

## Lesson 1: Introduction to Investments

- Fixed Income
  - Investments that pay investors fixed interest or dividend payments until their maturity date (when they receive the principal amount they invested)
  - Example: corporate bonds
- Equity (Common Stock & Preferred Stock)
  - *Common stock:*
    - Gives shareholders voting rights
    - May receive dividends after preferred shareholders have been paid
    - Higher risk, but higher reward
    - Lower claim over assets than preferred shareholders
  - *Preferred stock:*
    - Limited or no voting rights
    - Receive fixed dividends
    - Less risk, but less reward
    - Higher priority than common shareholders, but less than bondholders
- Mutual Funds
  - 'Pool' money from multiple investors to invest in a diversified portfolio of stocks, bonds or other assets
  - Actively managed by a professional
  - Higher minimum requirement than ETFs
- Exchange-Traded Funds (ETFs)
  - Allow investors to invest in a certain market segment (ex. index) through buying many stocks or bonds in that given segment at once
  - Lower expense fees than mutual funds
- Guaranteed Investment Certificate (GIC)
  - Investors deposit money in the bank for a fixed period of time, receiving interest payments and the principal once the investment matures
  - Financial institutions have a legal obligation to repay both the interest and principal
- Financial Derivatives (ex. Option, Future, Swap)
  - *Option:*
    - Contracts that give the holder the right (not obligation) to buy or sell an asset at a predetermined price within a specific time period
  - *Futures Contract:*
    - Agreement between 2 parties for the purchase and delivery of an asset at an agreed-upon price at a future date
  - *Swaps:*
    - Agreement where 2 parties exchange cash flows on different financial variables, such as interest rates or currencies
- Accounts (TFSA, Cash, RRSP, FHSA)
  - *Tax Free Savings Account (TFSA)*

- All contributions are tax deductible and income earned is tax free
- *Cash*
  - No tax benefit or contribution limit
- *Registered Retired Saving Plan (RRSP)*
  - All contributions are tax deductible
  - Capital gains are taxed upon withdrawal
- *First Home Saving Account (FHSA)*
  - All contributions are tax deductible

### Investment Resources

- Yahoo Finance: <https://ca.finance.yahoo.com>
- Bloomberg: <https://www.bloomberg.com/canada>
- Seeking Alpha: <https://seekingalpha.com/>