the funding of the Social Security program and Medicare.

Federal Insurance Office (FIO)

The Federal Insurance Office (FIO) would be housed under the U.S. Treasury Department. It would not have regulatory authority, but it would monitor the industry and coordinate industry policy. The FIO's initial goals would be to expand federal level knowledge of state-related insurance regulation issues and challenges for state regulators when representing the U.S. in multinational legal affairs.

Federal Reserve Credit

Refers to the process of the Federal Reserve lending funds on a very short-term basis to member banks in order to meet their liquidity and reserve needs. By lending money to member banks, the Federal Reserve helps to maintain the steady flow of funds between consumers and bankings institutions.



Federal Reserve Regulations

Rules put in place by the Federal Reserve Board to regulate the practices of banking and lending institutions, usually in response to laws enacted by the legislature. The primary purpose of most Federal Reserve regulations is to protect individual consumers against banking and lending practices that are deceptive, can potentially cause financial harm or violate individual privacy rights.

Federal Reserve System (FRS)

The Federal Reserve System (FRS) is the central bank of the United States. The Fed, as it is commonly known, regulates the U.S. monetary and financial system.

Federal Savings and Loan

The Federal Savings and Loan is a banking institution that functions in a very similar fashion to retail banks and credit unions, with some slight limitations on the type of services it can offer. Historically, the primary purpose of savings and loan associations was to allow members to deposit savings and borrow money at rates that were slightly more competitive than commercial banks. The competitive difference in interest and loan rates came from the fact that a savings and loan was "mutually owned" by its members, with no need to pass profits on to a third party.

Federal Tax Brackets

Income tax groupings specified by the Internal Revenue Service (IRS) that determine at what rate an individual, trust, or corporation's annual income will be subject to federal income tax. Federal tax brackets are adjusted periodically to account for the effects of inflation over time.

Federal Tax Lien

A federally authorized lien against any and all assets of a taxpayer who has unpaid back taxes. The lien allows the Internal Revenue Service (IRS) to secure or otherwise requisition the taxpayer's property in order to secure payment. Federal tax liens can be assessed for unpaid taxes of any kind, including income, self-employment, gift or estate taxes.

Fedwire

Fedwire is a real-time gross settlement system of central bank money used by Federal Reserve Banks to electronically settle final U.S. dollar payments among member institutions.

Fee

The price charged for a service. Fees are applied in a variety of ways such as costs, charges, commissions, and penalties. Fees are most commonly found in heavily transactional services, and are paid in lieu of a wage or salary.

Fee Free Remortgage

This means that the lender will pay for the valuation and legal fees on your behalf when you remortgage.

Fee Income

Fee income is the revenue taken in by financial institutions from account-related charges to customers. Charges that generate fee income include non-sufficient funds fees, overdraft charges, late fees, over-the-limit fees, wire transfer fees, monthly service charges, account research fees and more. Credit unions, banks and credit card companies are types of financial institutions that earn fee income.

Fee Structure

A fee structure lets customers or clients know what to expect when working with a particular business. Potential customers should always examine a company's fee structure to make sure they find it satisfactory before deciding to do business with them.

Fee-Based Investment

A fee-based investment refers to how a financial advisor is compensated, in particular, the ability to earn a commission by selling a product. This is opposed to a fee-only financial advisor, who cannot accept commissions and must adhere to a fiduciary standard at all times.

Feed Ratio

Feed ratios help farmers determine how much feed to produce and what to use it for. If 100 pounds of feed is more valuable than the livestock that can be raised with that feed, it makes more sense for the farmer to shift his production to sell more feed directly as a commodity and reduce his production of livestock.

Feeder Fund

A feeder fund is one of a number of funds that all put investment capital into an overarching umbrella fund that is called the master fund, for which one investment advisor handles all portfolio investments and trading. The two-tiered investment structure of a feeder fund and a master fund is commonly used by hedge funds as a means of assembling a larger portfolio account by pooling investment capital.

Fiat Money

Fiat money is currency that a government has declared to be legal tender, but it is not backed by a physical commodity. The value of fiat money is derived from the relationship between supply and demand rather than the value of the material that the money is made of.

Fictitious Credit

An outstanding balance in a margin account that cannot be withdrawn because it is being used as collateral. Fictitious credit is the result of proceeds from the short sale of securities, and is the opposite of a margin account's free credit balance.

Fictitious Trade

A trade that is booked with an execution date far in the future, and is adjusted to include the correct settlement and trade date when the transaction is completed. A fictitious trade is used in the processing of a securities transaction as a form of placeholder, and is found when open dates or rates are being used.

Fidelity Bond

A fidelity bond is a form of business insurance that offers an employer protection against losses - either monetary or physical - caused by its employees' fraudulent or dishonest actions. Fidelity bonds are often held by insurance companies and brokerage firms, which are specifically required to carry protection proportional to their net capital. Among the possible forms of loss a fidelity bond covers include fraudulent trading, theft and forgery.

Fiduciary

A fiduciary is a person or organization that owes to another the duties of good faith and trust. The highest legal duty of one party to another, it also involves being bound ethically to act in the other's best interests. A fiduciary might be responsible for general well-being, but often it involves finances – managing the assets of another person, or of a group of people.

Final Dividend

The final dividend declared at a company's Annual General Meeting (AGM) for any given year. This amount is calculated after all financial statements are recorded and the directors are aware of the company's profitability and financial health.

Final Prospectus

A final prospectus is the primary source for investors when seeking information on a publicly offered investment. Companies are required to file prospectus documents with the Securities and Exchange Commission (SEC) in order to raise capital for the product being offered. A prospectus can be either preliminary or final as the filing process progresses.

Finality of Payment

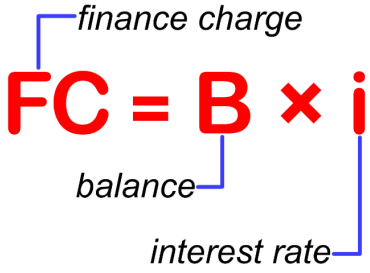
The concept and definition are especially important in an environment where one or more banking institutions could cease operations at any given moment. By having a strict operational definition of the finality of payment, a receiving institution does not have to worry about recently received funds disappearing from its account because the transferring institution suddenly became insolvent.

Finance

Finance describes the management, creation and study of money, banking, credit, investments, assets and liabilities that make up financial systems, as well as the study of those financial instruments. Some people prefer to divide finance into three distinct categories: public finance, corporate finance and personal finance. There is also the recently emerging area of social finance.

Finance Charge

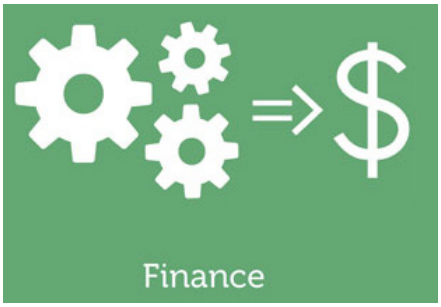
A finance charge is a fee charged for the use of credit or the extension of existing credit. It may be a flat fee or a percentage of borrowings, with percentage-based finance charges being the most common. A finance charge is often an aggregated cost, including the cost of the carrying the debt itself along with any related transaction fees, account maintenance fees or late fees charged by the lender.



Financial Accelerator

The financial accelerator in macroeconomics is the process by which adverse shocks to the economy may be amplified by worsening financial

market conditions. More broadly, adverse conditions in the real economy and in financial markets propagate the financial and macroeconomic downturn.



Financial Accounting

Financial accounting is the field of accounting concerned with the summary, analysis and reporting of financial transactions pertaining to a business. This involves the preparation of financial statements available for public consumption.

Financial Accounting Foundation (FAF)

An independent, private-sector organization that is mainly responsible for establishing and improving financial accounting and operating standards, and educating its constituents about those standards. The Financial Accounting Foundation has responsibility for the oversight, administration and finances of the Financial Accounting Standards Board (FASB), the Governmental Accounting Standards Board (GASB), and their advisory councils.

Financial Accounting Standards Board (FASB)

The Financial Accounting Standards Board (FASB) is a seven-member independent board consisting of accounting professionals who establish and communicate standards of financial accounting and reporting in the United States. FASB standards, known as generally accepted accounting principles (GAAP), govern the preparation of corporate financial reports and are recognized as authoritative by the Securities and Exchange Commission (SEC).

Financial Action Task Force (FATF)

The rise of the global economy and international trade has increased both the wealth that ordinary citizens can acquire through commerce and the pressures countries face when it comes to fighting money laundering and other financial crimes. The Financial

Action Task Force creates universally-applicable recommendations that are designed to ensure that all countries participating are treated equally. The organization monitors how its members implement the guidelines from each recommendation, reviews each member's policies and procedures for combating money laundering and financial crime, and seeks to increase acceptance of anti-money laundering regulations across the globe.

Financial Statement

Financial statements is a formal record of the financial activities and position of a business, person, or other entity. Relevant financial information is presented in a structured manner and in a form easy to understand.

Financial Year

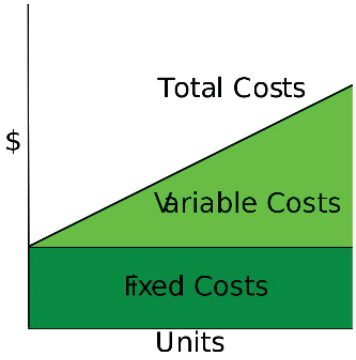
Financial year is the period used by governments for accounting and budget purposes, which vary between countries. It is also used for financial reporting by business and other organizations. Laws in many jurisdictions require company financial reports to be prepared and published on a generally annual basis, but generally do not require that the reporting period be calendar year, 1 January to 31 December.

Fixed Asset

A fixed asset is a long-term tangible piece of property that a firm owns and uses in its operations to generate income. Fixed assets are not expected to be consumed or converted into cash within a year. Fixed assets are known as property, plant, and equipment (PP&E). They are also referred to as capital assets.

Fixed Cost

A fixed cost is a cost that does not change with an increase or decrease in the amount of goods or services produced or sold. Fixed costs are expenses that have to be paid by a company, independent of any business activity.



Fixed Interest Rate

A fixed interest rate loan is a loan where the interest rate doesn't fluctuate during the fixed rate period of the loan. This allows the borrower to accurately predict their future payments. Variable rate loans, by contrast, are anchored to the prevailing discount rate.

Fixed Rate Mortgage

A fixed-rate mortgage (FRM), often referred to as a "vanilla wafer" mortgage loan, is a fully amortizing mortgage loan where the interest rate on the note remains the same through the term of the loan, as opposed to loans where the interest rate may adjust or "float".

Float

Float is when a private company offers shares in the company to the public for the first time.

Forecast

A prediction of future financial transactions. Forecasts are often used to help plan a more accurate budget.

Fully Drawn Advance

A fully drawn advance lets a business borrow a fixed amount of money upfront and repay it on a predetermined schedule, with interest. The interest rate may be fixed or variable, and the loan may be secured or unsecured.

G

Golden Parachute

A golden parachute is an agreement between a company and an employee specifying that the employee will receive certain significant benefits if employment is terminated. Most definitions specify the employment termination is as a result of a merger or takeover, also known as "Change-in-control benefits", but more recently the term has been used to describe perceived excessive CEO severance packages unrelated to change in ownership.

Golden Rule

The Golden Rule, as it pertains to government spending, stipulates that a government must only borrow to invest, not to finance existing spending. In other words, the government should borrow money only to fund investments that will benefit future generations, and current spending must be covered and funded by existing taxes.

Golden Share

A type of share that gives its shareholder veto power over changes to the company's charter. A golden share holds special voting rights, giving its holder the ability to block another shareholder from taking more than a ratio of ordinary shares. Ordinary shares are equal to other ordinary shares in profits and voting rights. These shares also have the ability to block a takeover or acquisition by another company.

Goldilocks Economy

A Goldilocks Economy describes an economy that is not so hot that it causes inflation, and not so cold that it causes a recession. The term describes an economy that is operating in an optimal state by providing full

employment and economic stability. Economists sometimes disagree on the characteristics of a Goldilocks economy, but it is frequently characterized by a low unemployment rate, increasing asset prices (stocks, real estate, etc.), low interest rates, brisk but steady GDP growth and low inflation.

Goldman 360

A business platform developed by Goldman Sachs that is widely used by investment managers to assist them with money management and maximizing trading performance. The Goldman 360 platform includes a research database that generates investment ideas and investment research. Other services include trade execution, order management and other portfolio calculation services.

Goldman Sachs Commodity Index (GSCI)

A composite index of commodity sector returns which represents a broadly diversified, unleveraged, long-only position in commodity futures.

Good Credit

A qualification of an individual's credit history that indicates that the borrower is a safe credit risk. A high credit score is an indicator of good credit, while a low credit score indicates bad credit. An individual's credit history is dependent on a number of factors, including the amount borrowed, the amount of available credit remaining and the timeliness of payments.

Good Delivery

Occurs when a security's transfer is unhindered by restrictions or other issues that would prevent its delivery to the buyer. Good delivery is determined behind the computer screen, where securities may have certificates that require endorsements and registration requirements that must be met in order for the buyer to receive the transfer.

Good Faith Estimate

An estimate of the fees due at closing for a mortgage loan that must be provided by a lender to a borrower within three days of the lender taking a borrower's loan application. A good faith estimate is required by the Real Estate Settlement Procedures Act (RESPA).

Good Faith Money

Good faith money is a deposit of money into an account by a buyer to show that he or she has the intention of completing a deal.

Good This Month (GTM)

A limit order to buy or sell a security that remains in effect until the end of the month in which it was issued. The order automatically fills once the security reaches a predetermined price. The order will expire and be canceled if it has not been filled by the end of the month (usually at the close of the last trading day of the month). Other order types can be used to restrict the length of time that an order can be filled before being canceled, such as good for the day orders (GFD).

Good This Week (GTW)

A market order that is only valid in the week of its placement. If the order is not filled during the week of issue, it will be canceled. A GTW order is only active for the current week, meaning it will not last seven days from when it was placed.

Good Through

An order to buy or sell a security or commodity at a certain price for a certain period of time, unless it is canceled or changed.

Goodness-of-Fit

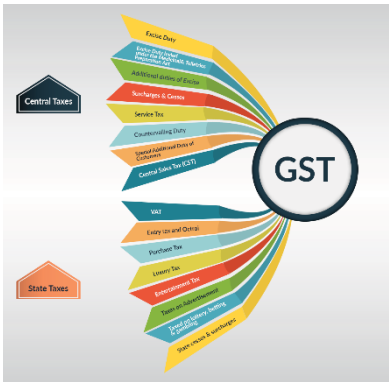
Used in statistics and statistical modelling to compare an anticipated frequency to an actual frequency. Goodness-of-fit tests are often used in business decision making. In order to calculate a chi-square goodness-of-fit, it is necessary to first state the null hypothesis and the alternative hypothesis, choose a significance level (such as $\alpha = 0.5$) and determine the critical value.

Goods and Sales Tax Vat

VAT and GST is a tax on consumer expenditures and in theory should not fall on business activities. This is achieved by the input/output system: When a business operating in a VAT/GST country buys goods or services, it pays tax to the supplier, which is called an input tax.

Goods and Services Tax (GST)

Goods and Services Tax (GST) is an indirect tax levied in India on the sale of goods and services. Goods and services are divided into five tax slabs for collection of tax - 0%, 5%, 12%,18% and 28%. Petroleum products and alcoholic drinks are taxed separately by the individual state governments. There is a special rate of 0.25% on rough precious and semi-precious stones and 3% on gold.



Goods in Process

An inventory account that is usually identified on the balance sheets of manufacturing companies. Goods in process relates to the partially completed goods that are somewhere in the manufacturing process and are not ready for sale.

Goodwill

Goodwill is an intangible asset that arises when one company purchases another for a premium value. The value of a company's brand name, solid customer base, good customer relations, good employee relations , and any patents or proprietary technology represent goodwill.

Goodwill Impairment

Goodwill impairment is a charge that companies record when goodwill's carrying value on financial statements exceeds its fair value. In accounting, goodwill is recorded after a company acquires assets and liabilities, and pays a price in excess of their identifiable value.

Goodwill to Assets Ratio

A ratio that measures how much goodwill a company is recording compared to the total level of its assets. The goodwill to assets ratio is useful for monitoring a company's use of goodwill. Although many companies record some form of goodwill, excessive use can lead to problems.

Google Blogger

Google Blogger is a free publishing platform run by Google. It is designed to be easy to use so writers can upload content to their blogs via email, Google Plus and various Microsoft apps and programs. Google AdSense generates revenue, and users who have difficulty with Google Blogger can get support from the Google Blogger Forums.

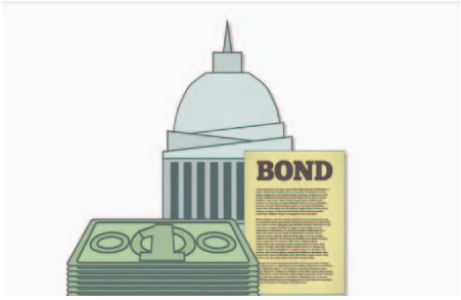
Gordon Growth Model

The Gordon growth model is used to determine the intrinsic value of a stock based on a future series of dividends that grow at a constant rate. Given a dividend per share that is payable in one year, and the assumption the dividend

grows at a constant rate in perpetuity, the model solves for the present value of the infinite series of future dividends.

Government Bond

A government bond is a debt security issued by a government to support government spending. Federal government bonds in the United States include savings bonds, Treasury bonds and Treasury inflation-protected securities (TIPS).



Government Broker

The government broker is authorized to purchase and sell government securities on the London Stock Exchange. She or he operates according to instructions received from the Bank of England and also serves as broker to the National Debt Commissioners.

Government Grant

A government grant is a financial award given by the federal, state or local government to an eligible grantee. Government grants are not expected to be repaid and do not include technical assistance or other financial assistance, such as a loan or loan guarantee, an interest rate subsidy, direct appropriation, or revenue sharing.

Government Investment Unit – Indonesia

The fund seeks to create macroeconomic stability and help promote economic growth by investing in a wide array of investment types, including equity, debt and by directly investing in the economies of foreign countries.

Government Pension Fund (Norway)

A fund made up of two separate Norwegian investment funds with different mandates: the Government Pension Fund – Global and the Government Pension Fund – Norway. The Government Pension Fund – Global is a sovereign wealth fund derived mainly from Norway's oil wealth. The Government Pension Fund – Norway was previously associated with Norway's social security system, but is now a sovereign wealth fund that invests strictly in Norwegian firms.

Government Purchases

Government purchases are expenditures and gross investment by federal, state

and local governments, excluding transfer payments and interest on debt.

Government Securities Clearing Corporation – GSCC

The GSCC compares transactions and acts as the counterparty for settlement purposes for each net position. This is an important role, as it maintains the liquidity and integrity of the market for U.S. government securities.

Government Security

A government security is a bond issued by a government authority with a promise of repayment upon maturity. Government securities such as savings bonds, treasury bills and notes also promise periodic coupon or interest payments. These securities are considered low-risk, since they are backed by the taxing power of the government.

Government Shutdown

A government shutdown is the closure of nonessential offices of the government due to lack of approval on the federal budget for the upcoming fiscal year. Approval is reached if Congress passes all of the spending bills regarding the federal budget. If an agreement is not achieved, a government shutdown will close many federally run operations, and halt work for federal employees unless they are considered essential.

Government-Owned Property

Government property consists of assets owned by federal, state or local governments. Government property can include residential, commercial and industrial land, as well as other physical assets, such as machinery. Property may become government-owned property through normal purchases or if it is foreclosed on for failure to pay taxes, or for other reasons.

Government-Sponsored Enterprise – GSE

Government-sponsored enterprises are quasi-governmental entities that were established to enhance the flow of credit to specific sectors of the American economy. These agencies, though privately-held, provide public financial services.

Grace Period

A grace period is the provision in most loan and insurance contracts that allows payment to be received for a certain period of time after the actual due date. During this period, no late fees are charged, and the late payment does not result in default or cancellation of the loan.

Graded Vesting

The process by which employees gain a certain percentage of irrevocable rights over employer contributions made to the employee's retirement plan account each year until the employee is fully vested. With graded vesting, an employee will become vested in at least 20% of their accrued benefits following an initial period of service, with an additional 20% in each following year until full vesting occurs.

Graduated Lease

A graduated lease provides for periodic changes in the payments rather than employing a fixed payment throughout the life of the lease. In addition to basing payments on current and changing market conditions, the terms of a graduate lease can state that the payments automatically increase by a specified percentage or dollar amount at regularly specified time intervals.

Graduated Payment Mortgage

In a graduated payment mortgage, only the low initial rate is used to qualify the buyer, which allows many people who might not otherwise qualify for a mortgage to own a home. This type of mortgage payment system may be optimal for young homeowners as their income levels gradually rise to meet higher mortgage payments.

Graduated Security

An equity security that has moved its listing from one stock exchange to another, often more prestigious, exchange. By moving to a new exchange, the firm hopes to increase trading activity in its stock and gain some extra publicity.

Graduated Vesting

The accelerated benefits employees receive as they increase the duration of their service to an employer. A vesting schedule is mandated by federal law for the employers' contribution portion of private retirement plans. It specifies the minimum number of years a company may require employees to work in order to earn the vested right to all or part of the employer contributions.

Graduation Period

The period of time on a graduated payment mortgage during which the monthly payment rises by a certain percentage at set intervals, usually annually. The interest rate at which monthly payments are set to increase by is fixed over the entire graduation period. If the actual payment is less than what an interest-only payment would be, negative amortization is created.

Graduation Rate

Graduation rate is the percentage of a school's first-time, first-year undergraduate students who complete their program within 150% of the published time for the program.

Grey Market

A gray market is an unofficial market where securities are traded. Gray (or "grey") market trading generally occurs when a stock that has been suspended trades off-market, or when new securities are bought and sold before official trading begins. The gray market enables the issuer and underwriters to gauge demand for a new offering because it is a "when issued" market; i.e., it trades securities that will be offered in the very near future. The gray market is an unofficial one, but is not illegal.

Grid Trading

The Forex grid trading strategy is a technique that seeks to make profit on the natural movement of the market by positioning buy stop orders and sell stop orders.

Gridlock

Gridlock is a type of traffic jam where "continuous queues of vehicles block an entire network of intersecting streets, bringing traffic in all directions to a complete standstill".

Gross Acres

The amount of leased real estate that a petroleum and/or natural gas company has a working interest in. Gross acres is different from net acres if a company shares its working interest with another company or companies.

Gross Cash Recovery (GCR)

Gross cash recovery is more closely associated with closing failed banks. In the case of bank liquidation, governmental and financial institutions, including other banks, will examine the assets to determine how much they are worth.

Gross Coupon

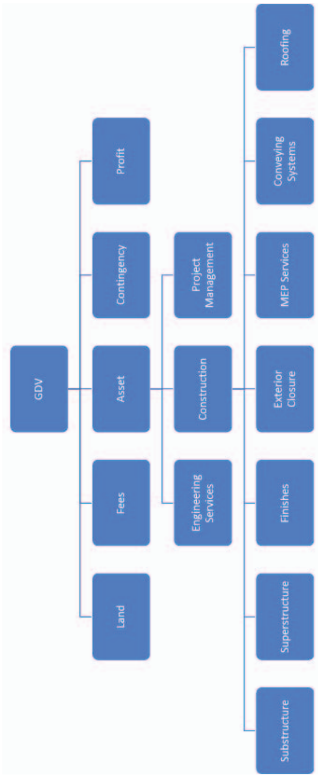
A mortgage backed security is an investment that contains a pool of mortgages, which generally have similar characteristcics. The coupon paid to the investor is the monthly payment that homeowners pay on their mortgages in this pool. Any prepayments are passed along to the investor as well.

Gross Debt Service Ratio (GDS)

A GDS ratio is the percentage of your income needed to pay all of your monthly housing costs, including principal, interest, taxes, and heat (PITH). Then multiply that sum by 100 and you'll have your GDS ratio. Total Debt Service (TDS) Your TDS ratio is the percentage of your income needed to cover all of your debts.

Gross Development Value (GDV)

Gross Development Value (GDV) Property Developers Guide to Financial Appraisals. Gross development value, or GDV as it is commonly known in property circles, is an important valuation metric that all investors and property developers need to be familiar with when building their project and financial appraisals.



Gross Dividends

Gross dividends are the sum total of all dividends received. Gross dividends include all ordinary dividends that are paid, plus capital-gains distributions and nontaxable distributions received by the taxpayer during the year.

Gross Domestic Income (GDI)

The sum of all income earned while producing goods and services within a nation's borders. Gross domestic income (GDI) is a lesser-known calculation stat used by the Federal Reserve to gauge economic activity based on income. It differs from gross domestic product (GDP), which gauges economic activity on expenditure.

Gross Domestic Product

Gross domestic product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period.

Gross Earnings

Gross earnings, for individuals, refers to the total income earned prior to the

application of any tax deductions or adjustments. For public companies, gross earnings is an accounting convention, referring to the amount left over from total revenues over a specified time period once the cost of goods sold (COGS) has been deducted.

Gross Estate

The total dollar value of all property and assets in which an individual had an interest at the time of his or her death. After the executor or executress of the estate determines the gross estate value, liabilities - including outstanding debt, funeral expenses, taxes and administrative costs - are deducted to compute the net estate value.

Gross Expense Ratio (GER)

The gross expense ratio (GER) is the total percentage of a fund's assets that are devoted to running the fund. The gross expense ratio includes any fee waiver or expense reimbursement agreements that may be in effect. It does not include any sales or brokerage commissions which are not charged to the fund directly.

Gross Exposure

Gross exposure is the absolute level of a fund's investments. Gross exposure equals the value of both a fund's long positions and short positions and can be expressed either in dollar terms or percentage terms. It is a measure that indicates total exposure to financial markets, thus providing an insight into the investment amount at risk. The higher the gross exposure, the bigger the potential loss (or gain).

Gross Income

Gross income, or gross pay, is an individual's total pay before accounting for taxes or other deductions. At the company level, it's the company's revenue minus the cost of goods sold. In this case it is also referred to as gross profit and, when expressed as a percentage of revenue, gross margin.

Gross Income Multiplier

A gross income multiplier is a rough measure of the value of an investment property that is obtained by dividing the property's sale price by its gross annual rental income. GIM is used in valuing commercial real estate, such as shopping centers and apartment complexes, but is

limited in that it does not consider the cost of factors such as utilities, taxes, maintenance and vacancies. Other, more detailed methods commonly used to value commercial properties include capitalization rate (cap rate) and the discounted cash flow method.

Gross Interest

Gross interest is the annual rate of interest to be paid on an investment, security or deposit account before taxes or other charges are deducted. Gross interest is the interest bondholders receive from their investment, which will be subject to further taxes. This is opposed to net interest.

Gross Lease

A gross lease is a type of commercial lease where the landlord pays for the building's property taxes, insurance and maintenance. A gross lease can be modified to meet the needs of a particular building's tenants.

Gross Leverage (Insurance)

The sum of an insurance company's net leverage ratio and its ceded reinsurance leverage ratio. Gross leverage is used to determine how exposed an insurer is to pricing and estimation errors, as well as its exposure to reinsurance companies.

Gross Line

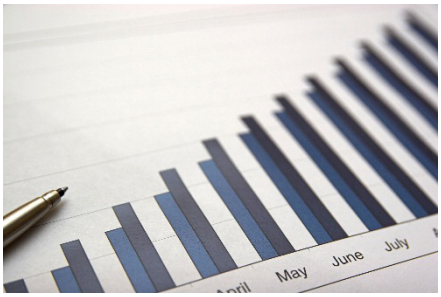
The maximum amount of coverage an insurer is willing to underwrite for a particular peril. The gross line is calculated before any deductions for risk ceded to reinsurers, and thus represents the insurer's total liability limit.

Gross Margin

Gross margin is a company's total sales revenue minus its cost of goods sold (COGS), divided by total sales revenue, expressed as a percentage. The gross margin represents the percent of total sales revenue that the company retains after incurring the direct costs associated with producing the goods and services it sells.

Gross Margin Return on Investment (GMROI)

A gross margin return on investment (GMROI) is an inventory profitability evaluation ratio that analyzes a firm's ability to turn inventory into cash above the cost of the inventory. It is calculated by dividing the gross margin by the average inventory cost and is used often in the retail industry.

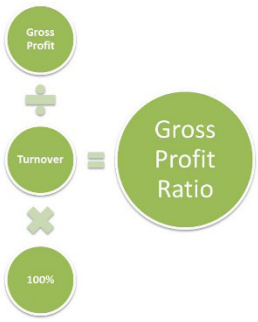


Gross Production Tax

A state tax imposed on companies that generate revenues by depleting non-renewable resources. Such companies include producers of oil and gas, coal miners and miners of metals and minerals. Gross production taxes are normally introduced as a means of compensating the state for the pollution that miners emit.

Gross Profit

Gross profit is the profit a company makes after deducting the costs associated with making and selling its products, or the costs associated with providing its services.



Gross Profit Margin

Gross profit margin is a financial metric used to assess a company's financial health and business model by revealing the proportion of money left over from revenues after accounting for the cost of goods sold (COGS). Gross profit margin, also known as gross margin, is calculated by dividing gross profit by revenues.

Gross Profits Insurance

Gross profit insurance is designed to "bring back" the insured to where it would have been financially assuming the insurable event had not occurred. The amount of loss that a business experiences is calculated based on a pre-defined formula, and typically relies on historical rates of turnover to determine the amount a business is losing.

Gross Rate of Return

Gross rate of return is the total rate of return on an investment before the deduction of any fees or expenses. The gross rate of return is quoted over a specific period of time, such as a month, quarter or year.

Gross Receipts

A tax term relating to the total business revenue from services provided that must be reported for the fiscal period. Gross receipts do not account for sales returns and allowances, cost of goods sold or any other deductible expenses. Gross receipts can include both rental and interest income.

Gross Revenue Pledge

A stipulation in a municipal bond indenture that requires the issuer (the municipality selling the bonds to fund a given development project) first to use revenues to pay down the issue's debt-servicing costs, delegating operating costs as second priority and likely funding them from other revenue sources. These bonds are most often tax free at the federal level.

Gross Sales

Gross sales is a metric for the overall sales of a company that haven't been adjusted to include discounts or returns from customers. Gross sales is calculated with a simple equation that totals together all sales invoices. This calculation does not include cost of goods sold, operating expenses, tax payments or any other charge. Gross sales can reflect consumer spending habits.

H

Hedge Fund

Hedge funds are alternative investments using pooled funds that employ numerous different strategies to earn active return, or alpha, for their investors. Hedge funds may be aggressively managed or make use of derivatives and leverage in both domestic and international markets with the goal of generating high returns.

Hedge Fund Manager

A hedge fund manager is the individual who oversees and makes decisions about the investments in a hedge fund. Managing a hedge fund can be an attractive career option because of its potential to be extremely lucrative. To be successful, a hedge fund manager must consider how to have a competitive advantage, a clearly defined investment strategy, adequate capitalization, a marketing and sales plan and a risk management strategy.

Hedge Ratio

The hedge ratio compares the value of a position protected through the use of a hedge with the size of the entire position itself. A hedge ratio may also be a comparison of the value of futures contracts purchased or sold to the value of the cash commodity being hedged.

Hedged Tender

A strategy in a tender offer where an investor short sells a portion of the shares he or she owns. This strategy is used to protect against the risk of loss in the event that the tender offer does not go through.

Hedgelet

A simplified derivative instrument that allows investors to hedge or speculate on economic events such as housing prices, commodity prices, interest rates, currencies and economic indicators. The price for a hedgelet contract is based on the prevailing market price determined by participants in the market.

Hedge-Like Mutual Fund

A mutual fund that adopts an alternative investment strategy, much like a hedge fund. Hedge-like mutual funds aim to increase investor returns by utilizing investment methods typically used by hedge funds, while maintaining the convenience and availability to investors wishing to invest in mutual funds.

HedgeStreet

An internet-based, government-regulated market that allows traders to perform hedging activities or speculate on specific economic events. Binaries and futures contracts are provided on different markets including commodities, currencies, employment, inflation and other economic indicators.

Hedging Transaction

A hedging transaction refers to a position that a market participant takes in order to limit risks related to another position or transaction that the market participant is involved in. The hedging transaction usually involves derivatives, such as options or futures contracts, but it can be done with inversely correlated assets as well.

Hedonic Pricing

Hedonic pricing is a model, which identifies price factors, according to the premise that price is determined both by internal characteristics of the good being sold and external factors affecting it.

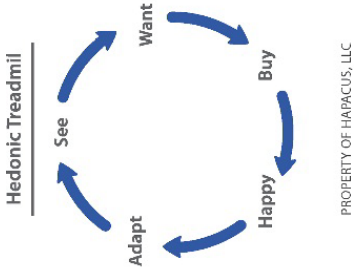
A hedonic pricing model is often used to estimate quantitative values for ecosystem or environmental services that directly impact market prices for homes. This method of valuation can require a strong degree of statistical expertise and model specification, following a period of data collection.

Hedonic Regression

A method used to determine the value of a good or service by breaking it down into its component parts. The value of each component is then determined separately through regression analysis. For example, the value of a home can be determined by separating the different aspects of the home - number of bedrooms, number of bathrooms, proximity to schools - and using regression analysis to determine the value of each variable.

Hedonic Treadmill

The tendency of a person to remain at a relatively stable level of happiness despite a change in fortune or the achievement of major goals. According to the hedonic treadmill, as a person makes more money, expectations and desires rise in tandem, which results in no permanent gain in happiness.



Heikin-Ashi Technique

The Heikin-Ashi technique is used by technical traders to identify a given trend more easily. Hollow candles with no lower shadows are used to signal a strong uptrend, while filled candles

with no higher shadow are used to identify a strong downtrend.

Held to Maturity Security

A held-to-maturity security is purchased with the intention of holding the investment to maturity. This type of security is reported at amortized cost on a company's financial statements and is usually in the form of a debt security with a specific maturity date. Unlike held-for-trading securities, temporary price changes are not shown in accounting statements for held-to-maturity securities, and the interest income received from a held-to-maturity security is run through the income statement.

Held-For-Trading Security

A held-for-trading security refers to debt and equity investments that are purchased with the intent of selling them within a short period of time, usually less than one year. Accounting standards necessitate that companies classify any investments in debt or equity securities when they are purchased, with options to classify as "held to maturity," "held for trading" or "available for sale."

Helicopter Drop (Helicopter Money)

A helicopter drop, or helicopter money, is a hypothetical, unconventional tool of monetary policy that involves printing large sums of money and distributing it to the public in order to stimulate the economy. Helicopter drop is largely a metaphor for unconventional measures to jumpstart the economy during deflationary periods.

Hell or High Water Contract

A non-cancelable contract whereby the purchaser must make the specified payments to the seller, regardless of any difficulties they may encounter.

Household Income

Household income is the combined gross income of all the members of a household who are 15 years or older. Individuals do not have to be related in any way to be considered members of the same household. Household income is an important risk measure used by lenders for underwriting loans, as well as a useful economic indicator of an area's standard of living.

Housing and Economic Recovery Act (HERA)

The HERA was ultimately intended to renew public faith in Fannie Mae and Freddie Mac. It allowed states to refinance subprime loans with mortgage revenue bonds, and created the Federal Housing Finance Agency (FHFA).

Housing Authority Bonds

A short-term or long-term bond issued by state or local governments to help finance the construction or rehabilitation of affordable rental housing. Under certain programs, the proceeds from Housing Authority bonds may also be used to help low-income individuals and families purchase a home. The interest received by investors in these bonds is generally exempt from federal, state, and local income taxes.

Housing Bonds

Debt securities issued by state or local governments to raise money for affordable housing development. Housing bonds sometimes require voter approval and are repaid out of the government's general tax fund or from an increase in the sales tax rate, income tax rate or property tax rate.

Housing Bubble

A housing bubble is a run-up in housing prices fueled by demand, speculation and exuberance. Housing bubbles usually start with an increase in demand, in the face of limited supply, which takes a relatively long period of time to replenish and increase. Speculators enter the market, further driving demand. At some point, demand decreases or stagnates at the same time supply increases, resulting in a sharp drop in prices -- and the bubble bursts.

Housing Choice Voucher Program

The Housing Choice Voucher Program helps families with very low incomes rent or buy safe housing. Local Public Housing Agencies (PHAs) issue housing choice vouchers to qualified families who may choose to use their vouchers for dwellings including single-family houses, townhomes or apartments. They are not limited to subsidized housing projects.

Housing Expense Ratio

A ratio comparing housing expenses to before-tax income that is used by lenders to qualify borrowers for a mortgage. The housing expense measure includes mortgage principal, interest payments, property taxes, hazard insurance, mortgage insurance and association fees.

Housing Policy Council (HPC)

A subsidiary of the Financial Services Roundtable, formed in 2003, in recognition of the fact that many roundtable members are directly involved in providing mortgage credit to American consumers. The Housing Policy Council (HPC) is a strong lobbying force in D.C., weighing in on numerous housing and mortgage-related topics including federal home loan bank modernization efforts, government sponsored enterprise (GSE) regulatory reform, uniform national financial standards, home mortgage disclosure act (HMDA) data standards and reporting, low-income housing tax credit, the mortgage interest deduction, mortgage revenue bonds and many more.

I

Interest

Interest is the charge for the privilege of borrowing money, typically expressed as annual percentage rate. Interest can also refer to the amount of ownership a stockholder has in a company, usually expressed as a percentage.

Interest Cost

Interest cost is one measure of loan economics. However, other measures such as lender fees and loan closing costs, tax benefits and consequences, principal reduction, and opportunity costs in the form of re-investment rates should also be included in a thorough analysis of loan choices.

Interest Coverage Ratio

The interest coverage ratio is a debt ratio and profitability ratio used to determine how easily a company can pay interest on its outstanding debt. The interest coverage ratio may be calculated by dividing a company's earnings before interest and taxes (EBIT) during a given period by the company's interest payments due within the same period.

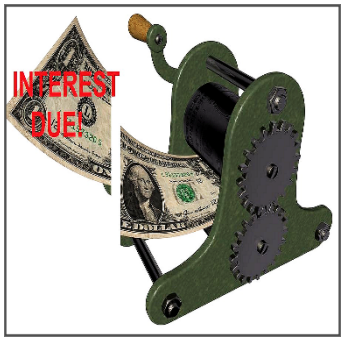
Interest Deduction

A deduction for taxpayers who pay certain types of interest. Interest deductions reduce the amount of income subject to tax. The two main types of interest deductions are for home mortgage and home equity loan interest, and margin account interest. These deductions are allowed primarily to encourage home ownership and investment activity. Other interest deductions can come from the interest paid on student loans.

Interest Due

The portion of a current mortgage payment that is comprised of interest on the remaining principal amount. In a standard amortizing mortgage, the first payments will go mainly toward interest

due, with only a small percentage of the payment going toward reducing the principal amount. When the next monthly payment comes around, the interest due will be calculated on the updated principal amount, which will have decreased slightly from the prior month's payment.



Interest Equalization Tax

A federal levy on the purchase price on foreign stocks and bonds bought by Americans. The interest equalization tax (IET) was established in 1963 and eliminated in 1974. It was designed to decrease the U.S. balance of payments deficit by discouraging investment in foreign securities and encouraging investment in domestic securities.

Interest Expense

An interest expense is the cost incurred by an entity for borrowed funds. Interest expense is a non-operating expense shown on the income statement. It represents interest payable on any borrowings – bonds, loans, convertible debt or lines of credit. It is essentially calculated as the interest rate times the outstanding principal amount of the debt.

Interest Only (IO) Strips

Interest only (IO) strips are the interest portion of mortgage, Treasury or bond payments, which is separated and sold individually from the principal portion of those same payments. The periodic payments of several bonds can be "stripped" to form synthetic zero-coupon bonds.

Interest Rate

Interest rate is the amount charged, expressed as a percentage of principal, by a lender to a borrower for the use of assets. Interest rates are typically noted on an annual basis, known as the annual percentage rate (APR). The assets borrowed could include cash, consumer goods, and large assets such as a vehicle or building.

Interest Rate Call Option

An interest rate derivative in which the holder has the right to receive an interest payment based on a variable interest rate, and then subsequently pays an interest payment based on a fixed interest rate. If the option is exercised, the investor who sells the interest rate call option will make a net payment to the option holder.

Interest Rate Cap Structure

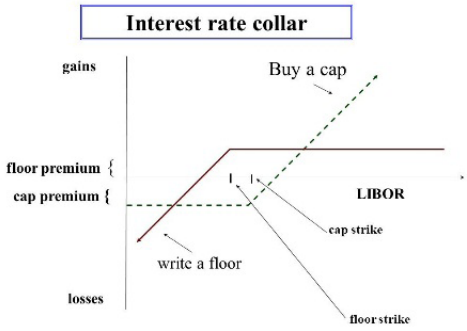
Limits to the interest rate on an adjustable-rate loan - frequently associated with a mortgage. There are several different types of interest rate cap structures including an initial, periodic and lifetime interest rate cap structure. The initial cap is a value that limits by what amount the interest can adjust at the mortgage's first interest rate adjustment date. The period cap is a value that limits by what amount the interest rate can adjust at each subsequent adjustment date.

Interest Rate Ceiling

The maximum interest rate that a financial institution can charge a borrower for an adjustable rate mortgage or loan according to the contractual terms of the mortgage or loan. This interest rate is expressed as an absolute percentage.

Interest Rate Collar

An interest rate collar is an investment strategy that uses derivatives to hedge an investor's exposure to interest rate fluctuations. The investor purchases an interest rate ceiling for a premium, which is offset by selling an interest rate floor. This strategy protects the investor by capping the maximum interest rate paid at the collar's ceiling, but sacrifices the profitability of interest rate drops.



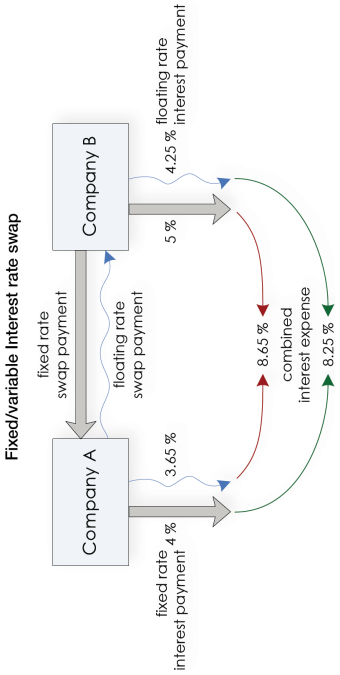
If cap premium = floor premium, it is zero-cost collar

Interest Rate Risk

The interest rate risk is the risk that an investment's value will change due to a change in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve, or in any other interest rate relationship. Such changes usually affect securities inversely and can be reduced by diversifying (investing in fixed-income securities with different durations) or hedging (such as through an interest rate swap).

Interest Rate Swap

An interest rate swap is an agreement between two counterparties in which one stream of future interest payments is exchanged for another based on a specified principal amount. Interest rate swaps usually involve the exchange of a fixed interest rate for a floating rate, or vice versa, to reduce or increase exposure to fluctuations in interest rates or to obtain a marginally lower interest rate than would have been possible without the swap.



Interest Sensitive Assets

Interest sensitive assets are assets held by a bank that are vulnerable to changes in interest rates. This change can occur either when the asset matures or when it is repriced according to an index rate. The value of these assets is adjusted according to the rise or fall of a published rate or index

Interest Sensitive Liabilities

Any type of short-term deposit held by a bank that pays a variable rate of interest to the customer. Interest sensitive liabilities make up a significant amount of the assets of most banks. These liabilities include money market certificates, savings accounts and the Super NOW account.

Interest Sensitive Stock

Any stock with a price that is extremely sensitive to changes in interest rates. Interest sensitive stocks are shares that will see large price changes relative to small movements in the risk free rate. Stocks with large betas, which gauge a stock's price movement relative to the overall market, often will be quite rate sensitive, since, as the capital asset pricing model suggests, stocks with a large beta will see bigger swings when the risk free rate moves.

Interest Shortfall

Any interest that has not been paid after the loan payments have been paid. An interest shortfall occurs when the loan accrues interest that has not been figured into the actual immediate payment. Adjustable-rate mortgages have interest shortfalls if their payments or interest rates are capped, leading to negative amortization.

Interest-Crediting Methods

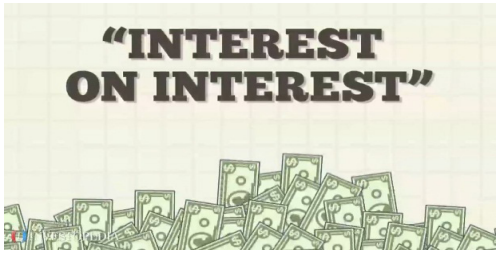
A credit method that determines how interest changes to a fixed index annuity are measured. The interest-crediting method chosen measures the amount of interest that the annuity holder can receive over a specific time period.

Interested Shareholder

A shareholder or association with beneficial ownership, whether direct or indirect, of enough voting stock to affect company decisions.

Interest-On-Interest

The interest that is earned upon the re-investment of interest payments. Interest-on-interest is primarily used in the context of coupon paying bonds, where all coupon payments are assumed to be re-invested at some interest rate and held until the bond matures, or when the bond is sold.



Interest-Only ARM

An adjustable-rate mortgage (ARM) with an initial interest-only payment period. During the interest-only period, only the calculated interest must be paid; no principal must be repaid. The length of the interest-only period varies with each mortgage type. After the interest-only period, the mortgage must amortize so that the mortgage will be paid off by the end of its original term. This means that monthly payments must increase substantially after the initial interest-only period lapses.

Interest-Only Mortgage

A type of mortgage in which the mortgagor is only required to pay off the interest that arises from the principal that is borrowed. Because only the interest is being paid off, the interest payments remain fairly constant throughout the term of the mortgage. However, interest-only mortgages do not last indefinitely, meaning that the mortgagor will need to pay off the principal of the loan eventually.

Interest-Rate Derivative

An interest-rate derivative is a financial instrument with a value that increases and decreases based on movements in interest rates. Interest-rate derivatives are often used as hedges by institutional investors, banks, companies and individuals to protect themselves against changes in market interest rates, but they can also be used to increase or refine the holder's risk profile.

Interim CEO

An interim CEO is a person appointed by a company's board of directors to assume the role of chief executive officer during a time of transition or as the result of the sudden departure of the company's previous CEO. These CEOs are tagged with the "interim" tag because they have not officially been given the title of full-time CEO. However, they assume full responsibility of the CEO role while in the position. Interim CEOs are often called upon to "steady the ship" in periods of great turmoil.

Interim Dividend

An interim dividend is a dividend payment made before a company's AGM and final financial statements. This declared dividend usually accompanies the company's interim financial statements. This is used more frequently in the United Kingdom, where it is usual for dividend payments to occur semi-annually. The interim dividend is generally the smaller of the two payments made to shareholders.

Interim Statement

A public financial report covering a period of less than one year. An interim statement is used to convey the performance of a company before the end of the year. Unlike annual statements, interim statements do not have to be audited.

Interlisted Stock

A security that is listed on multiple stock exchanges. An interlisted stock could be a stock that trades on the New York Stock Exchange (NYSE) and the Toronto Stock Exchange (TSX).

J

Joint Account

A joint account is a bank or brokerage account that is shared between two or more individuals. Joint accounts are most likely to be used between relatives, couples or business partners who have a level of familiarity and trust for each other, as this type of account typically allows anyone named on the account to access funds within it.

Joint Credit

Joint credit is credit issued to two or more people, based on their combined incomes, assets and credit histories. Joint credit can be issued to multiple individuals or organizations. The parties involved share responsibility for repaying the debt.

Joint Probability

A joint probability is a statistical measure where the likelihood of two events occurring together and at the same point in time are calculated. Joint probability is the probability of event Y occurring at the same time event X occurs.

Joint Return

A U.S. income tax return filed on behalf of a married couple, resulting in a combined tax liability. Married taxpayers can choose to file two separate tax returns or a joint tax return. The joint return is often referred to as married filing jointly (MFJ). In order to file a joint return in any given year, the couple must be legally married on or before the last day of the year, and both spouses must agree to file a joint return.

Joint Return Test

One of the tests administered by the IRS that potential dependents must pass in order to be claimed as such by another taxpayer. The joint return test stipulates that no dependent can file a joint return with a spouse and still be claimed as a dependent on someone else's return, such as that of a parent or guardian. There are, however, exceptions to this rule.

Joint Stock Company

A joint stock company is an organization that falls between the definitions of a partnership and corporation in terms of shareholder liability. In the United States, shareholders of joint stock companies have unlimited liability for company debts, but in the United Kingdom, shareholder liability is limited to the nominal value of shares held by each shareholder.

Joint Supply

A joint supply is an economic term referring to a product or process that can yield two or more outputs. Common examples occur within the livestock industry: cows can be utilized for milk, beef and hide; sheep can be utilized for meat, wool and sheepskin. If the supply of cows increases, so will the supply of dairy and beef products.

Joint Tenancy

A type of property right where two or more people own or rent a property together, each with equal rights and obligations, until one owner dies. Upon an owner's death, that owner's interest in the property passes to the survivors without the property having to go through probate.

Joint Tenants in Common (JTIC)

Joint tenants in common (JTIC) is a type of brokerage account which is owned by at least two people with no rights of survivorship afforded to any of the account holders.

Joint Tenants with Right of Survivorship (JTWROS)

Joint tenants with right of survivorship (JTWROS) is a type of brokerage account owned by at least two people, where all tenants have an equal right to the account's assets and are afforded survivorship rights in the event of the death of another account holder.

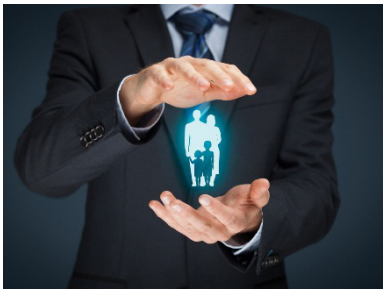
Joint Venture (JV)

A joint venture (JV) is a business arrangement in which two or more parties agree to pool their resources for the purpose of accomplishing a specific task. This task can be a new project or any other business activity. In a joint venture (JV), each of the participants is responsible for profits, losses and costs associated with it. However, the venture is its own entity, separate and apart from the participants' other business interests.

Joint-Life Payout

One of two options normally available for retirees to choose as the method of payout for their employee retirement benefits. The joint-life payout option allows the retiree to receive benefits during the remainder of his/her life and guarantees income for another person

after he/she has died, most often this other person is the retiree's spouse. Unless the retiree's statements explicitly states the joint-life payout, the default payout option is the single-life option.



Jointly and Severally

Jointly and severally is a legal term describing the liability of a group of people bound together by an agreement. It is most often seen in the context of a loan. The term is also used in underwriting syndicates to refer to the distinct responsibility of individual companies to sell a certain portion of unsold new issue.

Jonestown Defense

A defensive strategy by which the target company engages in an activity that might actually ruin the company rather than prevent the hostile takeover. Also known as a "suicide pill."

Judge Business School

The business school at Cambridge University. The Judge school is a division of the business faculty of the university. JBS is one of the leading providers of innovative executive management education in a creative and challenging environment, and offers programs in many disciplines ranging from undergraduate studies to Ph.D. courses.

Judgment

A court order to the loser of a lawsuit to pay the winner a specified sum of money. If someone has been harmed in some way, they will seek to resolve the dispute in court and collect damages by filing a lawsuit. Judgments are usually monetary, but can also be nonmonetary. The judgment might force a contractor to complete a job, for example, rather than pay money.

Judgment Lien

A judgment lien is a court ruling that gives a creditor the right to take possession of a debtor's real property if the debtor fails to fulfill his or her contractual obligations. A judgment lien may be made against an individual or business and allows the creditor to access the debtor's business, personal property and real estate, among other assets, to pay the judgment. A plaintiff who obtains a monetary judgment is described as a "judgment creditor," while the defendant becomes a "judgment debtor."

Judgmental Credit Analysis

A method of approving or denying credit based on the lender's judgment rather than on a particular credit scoring model. Judgmental credit analysis entails evaluating the borrowers application and using prior experience dealing with similar applicants to determine credit approval. This process avoids using any algorithms or empirical process to determine approvals.

Judicial Foreclosure

Foreclosure proceedings in which a mortgage lacks the power of sale clause. In such an instance, many states require the foreclosure to be processed through the state's courts. If the court confirms that the debt is in default, an auction is held for the sale of the property in order to acquire funds to repay the lender.

Judo Business Strategy

Judo business strategy is a plan for managing a company by using speed and agility to mitigate the effect of its competitors, as well as to anticipate and take advantage of changes in the market through new product offerings. The judo business strategy consists of three components: Movement (using the smaller size to act quickly and neutralize a larger competitor's advantages), balance (to absorb and counter the competitor's moves) and leverage (using the competitor's strengths against it).

Junior Accountant

An entry-level position in an accounting department. A college degree in accounting is usually a prerequisite for this position. Other desirable attributes include mathematical aptitude and analytical ability. A junior accountant would usually be supervised by a senior accountant or accounting manager. Duties and responsibilities vary with the organization, but generally include posting journal entries, updating financial statements, preparing monthly financial reports, calculating payroll taxes, auditing and maintaining accounts receivable and payable.

Junior Capital Pool (JCP)

A corporate structure whereby companies can issue shares to the public before actually establishing a line of business. The purpose of such a capital structure was to provide an easy way for early-stage companies to raise capital. With a minimum investment from founders of $100,000, the junior capital pool company could get a listing and exposure to public markets.

Junior Debt

Junior debt is debt that is either unsecured or has a lower priority than of another debt claim on the same asset

or property. It is a debt that is lower in repayment priority than other debts in the event of the issuer's default. Junior debt is usually an unsecured form of debt, meaning there is no collateral behind the debt.

Junior Equity

Junior equity refers to equity that ranks lower than some other form of equity. It normally refers to the common stock in a company because it is subordinate to preferred stock. Common stock ranks behind preferred stock in its claim on company dividends because dividends on preferred stock must be paid before any dividends are paid to common stock.

Junior Issue

A corporate security that ranks lower in claim to another corporate security in terms of dividends, interest or principal repayment if the company goes out of business. Junior issues can be in the form of debt or equity. A junior issue is the opposite of a senior issue, which has priority if a company liquidates.

Junior Mortgage

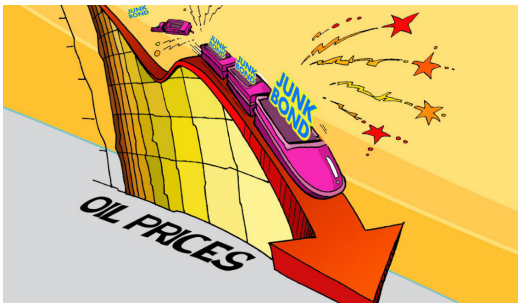
A mortgage that is subordinate to a first or prior (senior) mortgage. A junior mortgage often refers to a second mortgage, but it could also be a third or fourth mortgage. In the case of foreclosure, the senior mortgage will be paid down first.

Junior Security

A security that ranks lower than other securities in regards to the owner's claims on assets and income in the event of the issuer becoming insolvent.

Junk Bond

A junk bond refers to high-yield or noninvestment-grade bonds. Junk bonds are fixed-income instruments that carry a credit rating of BB or lower by Standard & Poor's, or Ba or below by Moody's Investors Service. Junk bonds are so called because of their higher default risk in relation to investment-grade bonds.



Junk Fees

Nebulous charges assessed at the closing of a mortgage that go to the originator or lender. These fees are hidden in the mortgage documents and are usually assessed as raw dollars rather than "points" or a percentage of the loan. Junk fees may or may not pay for an actual service to the borrower, but they typically are not known to the borrower prior to signing. Some common fees that may be considered junk fees include settlement fees, sign-up fees, underwriting fees, funding fees, translation fees and messenger fees.

Jurisdiction Risk

The risk that arises when operating in a foreign jurisdiction. In recent times,

jurisdiction risk has focused on banks and financial institutions who are exposed to the risk that some of the countries where they operate may be high-risk areas for money laundering and terrorism financing.

Jurisdiction risk can also refer to when laws unexpectedly change in a jurisdiction an investor has exposure to.

Just Compensation

Just compensation refers to compensation individuals receive when their property gets seized by the government for public use. For example, when the national highway system was constructed in the 1950s, many homeowners had their property seized because the government wanted the land to build the interstate highway system. The just compensation remedy is provided by the Fifth Amendment's takings clause and is usually considered to be fair market value. However, what the government considers just compensation may not be regarded as such by the person whose property is seized. The government's power to take private property for public use if referred to as "eminent domain."

Just In Case (JIC)

Just in case (JIC) is an inventory strategy in which companies keep large inventories on hand. This type of inventory management strategy aims to minimize the probability that a product will sell out of stock. A company practicing this strategy essentially incurs higher inventory holding costs in return for a reduction in the number of sales lost due to sold out inventory.

Just In Time (JIT)

Just-in-time (JIT) is an inventory strategy companies employ to increase efficiency and decrease waste by receiving goods only as they are needed in the production process, thereby reducing inventory costs. This method requires producers to forecast demand accurately.

Justified Complaint (Home Insurance)

A formal complaint made against a home insurance company that is found in violation of the insurance contract it entered into with the policyholder. A justified complaint ensues when an insured has a valid concern in the way the insurer conducts and manages its businesses and upholds its contract agreements.

Justified Wage

A justified wage refers to income determined by market dynamics, work experience, education and skill. Justified wage is the wage level that is high enough to attract workers but low enough to enable employers to offer employment. The divergence between a justified wage and minimum wage may depend on several factors including the state of the economy and level of unemployment.

K

Kangaroo bond

The term kangaroo bond refers to an indenture issued in Australia, in Australian dollars, by a foreign bank or corporation. Kangaroo bonds are issued when a corporation wishes to raise capital from investors located in Australia. In the Australian market, a type of foreign bond that is issued by non-Australian firms. These bonds are denominated in Australian currency and are also subject to Australian regulations and laws. These types of bonds are used to provide issuers with the ability to raise capital by giving them access to capital markets outside of their own.

Kansas City Fed Manufacturing Survey

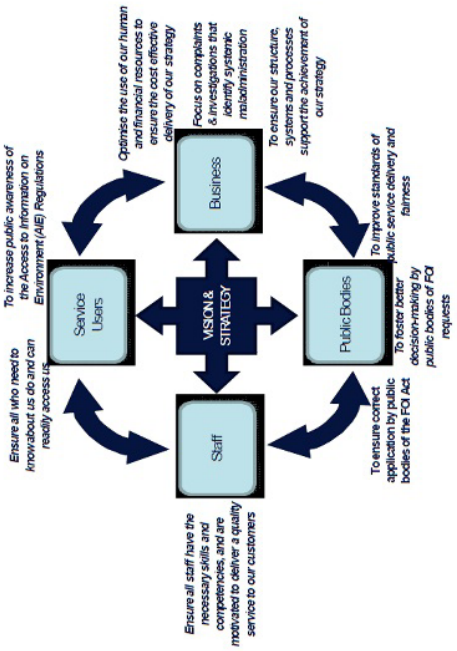
A survey of 300 manufacturing firms located in the 10th Federal Reserve District, which includes Colorado, Kansas, Nebraska, Oklahoma, Wyoming, western Missouri, and northern New Mexico, that gives data about manufacturing trends. The survey is a good indicator of current manufacturing conditions and near-term expectations. It is particularly helpful in providing an early indication of price changes and ordering patterns. Index values greater than zero generally suggest expansion, while values less than zero indicate contraction. This survey typically has little impact in the financial markets, but it can be useful to either confirm or discredit trends seen in the monthly ISM Index. The Kansas City Fed Manufacturing Survey particularly has a stronger role when the Federal Reserve Board is focusing on manufacturing as an important variable to gauge economic strength.

Key account management

Key account management (KAM) defines full relationship between your business and the customers you are selling to. It describes the individual approach of sales people to their customers in order to create long everlasting business relationship.

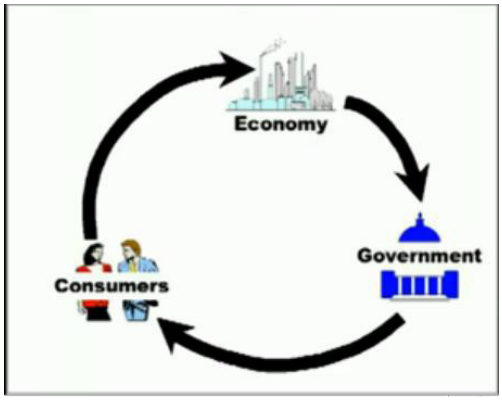
Key performance indicator (KPI)

A Key Performance Indicator is a measurable value that demonstrates how effectively a company is achieving key business objectives. Organizations use KPIs at multiple levels to evaluate their success at reaching targets. High-level KPIs may focus on the overall performance of the enterprise, while low-level KPIs may focus on processes in departments such as sales, marketing or a call center.



Keynesian economics

Keynesian economics is an economic theory of total spending in the economy and its effects on output and inflation. Keynesian economics was developed by the British economist John Maynard Keynes during the 1930s in an attempt to understand the Great Depression. Keynes advocated increased government expenditures and lower taxes to stimulate demand and pull the global economy out of the depression. Subsequently, Keynesian economics was used to refer to the concept that optimal economic performance could be achieved -- and economic slumps prevented -- by influencing aggregate demand through activist stabilization and economic intervention policies by the government. Keynesian economics is considered a "demand-side" theory that focuses on changes in the economy over the short run.



L

Labor

The labor costs associated with making goods to be sold. This labor is part of the cost of sales, part of the manufacturing and assembly. The row heading refers to fulfillment costs as well, for service companies.

Laggards

One type of adopter in Everett Rogers' diffusion of innovations framework describing the risk adverse group that follows the late majority that is generally not interested in new technology and are the last group of customers to buy.

Laissez-faire

Laissez-faire, (French: "allow to do"), policy of minimum governmental interference in the economic affairs of individuals and society. The origin of the term is uncertain, but folklore suggests that it is derived from the answer Jean-Baptiste Colbert, controller general of finance under King Louis XIV of France, received when he asked industrialists what the government could do to help business: "Leave us alone." The doctrine of laissez-faire is usually associated with the economists known as Physiocrats, who flourished in France from about 1756 to 1778. The policy of laissez-faire received strong support in classical economics as it developed in Great Britain under the influence of economist and philosopher Adam Smith.

Later Stage Financing

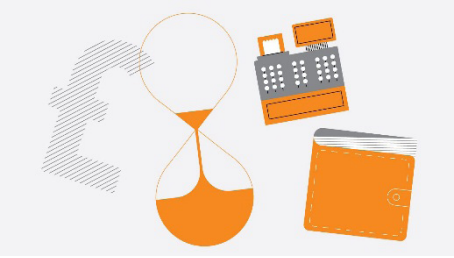
Private equity financing for the expansion of a company which is producing, shipping or increasing its sales volume.

Leasehold

Leasehold is an accounting term used to classify an asset on a company's balance sheet that is leased. In order to be classified as a leased asset, the firm must enter into a lease agreement that is an operating lease, and not a capital lease.

Legal Fees

These fees covers the aspects associated with the conveyance of your mortgage. The amount can vary greatly depending on the complexity of the application.



Lender

This is the entity that is lending the money for the mortgage, for example, a bank or building society.

Leveraged Build-Ups (LBUs)

In an LBU a private equity investor consolidates several companies in a fragmented industry into a single company that has the potential to become a regional or national leader. LBUs are known as "roll-ups" or "platform investing". As one large entity, a roll-up of several companies can theoretically achieve higher earnings than the sum of the separate companies due to economies of scale and greater access to financing.

Leveraged buy-out

A leveraged buyout (LBO) is a financial transaction in which a company is purchased with a combination of equity and debt, such that the company's cash flow is the collateral used to secure and repay the borrowed money. The use of debt, which has a lower cost of capital than equity, serves to reduce the overall cost of financing the acquisition. The cost of debt is lower because interest payments reduce corporate income tax liability, whereas dividend payments do not. This reduced cost of financing allows greater gains to accrue to the equity, and, as a result, the debt serves as a lever to increase the returns to the equity. The term LBO is usually employed when a financial sponsor acquires a company. However, many corporate transactions are partially funded by bank debt, thus effectively also representing an LBO. LBOs can have many different forms such as management buyout (MBO), management buy-in (MBI), secondary buyout and tertiary buyout, among others, and can occur in growth situations, restructuring situations, and insolvencies. LBOs mostly occur in private companies, but can also be employed with public companies (in a so-called PtP transaction – Public to Private).

Liability

A liability is a company's financial debt or obligations that arise during the course of its business operations.

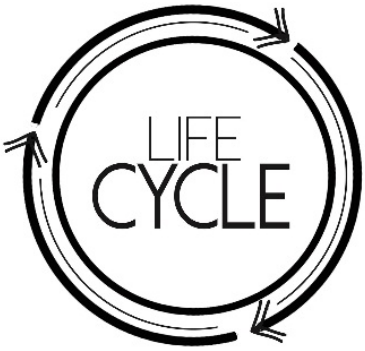
Liabilities are settled over time through the transfer of economic benefits including money, goods or services. Recorded on the right side of the balance sheet, liabilities include loans, accounts payable, mortgages, deferred revenues and accrued expenses. Liabilities are a vital aspect of a company because they are used to finance operations and pay for large expansions. They can also make transactions between businesses more efficient. For example, in most cases, if a wine supplier sells a case of wine to a restaurant, it does not demand payment when it delivers the goods. Rather, it invoices the restaurant for the purchase to streamline the drop-off and make paying easier for the restaurant. The outstanding money that the restaurant owes to its wine supplier is considered a liability. In contrast, the wine supplier considers the money it is owed to be an asset.

LIBOR

LIBOR or ICE LIBOR (London Interbank Offered Rate) is a benchmark rate, which some of the world's leading banks charge each other for short-term loans. It stands for Intercontinental Exchange London Interbank Offered Rate and serves as the first step to calculating interest rates on various loans throughout the world. LIBOR is administered by the ICE Benchmark Administration (IBA), and is based on five currencies: U.S. dollar (USD), Euro (EUR), pound sterling (GBP), Japanese yen (JPY), and Swiss franc (CHF). The LIBOR serves seven different maturities: overnight, one week, and 1, 2, 3, 6 and 12 months. There are a total of 35 different LIBOR rates each business day. The most commonly quoted rate is the three-month U.S. dollar rate (usually referred to as the "current LIBOR rate").

Life cycle

A model depicting the sales volume cycle of a single product, brand, service or a class of products or services over time described in terms of the four phases of introduction, growth, maturity and decline.



Limited (public) company (AUS)

(Australia) A public Limited Company is one where the right to transfer shares and the number of members is not limited. In addition, the company may invite the public to subscribe for its shares and, to deposit money with the company.

Limited Company Buy to Let Mortgage

This is a mortgage application that has been made by a limited company instead of in a personal name (or names). The company could be either an SPV or Trading Limited Company, but SPVs are usually preferred. Lenders typically require Personal Guarantees from the company directors and major shareholders when arranging this type of mortgage.

Limited Liability Company (LLC)

The LLC form is different for different states, with some real advantages in some states that aren't relevant in others. An LLC is usually a lot like an S corporation, a combination of some limitation on legal liability and some favorable tax treatment for profits and transfer of assets. This is a newer form of legal entity, and often harder to establish than a corporation. Why would you establish an LLC instead of a corporation? That's a tough legal question, not one we can answer here. In general, the LLC has to be missing two of the four characteristics of a corporation (limited liability, centralized management, continuity of life, and free transferability of ownership interest). Still, with the advisability and advantages varying from state to state, here again, this is a question to take to a good local attorney with small business experience.

Limited liability partnership (U.S., UK, Japan)

A form of business organization combining elements of partnerships and corporations, in which both managing and non-managing partners are protected from liability to some degree, and have a different tax liability than in a corporation. Although this form of business is available in the U.S., the UK, and Japan, legal details of forming and operating such a company vary from one country to another, and by state within the U.S.

Limited Partnership (LP)

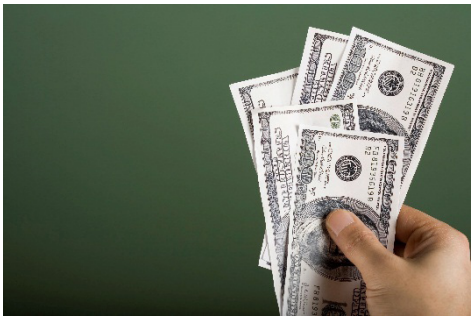
Most private equity firms structure their funds as limited partnerships. Investors represent the limited partners and private equity managers the general partners. Australian private equity funds are often structured as unit trusts.

Line of Credit

An agreement allowing a borrower the ability to withdraw money from an account up to an approved limit.

Liquid asset

A liquid asset is an asset that can be converted into cash quickly, with minimal impact to the price received in the open market. Liquid assets include money market instruments and government bonds. The foreign exchange market is deemed to be the most liquid market in the world because trillions of dollars exchange hands each day, making it impossible for any one individual to influence the exchange rate.



Liquidate

Liquidate means to convert assets into cash or cash equivalents by selling them on the open market. Liquidate is also a term used in bankruptcy procedures in which an entity chooses or is forced by a legal judgment or contract to turn assets into a "liquid" form (cash). In finance, an asset is an item that has value.

Liquidation

The process of winding up an insolvent company. An appointed administrator will do this by ceasing business operations, selling assets, and paying creditors and shareholders.

Liquidity

Liquidity means how quickly you can get your hands on your cash. In simpler terms, liquidity is to get your money whenever you need it.

Liquidity Premium

Liquidity premium is a premium demanded by investors when any given security cannot be easily converted into cash for its fair market value. When the liquidity premium is high, the asset is said to be illiquid, and investors demand additional compensation for the added risk of investing their assets over a longer period of time since valuations can fluctuate with market effects.

Liquidity support vehicle

Mechanism that allows investors in illiquid assets to quickly convert their holdings into cash if they wish.

Listed Asset

A listed asset is anything owned by a company that is accounted for by their balance sheet. A potential asset is something that might be owned by a company in the future.

Listed debt

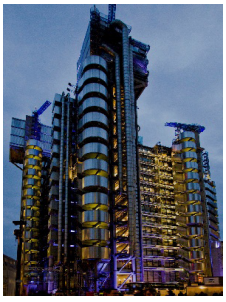
Debt traded on an active exchange. Listed debt can include corporate bonds and hybrids.

Listed property

Constitutes shares in property companies or units in property trusts listed on the Australian Stock Exchange. Examples are Centro Properties Limited and the Westfield Trust.

Lloyd's of London

A British insurance market where members join hands as syndicates to insure and spread risks of different businesses, organizations and individuals. The syndicates are specialized in different types of risks and each syndicate decides which type of risk to insure. Its main purpose is to act as an intermediary between clients, underwriters, brokers and insurance companies.



Loan

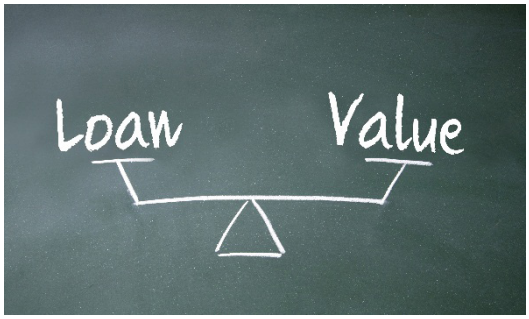
A finance agreement where a business borrows money from a lender and pays it back in instalments (plus interest) within a specified period of time.

Loan to Income Ratio (LTI)

Also known as debt-to-income ratio (DTI) is one way lenders (including mortgage lenders) measure an individual's ability to manage monthly payment and repay debts. LTI/DTI is calculated by dividing total recurring monthly debt by gross monthly income, and it is expressed as a percentage.

Loan-to-Value (LTV) ratio

The loan-to-value ratio (LTV ratio) is a lending risk assessment ratio that financial institutions and others lenders examine before approving a mortgage. Typically, assessments with high LTV ratios are generally seen as higher risk and, therefore, if the mortgage is approved, the loan generally costs the borrower more to borrow. Additionally, a loan with a high LTV ratio may require the borrower to purchase mortgage insurance to offset the risk to the lender.



Lock-up

A provision in the underwriting agreement between an investment bank and existing shareholders that prohibits corporate insiders and private equity investors from selling at the time of the offering.

London Stock Exchange

The London Stock Exchange (LSE) is a stock exchange located in the City of London, England. As of December 2014, the Exchange had a market capitalization of US$6.06 trillion (short scale), making it the third-largest stock exchange in the world by this measurement (the largest in Europe ahead of Euronext). The Exchange was founded in 1801 and its current premises are situated in Paternoster Square close to St Paul's Cathedral in the City of London. The

Exchange is part of the London Stock Exchange Group.

Long term investment

A long-term investment is an account on the asset side of a company's balance sheet that represents the company's investments, including stocks, bonds, real estate and cash, that it intends to hold for more than a year. The long-term investment account differs largely from the short-term investment account in that the short-term investments will most likely be sold, whereas the long-term investments may never be sold.

Long-term assets

Long-term assets are the value of a company's property, equipment and other capital assets, minus depreciation. This is reported on the balance sheet. Be aware that long-term assets are usually recorded at the price at which they were purchased and do not always reflect the current value of the asset.

Long-term interest rate

The long-term interest rate statistics for the Member States refer to the monthly average interest rates for long-term government bonds issued by each country, where applicable, quoted as percentages per annum.

Long-term liabilities

This is the same as long-term loans. Most companies call a debt long-term when it is on terms of five years or more.

Loss

Loss is an accounting concept, the exact opposite of profit, normally the bottom line of the Income Statement, which is also called Profit or Loss statement. Start with sales, subtract all costs of sales and all expenses, and that produces profit before tax. Subtract tax to get net profit. If the end result is negative, then instead of profit it is called loss.

Loyalty programs

Activities designed to encourage repeat purchasing through a formal program enrollment process and the distribution of benefits. Loyalty programs may also be referred to as frequency marketing.

M

"Macro"

Usually in reference to economics. The study of economic aggregates and their relationships to, for example, money, employment, interest rates, government spending, investment and consumption.

Macroeconomics

Macroeconomics is a branch of the economics field that studies how the aggregate economy behaves. In macroeconomics, a variety of economy-wide phenomena is thoroughly examined such as, inflation, price levels, rate of growth, national income, gross domestic product and changes in unemployment.

Managed fund

A managed fund pools together investors' money into a professionally managed investment portfolio that is built and run by a specialist fund manager. The fund's strategy can be based around different asset classes, such as shares, property or fixed interest, or around a particular objective, such as growth or income. When investors buy into a managed fund, they are allocated a number of 'units'. The value of units will change as the market value of the assets in the fund rise and fall.

Management Buy-In (MBI)

A management buy-in (MBI) is a corporate action in which an outside manager or management team purchases a controlling ownership stake in an outside company and but leaves the existing management team in place. This type of action can occur when a company appears to be undervalued or poorly managed. Management buy-in is also used in a non-financial sense to refer to situations in which employees of a company want to obtain support from management for an idea or project. When management buys in, they have thrown their support behind an idea, which typically makes moving forward with it much easier for employees.

Management Buy-Out (MBO)

A management buyout (MBO) is a transaction where a company's management team purchases the assets and operations of the business they manage. A management buyout (MBO) is appealing to professional managers because of the greater potential rewards from being owners of the business rather than employees. MBOs are favored exit strategies for large corporations who wish to pursue the sale of divisions that are not part of their core business, or by private businesses where the owners wish to retire. The financing required for an MBO is often quite substantial, and is usually a combination of debt and equity that is derived from the buyers, financiers and sometimes the seller.

Management Fee

A management fee is a charge levied by an investment manager for managing an investment fund. The management fee is intended to compensate the managers for their time and expertise for selecting stocks and managing the portfolio. It can also include other items such as investor relations expenses and the administration costs of the fund.

Manufacturer's agent

An agent who typically operates on an extended contractual basis, often sells in an exclusive territory, offers non-competing but related lines of goods, and has defined authority regarding prices and terms of sale.

Manufacturing output

The industrial output is the total output of all the facilities producing goods within a country. The manufacturing output, the output of all factories in a country, is a sub-set of industrial output. Manufacturing production refers to the total production output from industries that consists of producing goods in factories or plants for a specific time period.

Margin Call

When the value of a property or asset falls below a certain LVR. For higher risk loans such as margin loans, the lender will request further payment to bring the LVR back to the agreed percentage. See also Loan to value ratio (LVR).

Margin

Margin is the difference between a product or service's selling price and its cost of production or to the ratio

between a company's revenues and expenses. It also refers to the amount of equity contributed by an investor as a percentage of the current market value of securities held in a margin account. Margin is the portion of the interest rate on an adjustable-rate mortgage added to the adjustment-index rate.

Mark Down

A discount applied to a product during a promotion/sale for the purposes of attracting sales or for shifting surplus/ discontinued products.

Mark Up

The amount added to the cost price of goods, to help determine a selling price. Essentially it is the difference between the cost of the good/service and the selling price, but it does not take into account what proportion of the amount is profit.

Market development funds

A market development fund (MDF) is a resource that a vendor grants to its indirect sales channel partners to help the channel with sales and marketing activities. The fund may be monetary or knowledge-based. For example, a vendor may allocate financial incentives to a channel partner that has achieved a particular membership status within the channel partner programs by meeting the vendor's requirements in terms of revenue and/or certifications. The same vendor may also award financial incentives to a company that has been identified as a potential partner, capable of helping the vendor build business. Knowledge-based resources may include leads and mailing lists or access to the vendor's own marketing resources.

Market development strategy

Market development is a growth strategy that identifies and develops new market segments for current products. A market development strategy targets non-buying customers in currently targeted segments. It also targets new customers in new segments. A market development strategy entails expanding the potential market through new users or new uses. New users can be defined as: new

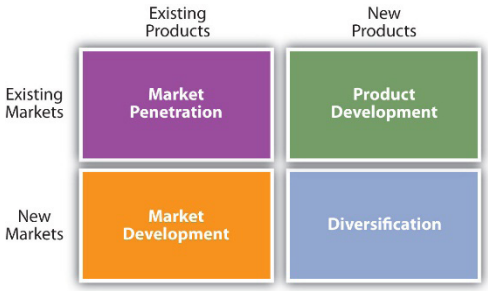
geographic segments, new demographic segments, new institutional segments or new psychographic segments. Another way is to expand sales through new uses for the product. A marketing manager has to think about the following questions before implementing a market development strategy: Is it profitable? Will it require the introduction of new or modified products? Is the customer and channel well enough researched and understood? In high tech, where discontinuous innovation is the norm, a successful market development strategy requires crossing the chasm between the early market and the mainstream.

Market evolution

Changes in primary demand for a product class and changes in technology.

Market penetration strategy

Market penetration is one of the four alternative growth strategies in the Ansoff Matrix. A market penetration strategy involves focusing on selling your existing products or services into your existing markets to gain a higher market share. This is the first strategy most organizations will consider because it carries the lowest amount of risk.



Market plan

Often found within the business plan, the market plan provides details regarding the overall marketing strategy, pricing, sales tactics, service and warranty policies, advertising and promotion and distribution plans for the venture.

Market redefinition

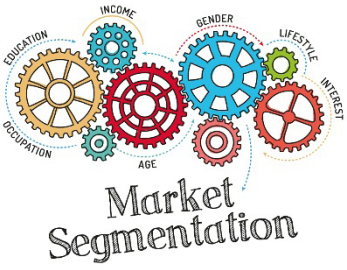
Changes in the offering demanded by buyers or promoted by competitors to enhance its perception and associated sales.

Market sales potential

The maximum level of sales that might be available to all organizations serving a defined market in a specific time period.

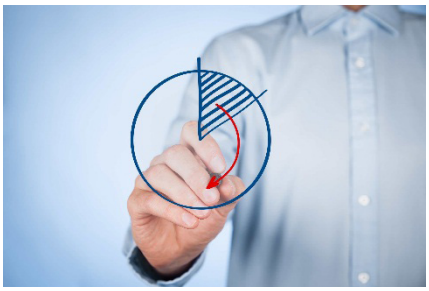
Market segmentation

Market segmentation is the process of dividing a broad consumer or business market, normally consisting of existing and potential customers, into sub-groups of consumers (known as segments) based on some type of shared characteristics. In dividing or segmenting markets, researchers typically look for common characteristics such as shared needs, common interests, similar lifestyles or even similar demographic profiles. The overall aim of segmentation is to identify high yield segments – that is, those segments that are likely to be the most profitable or that have growth potential – so that these can be selected for special attention (i.e. become target markets).



Market share

Market share represents the percentage of an industry or market's total sales that is earned by a particular company over a specified time period. Market share is calculated by taking the company's sales over the period and dividing it by the total sales of the industry over the same period. This metric is used to give a general idea of the size of a company in relation to its market and its competitors.



Market

A market is one of the many varieties of systems, institutions, procedures, social relations and infrastructures whereby parties engage in exchange. While parties may exchange goods and services by barter, most markets rely on sellers offering their goods or services (including labor) in exchange for money from buyers. It can be said that a market is the process by which the prices of goods and services are established. Markets facilitate trade and enable the distribution and resource allocation in a society. Markets allow any trade-able item to be evaluated and priced. A market emerges more or less spontaneously or may be constructed deliberately by human interaction in order to enable the exchange of rights (cf. ownership) of services and goods. Markets generally supplant gift economies and are often held in place through rules and customs, such as a booth fee, competitive pricing, source of goods for sale (local produce or stock registration), and the threat of military or police force if these rules are broken.

Marketing audit

A marketing audit is a comprehensive, systematic, independent, and periodic examination of a company's or a business unit's marketing. It is designed to evaluate marketing assets and activities in the context of market conditions, and use the resulting analysis to aid the firm in planning. An audit should cover both an analysis of the external situation facing the firm and a thorough review of internal marketing goals, strategies, capabilities, processes, and systems, and should result in actionable recommendations for the firm. Auditors use an audit framework to conduct a structured consulting project that identifies ways in which the audited firm can improve its marketing. A key benefit of the audit process is the deep, objective (and iterative) learning and planning process it can generate. Despite the compelling logic of the audit process, it is difficult to tell how widespread marketing audits are in practice, partly because many firms

may engage in elements of an audit (e.g., situation analysis) without calling the process an "audit." While empirical evidence is limited, it suggests that firms can benefit from the auditing process in terms of both planning and performance.

Marketing cost analysis

Marketing cost analysis is another important tool of marketing control. In recent years, business firms all over the world have experienced steep escalations in their marketing and distribution costs. They have found, to their dismay, that increased sales do not necessarily bring them increased profits. Containing marketing and distribution costs has become an imperative for optimizing profits. It has also become an imperative for survival against the growing competition.

Marketing mix

A marketing mix usually refers to E. Jerome McCarthy's four P classification for developing an effective marketing strategy: product, price, placement, or distribution, and promotion. When it is a consumer-centric marketing mix, it is extended to include three more Ps: people, process and physical evidence, and three Cs: cost, consumer and competitor. Depending on the industry and the target of the marketing plan, marketing managers may take various approaches to each of the four Ps.

Marketing plan

A marketing plan outlines the specific actions you intend to carry out to interest potential customers and clients in your product and/or service and persuade them to buy the product and/or services you offer. The marketing plan implements your marketing strategy. The Key to Marketing: Use a Plan, "the marketing strategy provides the goals for your marketing plans. It tells you where you want to go from here. The plan is the specific road map that's going to get you there. "Marketing plan may be developed as a standalone document or as part of a business plan. Either way, it is a blueprint for communicating the value of your products and/or services to your customers.

Marketing

Marketing are activities of a company associated with buying and selling a product or service. It includes advertising, selling and delivering products to people. People who work in marketing departments of companies try to get the attention of target audiences by using slogans, packaging design, celebrity endorsements and general media exposure.

Married Put

The Married Put is an option strategy in which the options trader buys an at-the-money put option while simultaneously buying an equivalent number of shares of the underlying stock.

Master trust

A superannuation vehicle which enables a number of companies or individuals to combine their superannuation business under a common trust deed.

Materials included in the cost of sales

These are materials involved in the assembly or manufacture of goods for sale.

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Maturity Date

Maturity date is the date on which the principal amount of a note, draft, acceptance bond or another debt instrument becomes due and is repaid to the investor and interest payments stop. It is also the termination or due date on which an installment loan must be paid in full.

Median

A median is the middle number in a sorted list of numbers. To determine the median value in a sequence of numbers, the numbers must first be arranged in value order from lowest to highest. If there is an odd amount of numbers, the median value is the number that is in the middle, with the same amount of numbers below and above. If there is an even amount of numbers in the list, the middle pair must be determined, added

together and divided by two to find the median value. The median can be used to determine an approximate average.

Medium term investment

An investment which generally matures between two and five years.

Merger

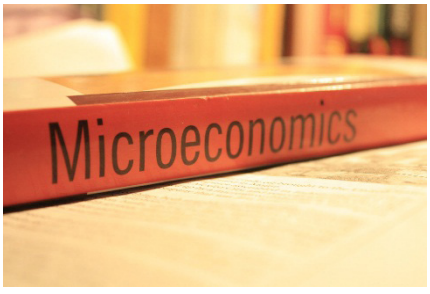
A merger is an agreement that unites two existing companies into one new company. There are several types of mergers and also several reasons why companies complete mergers. Mergers and acquisitions are commonly done to expand a company's reach, expand into new segments, or gain market share. All of these are done to please shareholders and create value.

Mezzanine Finance

A form of finance that combines debt and equity components to provide flexibility to the investor and the company. Mezzanine investing is riskier than traditional senior debt since the debt portion is in the form of subordinated debt (the level of financing senior to equity but below senior debt). Thus, if a company goes into liquidation subordinated debt financiers will rank below senior debt financiers in the credit chain.

Microeconomics

Microeconomics is the social science that studies the implications of individual human action, specifically about how those decisions affect the utilization and distribution of scarce resources. Microeconomics shows how and why different goods have different values, how individuals make more efficient or more productive decisions, and how individual's best coordinate and cooperate with one another. Generally speaking, microeconomics is considered a more complete, advanced and settled science than macroeconomics.



Minimum wage

A minimum wage is the lowest remuneration that employers can legally

pay their workers. Equivalently, it is the price floor below which workers may not sell their labor. Although minimum wage laws are in effect in many jurisdictions, differences of opinion exist about the benefits and drawbacks of a minimum wage. Supporters of the minimum wage say it increases the standard of living of workers, reduces poverty, reduces inequality, and boosts morale. In contrast, opponents of the minimum wage say it increases poverty, increases unemployment (particularly among unskilled or inexperienced workers) and is damaging to businesses, because excessively high minimum wages require businesses to raise the prices of their product or service to accommodate the extra expense of paying a higher wage.

Mission statement

A mission statement is a short sentence or paragraph used by a company to explain, in simple and concise terms, its purpose(s) for being. These statements serve a dual purpose by helping employees to remain focused on the tasks at hand, as well as encouraging them to find innovative ways of moving towards an increasingly productive achievement of company goals.

Mixed Use Property

Also called semi-commercial property, mixed use properties have both a residential and a commercial component e.g. a shop with a flat above, owned on the same freehold, or a guest house with separate owner accommodation.

MOB (Municipal-Over-Bond) Spread

MOB stands for municipal over bond. The MOB spread is the difference in price between municipal bond futures and Treasury bond futures. The muni futures contract is the "municipal" in MOB, and the Treasury contract is the "bond." When the muni contract is rising faster (or falling more slowly) than the Treasury contract, the MOB spread will rise, or widen. Conversely, when the Treasury contract is outperforming the muni contract, the MOB spread will fall, or narrow. To profit from a rising MOB spread, a trader would pair a long position in the muni contract with a short position in the Treasury contract. Even if both contracts went up in price, as long as the muni contract outperformed the Treasury contract the trade would be profitable.

Momentum Funds

Investment funds that invest in companies based on current trends in such things as earnings or price movement. The portfolio manager will look for companies that have been trending in a certain direction (e.g. a series of extremely positive earnings releases or upward price momentum in the short term). The manager will then take positions in the same direction as the trend and attempt to ride the wave and sell once it has peaked. These funds are also known as "momo funds".

Monetarism

Monetarism is a set of views based on the belief that the total amount of money in an economy is the primary determinant of economic growth. Monetarism is closely associated with economist Milton Friedman, who argued, based on the quantity theory of money that the government should keep the money supply fairly steady, expanding it slightly each year mainly to allow for the natural growth of the economy.

Money supply

Money supply is the entire stock of currency and other liquid instruments circulating in a country's economy as of a particular time. Also referred to as money stock, money supply includes safe assets, such as cash, coins, and balances held in checking and savings accounts that businesses and individuals can use to make payments or hold as short-term investments.

Money-Center Banks

A money center bank is similar in structure to a common bank, but its borrowing and lending activities are with governments, large corporations and regular banks. These types of financial institutions do not borrow from or lend to consumers.

Monopoly

In business terms, a monopoly refers to a sector or industry dominated by one corporation, firm or entity. Monopolies can be considered an extreme result of free market capitalism: Absent any restriction or restraints, a single company or group an enterprise becomes big enough to own all or nearly all of the market (goods, supplies, commodities, infrastructure and assets) for a particular type of product or service. Antitrust laws and regulations are put in place to discourage monopolistic operations – protecting consumers, prohibiting practices that restrain trade and ensuring a marketplace remains open and competitive. "Monopoly" can also be used to mean the entity that has total or near-total control of a market.

Mortgage

This is a loan used to buy a property. The property is used as the security against

you paying back the loan. Therefore if you default on the loan your property may be repossessed. Mortgages can be taken out on a variety of properties including flats, houses, shops, offices, and hotels.

Mortgage broker

A mortgage broker gathers paperwork from a borrower and passes that paperwork along to a mortgage lender for underwriting and approval. The mortgage funds are lent in the name of the mortgage lender, and the mortgage broker collects an origination fee from the lender as compensation for services. A mortgage broker is not to be confused with a mortgage banker, which closes and funds a mortgage with its own funds.

Mortgage indemnity protection/guarantee

A Mortgage Indemnity Guarantee (MIG) is an insurance policy that protects lenders if the mortgage repayments cease for some reason, perhaps due to death or a homeowner being made redundant at work. The MIG is NOT insurance protecting the borrower but is there to reduce the lender's losses as a result of mortgage default. MIGs are usually required when the borrower is taking out a mortgage with a relatively high Loan to Value (LTV) Ratio. Most mortgagees will levy a Higher Lending Charge, sometimes known as an MIG when the LTV is over 75%. It is important to know that whilst the cost of the Mortgage Indemnity Guarantee is born by the borrower, the MIG is an insurance policy in favor of the lender. That said, without an MIG, lenders would not provide mortgages at such high LTVs, so most people are willing to pay this extra cost and obtain a larger mortgage with a smaller deposit requirement as a result.

Mortgage term

A mortgage term is the length of time, usually in years, in which the parameters of a mortgage have legal effect. After the expiration of the mortgage term, the remaining balance of the mortgage will need to be renewed, refinanced or paid in full. Mortgage terms in Canada carry short mortgage terms, and are usually renewed as a matter of course by most mortgage borrowers. Both the mortgage lender and the mortgagor are legally obligated to the details of the mortgage for the length of its term. A few months prior to expiration, the mortgage holder will usually send the

mortgagor the necessary papers for renewal. But neither the bank, nor the mortgagor, is obligated to renew the mortgage terms with each other. At renewal, the mortgagor is free to move their mortgage to another lender if they wish, without penalty. The mortgage term should not be confused with the mortgage amortization period. The amortization period is the length of time, based on the monthly payment set in the mortgage that it will take the buyer to completely pay off the mortgage. The mortgage term is much shorter.

Mortgage-Backed Securities

A mortgage-backed security (MBS) is a type of asset-backed security that is secured by a mortgage or collection of mortgages. This security must also be grouped in one of the top two ratings as determined by an accredited credit rating agency, and usually pays periodic payments that are similar to coupon payments. Furthermore, the mortgage must have originated from a regulated and authorized financial institution. An MBS is also known as a "mortgage-related security" or a "mortgage pass through." An MBS can be bought and sold through a broker and the minimum investment varies between issuers. It is issued by either a federal government agency company, government-sponsored enterprise (GSE), or private financial company.

Moving Average

A moving average (MA) is a widely used indicator in technical analysis that helps smooth out price action by filtering out the "noise" from random price fluctuations. It is a trend-following, or lagging, indicator because it is based on past prices. The two basic and commonly used moving averages are the simple moving average (SMA), which is the simple average of a security over a defined number of time periods, and the exponential moving average (EMA), which gives greater weight to more recent prices. The most common applications of moving averages are to identify the trend direction and to determine support and resistance levels. While moving averages are useful enough on their own, they also form the basis for other technical indicators such as the Moving Average Convergence Divergence (MACD).

Moving weighted average

Moving weighted average is a statistical method to forecast the future based on past results. It is a subset of time series analysis. Detailed explanation goes beyond the scope of a glossary of terms, but should be included in any text on forecasting, statistics, or business forecasting.

MSCI Accumulation Index ($A)

The Morgan Stanley Capital International Index in Australian dollars. It measures the way international shares values have changed ($A) and includes reinvestment of dividends. This index is a market proxy for international share portfolios.

MTF

A multilateral trading facility (MTF) is a European term for a trading system that facilitates the exchange of financial instruments between multiple parties. Multilateral trading facilities allow eligible contract participants to gather and transfer a variety of securities, especially instruments that may not have an official market. These facilities are often electronic systems controlled by approved market operators or larger investment banks. Traders will usually submit orders electronically, where a matching software engine is used to pair buyers with sellers.

Multi-lets and Student-lets

Multi-lets and Student-lets are similar to HMOs. They are often referred to as non-licensable HMOs because they have many characteristics of an HMO but the local authority deems that they do not require an HMO license. However, they may require planning permission from the local authority so do check on both requirements.

Multichannel Marketing System

A multichannel marketing system is an approach to marketing that uses a variety of media to communicate with customers and prospects. You can use media such as websites, printed publications, advertising, email, mobile communications and social networking sites to communicate marketing messages, build customer relationships or sell products and services. The key to successful multichannel marketing is selecting the channels that customers prefer to use and ensuring that your messages are consistent across every channel.

Multi-unit freehold blocks (MUFBs)

Multi-unit freehold blocks (MUFBs) is a single building with multiple, separate, independent residential units owned under a single freehold title, meaning no unit is subject to a lease.

Municipal Bonds

A municipal bond, commonly known as a Muni Bond, is a bond issued by a local government or territory, or one of their agencies. It is generally used to finance public projects such as roads, schools, airports and seaports, and infrastructure-related repairs. The term municipal bond is commonly used in the United States, which has the largest market of such trade-able securities in the world. As of 2011, the municipal bond market was valued at $3.7 trillion. Potential issuers of municipal bonds include states, cities, counties, redevelopment agencies, special-purpose districts, school districts, public utility districts, publicly owned airports and seaports, and other governmental entities (or group of governments) at or below the state level having more than a de minimis amount of one of the three sovereign powers: the power of taxation, the power of eminent domain or the police power.

Mutual fund

A mutual fund is a professionally managed investment fund that pools money from many investors to purchase securities. These investors may be retail or institutional in nature. Mutual funds have advantages and disadvantages compared to direct investing in individual securities. The primary advantages of mutual funds are that they provide economies of scale, a higher level of diversification, they provide liquidity, and they are managed by professional investors. On the negative side, investors in a mutual fund must pay various fees and expenses.

N

Naked Option

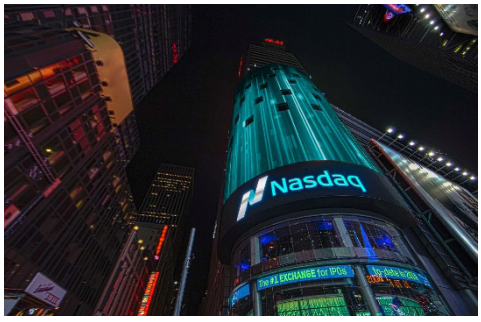
A naked option is created when the seller of an option contract does not currently own any, or enough, of the underlying security to meet the potential obligation that results from selling (also known as "writing" or "shorting") an option.

Naked short-selling

Naked short selling, or naked shorting, is the practice of short-selling a tradable asset of any kind without first borrowing the security or ensuring that the security can be borrowed, as is conventionally done in a short sale. When the seller does not obtain the shares within the required time frame, the result is known as a "failure to deliver". The transaction generally remains open until the shares are acquired by the seller, or the seller's broker settles the trade.

Nasdaq

A global electronic marketplace for buying and selling securities, as well as the benchmark index for U.S. technology stocks. Nasdaq was created by the National Association of Securities Dealers (NASD) to enable investors to trade securities on a computerized, speedy and transparent system, and commenced operations on February 8, 1971. The term "Nasdaq" is also used to refer to the Nasdaq Composite, an index of more than 3,000 stocks listed on the Nasdaq exchange that includes the world's foremost technology and biotech giants such as Apple, Google, Microsoft, Oracle, Amazon, Intel and Amgen.



National debt

The national debt is the public and intra-governmental debt owed by the federal government. Two-thirds of the U.S. debt is the Treasury bills, notes and bonds owned by to the public. They include investors, the Federal Reserve, and foreign governments. One-third is the Government Account securities owned by federal agencies. They include the Social Security Trust Fund, federal public employee retirement funds, and military retirement funds.

National Economic Council

The National Economic Council (NEC) was established in 1993 to advise the

President on U.S. and global economic policy. It resides within the Office of Policy Development and is part of the Executive Office of the President. By Executive Order, the NEC has four principal functions: to coordinate policy-making for domestic and international economic issues, to coordinate economic policy advice for the President, to ensure that policy decisions and programs are consistent with the President's economic goals, and to monitor implementation of the President's economic policy agenda.

National insurance

In addition to income tax, the self-employed may be liable to pay, and employees may suffer deduction of, national insurance contributions (NIC). For employees these are payable where earnings exceed a weekly earnings threshold.

Negative Equity

Negative equity occurs when the value of real estate property falls below the outstanding balance on the mortgage used to purchase that property. Negative equity is calculated simply by taking the current market value of the property less the balance on the outstanding mortgage.

Net asset value

Net asset value (NAV) is value per share of a mutual fund or an exchange-traded fund (ETF) on a specific date or time. With both security types, the per-share dollar amount of the fund is based on the total value of all the securities in its portfolio, any liabilities the fund has and the number of fund shares outstanding.

$$NAV = \frac{\text{Fund Asset} - \text{Fund Liabilities}}{\text{Outstanding Shares}}$$

Net cash flow

Net cash flow is the amount of cash generated or lost over a specific period of time, usually over one or more reporting periods. This concept is used to discern the short-term financial viability of a business, which is considered to be its ability to generate cash. If a company is consistently generating positive net cash flow over a long period of time, this is the best indicator of its viability. Conversely, continuing negative net cash flow is the prime indicator of any number of operational or financing problems (though it could also mean that a business is growing rapidly and so requires more working capital than usual).

Net Fund Flows

Fund flow is the net of all cash inflows and outflows in and out of various financial assets. Fund flow is usually measured on a monthly or quarterly basis; the performance of an asset or fund is not taken into account, only

share redemptions, or outflows, and share purchases, or inflows. Net inflows create excess cash for managers to invest, which theoretically creates demand for securities such as stocks and bonds.

Net income

Net income (NI) is a company's total earnings (or profit); net income is calculated by taking revenues and subtracting the costs of doing business such as depreciation, interest, taxes and other expenses. This number appears on a company's income statement and is an important measure of how profitable the company is over a period of time. Net income also refers to an individual's income after taking taxes and deductions into account.

Net IRR (also see IRR)

The net internal rate of return (IRR) is a financial metric that is used to measure an investment's quality or yield by providing its expected rate of return. It is defined as the rate at which the net present value of the negative cash flows equal the net present value of the positive cash flows.

Net Present Value (NPV)

The method of discounting future streams of income using an expected rate of return to evaluate the current value of expected earnings. It calculates future value in today's dollars. NPV may be used to determine the current value of a business being offered for sale or capitalized.

Net profit margin

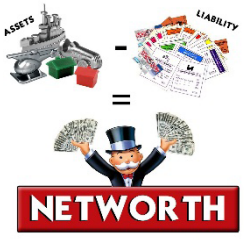
Net profit margin is the ratio of net profits to revenues for a company or business segment. Typically expressed as a percentage, net profit margins show how much of each dollar collected by a company as revenue translates into profit. The equation to calculate net profit margin is: net margin = net profit / revenue.

Net Profit

Net profit, also referred to as the top line, net income, or net earnings is a measure of the profitability of a venture after accounting for all costs. It is the actual profit, and includes the operating expenses that are excluded from gross profit. A common synonym for net profit when discussing financial statements (which include a balance sheet and an income statement) is the bottom line. This term results from the traditional appearance of an income statement which shows all allocated revenues and expenses over a specified time period with the resulting summation on the bottom line of the report.

Net worth

Net worth is the amount by which assets exceed liabilities. Net worth is a concept applicable to individuals and businesses as a key measure of how much an entity is worth. A consistent increase in net worth indicates good financial health; conversely, net worth may be depleted by annual operating losses or a substantial decrease in asset values relative to liabilities.



New visitors

In online marketing, a website visitor who has not made any previous visits to the site or page in question.

New York Stock Exchange

The New York Stock Exchange (NYSE) is a stock exchange based in New York City that is considered the largest equities-based exchange in the world, based on total market capitalization of its listed securities. Formerly run as a private organization, the NYSE became a public entity in 2005 following the acquisition of electronic trading exchange Archipelago. The parent company of the New York Stock Exchange is now called NYSE Euronext, following a merger with the European exchange in 2007; the NYSE Euronext was acquired by Intercontinental Exchange.

New-brand strategy

The development of a new brand and often a new offering for a product class that has not been previously served by the organizations.

New-Home Sales

An economic indicator that measures sales of newly built homes. Released by the U.S. Department of Commerce's Census Bureau, it includes both quantity and price statistics. It is considered to be a lagging indicator of demand in the market and to affect mortgage rates.

Newsletter subscriptions

In online marketing, a conversion value measuring the number of users who voluntarily include themselves in your

database and are willing to accept unsolicited email from you.

NIESR

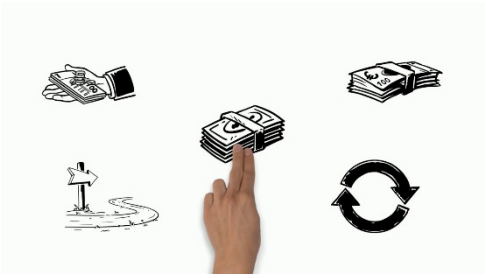
The National Institute of Economic and Social Research (NIESR), established in 1938, is Britain's oldest independent economic research institute. The institute is located in London, and provides research to national and international organizations.

Nikkei 225

The Nikkei 225, more commonly called the Nikkei, the Nikkei index, or the Nikkei Stock Average, is a stock market index for the Tokyo Stock Exchange (TSE). It has been calculated daily by the Nihon Keizai Shinbun (The Nikkei) newspaper since 1950. It is a price-weighted index, operating in the Japanese Yen (JP¥), and its components are reviewed once a year. Currently, the Nikkei is the most widely quoted average of Japanese equities, similar to the Dow Jones Industrial Average. Indeed, it was known as the 'Nikkei Dow Jones Stock Average' from 1975 to 1978.

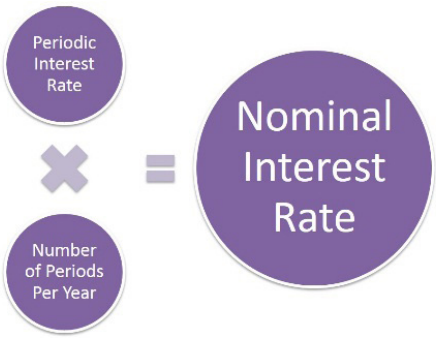
No-Load (Mutual Fund)

A no-load fund is a mutual fund in which shares are sold without a commission or sales charge. This occurs because the shares are distributed directly by the investment company, instead of going through a secondary party. This is the opposite of a load fund, which charges a commission at the time of the fund's purchase, at the time of its sale, or as a "level-load" for as long as the investor holds the fund.



Nominal interest rate

Nominal interest rate refers to the interest rate before taking inflation into account. Nominal can also refer to the advertised or stated interest rate on a loan, without taking into account any fees or compounding of interest. Finally, the federal funds rate, the interest rate set by the Federal Reserve, can also be referred to as a nominal rate.



Nominal values

A nominal value is the stated value of an issued security. Nominal value – also known as face value or par value in reference to securities – disregards an item's market value. Measurements of economic growth and personal income that do not adjust for inflation are nominal values, while measurements that adjust for inflation are real values.

Non-complying superannuation fund

A non-complying superannuation fund is defined as a superannuation fund which is not a complying fund in relation to the relevant year of income. Clearly, any SMSF which has not elected into SIS will be considered to be non-complying until an election to become a regulated fund is lodged.

Non-contributory superannuation

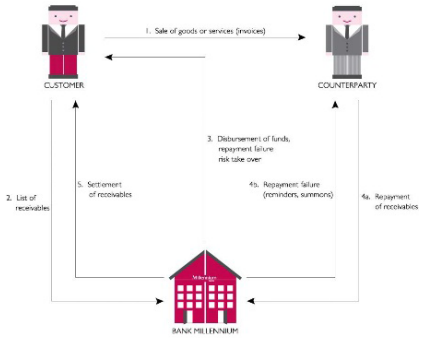
Type of superannuation in which the member does not personally contribute.

Non-executive director

A non-executive director is a member of a company's board of directors who is not part of the executive team. A non-executive director typically does not engage in the day-to-day management of the organization, but is involved in policy making and planning exercises. In addition, non-executive directors' responsibilities include the monitoring of the executive directors and acting in the interest of the company stakeholders.

Non-recourse factoring

With non-recourse factoring the lender is responsible for any bad debts, so if a customer does not pay an invoice, you do not have to pay back the amount advanced to you by the lender. For these reasons non-recourse factoring facilities have higher associated fees and are harder to obtain if you have poor financial systems or multiple customers with bad payment histories.



Not Invented Here (NIH)

Not invented here (NIH) is a stance adopted by social, corporate, or institutional cultures that avoid using or buying already existing products, research, standards, or knowledge because of their external origins and costs, such as royalties. The reasons for not wanting to use the work of others are varied, but some can include a desire to support a local economy instead of paying royalties to a foreign license-holder, fear of patent infringement, lack of understanding of the foreign work, an unwillingness to acknowledge or value the work of others, jealousy, or forming part of a wider turf war. As a social phenomenon, this philosophy can manifest as an unwillingness to adopt an idea or product because it originates from another culture, a form of tribalism.

O

Obligations incurred

Business costs or expenses that need to be paid, but wait for a time as Accounts payable (Bills to be paid as part of the normal course of business) instead of being paid immediately.

Occupational pension scheme

Occupational pension schemes usually involve both employee and employer contributions. This type of pension plan involves an employer contributing to an employee's pension within the DC scheme. For the employee, occupational pensions are good news not only because they are a tax efficient way of saving for retirement, but also because the pension will grow quicker as a result of employer contributions rather than just relying on an employee's own contributions. And for an employer who provides an occupational pension scheme to its employees, from a HR perspective it acts as a good incentive for new employees thinking of joining the company and as a means of staff retention and motivation for existing employees.

OECD

Organization for Economic Cooperation and Development. Formed in 1961 to promote cooperation among industrialized member countries on economic and social policies. The 25 members are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, UK and USA.

Offering mix or portfolio

The complete array of an organization's offerings including all products and services.

Offering

The total benefits or satisfaction provided to target markets by an organization. An offering consists of a tangible product or service plus related services such as installation, repair, warranties or guarantees, packaging, technical support, field support, and other services.

Office for National Statistics (ONS)

The Office for National Statistics is the UK's largest independent producer of official statistics and the recognized national statistical institute of the UK. It is responsible for collecting and publishing statistics related to the economy, population and society at national, regional and local levels. It plays a leading role in national and international good practice in the production of official statistics.

Office of Fair Trading (OFT)

The Office of Fair Trading (OFT) was a not-for-profit and non-ministerial government department of the United Kingdom, established by the Fair Trading Act 1973, which enforced both consumer protection and competition law, acting as the United Kingdom's economic regulator. The OFT's goal was to make markets work well for consumers, ensuring vigorous competition between fair dealing businesses and prohibiting unfair practices such as rogue trading, scams and cartels. Its role was modified and its powers changed with the Enterprise Act 2002.

Offshore Banking

Offshore banking refers to the deposit of funds by a company or individual in a bank that is located outside their national residence. Although the term implies that these banks are located on islands, many offshore banks are, in fact, found in onshore locations, such as Panama, Luxembourg and Switzerland. The advantage of offshore banking is that, in many cases, funds are tax exempt where the banks are located. Offshore banks also offer the same services as domestic banks, and frequently they offer more anonymity than would otherwise be available in "onshore" banks.

Old Lady of Thread needle Street

Old Lady of Thread Needle Street is a nickname for the Bank of England situated in Thread needle Street, in the City of London. It is obvious as to why the name of the street forms part of the nickname, but why 'Old Lady'? The

nickname comes from a Thomas Gillray cartoon published in May 1797. The cartoon is a reference to the financial crisis of the time and the issuing of paper money not backed by gold. The cartoon is titled 'Political Ravishment, or the Old Lady of Thread Needle-Street in Danger!' An elderly woman represents the bank and is dressed in bank notes and sitting on a strong box. Prime Minister Pitt is making unwanted advances towards her in an attempt to get to the contents of the strong box, as she cries, "Rape! Ravishment!" The loan notes under his hat show that the Bank had been required to make large loans to the Government to finance a war against France.

Oligopoly

Oligopoly is a market structure in which a small number of firms has the large majority of market share. An oligopoly is similar to a monopoly, except that rather than one firm, two or more firms dominate the market. There is no precise upper limit to the number of firms in an oligopoly, but the number must be low enough that the actions of one firm significantly impact and influence the others.

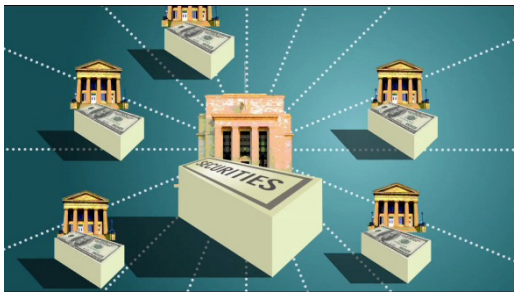
On-costs

Labor costs in addition to salaries and wages; that is, payroll tax, workers' compensation and other liability insurance, the cost of subsidized services to employees, training costs, etc.

Open Market Operation

An open market operation (OMO) is an activity by a central bank to give (or take) liquidity in its currency to (or from) a bank or a group of banks. The central bank can either buy or sell government bonds in the open market (this is where the name was historically derived from) or, in what is now mostly the preferred solution, enter into a repo or secured lending transaction with a commercial bank: the central bank gives the money as a deposit for a defined period and synchronously takes an eligible asset as collateral. A central bank uses OMO as the primary means of implementing monetary policy. The usual aim of open market operations is—aside from supplying commercial banks with liquidity and sometimes taking surplus liquidity from commercial banks—to manipulate the short-term interest rate and the supply of base money in an economy, and thus indirectly control the total money supply, in effect expanding money or contracting the money supply. This involves meeting the demand of base money at the target interest rate by buying and selling government securities, or other financial instruments.

Monetary targets, such as inflation, interest rates, or exchange rates, are used to guide this implementation.



Open-End Funds

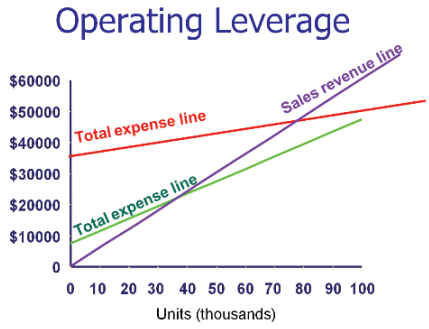
An open-end fund is a type of mutual fund that does not have restrictions on the amount of shares the fund can issue. The majority of mutual funds are open-end, providing investors with a useful and convenient investing vehicle. When a fund's investment manager(s) determine that a fund's total assets have become too large to effectively execute its stated objective, the fund will be closed to new investors, and in extreme cases, will be closed to new investment by existing fund investors.

Operating expenses

Expenses incurred in conducting normal business operations. Operating expenses may include wages, salaries, administrative and research and development costs, but excludes interest, depreciation, and taxes.

Operating leverage

The extent to which fixed costs and variable costs are used in the production and marketing of products and services.



Operating loss

An operating loss (OL) is the net loss recorded as a result of a company's unprofitable operation, considering only the company's operating income versus its operating expenditures. An operating loss does not consider the effects of interest income, interest expense or taxes, but in some cases includes depreciation expense. A company which consistently generates operating losses will require outside financing in order to avoid bankruptcy.

Operating profit

Operating profit is the profit earned from a firm's normal core business operations. This value does not include any profit earned from the firm's investments, such as earnings from firms in which the company has partial interest, and the before the deductions of applicable interest and taxes owed. Operating profit is calculated using the following formula: Operating Profit = Operating Revenue - COGS - Operating Expenses - Depreciation and Amortization

Operations control

The practice of assessing how well an organization performs marketing activities as it seeks to achieve planned outcomes.

Opportunities vs. ideas

Ideas are the basis of potential business opportunities. Good ideas do not necessarily represent good opportunities (that is, actual business opportunities).

Opportunity analysis

The process of identifying and exploring revenue enhancement or expense reduction situations to better position the organization to realize increased profitability, efficiencies, market potential or other desirable objectives.

Opportunity cost

Resource use options that are given up as a consequence of pursuing one activity among several possibilities. Potential benefits foregone as a result of choosing an alternative course of action.

Option

In finance, an option is a contract which gives the buyer (the owner or holder of the option) the right, but not the obligation, to buy or sell an underlying asset or instrument at a specified strike price on a specified date, depending on the form of the option. The strike price may be set by reference to the spot price (market price) of the underlying security or commodity on the day an option is taken out, or it may be fixed at a discount or at a premium. The seller has the corresponding obligation to fulfill the transaction – to sell or buy – if the buyer (owner) "exercises" the option. An option that conveys to the owner the right to buy at a specific price is referred to as a call; an option that conveys the right of the owner to sell at a specific price is referred to as a put. Both are commonly traded, but the call option is more frequently discussed.

Ordinary residence

Ordinary residence determinations contain an insight of how the Secretary of State for Health arrives at determination decisions to resolve disputes. This is done by a process of fact finding from the information provided by the local authorities to the dispute for Secretary of State's consideration. These anonymised determinations are also published to help local authorities make decisions about future cases. They are not a substitute for the ordinary residence guidance and directions, or legal advice where necessary. Individual ordinary residence determinations are not published by the Department of Health and are only sent to the parties involved in the dispute. This is because determination documents hold personal details of service users and third parties. The anonymised ordinary residence determinations are for health and social care sectors such as local authorities and their legal teams as well as the general public.

Ordinary share

Ordinary shares, a synonym of common shares, represent the basic voting shares of a corporation. Holders of ordinary shares are typically entitled to one vote per share, and do not have any predetermined dividend amounts. An ordinary share represents equity ownership in a company proportionally with all other ordinary shareholders, according to their percentage ownership in the company. All other shares of a company's stock are, by definition, preferred shares.

Organization of petroleum exporting countries (OPEC)

The Organization of the Petroleum Exporting Countries (OPEC) is a permanent intergovernmental organization of oil-exporting developing nations that coordinates and unifies the petroleum policies of its Member Countries. OPEC seeks to ensure the stabilization of oil prices in international oil markets, with a view to eliminating harmful and unnecessary fluctuations, due regard being given at all times to the interests of oil-producing nations and to the necessity of securing a steady income for them. Equally important is OPEC's role in overseeing an efficient, economic and regular supply of petroleum to consuming nations, and a fair return on capital to those investing in the petroleum industry.

Original Equipment Manufacturer (OEM)

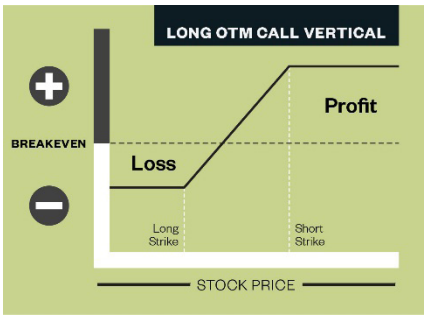
The process that is facilitated through licensing or other financial arrangements where the initial producer of a product or service enters into an agreement to allow another entity to include, remanufacture, or label products or services under their own name and sell through their distribution channels. It typically results in a "higher volume, lower margin" relationship for the original producer, and offers access to a broader range of products and services the buyer can offer their consumers at more attractive costs.

Other ST liabilities

These are short-term debts that don't cause interest expenses. For example, they might be loans from founders or accrued taxes (taxes owed, already incurred, but not yet paid).

Out-of-the-Money

Out of the money (OTM) is term used to describe a call option with a strike price that is higher than the market price of the underlying asset, or a put option with a strike price that is lower than the market price of the underlying asset. An out of the money option has no intrinsic value, but only possesses extrinsic or time value.



Outsourcing

Purchasing an item or a service from an outside vendor to replace performance of the task with an organization's internal operations.

Overdraft

An overdraft occurs when money is withdrawn from a bank account and the available balance goes below zero. In this situation the account is said to be "overdrawn". If there is a prior agreement with the account provider for an overdraft, and the amount overdrawn is within the authorized overdraft limit, then interest is normally charged at the agreed rate. If the negative balance exceeds the agreed terms, then additional fees may be charged and higher interest rates may apply.

Overdraft facility

An overdraft facility allows you to write cheques or withdraw cash from your current account up to the overdraft limit approved. It is a short-term (usually up to 12 months) standby credit facility which is usually renewable on a yearly basis. It is repayable on demand by the bank at any time. The overdraft limit is the maximum amount that you can overdraw. You pay interest only on the amount that you overdraw. Interest is calculated on the daily

balance overdrawn and debited to the account monthly. Any unpaid amounts of interest are added to the overdrawn amount in the following month. The interest rate on an overdraft account is usually charged at a percentage over the bank's prime lending rate, for example, Prime + 3% per annum. Whatever amount you repay into the overdraft account can be withdrawn again as long as the total outstanding amount is within the overdraft limit granted. This is why it is called a "revolving credit facility".

Overdrawn account

A credit account that has exceeded its credit limit or a bank account that has had more than the remaining balance withdrawn.

Overheads

Overhead is an accounting term that refers to all ongoing business expenses not including or related to direct labor, direct materials or third-party expenses that are billed directly to customers. A company must pay overhead on an ongoing basis, regardless of whether the company is doing a high or low volume of business. It is important not just for budgeting purposes but for determining how much a company must charge for its products or services to make a profit. For example, a service-based business that operates in a traditional white-collar office setting has overhead expenses such as rent, utilities and insurance.

Owner's equity

Owner's equity, often called net assets, is the owners' claim to company assets after all of the liabilities have been paid off. In other words, if the business assets were liquidated to pay off creditors, the excess money left over would be considered owner's equity. That is why it is often referred to as net assets. According to the accounting equation, owner's equity equals total company assets minus total company liabilities.

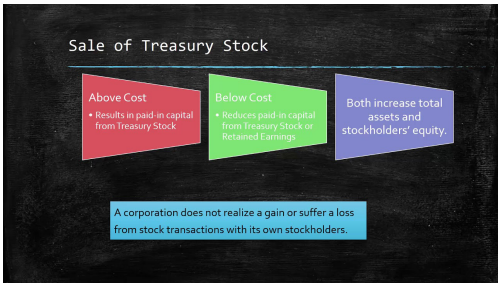
P

Page views

In online marketing, a request for a file whose type is defined as a page in log analysis. This is generally what people mean when they talk about Web page "hits," but is a more accurate way of tracking this metric because of the way log analysis works. A single page view (one visitor looking at one page) may generate multiple "hits" in log analysis, as all the resources required to view the page are also requested from the Web server.

Paid-in capital

Real money paid into the company as investments. This is not to be confused with par value of stock, or market value of stock. This is actual money paid into the company as equity investments by owners.



Partnership

Partnerships are harder to describe because they change so much. They are governed by state laws, but a Uniform Partnership Act that has become the law in most states. That act, however, mostly sets the specific partnership agreement as the real legal core of the partnership, so the legal details can vary widely. Usually the income or loss from partnerships pass through to the partners, wiuthout any partnership tax. The agreements can define different levels of risk, which is why you'll read about some partnerships that have general partners and limited partners, with different levels of risk for each. The agreement should also define what happens if a partner withdraws, buy and sell arrangements for partners, and liquidation arrangements if that becomes necessary. If you think a partnership might work for your business, make sure you do this right. Find an attorney with experience in partnerships, and check for references of present and past clients. This is a complicated area and a mistake in the agreement will cause a lot of problems.

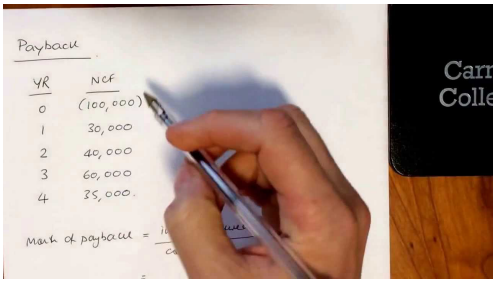
Payables

Short for Account Payables; Bills to be paid as part of the normal course of

business. This is a standard accounting term, one of the most common liabilities, which normally appears in the Balance Sheet listing of liabilities. Businesses receive goods or services from a supplier, receive an invoice, and until that invoice is paid the amount is recorded as part of "Accounts Payable."

Payback period

The number of years required for an organization to recapture an initial investment. This may apply to an entire business operation or an individual project.



Payment days

The average number of days that pass between receiving an invoice and paying it. It is not a simple estimate; it is calculated with a financial formula: =(Accounts_payable_balance*360)/(Total entries to accounts payable*12).

Payment delay

The number of days on average a business waits between receiving a bill and paying a bill. Also called payment days.

Payout Ratio

Payout ratio is the proportion of earnings paid out as dividends to shareholders, typically expressed as a percentage. The payout ratio can also be expressed as dividends paid out as a proportion of cash flow.

Payroll burden

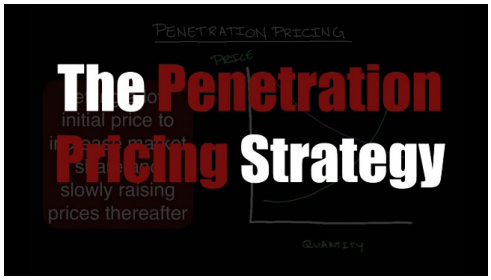
Payroll burden includes payroll taxes and benefits. It is calculated using a percentage assumption that is applied to payroll. For example, if payroll is $1,000 and the burden rate is 10 percent, the burden is an extra $100. Acceptable payroll burden rates vary by market, by industry, and by company.

Payroll financing

It is a tool allows your company to finance invoices and assets so that it can make payroll. It usually refers to a common use of invoice factoring, though it can also refer to other solutions.

Penetration Pricing

Penetration pricing refers to a marketing strategy used by businesses to attract customers to a new product or service. Penetration pricing is the practice of offering a low price for a new product or service during its initial offering in order to lure customers away from competitors. This marketing strategy relies on the idea that low prices can help make a customer aware of and more willing to buy a new product.



Perceived risk

The extent to which a customer or client is uncertain about the consequences of an action, often relating to purchase decisions.

Perceptual map

A two or three-dimensional illustration of customer's perceptions of competing products comparing select attributes based on market research.

Personal Guarantees

A personal guarantee is an undertaking by an individual, usually a director or shareholder of a company, to accept liability for a debt should the company become unable to keep up repayments. Most buy to let lenders insist upon personal guarantees when lending to corporate vehicles (SPVs, trading limited companies, LLPs, etc.)

Personal loan

A personal loan is a way of borrowing money from a bank, building society or other financial service provider.

Personal Property

Personal property for an individual or business is property owned by that person or business which is movable and is not affixed to or associated with the land. Personal property for a business would everything from the smallest stapler or calculator to a company-owned car or large piece of machinery. It includes manufacturing equipment, office furniture and equipment, computers, tablets, cell phones, and vehicles purchased and used by the business, and, basically, everything that isn't "nailed down." In other words, personal property is movable, while real property is not.

Personal Property Security Register (PPSR)

The PPSR replaces a number of registers of security interests and provides a single national noticeboard of security interests in personal property.

Personal selling

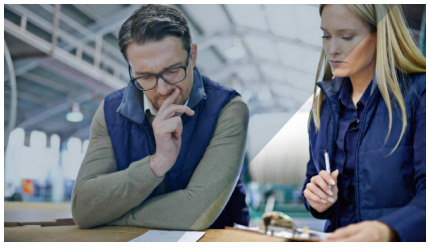
The use of face-to-face communication between the seller and buyer.

Personal/ Residential Mortgage

This is a mortgage taken out on a property that you will be living in, for example when you buy your own home. This is also known as a Home-owner Mortgage or a Home-buyer Mortgage and is the most common type of mortgage.

Petty Cash

Petty cash is a small amount of cash on hand that is used for paying small amounts owed, rather than writing a check. Petty cash is also referred to as a petty cash fund. The person responsible for the petty cash is known as the petty cash custodian. Some examples for using petty cash include the following: paying the postal carrier the 17 cents due on a letter being delivered, reimbursing an employee $9 for supplies purchased, or paying $14 for bakery goods delivered for a company's early morning meeting. The amount in a petty cash fund will vary by organization. For some, $50 is adequate. For others, the amount in the petty cash fund will need to be $200.



PIPES (Private Investment in a Public Entity)

A privately negotiated injection of equity into a publicly listed company, usually in the form of converting preference shares.

Plant and equipment

This is the same as long-term, fixed, or capital assets. These are generally assets that are depreciated over terms of more than five years, and are likely to last that long, too.

Point of Purchase (POP) advertising

A retail in-store presentation that displays product and communicates information to retail consumers at the place of purchase.

Poison pill

A poison pill is a tactic utilized by companies to prevent or discourage hostile takeovers. A company targeted for a takeover uses a poison pill strategy

to make shares of the companys stock look unattractive or less desirable to the acquiring firm.

Political, Economic, and Social Trends (PEST) analysis

PEST is a popular framework for situation analysis, looking at political, economic, and social trends. Analyzing these factors can help generate marketing ideas, product ideas, etc.

Pooled Superannuation Trust (PST)

A unit trust which can only invest in assets of superannuation funds, approved deposit funds (ADFs), PSTs and certain other tax advantaged entities. It is regulated by the SIS Act. They must satisfy set operational standards set out in the SIS Act.

Portable

This is a mortgage that will allow you to transfer your mortgage to a different property without any penalty, even if there are repayment charges.

Portfolio

A portfolio is a grouping of financial assets such as stocks, bonds and cash equivalents, as well as their funds counterparts, including mutual, exchange-traded and closed funds. Portfolios are held directly by investors and/or managed by financial professionals. Prudence suggests that investors should construct an investment portfolio in accordance with risk tolerance and investing objectives.

Positioning

Orchestrating an organization's offering and image to occupy a unique and valued place in the customer's mind relative to competitive offerings. A product or service can be positioned on the basis of an attribute or benefit, use or application, user, class, price, or quality.

Poverty trap

A situation faced by low income households, when an increase in wages leads to a decrease in disposable income. This happens because the increase in income leads to a loss of government benefits or an increase in SEE taxation greater than the increase in earnings.

Prudential Regulation Authority (PRA)

The PRA (Prudential Regulation Authority) is one of the regulatory bodies with authority over the financial services industry in the UK. PRA guidelines on mortgage lending are intended to protect the UK economy by ensuring mortgage lending is conducted responsibly.

Preferred Stock

A preferred stock is a class of ownership in a corporation that has a higher claim on its assets and earnings than common stock. Preferred shares generally have a dividend that must be paid out before dividends to common shareholders, and the shares usually do not carry voting rights. Preferred stock combines features of debt, in that it pays fixed dividends, and equity, in that it has the potential to appreciate in price. The details of each preferred stock depend on the issue.

Premiums

Premium has multiple meanings in finance: (1) it's the total cost to buy an option, which gives the holder the right but not the obligation to buy or sell the underlying financial instrument at a specified strike price; (2) it's the difference between the higher price paid for a fixed-income security and the security's face amount at issue, which reflects changes in interest rates or risk profile since the issuance date; and (3) the specified amount of payment required periodically by an insurer to provide coverage under a given insurance plan for a defined period of time. The premium compensates the insurer for bearing the risk of a payout should an event occur that triggers coverage. The most common types of coverage are auto, health, and homeowners insurance.

Preserved benefit

Amount of members' benefits required to be preserved in a fund until a member satisfies a condition of release as set out in the SIS Act or Regulations (eg. retirement, death, permanent departure from Australia, permanent incapacity, attaining 65 years).

Price elasticity of demand

Price elasticity of demand is a measure of the relationship between a change in the quantity demanded of a particular good and a change in its price. Price elasticity of demand is a term in economics often used when discussing price sensitivity.

Price-earnings ratio

The price-earnings ratio (P/E ratio) is the ratio for valuing a company that measures its current share price relative to its per-share earnings. The price-earnings ratio is also sometimes known as the price multiple or the earnings multiple.

Price-to-sales

The price-to-sales ratio is a valuation ratio that compares a company's stock price to its revenues. The price-to-sales ratio is an indicator of the value placed on each dollar of a company's sales or revenues. It can be calculated either by dividing the company's market capitalization by its total sales over a 12-month period, or on a per-share basis by dividing the stock price by sales per share for a 12-month period.

Primary dealer

A primary dealer is a firm that buys government securities directly from a government, with the intention of reselling them to others, thus acting as a market maker of government securities. The government

may regulate the behavior and number of its primary dealers and impose conditions of entry. Some governments sell their securities only to primary dealers; some sell them to others as well. Governments that use primary dealers include Belgium, Brazil, Canada, China, France, Hong Kong, India, Italy, Japan, Singapore, Spain, the United Kingdom, and the United States.

Principal

The original amount borrowed on a loan or the remainder of the original borrowed amount that is still owing (excluding the interest portion of the amount).

Private Equity

Sometimes referred to as alternative assets or loosely as venture capital. Includes the different forms of financing that can be provided over the various business cycles of a private company (i.e. unlisted company). The finance is provided by one or more private investors to help develop, resurrect or grow a business. Private equity financing can be broken down into the follow stages of a company's development. These include seed capital, start-ups, venture capital (early stage), expansion capital, buyouts (management buyouts and management buy-ins) and restructuring or turnaround investment.

Private Finance Initiative (PFI)

Utilizes private sector capital and skills to fund the development of public sector services, e.g. schools, hospitals, roads, but it is only the fixed assets and provision of services in relation to those assets (e.g. building maintenance) that fall within the PFI. The operation of the services, such as education provision in a school, remains the obligation of the Government.

Private Placement

The sale of securities not registered with a recognized exchange to institutional investors or wealthy individuals. These transactions are frequently facilitated by an investment bank.

Privately owned

1) A company whose shares are not publicly traded on a stock market. Such companies usually have less restrictive reporting requirements than publicly traded companies. 2) A company which is not owned by the government (state owned).

Privatization

Involves a private enterprise or syndicate purchasing a government asset or service.

Pro forma statements

Financial statements that project the results of future business operations. Examples include a pro forma balance sheet, a pro forma income statement, and a pro forma cash flow statement.

Producer Price Index (PPI)

The Producer Price Index (PPI) is a weighted index of prices measured at the wholesale, or producer level. A monthly release from the Bureau of Labor Statistics (BLS), the PPI shows trends within the wholesale markets (the PPI was once called the Wholesale Price Index), manufacturing industries and commodities markets.

Product

A stage in a new product development process in which concepts are translated

into actual products for additional testing based on interactions with customers.

Product development

Expenses incurred in development of new products (salaries, laboratory equipment, test equipment, prototypes, research and development, etc.).

Product development strategy

A product-market strategy whereby an organization creates new offerings for existing markets innovation, product augmentation, or product line extensions.

Product Life Cycle (PLC)

The phases of the sales projections or history of a product or service category over time used to assist with marketing mix decisions and strategic options available. The four stages of the product life cycle include introduction, growth, maturity, and decline, and typically follow a predictable pattern based on sales volume over a period of time.

Product line

A group of closely related products with similar attributes or target markets.

Product-line pricing

The setting of prices for all items in a product line involving the lowest-priced product price, the highest price product, and price differentials for all other products in the line.

Profit and loss statement

A profit and loss statement (P&L) is a financial statement that summarizes the revenues, costs and expenses incurred during a specific period of time, usually a fiscal quarter or year. These records provide information about a company's ability – or lack thereof – to generate profit by increasing revenue, reducing costs, or both. The P&L statement is also referred to as "statement of profit and loss", "income statement," "statement of operations," "statement of financial results," and "income and expense statement."

Profit before interest and taxes

This is also called EBIT, for Earnings before Interest and Taxes. It is gross margin minus operating expenses.

Profit

Profit is an accounting concept, normally the bottom line of the Income Statement, which is also called Profit or Loss statement. Start with sales, subtract all costs of sales and all expenses, and that produces profit before tax. Subtract tax to get net profit.

Proper authority

An instrument under the Corporations Law which signifies the responsibility of a securities dealer or investment adviser for acts of an employee or agent. Proper authorities are required to be provided to certain categories of employees of fund managers, stockbrokers and investment advisers.

Property

Refers to direct property investment, which covers a wide range of real assets including office (commercial), retail (shopping centers), industrial, hotel and leisure as well as residential properties.

Proprietary (private) limited company – pty limited

(Australia): A Proprietary Limited Company is a private company, in which the right to transfer shares is restricted and the number of members is limited to no more than fifty. In addition, the company is prohibited from inviting the public to subscribe for its shares and, from inviting the public to deposit money with the company.

Public relations

Communications often in the form of news distributed in a non-personal form which may include newspaper, magazine, radio, television, Internet or other form of media for which the sponsoring organization does not pay a fee.

Public to Private

A transaction where an under-analyzed, "ignored" publicly listed company is de-listed and managed as a private company.

Publicly traded

A company owned by shareholders who are members of the general public and trade shares publicly, as on the stock market.

Pull communication strategy

The practice of creating interest among potential buyers, who then demand the offering from intermediaries, ultimately "pulling" the offering through the channel.

Purchase Multiple

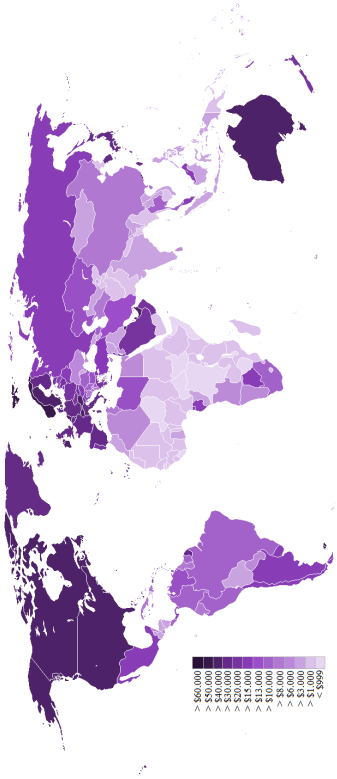
A valuation parameter associated with the purchase price of a specific investment. It is analogous to the P/E ratio using in public listed companies.

Purchasing Managers' Index (PMI)

The Purchasing Managers' Index (PMI) is an indicator of the economic health of the manufacturing sector. The PMI is based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment. The purpose of the PMI is to provide information about current business conditions to company decision makers, analysts and purchasing managers.

Purchasing power parity

It is a way of adjusting GDP to take account of the fact that the same good varies in price between countries, with a US dollar buying four or five times as much in China or India as it does in America.

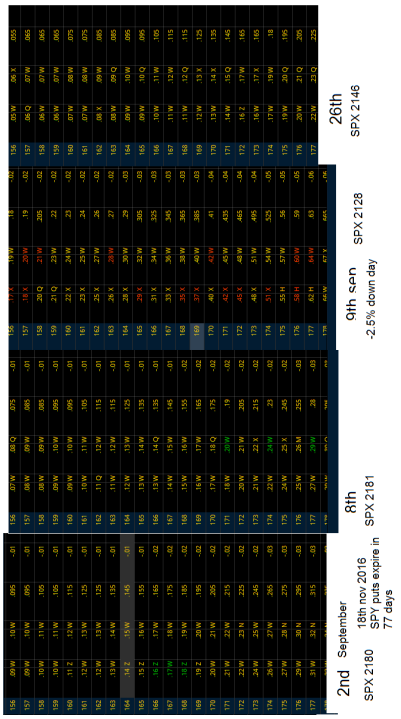


Push communication strategy

The practice of "pushing" an offering through a marketing channel in a sequential fashion, with each channel focusing on a distinct target market. The principal emphasis is on personal selling and trade promotions directed toward wholesalers and retailers.

Put option

The right, but not the obligation, to buy a financial instrument or a commodity within a specified period.



Q

Quant

A specialist usually working in portfolio management or bond research who develops systems that map past movements in financial markets with a view to predicting future equity, commodity and currency values.

Quantitative easing (QE)

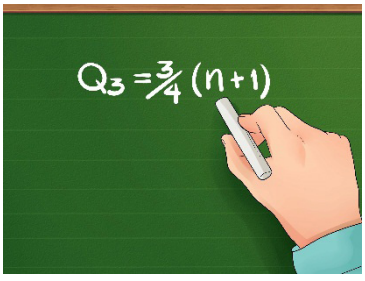
It is also known as large-scale asset purchases, is an expansionary monetary policy whereby a central bank buys predetermined amounts of government bonds or other financial assets in order to stimulate the economy.

Quarterly reports

Quarterly reports are issued by companies every three months. Most companies have a financial year-end of Dec. 31 and quarters that end on March 31, June 30, Sept. 30 and Dec. 31. Some companies, such as Apple, have financial year-ends at odd times. Apple›s financial year-end is the end of September. For 2014, its financial year-end was Sept. 27, for 2013 it was Sept. 28, and for 2012 it was Sept. 29. For 2014, the final day for quarters one through four, were Dec. 28, 2013, March 29, 2014, June 28, 2014 and Sept. 27, 2014, respectively.

Quartile

Investment surveys rank investment managers according to the investment performance of their products. Managers in the top quarter of those participating in the survey are said to be "top quartile performers". Similarly, an investment manger's performance may fall in the second, third or fourth quartile, or be simply "above average" (quarters one and two combined).



Questionable costs

Costs that may be considered as variable or as fixed costs, depending on the specifics of the situation.

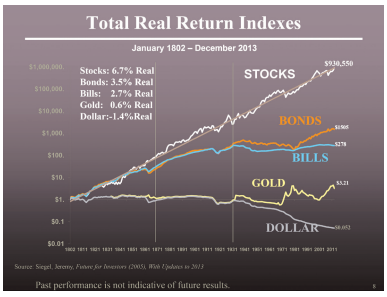
R

R&D

Stands for 'research and development'. Businesses conduct research and development to innovate, create new products and find better ways of doing things.

Real return

The rate of return on an investment in excess of inflation. For example, if the rate of return is 10% but the inflation rate is 3% the real return is 7% (= 10-3%).



Reasonable Benefit Limit (RBL)

Maximum benefit provided directly by employers and by complying superannuation funds. The purpose is to limit the amount concessionally taxed contributions which can be made to a fund. Any amount of benefit in excess of this limit is said to be an excessive benefit.

Recapitalization

The restructuring of a company's balance sheet by either increasing or decreasing the amount of corporate debt. The aim is to alter the capital structure of a company in order to improve its profitability. This strategy is considered to be a form of financial engineering.

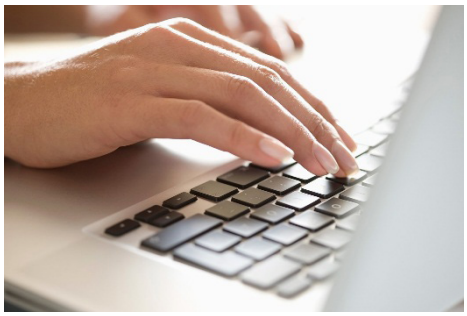
Receipt

A document provided to a customer to confirm payment and to confirm a good/service has been received.

Receivables

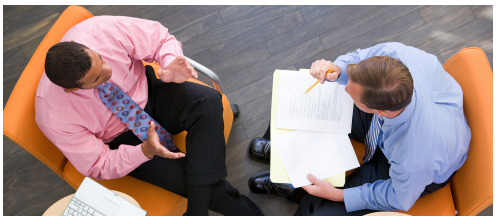
Short for Account Receivables; Debts owed to your company, usually from

sales on credit. Accounts receivable is a business asset, the sum of the money owed to you by customers who haven't paid. The standard procedure in business-to-business sales is that when goods or services are delivered they come with an invoice, which is to be paid later. Business customers expect to be invoiced and to pay later. The money involved goes onto the seller's books as accounts receivable, and onto the buyer's books as accounts payable.



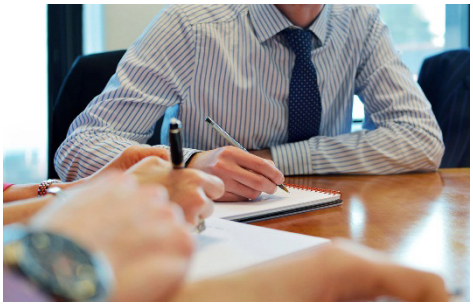
Receivables turnover

Sales on credit for an accounting period divided by the average accounts receivables balance.



Receivership

It is a situation in which an institution or enterprise is held by a receiver—a person "placed in the custodial responsibility for the property of others, including tangible and intangible assets and rights"—especially in cases where a company cannot meet financial obligations or enters bankruptcy.



Record Keeping

The process of keeping or recording information that explain certain business transactions. Record keeping is a requirement under tax law.

Refinance

When a new loan is taken out to pay off an existing one. Refinancing is often done to extend the original loan over a longer period of time, reduce fees or interest rates, switch banks, or move from a fixed to variable loan.

Regional marketing

The practice of using different marketing mixes to accommodate unique preferences and competitive conditions in different geographical areas.

Regions Bank

Regions Bank has the financial tools you need to manage your growing business. We understand the financial issues your business faces, and we offer you the financing solutions so your business can continue to grow.

Relevant cost

Expenditures that are expected to occur in the future as a result of some marketing action and differ among other potential marketing alternatives.

Remortgage

This is a common process for mortgage holders and occurs when a new mortgage is taken out without selling the property. Remortgaging happens for a variety of reasons including; to release equity from a property, to consolidate debts, or to take advantage of a more favorable mortgage rate.

Rent to Buy

It is a type of finance arrangement where a good is purchased through an initial deposit and then 'leased' while the good is paid off. Once the good is fully paid the purchaser has the option (but no obligation) to buy the good or continue leasing. See also *Hire purchase*.

Repayment Mortgage

A mortgage that requires you to pay off the loan and the interest at the same time throughout the term of the mortgage.

Repositioning

The process of strategically changing the perceptions surrounding a product or service.

Repossess

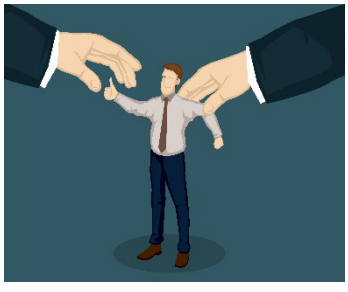
The process of a bank or other lender taking ownership of property/assets for the purpose of paying off a loan in default.

Resource

Any physical item produced for trade purposes. Australia's resources include coal, gold, aluminium and oil.

Resource requirements

Your resource requirements are the personnel, time, space and equipment necessary to create and maintain your website. Remember that a website is never done; it will always require resources, some of which will be used to periodically create new content.



Retained earnings

Earnings (or losses) that have been reinvested into the company, not paid out as dividends to the owners. When retained earnings are negative, the company has accumulated losses.

Retention of Title

A type of clause that can be included in contracts where a buyer may physically receive property, but doesn't take legal ownership from the seller until the full purchase price is paid.

Return Multiple

A common measurement used in the private equity market is the amount realized for the investment divided by the original cost of the investment, otherwise known as realization ratio or return multiple. The measurement does not take into consideration the time value of money.

Return on assets

Net profits divided by total assets. A measure of profitability.

Return on Investment (ROI)

A calculation that works out how efficient a business is at generating profit from the original equity provided by the owners/shareholders. It's a way of thinking about the benefit (return) of the money you've invested into the business. To calculate ROI, divide the gain (net profit) of the investment by the cost of the investment – the ROI is expressed as a percentage or a ratio.

Return on sales

ROS, is an important evaluation metric used by investors and analysts, it is not generally considered the best, or most definitive, measure of a company's profitability. Return on sales is a ratio commonly used to evaluate a company's operational efficiency. Essentially the same as the operating profit margin, this metric provides an indication of how well-managed a company is, since control of operational costs in relation to sales revenues is an essential part of corporate management.

Return visitors

In online marketing, a website visitor who has made at least one previous visit to the site or page in question.

Reversion Rate

This is the rate to which your mortgage will revert at the end of any incentive or fixed rate period. For example, you may have a three-year fixed rate mortgage of 5.75%. At the end of the three years the mortgage rate may change to 6.4%; therefore the reversion rate would be 6.4%.

Rich-gumpert evaluation system

A method of analysis that associates a numeric value between 1 and 4 regarding the spectrums of product development and the entrepreneur and management team. For example, the most desirable "4/4" rating represents a fully developed product with an established market that is supported by a fully staffed and experienced management team.

Risk

In investment terms risk is a measure of volatility. Volatility is a measure of the variability of returns and is the standard deviation of investment returns over a specific period of time. The higher the standard deviation, the higher the level of risk associated with that investment.

Rogers, Everett

Author who studied and published information on the theory of diffusion of innovation.

RTI

The Rent to Interest cover is the ratio of rent receivable on the property to interest cost of the related loan. This is used by lenders to assess the ability

of the borrower to be able to afford the proposed loan. The interest cost applied in this calculation may have a pre-determined rate of interest so that the cover is not unduly affected by current rates of interest.

Running yield

The interest rate on an investment expressed as a percentage of the capital invested, thus showing the actual cash flow of the amount paid for the investment.

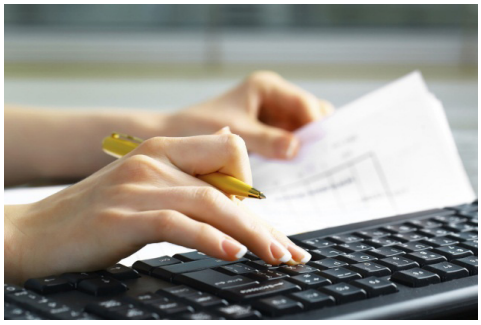
S

S Corporation (S Corp)

Corporations are either the standard C corporation or the small business S corporation. The C corporation is the classic legal entity of the vast majority of successful companies in the United States. Most lawyers would agree that the C corporation is the structure that provides the best shielding from personal liability for owners, and provides the best non-tax benefits to owers. This is a separate legal entity, different from its owners, which pays its own taxes. Most lawyers would also probably agree that for a company that has ambitions of raising major investment capital and eventually going public, the C corporation is the standard form of legal entity. The S corporation is used for family companies and smaller ownership groups. The clearest distinction from C is that the S corporation's profits or losses go straight through to the S corporation's owners, without being taxed separately first. In practical terms, this means that the owners of the corporation can take their profits home without first paying the corporation's separate tax on profits, so those profits are taxed once for the S owner, and twice for the C owner. In practical terms the C corporation doesn't send its profits home to its owners as much as the S corporation does, because it usually has different goals and objectives. It often wants to grow and go public, or it already is public. In most states an S corporation is owned by a limited number (25 is a common maximum) of private owners, and corporations can't hold stock in S corporations, just invidivuals. Corporations can switch from C to S and back again, but not often. The IRS has strict rules for when and how those switches are made. You'll almost always want to have your CPA and in some cases your attorney guide you through the legal requirements for switching.

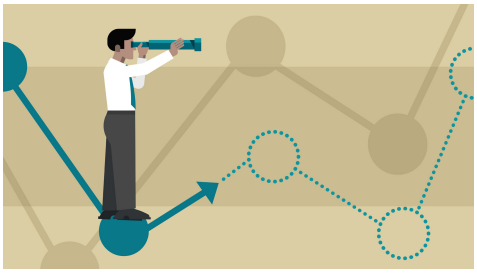
Sales break-even

The sales volume at which costs are exactly equal to sales. The exact formula is =Fixed_costs/(1-(Unit_Variable_Cost/Unit_Price)).



Sales forecast

The level of sales a single organization expects to achieve based on a chosen marketing strategy and assumed competitive environment.



Sales on credit

Sales made on account; shipments against invoices to be paid later.

Same-store sales

It is a financial metric that companies in the retail industry use to evaluate the total dollar amount of sales in the company›s stores that have been operating for a year or more. Same-store sales statistics provide a performance comparison for the established stores of a retail chain over a given time period, such as a fiscal year or quarter or a calendar year or quarter, comparing revenues for the current period to the same period in the past, for example, comparing first-quarter 2016 revenues to first-quarter 2015 revenues.

Santa Claus rally

A Santa Claus rally is a surge in the stock market that occurs between Christmas and New Year's Day.

Scrambled merchandising

The practice by wholesalers and retailers that carry an increasingly wider assortment of merchandise.

Secured Debt

Secured debt is debt backed or secured by collateral to reduce the risk associated with lending, such as a mortgage. If the borrower defaults on repayment, the

bank seizes the house, sells it and uses the proceeds to pay back the debt.

Securities

Written undertakings securing repayment of money. They are typically negotiable instruments such as bonds, bills of exchange, promissory notes or share certificates which establish ownership and payment rights between parties.

Securitization

Securitization is the process through which an issuer creates a financial instrument by combining other financial assets and then marketing different tiers of the repackaged instruments to investors. This process can encompass any type of financial asset and promotes liquidity in the marketplace.

Seed Capital

Seed capital is the initial capital used when starting a business, often coming from the founders' personal assets, friends or family, for covering initial operating expenses and attracting venture capitalists. This type of funding is often obtained in exchange for an equity stake in the enterprise, although with less formal contractual overhead than standard equity financing. Because banks and venture capital investors view seed capital as an "at risk" investment by the promoters of a new venture, capital providers may wait until a business is more established before making larger investments of venture capital funding.

Selective distribution

A strategy where a producer sells its products or services in a few exclusively chosen retail outlets in a specific geographical area.

Selling approaches

Five potential selling resources based on the sales value and the distribution of the product.

Senior Corps of Retired Executives (SCORE)

A no-cost consulting and resources service offered through the Small Business Administration.

Senior Debt

Debt which, in the event of bankruptcy, must be repaid before subordinated debt receives any payment.

Shadow credit rating

An internal rating applied by AMP Capital to debt that has not been rated by one of the well-known ratings companies such as Standard & Poor's.

Shareholder rights plan

It is a type of defensive tactic used by a corporation's board of directors against a takeover. Typically, such a plan gives shareholders the right to buy more shares at a discount if one shareholder buys a certain percentage or more of the company's shares. The plan could be triggered, for instance, if any one shareholder buys 20% of the company's shares, at which point every shareholder (except the one who possesses 20%) will have the right to buy a new issue of shares at a discount. If every other shareholder is able to buy more shares at a discount, such purchases would dilute the bidder's interest, and the cost of the bid would rise substantially. Knowing that such a plan could be activated, the bidder could be disinclined to take over the corporation without the board's approval, and would first negotiate with the board in order to revoke the plan.

Shareholders

A shareholder is any person, company or other institution that owns at least one share of a company's stock. Because shareholders are a company's owners, they reap the benefits of the company's successes in the form of increased stock valuation. If the company does poorly, however, shareholders can lose money if the price of its stock declines.

Shares

Also known as equities. A person who buys a portion of a company's capital becomes a shareholder in that company's assets and as such receives a share of the company's profits in the form of an annual dividend. There are different types of shares, for example ordinary, preference, cumulative preference and participating preference shares.

Short term investment

Short-term investments are part of the account in the current assets section of a company›s balance sheet. This account contains any investments that a company has made that is expected to be converted into cash within one year. For the most part, these accounts contain stocks and bonds that can be liquidated fairly quickly.

Short-term assets

Cash, securities, bank accounts, accounts receivable, inventory, business equipment, assets that last less than five years or are depreciated over terms of less than five years. Also called Current Assets.

Short-term liabilities

These are debts with terms of five years or less. These are also called current liabilities, short-term loans, or short-term (current) debts. These may also include short-term debts that don't cause interest expenses. For example, they might be loans from founders or accrued taxes (taxes owed, already incurred, but not yet paid).

Short-term

Normally used to distinguish between short-term and long-term, when referring

to assets or liabilities. Definitions vary because different companies and accountants handle this in different ways. Accounts payable is always a short-term liability, and cash, accounts receivable and inventory are always short-term assets. Most companies call any debt of less than five-year terms short-term debt. Assets that depreciate over more than five years (e.g., plant and equipment) are usually long-term assets.

Short-term notes

These are the same as short-term loans. These are debts with terms of five years or less.

Simple linear regression

A linear correlation that offers a straight-line projection based on the variables considered.

Single-entry bookkeeping

A bookkeeping method used within a cash accounting system and records one side of each transaction.

SIS

Superannuation Industry (Supervision) Act 1993. This is now the governing legislation for superannuation funds, approved deposit funds (ADFs) and pooled superannuation trusts. The trustees of these entities must comply with SIS in order for the funds to be concessionally taxed.

Situation analysis

The assessment of operations to determine the reasons for the gap between what was or is expected, and what has happened or will happen.

Skimming pricing strategy

Setting a relatively high initial price for a new product or service when there is a strong price-perceived quality relationship that targets early adopters that are price insensitive. The price may be lowered over time.

Slotting allowances

Payments to store chains for acquiring and maintaining shelf space.

Small Business Investment Council (SBIC)

A division of the Small Business Administration that offers "venture capital-like" resources to higher risk businesses seeking capital.

Socially Responsible Investment (SRI)

An innovative form of investing because it focuses on investing in companies that will form part of a socially and environmentally sustainable world. SRI aims to achieve more than financial returns. Its non-financial aims include issues such as attempting to boost working conditions and helping the environment.

Sole proprietorship

The simplest form is the sole proprietorship. Simply put, your business is a sole proprietorship if you don't create a separate legal entity for it. This is true whether you operate it in your own name, or under a trade name. If it isn't your own name, then you register a company name as a "Fictitious business name," also called a DBA ("Doing Business As"). Depending on your state, you can usually obtain this through the county government, and the cost is no more than a small registration fee plus a required newspaper ad, for a total of less than $100 in most states.

Sole trader

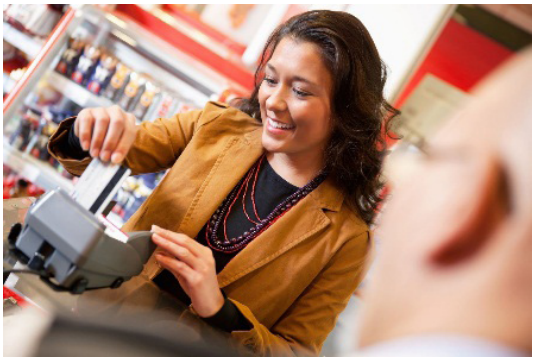
This is the easiest and quickest form of corporation for a small, privately-owned business. Your Memoranda and Articles of Association are usually fairly straightforward to obtain, and your taxes will be lower than those of a public company. However, the owner of a Sole Trader is personally liable for all of its actions and debts, and may not be entitled to benefits, like unemployment payments, that would accrue to those running public companies.

Specialized option

An option which generally invests in less than three asset sectors.

Split funding

Where investment of the monies of a plan are split between two or more investment managers.



Spread product

It is the unfortunate term for taxable (as opposed to municipal) bonds that are not Treasury securities. Agency securities, asset-backed securities, corporate bonds, high-yield bonds and mortgage-backed securities are various types of spread product.

Standard deviation

It is a measure of the dispersion of a set of data from its mean. It is calculated as the square root of variance by determining the variation between each data point relative to the mean. If the data points are further from the mean, there is higher deviation within the data set.

Starting date

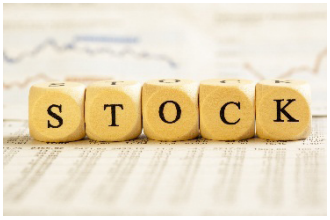
The starting date for the entire business plan.

Start-up Capital

Financing provided to companies which have not yet fully established commercial operations and may also involve continued research and product development. Essentially it is money provided to companies to develop a concept.

Stock

1) Goods on hand, either finished goods or materials to be used to manufacture goods. Also called Inventory. 2) Stock can also refer to privately held or publicly traded shares or securities representing investment in, or partial ownership of, a business. Public trading of such stock occurs on the stock market.



Stock market

The organized trading of stocks, bonds, or other securities, or the place where such trading occurs.

Stock taking

It is the counting of on-hand inventory. This means identifying every item on hand, counting it and summarizing these quantities by item. There may also be a verification step, where the count results are compared to the inventory unit counts in a company's computer system. Stock taking is a common requirement of a periodic inventory system, and may also be required as part of a company's annual audit.

Stock turnover

Total cost of sales divided by inventory (materials or goods on hand). Usually calculated using the average inventory over an accounting period, not an ending-inventory value. Also called Inventory Turnover.

Strategic control

The practice of assessing the direction of the organization as evidenced by its implicit or explicit goals, objectives, strategies, and capacity to perform in the context of changing environmental and competitive actions.

Strategic marketing management

The planned process of defining the organization's business, mission,

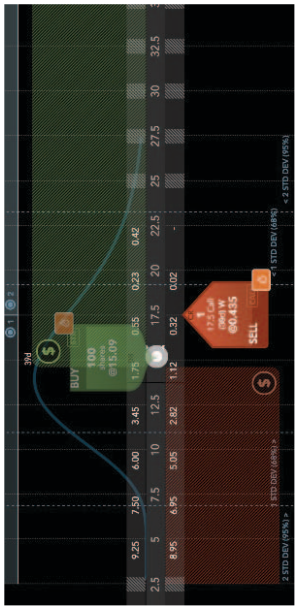
and goals; identifying and framing organizational opportunities; formulating product-market strategies, budgeting marketing, financial, and production resources; developing reformulation.

Strategic range

The minimum and maximum weighting allowed within each asset sector. These ranges vary accordingly to the type of discretionary option and are changed infrequently.

Strike price

A strike price is the price at which a specific derivative contract can be exercised. The term is mostly used to describe stock and index options in which strike prices are fixed in the contract. For call options, the strike price is where the security can be bought (up to the expiration date); for put options, the strike price is the price at which shares can be sold.



Subordinated Debt

A loan which ranks behind other debts if a company is wound up. For this reason subordinated loans are more risky that debt classed as senior or insubordinated debt. Subordinated debt usually commands a higher interest rate than higher-ranked debt.

Subordinated loan

A loan that ranks behind other debts if a company is wound up. For this reason subordinated loans are more risky that debt classed as senior or insubordinated debt. The subordinated debt usually carries a higher interest rate than higher-ranked debt.

Success factors

Primary success factors include considerations regarding 1) The choice of business based on the status of the market 2) Education and experience 3) People and collaboration 4) Creativity and innovation versus business skills and networks 5) Incubation potential 6) Leveraging available resources 7) Management practices.

Success requirements

The basic tasks that must be performed by an organization in a market or industry to compete successfully. These are sometimes "key success factors."

Sunk cost

Past expenditures for a given activity that are typically irrelevant in whole or in part to future decisions. The "sunk cost fallacy" is an attempt to recoup spent dollars by spending still more dollars in the future.

Superannuation

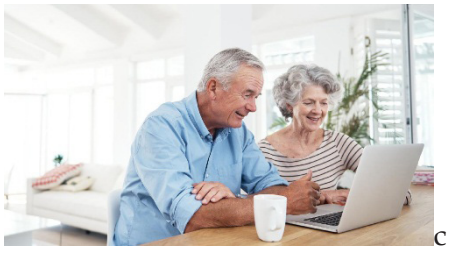
A pension or payment to a person retiring from full-time work on reaching a legislated age. The term also refers to the accumulating contributions by employers and employees to a superannuation fund.

Superannuation guarantee charge (SGC)

This is the penalty imposed on an employer if they do not pay the required superannuation guaranteed contributions.

Superannuation trust

Commonly refers to tax-free investment trusts open only to trustees of superannuation funds and not private investors.



c

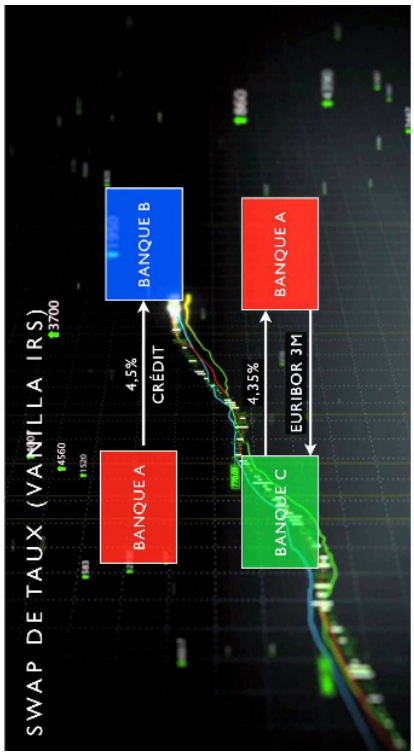
Surplus or deficit

(Nonprofit) Also called Profit and Loss statement, in for-profit plans. An income statement is a financial statement that shows funding, cost of funding, gross

surplus, operating expenses, and surplus or deficit. Gross surplus is funding less cost of funding, and surplus (or deficit) is gross surplus less operating expenses and taxes. The result is surplus if it is positive, deficit if it is negative.

Swap (finance)

A swap is a derivative contract where two parties exchange financial instruments. Most swaps are derivatives in which two counterparties exchange cash flows of one party›s financial instrument for those of the other party's financial instrument.



Swap curve

A visual representation showing the fixed interest rates at which the bonds of the best-rated companies can be swapped for floating money-market rates.

Swap rates

The fixed interest rates traders will pay to receive a floating money-market rate. The gap between those rates and government bond yields are known as swap spreads and gauge risk appetite.

SWB Index ($A)

The Salomon Brothers World Bond Index in Australian dollars. It is a market proxy for international bond portfolios. All income is reinvested.

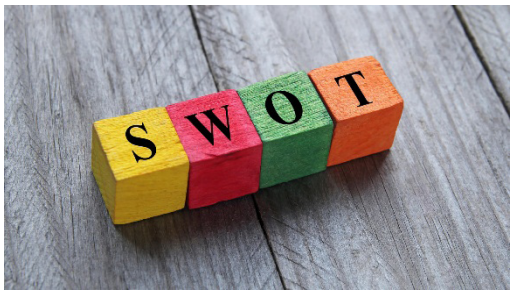
Switching costs

The costs incurred in changing from one provider of a product or service to another. Switching costs may be tangible or intangible costs incurred due to the change of this source.

SWOT analysis

It is a process that identifies an organization's strengths, weaknesses,

opportunities and threats. Specifically, SWOT is a basic, analytical framework that assesses what an entity (usually a business, though it can be used for a place, industry or product) can and cannot do, for factors both internal (the strengths and weaknesses) as well as external (the potential opportunities and threats). Using environmental data to evaluate the position of a company, a SWOT analysis determines what assists the firm in accomplishing its objectives, and what obstacles must be overcome or minimized to achieve desired results: where the organization is today, and where it may be positioned in the future.



Syndicate

A collection of investors will pool their financial resources to simultaneously purchase securities from a corporation.

Systematic innovation

Innovation resulting from an intentional and organized process to evaluate opportunities to introduce change, based on a definition provided by Peter Drucker. The sources of innovation may be internal or external to the enterprise.

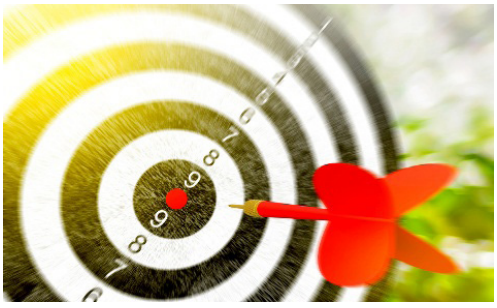
T

Tactics

A collection of tools, activities and business decisions required to implement a strategy.

Target market

The target market is a defined segment of the market that is the strategic focus of a business or a marketing plan. Normally the members of this segment possess common characteristics and a relative high propensity to purchase a particular product or service. Because of this, the member of this segment represent the greatest potential for sales volume and frequency. The target market is often defined in terms of geographic, demographic, and psychographic characteristics.



Tax rate percent

An assumed percentage applied against pre-tax income to determine taxes.

Telemarketing

A form of direct marketing that uses the telephone to reach potential customers.

Trade margin

The difference between unit sales price and unit cost and each level of a marketing channel usually expressed in percentage terms.

Trading down

The process of reducing the number of features or quality of an offering to realize a lower purchase price.

Trading up

The practice of improving an offering by adding new features and higher quality materials or adding products or services to increase the purchase price.

Traffic

In broad, general terms, the number of visitors and visits a website receives.

Terminal Value

The expected value of an asset at the end of an investment period. If the investment is not publicly traded, then the terminal value is subject to the valuation and appraisal procedures of the valuer. These procedures can have a high degree of subjectivity.

Trust

An arrangement whereby an asset is held by a person or persons (the trustees) for the benefit of some other person or persons (the beneficiaries).

Trust deed

The formal legal document which sets out the rules governing how a fund operates.

Trustee

An individual or company with the duty to ensure that the rules of the trust deed are adhered to. Trustees are normally responsible for the running of superannuation plans and are bound by the trust deed, the relevant trust law and the SIS Act.

Trustees' discretion

Decisions which, under the trust deed and/or rules for a plan, are specified to be exercisable in any manner, solely at the discretion of the trustees. Eg. death payments.

Term

The maximum period of time for which the mortgage will last. Interest Only Mortgages may still have their entire loan amount outstanding at the end of the term whereas Repayment Mortgages will be fully repaid at this time (if all payments due have been made).

Tracker Mortgage

This is a mortgage that tracks another rate. Most track BBR, however they can also track either the lender's SVR or LIBOR.

Turnover

It is an accounting term that calculates how quickly a business collects cash from accounts receivable or how fast the company sells its inventory. In the investment industry, turnover is defined as the percentage of a portfolio that is sold in a particular month or year.

Tax invoice

An invoice required for the supply of goods or services over a certain price. A valid tax invoice is required when claiming GST credits. See also Invoice.

Takeover

A takeover occurs when an acquiring company makes a bid in an effort to assume control of a target company, often by purchasing a majority stake. If the takeover goes through, the acquiring company becomes responsible for all of the target company's operations, holdings and debt. When the target is a publicly traded company, the acquiring company makes an offer for all of the target's outstanding shares.

Takeover bid

A takeover bid is a type of corporate action in which an acquiring company makes an offer to the target company's shareholders to buy the target company's shares in order to gain control of the business. Takeover bids can either be friendly or hostile.

Tangible Common Equity Ratio

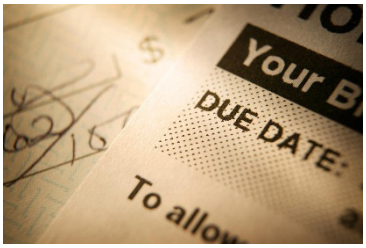
The tangible common equity (TCE) ratio measures a firm's tangible common equity in terms of the firm's tangible assets. It can be is used to estimate a bank's sustainable losses before shareholder equity is wiped out. The tangible common equity (TCE) ratio is calculated by first finding the value of the firm's tangible common equity, which is the firm's common equity less preferred stock equity less intangible assets. The tangible common equity is then divided by the firm's tangible assets, which is found by subtracting the firm's intangible assets from total assets. Depending on the firm's circumstances, patents might be excluded from intangible assets for the purposes of this equation since they, at times, can have a liquidation value.

Tax haven

It is a jurisdiction that has a low rate of tax or does not levy a tax as well as offers some degree of secrecy. Definitions vary; some definitions focus purely on tax: for example, one widely cited academic paper describes a tax haven as a jurisdiction where particular taxes, such as an inheritance tax or income tax, are levied at a low rate or not at all.

Teaser Rate

An initial rate on an adjustable-rate mortgage (ARM). This rate will typically be below the going market rate, and is used by lenders to entice borrowers to choose ARMs over traditional mortgages. The teaser rate will be in effect for only a few months, at which point the rate will gradually climb until it reaches the full indexed rate, which will be a static margin rate plus the floating rate index to which the mortgage is tied (usually the LIBOR index).

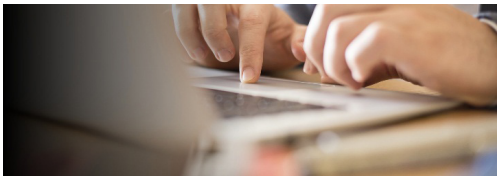


Tracker fund

A tracker fund is an index fund that tracks a broad market index or a segment thereof. Tracker funds are also known as index funds. These funds seek to replicate the holdings and performance of a designated index. Tracker funds are designed to offer investors exposure to an entire index at a low cost. Tracker funds typically buy the individual securities in the index they seek to replicate. Tracker funds can also be constructed of ETFs or alternative investments to meet the fund's tracking objective.

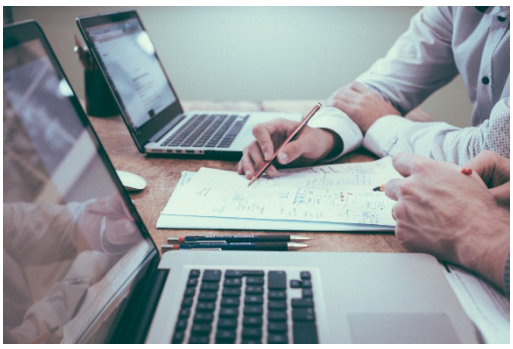
Treasury management

Treasury management (or treasury operations) includes management of an enterprise›s holdings, with the ultimate goal of managing the firm›s liquidity and mitigating its operational, financial and reputational risk. Treasury Management includes a firm›s collections, disbursements, concentration, investment and funding activities. In larger firms, it may also include trading in bonds, currencies, financial derivatives and the associated financial risk management.



Top-down investing

Top-down investing is an investment approach that involves looking at the overall picture of the economy and then breaking down the various components into finer details. After looking at the big-picture conditions around the world, analysts examine different industrial sectors to select those that are forecast to outperform the market. From this point, they further analyze stocks of specific companies to choose potentially successful ones as investments.



Total return

Total return, when measuring performance, is the actual rate of return of an investment or a pool of investments over a given evaluation period. Total return includes interest, capital gains, dividends and distributions realized over a given period of time.

Top-Line

The top line is a reference to the gross sales or revenue of a company. It is called the top line because it the first line, located at the top of a company's income statement, and is most often reserved for the reporting of gross sales or revenue. A company that increases its revenue is said to be growing its top line or generating top-line growth.

Trailing stop

A trailing stop is a stop order that can be set at a defined percentage away from a security's current market price. An investor places a trailing stop for a long position below the security's current market price; for a short position, they set it above the current price. A trailing stop is designed to protect gains by enabling a trade to remain open and continue to profit as long as the price is moving in the investor's favor but closes the trade if the price changes direction by a specified percentage. A trailing stop can also specify a dollar amount instead of a percentage.

Treasury bill

Short-term (usually less than one year, typically three months) maturity promissory note issued by a national (federal) government as a primary instrument for regulating money supply and raising funds via open market operations. Issued through the country's central bank, T-bills commonly pay no explicit interest but are sold at a discount, their yield being the difference between the purchase price and the par-value (also called redemption value). This yield is closely watched by financial markets and affects the yield on municipal and corporate bonds and bank interest rates. Although their yield is lower than on other securities with similar maturities, T-bills are very popular with institutional investors because, being backed by the government's full faith and credit, they come closest to a risk free investment.

Turnover

It is an accounting term that calculates how quickly a business collects cash from accounts receivable or how fast the company sells its inventory. In the investment industry, turnover is defined as the percentage of a portfolio that is sold in a particular month or year. A quick turnover rate generates more commissions for trades placed by a broker.

U

Umbrella policy

An umbrella policy is a policy that provides excess limits and gives additional excess coverage over the normal limits and coverage of liability policies.

Uncorrelated Exposure

Exposure to a risk factor, assuming that all other risk factors will remain constant.

Uncovered call writing

The uncovered call write is a risky options trading strategy where the options trader sells calls against stock which he does not own. Also known as naked call writing.

Uncovered Option

An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate risk. "Trading naked", as it is called, poses significant risks. However, an uncovered options contract can be profitable for the writer if the buyer cannot exercise the option because it is out of the money. Generally, uncovered options are suitable only for experienced, knowledgeable investors who understand the risks and can afford substantial losses.

Uncovered put writing

A short put option position in which the writer does not have a corresponding short position in the underlying security or has not deposited, in a cash account, cash or cash equivalents equal to the exercise value of the put.

Under/outperformance

The measure of performance against an index, competitor or any other benchmark.

Under/overweight

Underweight is less than the benchmark holding in an asset class; overweight is greater than the benchmark holding.

Underinsurance

Inadequate insurance coverage by the holder of a policy. In the event of a claim, underinsurance may result in economic losses to the policy holder, since the claim would exceed the maximum amount that can be paid out by the insurance policy. While underinsurance may result in lower premiums paid by the policy holder, the loss arising from a claim may far exceed any marginal savings in insurance premiums.

Underlying Futures Contract

The specific futures contract that is bought or sold by exercising an option.

Underlying Instrument

A trading instrument subject to purchase upon exercise.

Underlying Interest

The specific security, commodity, index or financial instrument that an option or futures contract is traded.

Underlying security

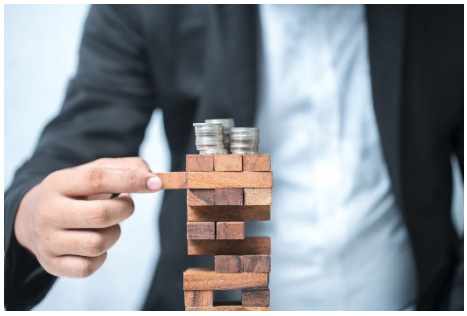
The security subject to being purchased or sold upon exercise of the option contract.

Underlying tax

Tax which is charged on corporate income out of which dividends are paid, but which does not appear as a direct deduction or withholding from the dividend itself.

Underpricing

Underpricing is the pricing of an initial public offering (IPO) below its market value. When the offer price is lower than the price of the first trade, the stock is considered to be underpriced. A stock is usually only underpriced temporarily because the laws of supply and demand will eventually drive it toward its intrinsic value.



Undervalued

Undervalued is a financial term referring to a security or other type of investment that is selling for a price presumed to be below the investment's true intrinsic value. A undervalued stock can be evaluated by looking at the underlying company's financial statements and analyzing its fundamentals, such as cash flow, return on assets, profit retention and capital management, to determine said stock's intrinsic value. Buying stocks when they are undervalued is a key component of mogul Warren Buffett's value investing strategy.

Underwriter

A firm which buys an issue of securities from a company and resells it to investors. An investment banking firm which enters into a contract with the issuer of new securities to distribute them to the investing public.

Underwriter (insurance)

A person who examines a risk, decides whether it can be insured, and if so for how much.

Underwriter (shares)

A company which guarantees to buy a proportion of any unsold shares when a new issue is offered for sale to the public.

Underwriting Commission

The commission paid to the underwriter for bearing the risk of an issue.

Underwriting income

The insurer's profit on the insurance sale after all expenses and losses have been paid. When premiums aren't sufficient to cover claims and expenses, the result is an underwriting loss. Underwriting losses are typically offset by investment income.

Undistributed profits tax

Annual tax imposed, in addition to the normal corporate income tax, on the undistributed portion of the profits or surplus of a corporation.

Undue hardship

A substantial financial loss that would result to a taxpayer from making payment on the due date of the amount of taxes with respect to which the extension is desired. Undue hardship is a condition precedent to the granting of an extension of time to make a tax payment.

Unearned premium

The portion of a premium already received by the insurer under which protection has not yet been provided. The entire premium is not earned until the policy period expires, even though premiums are typically paid in advance.

Unemployment

Unemployment is a phenomenon that occurs when a person who is actively searching for employment is unable to find work. Unemployment is often used as a measure of the health of the economy. The most frequently measure of unemployment is the unemployment rate, which is the number of unemployed people divided by the number of people in the labor force.

Unfair calling insurance

Insurance coverage to protect principals who have issued demand guarantees or bonds against an unfair or abusive call of the bond/guarantee (i.e. one which is not truly based on non-performance by the principal).

Unfunded retention

Absorbing the expense of losses as they occur, rather than making any special advance arrangements to pay for them.

Unilateral contract

A contract, such as an insurance contract, in which only one of the parties makes promises that are legally enforceable.

Uninsurable risk

Uninsurable risk is a condition that poses unknowable or unacceptable risk of loss or a situation in which the insurance would be against the law. Insurance companies limit their losses by not taking on certain risks that are very likely to result in a loss. Many states offer insurance for otherwise uninsurable risks through their "high-risk pools." However, lifetime benefits may be capped and premiums may be expensive.

Unique Client Code

This code is allotted to all members of exchange that will tell you about all details of clients.

Unique user sessions

In online marketing, a website metric tracking the number of uniquely identified clients generating requests on the Web server (log analysis) or viewing pages (page tagging). A visitor can make multiple visits.

Unit

Just as shares represent the extent of equity ownership in a company, units represent your extent of ownership in a mutual fund.

Unitholder

An investor who owns one or more units in an investment trust. Units in a trust are treated like shares and unitholders as shareholders. Unitholders are afforded specific rights that are outlined in the trust declaration, which governs the trust's actions.

Unit linked investment

See investment linked fund.

Unit Price

The unit price is a measurement that reflects the value of a Fund at a point in time. Prices are either allocation or issue (buy in at) or release or redemption (sell at). The total investment of a unit holder can be measured by the number of units held multiplied by the unit price.

Unit trust

Unit trusts invest money in the stock market on behalf of many private investors who have all pooled their funds so that it can be invested on their behalf by an investment expert - a fund manager. This money is invested by a fund manager in a portfolio (or wide range) of companies to spread the risk. Mutual funds are the US equivalent of unit trusts.

Unit variable cost

The specific labor and materials associated with a single unit of goods sold. Does not include general overhead.

Unitary tax system

Under a unitary tax system, the profits of the various branches of an enterprise or the various corporations of a group are calculated as if the entire group is a unity. A formula is used to apportion the net income of the whole group to the various parts of the group. Usually a combination of property, payroll, turnover, capital invested, manufacturing costs, etc. are formula factors.

Unitization

The practice of consolidating many small pieces of freight into a single unit.

Units break-even

The unit sales volume at which the fixed and variable costs are exactly equal to sales. The formula is UBE = Fixed_costs/ (Unit_Price-Unit_Variable_Cost)

Univariate

Involving only one variable.

Unlisted

A security not listed on a stock exchange, but traded on the over-the-counter market.

Unlisted Asset

A company that is privately owned and not listed on the stock exchange. Unlike a listed company that is publicly owned and listed on a recognized exchange.

Unlisted debt

Debt that is not traded in an active market such as the stock or bond market. Typically the term unlisted debt market refers to the private structured debt market. This type of debt implies complex legal arrangements between shareholders, borrowers and lenders.

Unload

To sell the units of mutual fund.

Unpaid expenses

Business Plan Pro uses this term to refer to other short-term liabilities in the Start-up table. Normally these would be expenses incurred with credit cards during the start-up phase, such as expenses for office furniture, fixtures, and equipment. Amounts typed into this cell in the Start-up table become the opening balance for Other Short-term Liabilities in the balance sheet. To pay these amounts when due, enter negative dollar amounts into the corresponding row on the Cash Flow table, the one for "other short-term liabilities."

Unplanned retention

The implicit assumption of risk by a firm or individual that does not recognize that a risk is acknowledge to exist but the maximum possible loss associated with it is significantly underestimated.

Unquoted shares

Shares in some companies, often smaller ones, are not traded on any stock exchange. Companies might not be quoted (or listed) because they prefer to run their businesses in relative privacy, or they do not meet the listing requirements, such as minimum market capitalization. In other words they are too small to join a stock market. The London Stock Exchange requires

companies to have a trading record of three years and sets a minimum market capitalization.

Uplifted rent

A rent which reflects lease terms which are more beneficial to the tenant than prevailing commercial terms, e.g. a higher rent to reflect, say, 14-yearly reviews, rather than the more common five-yearly reviews.

Upside Breakout

This occurs when a stock has consolidated, formed a base, or has been in a trading range, and then breaks above that level, surpassing resistance at the top of the range or base. Breakouts are suspect if they do not occur on high volume (compared to average daily volume). When playing a stock to buy on the upside breakout, we like to use a "buy stop" which calls for purchase when a stock rises above a certain price.

Upside Volume

The total volume of all advancing stocks over a given time period, e.g. daily.

Uptick

A stock is said to be on an uptick when the last trade occurred at a higher price than the one before it.

Uptrend

Stock price is trending higher.

Urban centers

Cities were classified into categories such as A, B and C and a ceiling on the maximum permissible usage on land by respective owners was set under provisions of the act.

Urban Land Ceiling and Regulation Act (ULCRA)

A legislation promulgated in 1976 as a social equity measure with a view to curb profiteering and hoarding in the urban land market as well as prevent urban congestion.

Usance draft (usance bill)

Time draft; a written demand for payment which comes due at a specified future date.

Use tax

Tax on goods which are used within the taxing jurisdiction although the goods were purchased in another jurisdiction

User

The use or enjoyment of a property or of a right over property.

User benefits

Understanding and appreciating the base reason an individual purchases a product or service that may not directly correlate with the feature or function of the good or service. These benefits may be intangible.

User Interface (UI)

User Interface is the graphic design and appearance of a website, its function as seen and used by the person on the user end, at the website in a browser. The UI of a website is ultimately how it lets users know what it has to offer them. If it lacks an easy navigation scheme users get lost, and never find the information on a site. The full potential of any website is unleashed through the UI.

User registrations

In online marketing, a conversion value measuring the number of website visitors who voluntarily include themselves in your database in order to access the content you provide on your website.

Utmost good faith

A legal doctrine in which a higher standard of honesty is imposed on parties to an insurance agreement than is imposed through ordinary commercial contracts.

V

V Pattern

A price pattern resembling the letter V, characterized by a sharp downward move followed immediately by a rapid upward progression, which is often accompanied by heavier volume.

Vaastu shastra

A traditional Indian architecture and design system, which specifies the detailed methodology of designing buildings, buying land etc. in order to maximize benefits, from the same for the occupier. This system relies in harmonizing any real estate development with the five elements of Indian Mythology namely air, water, earth, fire and space.

Valuation

Valuation is what a business is worth, as in "this company's valuation is $10 million." This would mean that a company is valued at $10 million, or worth $10 million. The term is used most often for discussions of sale or purchase of a company; it's valuation is the price of a share times the number of shares outstanding, and the price of a share is the total valuation divided by the number of shares outstanding. The process of making an estimate of worth of real property or real property or other assets for a particular purpose e.g. letting, purchase, sale, audit, rating, compulsory purchase or taxation. That purpose and the relevant circumstances will determine assumptions and facts that are appropriate and hence the process used. Valuation report is prepared by a lender's appointed valuer to ensure that a property is appropriate security for the mortgage and to find out how much the property is worth and its expected rental income.

Valuation Fee

The fee charged to cover the cost of the lender's valuation – usually paid by the borrower.

Valuation principles

Tax law principles regarding valuation of business and non-business assets, and inventory.

Value

The ratio of perceived benefits compared to price for a product or service. The price that might an interested in property or some other asset might reasonably be expected to fetch if disposed of at right.

Value added tax (VAT)

A value-added tax (VAT) is a type of consumption tax that is placed on a product whenever value is added at a stage of production and at the point of retail sale. The amount of VAT that the user pays is on the cost of the product, less any of the costs of materials used in the product that have already been taxed.

Value Area

The price range on the CBOT Market Profile in which approximately 70% of the day's trades occur.

Value at Risk (VaR)

Value at risk (VaR) is a statistical technique used to measure and quantify the level of financial risk within a firm or investment portfolio over a specific time frame. This metric is most commonly used by investment and commercial banks to determine the extent and occurrence ratio of potential losses in their institutional portfolios. VaR calculations can be applied to specific positions or portfolios as a whole or to measure firm-wide risk exposure.

Value Averaging

An investing strategy that works like dollar cost averaging (DCA) in terms of steady monthly contributions, but differs in its approach to the amount of each monthly contribution. In value averaging, the investor sets a target growth rate or amount on his or her asset base or portfolio each month, and then adjusts the next month's contribution according to the relative gain or shortfall made on the original asset base.

Value date

A value date is a future date used in determining the value of a product that fluctuates in price. Typically, you will see the use of value dates in determining the payment of products and accounts where there is a possibility for discrepancies due to differences in the timing of valuation. Such products include forward currency contracts, option contracts, and the interest payable or receivable on personal accounts. Also referred to as "valuta".

Value Investor

One who looks for out of favor (value priced) stocks.

Value Stock

Similar to beauty, value is in the eye of the beholder. A value stock is one where the current share price is lower than the value as calculated by the investor. Common valuation techniques include the dividend discount model (DDM), fundamental ratios such as price-to-earnings or dividend yield, and leveraged buyout valuations based on cash flow or EBITDA.

Value Stocks

Companies currently out of favor with investors. These companies usually have low valuation ratios (price/earnings less than the S&P 500, price/sales ratio less than 2, price/book ratio less than 2).

Valued policy

A policy under which the insurer pays a specified amount of money to or on behalf of the insured upon the occurrence of a defined loss. The money amount is not related to the extent of the loss. Life insurance policies are an example.

Vandalism

The malicious and often random destruction or spoilage of another person's property.

Vanilla Buy-to-Let

Properties in this category tend to be normal 2-3 bed houses and flats, usually fitting the general lending criteria of mainstream Buy-to-Let lenders. In the trade these property types are known as vanilla Buy-to-Let properties.

Variable annuity

An annuity whose value may fluctuate according to the value of underlying securities in which the funds are invested.

Variable Cost

A variable cost is a corporate expense that changes in proportion with production output. Variable costs increase or decrease depending on a company's production volume; they rise as production increases and fall as production decreases.

Variable Interest Rate

A variable interest rate is an interest rate on a loan or security that fluctuates over time, because it is based on an underlying benchmark interest rate or index that changes periodically. The obvious advantage of a variable interest rate is that if the underlying interest rate or index declines, the borrower's interest payments also fall. Conversely, if the underlying index rises, interest payments increase.

Variable Limit

According to the Chicago Board of Trade rules, an expanded allowable price range set during volatile markets.

Variable Rate

This expression shows that the interest rate varies and is not fixed. It is the interest rate the lender charges you. It may go up or down and with that your payments will do too.

Variable rate mortgage

A type of home loan in which the interest rate is not fixed. The two most common types of mortgages in the United States are fixed rate and variable rate (also called adjustable rate). With a fixed rate mortgage, the interest rate does not change for the entire loan term.

Variable-Length Moving Average

A moving average where the number of periods selected for smoothing is based on a volatility measurement of price. Typically, the standard deviation of price is used to measure price volatility. The more volatile the price is, the shorter the number of periods used is for smoothing.

Variance

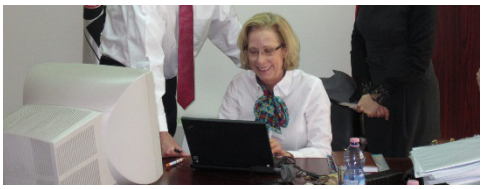
A calculation of the difference between plan and actual results, used by analysts to manage and track the impact of planning and budgeting.

Variation margin

Funds, which are required to bring the equity in an account back up to the initial margin level, calculated on a day-to-day basis.

Vega

Vega is the measurement of an option's sensitivity to changes in the volatility of the underlying asset. Vega represents the amount that an option contract's price changes in reaction to a 1% change in the implied volatility of the underlying asset. Volatility measures the amount and speed at which price moves up and down, and is often based on changes in recent, historical prices in a trading instrument.



Venture Capital

Venture capital is financing that investors provide to startup companies and small businesses that are believed to have long-term growth potential. Venture capital generally comes from well-off investors, investment banks and any other financial institutions. However, it does not always take just a monetary form; it can be provided in the form of technical or managerial expertise.

Venture Capital/ Venture Capital Trust (VC/VCT)

Capital invested in a start-up business that is thought to have excellent growth prospects but does not have access to capital markets because it is a private company.

Venture Capital Funds

Venture capital funds are investment funds that manage the money of

investors who seek private equity stakes in startup and small- to medium-sized enterprises with strong growth potential. These investments are generally characterized as high-risk/high-return opportunities. In the past, venture capital investments were only accessible to professional venture capitalists, although now accredited investors have a greater ability to take part in venture capital investments.

Venture Capitalists (VC)

An investor involved in financing a company's operations before going public in exchange for an ownership percentage. Venture capitalists are thought of in two ways, first, some people think of any wealthy individual who invests in young companies as a venture capitalist. Second, within the more informed investors, analysts, and entrepreneurs, a venture capitalist is a manager of a mainstream venture capital fund.

Venture Debt

It is a form of debt financing for emerging venture-backed companies. This type of financing has emerged as a means of financing startups and established businesses that are "in between" more traditional venture capital financing rounds.

Vertical equity

Vertical equity is a method of collecting income tax in which the taxes paid increase with the amount of earned income. The driving principle behind vertical equity is the notion that those who are more able to pay taxes should contribute more than those who are not.

Vertical merger

A vertical merger is a merger between two companies that operate at separate stages of the production process for a specific finished product. A vertical merger occurs when two or more firms, operating at different levels within an industry's supply chain, merge operations. Most often, the logic behind the merger is to increase synergies created by merging firms that would be more efficient operating as one.

b

Vertical slice participation

A method of multi-participation in a venture, usually a development, whereby each of the participants owns a separate legal interest in the whole of the property concerned by way of the freehold, head lease or a subordinate interest. The documentation normally ensures that rental and other income and /or capital receipts as well as the cost of any revenue or capital liabilities are shared by the participants in predetermined percentages related to their respective contributions, whether financial or otherwise.

Vertical Spread

An options trading strategy with which a trader makes a simultaneous purchase and sale of two options of the same type that have the same expiration dates but different strike prices.

Vested

For a retirement savings plan participant, vesting refers to the gradual granting of ownership of contributions made by your employer.

Vested benefit

A vested benefit is a financial incentive of employment that an employee is fully entitled to. Employers sometimes offer their employees benefits that they acquire full ownership of gradually or suddenly, as they accumulate more time with the company. This process is called graduated vesting or cliff vesting, and its purpose is to give employees a reason to stay with the company long term. When the employee has earned full rights to the incentive after a predetermined number of years of service, those benefits are called fully vested.

Vesting

Vesting is a legal term that means to give or earn a right to a present or future payment, asset or benefit. It is most commonly used in reference to retirement plan benefits when an employee accrues non-forfeitable rights over employer-provided stock incentives or employer contributions made to the employee's qualified retirement plan account or pension plan. It is also commonly used in inheritance law and real estate.

Vesting Bonus

It is the bonus which the insurer declares after evaluating its assets and liabilities and that is added to the sum assured under a policy.

Viatical settlement

An arrangement in which someone with a terminal disease sells his or her life insurance policy at a discount from its face value for ready cash. The buyer cashes in the full amount of the policy when the original owner dies. Also referred to as a Life Settlement.

Vicarious liability

Vicarious liability is a situation in which one party is held partly responsible for the unlawful actions of a third party. The third party also carries his or her own share of the liability. Vicarious liability can arise in situations where one party is supposed to be responsible for (and have control over) a third party, and is negligent in carrying out that responsibility and exercising that control.

Vicarious liability laws

Laws requiring that parents assume liability for the acts of their children and that bar owners assume liability for the acts of their patrons. Also makes car owners liable for acts of drivers of their cars.

Vintage Year

The vintage year is the year in which the first influx of investment capital is delivered to a project or company. This marks when capital is contributed by venture capital, a private equity fund or a partnership drawing down from its investors. Investors can use the vintage year of an investment to further explain its returns.

VISA

Banks and financial institutions around the world distribute VISA cards, a product of VISA, USA.

Void

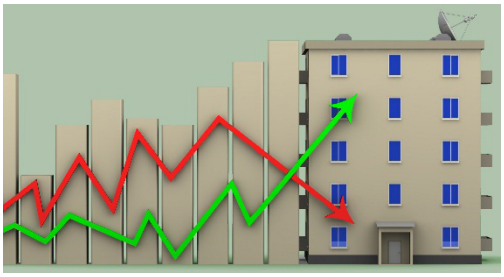
A policy contract that for some reason specified in the policy becomes free of all legal effect. One example under which a policy could be voided is when information a policyholder provided is proven untrue.

Volatile

When the market or security tends to vary often and wildly in prices, it is said to be volatile.

Volatility

Volatility is a statistical measure of the dispersion of returns for a given security or market index. Volatility can either be measured by using the standard deviation or variance between returns from that same security or market index. Commonly, the higher the volatility, the riskier the security.



Volatility Index (VIX)

VIX - The Chicago Board Options Exchange Volatility Index, or VIX, as it is better known, is used by stock and options traders to gauge the market's anxiety level. Put simply, it is a mathematical measure of how much the market thinks the S&P 500 Index option, or SPX, will fluctuate over the next 12 months, based upon an analysis of the difference between current SPX put and call option prices. Although the VIX isn't expressed as a percentage, it should be understood as one. A VIX of 22 translates to implied volatility of 22% on the SPX. This means that the index has a 66.7% probability of trading within a range 22% higher than -- or lower than -- its current level, over the next year. The VIX rises when put option buying increases; and falls when call buying activity is more robust. For contrarians, low readings on the VIX are bearish, while high readings are bullish.

Volume

Volume is the number of shares or contracts traded in a security or an entire market during a given period of time. For every buyer, there is a seller, and each transaction contributes to the count of total volume. That is, when buyers and sellers agree to make a transaction at a certain price, it is considered one transaction. If only five transactions occur in a day, the volume for the day is five.

Volume accumulation

This volume indicator addresses some of On Balance Volume's shortcomings and was developed by Marc Chaikin. Where OBV assigns all of a day's volume a positive or negative value, Volume Accumulation counts only a percentage of the volume as positive or negative, depending on where the close is in relation to the average price of the day.

The only time the entire day's volume is assigned a positive value is when the close is the same as the day's high. The opposite applies for a close at the day's low.

Volume indicators

A family of technical indicators that combine price and volume to form time series that can be used in formulas. In theory, volume leads price, so you should be able to predict where price is going by examining volume. Volume indicators try to capitalize on this belief. In formulas, On-Balance Volume is a volume indicator represented by the building block K.

Volume Price Trend (VPT)

In which a running sum is maintained when a day's total volume is added if the market closes positive or the day's total volume is subtracted if the market closes lower.

Volume spike

Unusually large volume, graphed on a bar chart as a spike. To locate volume spikes, you compare a single day's volume to average volume. If one day's volume is two to three times the average volume, it will appear as a spike. Unusually large volume often foreshadows a major change in price trend.

Volume Weighted Average Price (VWAP)

Volume Weighted Average Price is equal to the sum of the volume of every transaction multiplied by the price of every transaction divided by the total volume for the trading day. A trading benchmark particularly used in pension plans. Calculated by adding up the dollars traded for every transaction (price times shares traded) and then divide by the total shares traded for the day. The theory is that if the price of a buy trade is lower than the VWAP, it is a good trade. The opposite is true if the price is higher than the VWAP.

Voluntary act

A characteristic of a negligent act- the person committing the act chose to do so and could have chosen not to.

Voluntary coverage

Insurance coverage purchased at the discretion of the buyer.

Vulture funds

Vulture funds prey on hapless countries who lack funds for basic health care or education, let alone paying millions of dollars to overseas investors. Often operating through shell companies in the Caribbean, they buy debt obligations in secondary markets at a fraction of their face value in the hope of enforcing them through the courts at full value. Commercial banks often sell the debt cheaply because of the low probability of it being repaid.

W

Wage tax

Levied at source as a withholding on wages; taxes thus withheld are usually offset against final income tax liability (if any).

Waiver

A waiver is the voluntary action of a person or party that removes that person's or party's right or particular ability in an agreement. The waiver can either be in written form or some form of action. A waiver essentially removes a real or potential liability for the other party in the agreement.

Wall Street

Wall Street is a street in lower Manhattan that is the original home of the New York Stock Exchange and the historic headquarters of the largest U.S. brokerages and investment banks. The term Wall Street is also used as a collective name for the financial and investment community, which includes stock exchanges and large banks, brokerages, securities and underwriting firms, and big businesses. Today, brokerages are geographically diverse, allowing investors free access to the same information available to Wall Street's tycoons.

War hazard exclusion

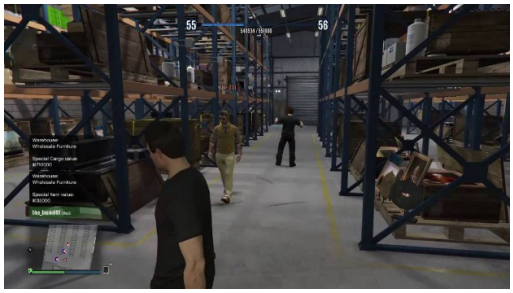
Eliminates insurance coverage for death that is a direct result of war or other hostile action.

War risk

The possibility that an investment will lose value because of a major, violent political upheaval. War generates uncertainty in the financial markets and causes many investors to panic and sell, which leads to a decline in prices. The possibility that an individual or company will experience a major financial loss related to the destruction of property caused by a major, violent, political upheaval.

Warehouse

A warehouse is a commercial building for storage of goods. Warehouses are used by manufacturers, importers, exporters, wholesalers, transport businesses, customs, etc. They are usually large plain buildings in industrial areas of cities, towns and villages.



Warehouse Receipt

Document guaranteeing the existence and availability of a given quantity and quality of a commodity in storage; commonly used as the instrument of transfer of ownership in both cash and futures transactions.

Warrant

A warrant is a derivative that confers the right, but not the obligation, to buy or sell a security – normally an equity – at a certain price before expiration. The price at which the underlying security can be bought or sold is referred to as the exercise price or strike price. An American warrant can be exercised at any time on or before the expiration date, while European warrants can only be exercised on the expiration date. Warrants that confer the right to buy a security are known as call warrants; those that confer the right to sell are known as put warrants.

Warranty

A warranty is a type of guarantee that a manufacturer or similar party makes regarding the condition of its product. It also refers to the terms and situations in which repairs or exchanges will be made in the event that the product does not function as originally described or intended.

Wasting

A term depicting how an option's value decreases over time; as each day after acquisition passes a portion of the option's time value is lost or wasted.

Watch Portfolio

A group of stocks or funds that you are tracking, but don't currently own.

WDR 90 Day Bank Bill Index

Measures the way Australian bank bill rates change over time. It is the industry accepted proxy for bank bill rates. All income is reinvested.

WDR Composite Bond Index

Fixed interest market index. It measures the change in market price of a pool of fixed interest securities (50% Government bonds, 38% semi-Government securities, 10% corporate bonds and 2% mortgage backed securities.) All income is reinvested.

WDR Inflation Linked Bond Index

An index representing the change in prices of the major securities issued in the inflation indexed bond market. All income is reinvested.

Wear and tear

Decline in value through the ordinary use of an asset. Income tax systems usually allow deductions in calculating the profits of a business using buildings, plant and machinery which are subject to wear and tear in the course of the business.

Weather insurance

A type of protection against a financial loss that may be incurred because of rain, snow, storms, wind, fog, undesirable temperatures or other adverse, measurable weather conditions. Weather insurance is used to insure an expensive event that could be ruined by bad weather, like an outdoor wedding or an outdoor film production.

Website

A website (or site) is a virtual location on the World Wide Web, identified and located by a URL (Uniform Resource Locator), an address that can lead you to a file on any connected machine anywhere in the world.

Website metrics

In online marketing, metrics are measurement tools used to evaluate how effectively a website is marketing a business. These can include: Page Views; Impressions; Unique User Sessions; New Visitors; Return Visitors; Click-through Rate; and Conversion Rate.

Website traffic

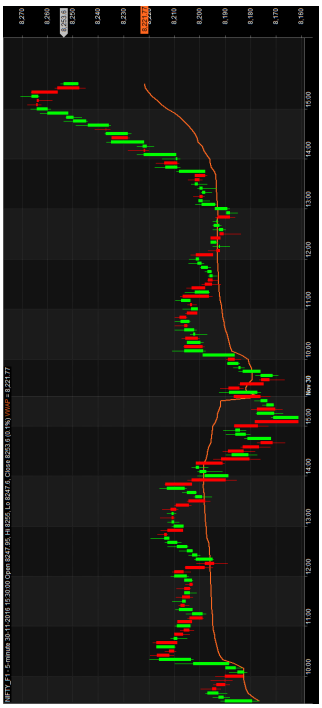
In broad, general terms, the number of visitors and visits a website receives. This traffic can be measured by a variety of website metrics.

Wedge

Similar to the triangle but with both converging trend-lines, trending sharply in the same direction. An upward or downward slanting triangle (rising wedge, falling wedge). It can be either a continuation pattern or a reversal pattern.

Weighted average

A weighted average takes into the account the relative importance of each item, rather than treating them all equally.



Weighting

Percentage or proportion of the portfolio invested in each asset class.

When Issued (WI)

When issued (WI) is a transaction that is made conditionally because a security has been authorized but not yet issued. Treasury securities, stock splits, and new issues of stocks and bonds are all traded on a when-issued basis. Prior to a new issue's offering, underwriters solicit potential investors who may elect to book an order to purchase a portion of the new issue.

When-Issued Trading

When-issued trading is trading in securities that have not yet been issued. The most common type of when-issued trading involves Treasury securities. The week before it sells new bills, notes or bonds at auction, the Treasury Department announces the size of the new issue or issues. At that point, people start trading them on a when-issued basis. As in a normal transaction, a buyer and a seller agree on a price. But the exchange of cash and securities is delayed till the securities are issued. Security that are traded on a when-issued basis are termed when-issued, or WI, securities.

Whisper Number

Whisper numbers are the "unofficial and unpublished earnings per share (EPS) forecasts that circulate among professionals on Wall Street... generally reserved for the favored (wealthy) clients of a brokerage."

White knight

A white knight is an individual or company that acquires a corporation on the verge of being taken over by a force deemed undesirable by company officials, otherwise known as a black knight. While the target company doesn't remain independent, a white knight is viewed as a preferred option to the hostile company completing their takeover. Unlike a hostile takeover, current management typically remains in place in a white knight scenario, and investors receive better compensation for their shares.

Whole Life Insurance

Life insurance that is kept in force for a person's whole life as along as the scheduled premiums are maintained and where benefits are payable to a beneficiary on death of the insured, whenever that occurs. The premium payment can happen for a specified number of years or throughout life.

Whole-of-life policy

A life assurance policy that pays a specified sum on the death of the individual covered. It guarantees a payout for dependents. Not surprisingly it costs substantially more than term assurance, which only pays out if you die within a specified period. Most whole-of-life policies are issued on a with-profits basis, meaning you share in the profits made by the insurance company. These are usually added in the form of a bonus.

Wholesale fund

AMP Capital's range of wholesale trusts are pre-tax pooled investment vehicles that allow individuals to invest collectively, benefiting from the expertise of a professional investment manager and better diversification than may be available to the them as an individual investor. Income distributions to investors are normally before tax and so investors are able to manage their investments within the constraints of their overall tax position. Where investors have a marginal tax rate lower than the company tax rate, the investor may also benefit from paying a lower rate of tax.

Wholesaler

A channel member that purchases from the producer and supplies to the retailer and primarily performs the function of physical distribution and amassing inventory for rapid delivery.

Will

A will, also known as a Last Will and Testament, is a legally enforceable declaration of how a person wants his property or assets to be distributed after death. In a will, a person can also recommend a guardian for his minor children and make provisions for any surviving pets.

Williams %R

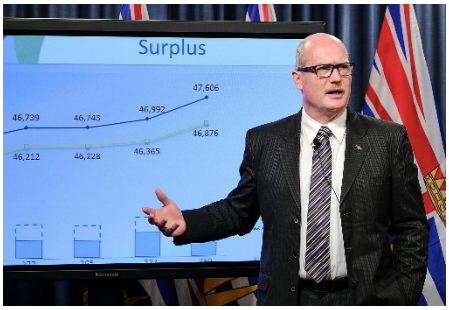
William's Percent R was created by Larry Williams to identify overbought and oversold conditions based on today's price in relation to past prices. It is another overbought/oversold indicator that is expressed as a percentage, and ranges from 100% to zero, which is the reverse of the Relative Strength Index. Williams %R has an excellent ability to anticipate price extremes and many times forms a top or bottom and reverses days before the securities does. The chart is read upside down with peaks designates as lows on the %R scale. Oversold readings occur in the 80-100 range and overbought readings in the 0-20 range.

Willing seller-willing buyer

An assumption sometimes made for valuation purposes that the owner of the property concerned is willing to dispose of his interest therein and that there is at least one genuine purchaser in the market for that interest, whether or not such is actually the case at the date of valuation.

Windfall tax

A tax levied by governments against certain industries when economic conditions allow those industries to experience above-average profits. Windfall taxes are primarily levied on the companies in the targeted industry that have benefited the most from the economic windfall, most often commodity-based businesses.



Window

Set period of time such as a look back period for market indicator in question.

Wire House

A wirehouse is an archaic term used to describe a broker-dealer. Modern-day wirehouses can range from small regional brokerages to giant institutions with offices around the world. The term "wirehouse" owes its origins to the fact that, prior to the advent of modern wireless communications, brokerage firms were connected to their branches primarily through telephone and telegraph wires. This enabled branches to have access to the same market information as the head office, thus allowing their brokers to provide stock quotes and market news to their clients.

Withdrawal

A withdrawal involves removing funds from a bank account, savings plan, pension or trust. In some cases, conditions must be met to withdraw funds without penalization, and penalization for early withdrawal usually arises when a clause in an investment contract is broken. Withdrawal can be done over a period of time in fixed or variable amounts or in one lump sum and as a cash withdrawal or in-kind withdrawal — a cash withdrawal requires converting the holdings of an account, plan, pension or trust into cash, usually through a sale, while an in-kind withdrawal simply involves taking possession of assets without converting to cash.

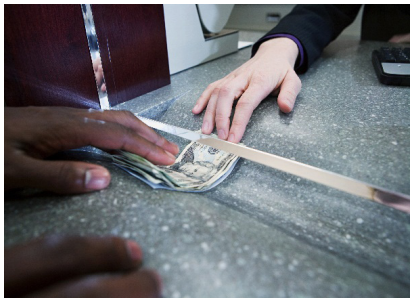
Withdrawal Plan

The facility to periodically redeem mutual fund and have proceeds mailed directly to the investor.

A payment structure arranged with a mutual fund in which the investor receives a set amount of funds from the fund on a periodic basis. This is also called a "systematic withdrawal plan". Any strategy in which an investor liquidates a portion of their portfolio and extracts cash periodically, such as an investor selling equity shares every year to help supplement their retirement.

Withdrawals

When income or goods are withdrawn from a business by the entrepreneur to his private household (without a consideration), the income or the value of such goods normally constitutes a taxable event in the hands of the recipient for income tax purposes. Similarly, a withdrawal of goods or services for private use constitutes a taxable transaction for VAT purposes in most countries using such a system.



Withholding tax

Tax on income imposed at source, i.e. a third party is charged with the task of deducting the tax from certain kinds of payments and remitting that amount to the government. Withholding taxes are found in practically all tax systems and are widely used in respect of dividends, interest, royalties and similar tax payments. The rates of withholding tax are frequently reduced by tax treaties. Tax levied on dividends paid abroad.

Without-profits policy

A life assurance or pension's policy that does not share in the profits of the company that issued it.

Workers compensation

Insurance that pays for medical care and physical rehabilitation of injured workers and helps to replace lost wages while they are unable to work.

Working Capital

The accessible resources needed to support the day-to-day operations of an organization. Working Capital is commonly in the form of cash and current (short-term) assets, including Accounts Receivable, prepaid expenses, Accounts Payable for goods and services, and current unpaid income taxes. Current assets minus current liabilities. The cash available to a business for day to day expenses.

World Trade Organization (WTO)

The World Trade Organization (WTO) is the only international organization that deals with the global rules of trade between nations. The WTO is built on WTO agreements signed by the majority of the world's trading nations; its main function is to help producers of goods and services, exporters and importers better protect and manage their businesses. Some, especially multinational corporations, believe that the WTO is great for business. Other organization types and private individuals believe the WTO undermines the principles of organic democracy and further increases the international wealth gap.

Worldwide income

The aggregation of a taxpayer's domestic and foreign income. Worldwide income is income earned anywhere in the world and is used to determine taxable income. In the U.S., citizens and resident aliens are subject to tax on worldwide income.

Write

To write an option is to sell an option. The person who sells the option is considered to be the writer.

Write down, write off

Many major banks have been writing down the value of mortgage-backed assets because they are no longer worth the figures at which they are shown in the books. Write offs are more severe than write downs - the whole of the value of the asset is deducted.

Write-down

A write-down is the reducing of the book value of an asset because it is overvalued compared to the market value. A write-down typically occurs on a company's financial statement, when the carrying value of the asset can no longer be justified as fair value and the likelihood of receiving the cost, or book value, is questionable at best.

Writer

The person who sells an option in return for a premium and is obligated to perform when the holder exercises his right under the option contract. Also referred to as the writer or granter.

Written down value

The value of an asset which is depreciable for income tax purposes, determined by deducting from the total cost, including installation, etc. the deduction that have been made for wear and tear or depreciation in previous tax years.

Written-down value

At a given time, the result of making one or more annual of periodic deductions for depreciation against capital cost or worth.

X

Xystus

A covered colonnade, as originally used for exercise by Greek athletes. Or a garden walk, usually bordered by trees.

Y

Yard

A financial term meaning one billion. Yard is derived from the term "milliard" which is used in some European languages and is equivalent to the number one billion used in American English. It is equal to 10y (10 to the ninth power), or the number one followed by nine zeros: 1,000,000,000. If someone were to purchase one billion U.S. dollars, he or she could refer to the purchase as "a yard of U.S. dollars."

Yen

The national currency of Japan. It was introduced in 1872 and remains one of the major reserve currencies in the world.

Yen carry trade

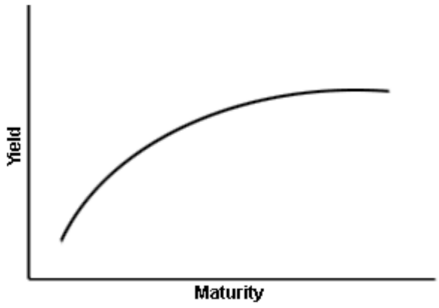
Open global capital markets allow investors to park their money - albeit sometimes only briefly - wherever they like. Given the sums involved, even quite small differences in interest rates can make quite a difference to the yield on an investment, so the pound, with recent increases in UK rates, has seen speculative in-flows of capital. This has been encouraged by the low level of Japanese interest rates, because it means speculators can borrow money in yen at a low cost and then invest in higher-yielding UK assets. This is the so-called yen carry trade.

Yield

The yield is the income return on an investment, such as the interest or dividends received from holding a particular security. The yield is usually expressed as an annual percentage rate based on the investment's cost, current market value or face value. Yields may be considered known or anticipated depending on the security in question as certain securities may experience fluctuations in value.

Yield Curve

A yield curve is a line that plots the interest rates, at a set point in time, of bonds having equal credit quality but differing maturity dates. The most frequently reported yield curve compares the three-month, two-year, five-year and 30-year U.S. Treasury debt. This yield curve is used as a benchmark for other debt in the market, such as mortgage rates or bank lending rates, and it is also used to predict changes in economic output and growth.



Yield interest rate

Yield refers to the actual rate of interest expressed as a rate per cent per annum relating to the net proceeds or outlay. The formulae for converting yields to discounts and discounts to yields are as follows:

Yield = 36500 ´ Discount Rate

36500 - (Days to Maturity ´ Discount Rate)

Discount = 36500 ´ Yield Rate

36500 (Days to Maturity ´ Yield Rate)

Yield to Maturity (YTM)

Yield to maturity (YTM) is the total return anticipated on a bond if the bond is held until it matures. Yield to maturity is considered a long-term bond yield, but is expressed as an annual rate. In other words, it is the internal rate of return (IRR) of an investment in a bond if the investor holds the bond until maturity and if all payments are made as scheduled. Yield to maturity is also referred to as book yield or redemption yield.

Yield up

Give up possession, especially by the tenant at the end of a lease.

Z

Zero Balance

What shows on a credit card holder's bill when all outstanding dues are paid and no new purchases have been made during the billing cycle.

Zero Coupon Bond

A bond that has no coupon payments. It pays only a single cash flow at maturity. Bond sold at a fraction of its face value. It appreciates gradually, but no periodic interest payments are made. Earnings accumulate until maturity, when the bond is redeemable at full face value. Nonetheless, interest is taxable as it accrues. As a result, zero coupon bonds are often used for IRAs, Keoghs and other tax-deferred retirement plans.

Zero interest rates

Central banks around the world have been slashing interest rates in a desperate attempt to get people and businesses spending again. In the US and Japan, rates are now close to zero, and the Bank of England has hinted that rates could fall to near zero in Britain too. In Japan, which suffered a prolonged period of deflation, interest rates were stuck at zero for six years until July 2006.

Zero rate

The term is used in relation to VAT, where the rate of tax which is in principle levied but at a rate of 0% so that in effect no tax is payable, but will result in refunds of input tax credits.

Zero-Coupon Government Bonds

Government bonds that are purchased at a deep discount and pay no cash dividend, unlike regular bonds.

Zigzag

In a bull market, an Elliott three-wave pattern that subdivides into a 5-3-5 pattern with the top of wave B noticeably lower than the start of wave A. In a bear market, this pattern will be inverted.

Zombie funds

With-profits funds that have closed to new business, so called because they either neither fully alive nor dead. Thousands of people find themselves trapped in 'zombie funds', unable to get out because of stiff exit penalties. If they stay put their returns are likely to be below average. Companies like Resolution and Pearl bought up lots of closed schemes and have attempted to boost returns.

Zone

A defined area of land or part of a building which is allocated for a particular purpose, e.g. development plans may allocate areas of land for different uses or values of property may distinguish between areas of floor space of a building and ascribe different values to them.

Zoning

In planning terms, the dividing of an area by a local planning authority into zones for particular uses or activities.

Z-Score

A statistical measure that quantifies the distance (measured in standard deviations) a data point is from the mean of a data set. In a more financial sense, Z-score is the output from a credit-strength test that gauges the likelihood of bankruptcy.

Illustrated Dictionary of Business Finance

Businesses have to consider their finances for so many purposes, ranging from survival in bad times to bolstering the next success in good ones. It's every finance student's goal to learn how to invest. But the financial world can be intimidating as there is a lot to learn, especially when it comes down to the knowledge needed to talk the talk of the industry. To understand business finance, you must first understand the subject terms. Mastering the vocabulary will help you to hit the ground running as soon as you step foot in the field.

A concise, illustrated dictionary of Agriculture that provides concise definitions and explanations of financial terms together with state-of-the-art scientific and practical terms, presented in an easy-to-use, A-Z order with pictures and figures as well as examples are given to clarify the terms. It is a perfect tool for understanding of financial terms for Higher Secondary to Undergraduate students and improving their spelling and grammar. Packed with special full-page features on this subject and developed in close consultation with team of experts, this is the ultimate reference tool for students.

Thousands of interesting entries, definitions, photographs and pictures make this dictionary an essential reference for readers, writers and curious minds of all ages as well.

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