## Investment **VEHICLES**

# MONEY THING®

#### STOCKS AND BONDS

Stocks and bonds are the two main vehicles that you are likely to invest in. Stocks offer an ownership stake in a company, while bonds are essentially loans made to an organization or government. In general, stocks are considered

riskier and more volatile than bonds. However, there are many different kinds of stocks and bonds, with varying levels of volatility, risk and return.





Vehicle type?

Debt

Equity

What is it?

A bond is a debt security—the issuer owes the holders a debt, and is obliged to repay the principal and interest Stock is capital raised by a corporation through the issuance and distribution of shares through financial markets

Where are they bought, sold and traded?

Bonds are purchased directly from the bond issuers, typically by individual investors, speculators and institutional investors

Stock are purchased through a centralized stock exchange, typically by brokers, who represent their clients

Who are the holders?

Bond holders are, in essence, lenders to the issuer

Stockholders own an equity stake in the issuing company

Who are the issuers?

Bonds can be issued by public sector authorities, credit institutions and corporations

Stocks are issued by corporations

What are the terms?

You can choose the length and term of the bond and typically know how much money you will get back at the end of the term (also known as the maturity date)

Stocks may be traded at any time—there is no fixed term, maturity date or guaranteed return

PRO TIP: Learn as much as you can before investing your hard-earned cash.

MUTUAL FUNDS

#### **EXPERT HELP**

If trading individual stocks and bonds is not your cup of tea, investing in mutual funds is another option to consider.

A mutual fund is a collection of stocks or

bonds. Your money is pooled with the money of other investors into a fund that is invested in anywhere from a few dozen to hundreds of different securities. The fund is managed by an expert fund manager who reports to a board of directors. This provides you with professional money management as well as instant diversification.

### ABSOLUTELY NO GUARANTEES

All investments made in stocks, bonds and mutual funds carry the risk of losing some or all of your money, even when made through a financial advisor or financial institution

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