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| Glossary |
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| Australian Securities and Investment Commission (ASIC) - An independent government organisation that is responsible for overseeing that companies are adhering to the Corporations Act 2001 (Cth). |
| Broker - An organisation or person used by a shareholder to manage the process of buying and selling of shares. |
| Brokerage - The fee charged by stockbrokers to investors to act on their behalf in the buying of shares. |
| Budget - Is a personal plan for managing money including possible income, spending and saving. |
| Bull or bear markets - A bull market is a rising market as a “bull” tosses market prices up. A bear market is a falling market as a “bear” claws market prices down. |
| Capital - A term that can be used to describe an asset with value or benefit to the owners. Capital is often referred to as money or cash. It is also the initial investment in a new venture. |
| Capital gains tax - Is the tax paid on the increased value of an asset by an investor at the point in which they sell their asset. For example, if a person purchases $1000 worth of shares and sells them in a year for $1500, they may need to pay tax on the $500 increase in value in the asset. |
| Capital growth - an increase in the value of funds invested over a period of time. |
| Capped executive compensation - limiting the amount of bonuses and salaries paid to executives. |
| Cash flow - the money coming into and leaving a business. |
| Chief Executive Officer (CEO) - The highest position in an organisation and is responsible for ensuring the fulfilment of the vision, mission, and values of an organisation through strategic planning, leadership, and management. |
| Clearing house electronic sub-register system (CHESS) - A computer system used by the ASX to manage share transaction settlement and record shareholdings. Investors are given a Holding Identification Number (HIN) to easily identify their shares and to view all their shareholdings in one place. |
| Commodity - a basic good that is produced by a country that is raw material used to manufacture finished goods. This could include basic farming products or mined materials. |
| Company tax - Taxes paid by companies on profits made, directly to the Federal government. Currently companies in Australia are taxed between 25% to 30% on profits, depending on the size of the company. |

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| Competitive advantage - having a distinct advantage over other businesses based on measures such as market share, profitability, sales. |
| Compounding - the process whereby the amount of money that is made on an investment is added to the initial investment, and then reinvested again to potentially grow or make more money. |
| Consumer confidence - the degree of optimism that consumers have regarding the economy when managing their financial affairs. |
| Corporate takeovers - when one company tries to take control over another company by making an offer to buy a large amount of its shares. |
| Corporations Act 2001 (Cth) - a Commonwealth government law that includes rules about how companies should interact with stakeholders and within the law. |
| Corporate action - an action taken by a company that impacts its stakeholders and may include a corporate takeover, additional dividend payments, or any other important action that changes the structure of the company, requiring the board of directors to approve it before it being implemented. |
| Credit union - a financial organisation, much like a bank but instead of being owned by shareholders, it is owned by its members who are usually also its customers. |
| Destabilising - to upset the stability of an economy causing unrest. |
| Diversification - a strategy that mixes a wide variety of investment types and sectors within a portfolio for the purpose of minimising risk. |
| Dividend - a sum of money paid by a company from its profits to its shareholders. |
| Dividend Per Share (DPS) - this indicates the dividend paid, expressed in cents per share. The last dividend in the company’s financial year is classified as final and all others are classified as interim. The DPS is calculated by adding any interim dividends and final dividend payments. If a company increases its dividend substantially the stock will have greater appeal to investors who are looking to earn income from their investments. |
| Dividend Yield - this measures the return on money invested. It is calculated through the formula:    It is used to compare the income generated from dividends compared to other investments. Investors should consider that this ratio will change depending on the dividend paid by a company year-to-year and may be difficult to predict. |
| Earnings Per Share (EPS) - earnings per share are calculated by dividing the net profit of the company by the total number of shares issued. A history of the EPS paid by a particular company shows the growth in earnings from one year to the next and the relative size of earnings to dividends. |

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| Environmental, Social, and Corporate Governance (ESG) - a term used to describe a company’s commitment to ensure that they contribute positively to the world community through their policies and day-to-day operations. This may be achieved by addressing the issues of climate change through their corporate policies and operations, or how they manage relationships with their stakeholders such as employees, suppliers, customers, and the wider community. They go beyond legal requirements, ensure transparency, ethical actions, and social justice. |
| Equity - the amount of money invested into a business by shareholders. |
| Ethical - the morals, or interpretation of right and wrong in terms of company practices. |
| Exporting - to send out goods or services to another country for the purpose of selling them. |
| Float - this is when a company issues shares to the public for the first time. Another term used is Initial Public Offering (IPO). |
| Fluctuate - when shares rise and fall irregularly in price. |
| Franking credits - also known as imputation credits, many companies in Australia pay tax to the Australian Taxation Office (ATO) on their profits. This tax paid is often made available as a deductible benefit to shareholders as a franking credit, possibly reducing the tax investors need to pay on dividend income. |
| Fundamental analysis - this approach analyses the fundamentals of a company, the broader economy, industry sector, the management of the company, and the company’s competitors. Fundamental analysis involves an in-depth analysis of the company, including the company’s profits, dividends, its assets, and management. |
| Importing - to bring in goods or services into a country from another country as part of the business process. |
| Industries or Sectors - a group of companies that are related based on their main business activities. |
| Inflation - the rise in prices of goods and services over time despite the inputs to those goods remaining the same. |
| Infrastructure - the basic physical facilities needed by a country such as buildings, roads, power supplies, and ports needed for the operation of a society. |
| Investing - using money to buy something that has the potential to make more money by growing in value or through returns. |
| Investing for Growth - buying shares at a low price and selling at a high price, achieving capital growth. |
| Investing for Income - investing in companies that pay high dividends. |
| Investor - a person or business that puts money into the purchase of company shares with the expectation of financial return. |

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| Leases - allowing someone to rent something, usually property and expecting a regular payment as a result for its use. |
| Liquidity - a term that can be used to describe how easily an asset can be converted to cash. It is also the ability of a business to pay their bills as they fall due. |
| Managing Director (MD) - includes the responsibilities of that of the CEO and also a representative of the shareholders on the Board of Directors. |
| Market volatility - a high possibility that shares will move up and down dramatically in value. |
| Marketplace - is a physical or internet-based location where buyers and sellers regularly gather for the purchase and sale of goods. |
| Mortgage - a type of loan with an agreement between a borrower and a lender that gives the lender the right to take the property if the owner fails to repay the money borrowed. |
| Net Tangible Assets (NTA) - NTA gives an indication of what each share in a company is worth if all the assets were liquidated (sold) and all debts were paid and the proceeds were distributed to ordinary shareholders on a per share basis. NTA is frequently referred to as the asset backing per share. Investors sometimes use the NTA to assess the desirability of a share. If the NTA figure is higher than the share price, it may mean that the company is undervalued. This may make it more likely to be involved in a corporate take-over. If the NTA is less than the share price then the market may be overvaluing the company or it may be a reflection of the company’s future potential. |
| Operations - the functions that make up the day to day running of a business. |
| Partnership - a business structure made up of 2 or more individuals or corporations who work together to run a business. |
| Portfolio - a range of investments within the sharemarket held by a person. |
| Price Earnings Ratio (P/E ratio) -This ratio is commonly used to ascertain a stock’s relative value, to ascertain if it is overpriced. It is calculated by dividing the current share price by the earnings per share (EPS). For example, for a company that has earnings of 20 cents per share when the share price is $2.00:    A high P/E ratio indicates the company’s share price is high relative to its earnings. This may be because investors have confidence in the future growth of the company. It may also indicate that a company is too expensive. P/E ratios tend to be higher when the economy is booming. P/E ratio comparisons between companies have more relevance when in the same industry i.e. comparing the P/E ratios of NAB with the Commonwealth Bank. |
| Private company - A legal structure that is separate from the owner, where only a limited amount of people may invest as it is privately owned. |

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| Profitability - the money made after all expenses have been paid from operating activities. |
| Prospectus - document that describes the activities (including financials) of a business to prospective investors. |
| Realised loss - when an asset is sold for a price below the price it was paid for initially. |
| Regulated - to control the activities of businesses by means of rules and regulations. |
| Reinvesting - adding money made by an investment back into the investment. |
| Return - the amount of money made on an investment relative to how much the initial investment was worth. |
| Return on investment (ROI) - The amount of money generated by an investment relative to the initial investment. It is usually expressed as percentage. |
| Risk - the possibility of losing money on an investment. |
| Savings - putting money away and not spending it. |
| Shareholder - an owner of shares in a company. |
| Social justice - fairness in society in terms of giving everyone access to human rights and opportunities. |
| Sole proprietorship - A business that is owned and controlled by one individual. |
| Speculative stocks - shares which have a high potential for dramatic success or failure. |
| Stakeholder - someone holding a concern or interest in a business. |
| Strategic goals - relating to the vision, this is how an organisation will achieve the desired outcome through the goals it sets. |
| Technical analysis - also known as charting, involves looking at past movements in share price and the volume of shares traded in a particular company to identify any patterns that can be used to predict future performance. It can be used to complement fundamental analysis in the determination of the best time to buy and sell shares. This approach to investing looks at patterns and market trends to signal the best time to buy or sell a stock. |
| Tenants - people or organisations that have a right to use a property in exchange for a payment of rent. |
| Terms and conditions - the rules agreed to before the use of certain products or services. |
| Transparency - how open organisations are in their operations to ensure that there is clear communication and accountability. |

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| Unlimited liability - when the owner of a business holds all legal responsibility for the financial performance of the business, particularly when the business has financial difficulties. |
| Values - things held in the highest regard in an organisation and are central to all decision making. |
| Vision - The purpose of the organisation with consideration to how they would like to be seen by its stakeholders. |