

<b>Term</b>	<b>Definition</b>
10-K	The SEC annual reporting form for US companies.
10-Q	The SEC quarterly reporting form for US companies.
20F	Form 20F is the SEC's annual reporting form for non-US companies. It contains three years worth of financial information, together with a management discussion and analysis
6-K	The electronic reporting form required by the SEC for non-US companies filing quarterly or six-monthly results.
8-K	Form 8-K is the SEC's current report form, used to report the occurrence of any new material events or corporate changes which are of importance to investors or security
Active investor	Active investors aim to outperform the stock market average (an index) by seeking out stocks that will provide superior returns.
Alpha	Investment returns in excess of the market or a fund's benchmark.
Alternative investors	Conventional funds are pensions, insurance and mutual funds. Alternative investors include hedge funds and private equity.
Bear	Someone who expects prices to fall.
Beta	The price movement of a security measured against the overall stock market. The bigger the beta coefficient of a security, the greater its volatility. The market has a beta of 1, so stocks with betas of less than 1 are less volatile than average and those with betas of more than 1 are more volatile than the average. Beta is also used to mean average performance.
Bond	A certificate representing a chunk of loan issued by a borrower to an investor
Bottom-up	Describes when an investor starts by looking for under-valued companies (rather than first considering which country and sector to invest in and then picking
Bubble	When prices are unrealistically high in relation to the intrinsic value of the
Bull	Someone who expects prices to rise.
Buy-side	Fund managers, who manage investment funds on behalf of pension funds, life insurance funds and private individuals. They "buy" investment ideas from the sell-
Chinese wall	A notional information barrier between parts of a business, often preventing the flow of price-sensitive information from one side to another.
Consensus	Analysts forecast company profits as part of the process of valuation. The average (arithmetic mean) of the forecasts for a particular company is known as the consensus forecast.
Conventional funds	Conventional funds are pensions, insurance and mutual funds. Alternative investors include hedge funds and private equity.
Corporate access	An investment banking department on the sell-side with services to bring together institutional investors and companies (arranging roadshows, conferences etc).
Cyclical	Companies or industries are described as cyclical if they move up and down with the economic cycle.
DCM	Debt capital markets - the department of an investment bank that helps companies raise debt capital by issuing bonds.
Debt	Debt is money borrowed and therefore which must be repaid and on which the company must pay regular interest.
Debt rating	Agencies such as Moody's and Standard & Poors rate corporate bond issues so that investors can assess how likely they are to receive interest and capital repayments. The highest rating is usually AAA and the lowest is D (in default).

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Defensive	Companies or industries are described as defensive if they are not particularly susceptible to the economic cycle.
Dividend	The distribution of part of the net income (profit after tax) of a company to its shareholders. Dividends are at the discretion of the board of directors.
EBIT	Earnings before interest and tax - broadly the same as operating profit.
EBITDA	Earnings before interest, tax, depreciation and amortisation. This is the operating profit before depreciation of tangible fixed assets and amortisation of intangible assets is deducted. Both depreciation and amortisation are notional accounting expenses and have no cash effect, so EBITDA is often used as a proxy for cash flow. If a company is not profitable (i.e. EBIT is negative), it may still be generating cash (i.e. be EBITDA positive). EBITDA is used widely for comparing internationally, when depreciation and amortisation policies vary.
ECM	Equity capital markets - the department of an investment bank that helps companies raise capital by issuing shares.
EPS	Earnings per share. It is the profit after tax and the minority shareholders' proportion of profits, after any preference dividends, divided by the weighted average number of shares in issue. It is simply a measure of profit per share.
Equity	The equity in a company is the total of the capital put in by the shareholders and the profits retained in the business on their behalf. Alternatively, equity could be regarded as the excess of the assets over the liabilities - what is left for the shareholders after the assets have been used to repay the liabilities. The term equities is also used to refer to shares.
EV	Enterprise Value. The value of an enterprise regardless of how it is financed. Can be estimated as market capitalization plus average net debt.
Free float	The shares of a listed company that are available to the public (i.e. not tied up in management hands or in the hands of major shareholders).
GARP	A GARP investor looks for growth at a reasonable price.
Growth investor	A company whose earnings and/or revenues are expected to grow at a rate that exceeds the industry average or the overall market.
Guidance	Information provided by the company giving insight into the future performance of the company.
Hedge fund	Hedge funds are mutual funds, usually organized as private limited partnerships, often based off-shore and are not generally available to the public. They can be distinguished from conventional funds because performance is usually measured on an absolute basis rather than relative to an index.
Income stock	A share bought for the steady and relatively high dividends it can be expected to generate.
Index	A weighted average of the prices of a number of shares, rebased and then calculated on a minute-by-minute, hourly or daily basis.
Insider dealing	Dealing in company shares with a view to making a profit or avoiding a loss, while in possession of information that, if generally known, would affect the price. Insider dealing is illegal.
Insurance fund	Insurance companies, particularly life insurance, take in premiums that they need to invest for the long-term.

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IPO	Initial Public Offering. The first time a company issues shares to the public. A flotation or launch on a stock exchange.
Leverage	Leverage is a measure of balance sheet risk - the higher the proportion of debt in the funding mix, the higher profits will be in good times and the lower they will be in bad times. Leverage is associated with risk because it increases the volatility of profits - and because the lenders have first call on profits. The leverage ratio shows the amount of money borrowed in relation to the equity (or the total capital). Leverage can also be calculated as the ratio debt to EBITDA. In the US, gearing is
Liquidity	The ability to convert a financial instrument quickly and easily into cash, at a reasonable price. Alternatively, the extent to which a company's assets are easily convertible into cash, enabling it to pay its debts when they fall due.
Listed	A company whose shares are listed on an official list and traded on a stock
MiFID II	MiFID II is a legislative framework instituted by the European Union to regulate financial markets with the aim of restoring confidence in the industry after the financial crisis.
Multiple	Used to value a company. You can use an observed average sector multiple of profits or assets to apply to an individual company's profit or assets to get a rough
Mutual fund	A mutual fund is a fund that is mutually owned by its investors. These funds are ideal for individual investors who do not know which shares to buy. They therefore pool their money with other investors and a fund manager makes the decisions.
P/E	Price Earnings ratio. The ratio of a company's share price to the profits per share (earnings per share or EPS). It shows how much investors are prepared to pay per \$1 of profit (or how many years it would take to get your money back if profits continue at the same rate). The higher the PE ratio, the higher investors rate your shares. This is usually because they like the quality and predict good growth without too
Passive investor	A passive investor does not try to beat a benchmark index like an active investor, but simply aims to mirror it by investing in companies precisely in accordance with the constituents of the index. Most passive investment funds are computer-driven, which is generally cheaper than paying a fund manager.
Pension fund	State and private pension contributions invested to provide funds from which pensions are paid. Pension funds are major investors in the equity markets.
Portfolio manager	A person who decides which investments a fund should hold. Also called an investment manager, fund manager or an asset manager.
Primary market	If a security is newly issued, then the issuer receives funds direct from the lender/investor. This is called a primary market transaction. An IPO is an example of a primary market transaction. Subsequently, investors trade these securities on
Ratings agency	The debt rating agencies grade government and corporate bonds according to their probability of default. The main agencies are American - Moody's and Standard & Poors. The cost of borrowing is influenced strongly by these ratings.
Reg FD	Regulation Fair Disclosure - the SEC rule requiring that all price-sensitive information is disclosed to all market participants and the public simultaneously.
Reg G	SEC rules governing the use of non-GAAP measures. Such measures must be reconciled to the nearest GAAP measure.
Retail investor	A private individual who invests directly rather than via a mutual fund or similar.
Sarbanes-Oxley (SOX)	US legislation covering corporate governance. The 2002 Act was designed to improve financial disclosures from corporations and prevent accounting fraud.
SEC	Securities and Exchange Commission. The US regulator of investment business.

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Secondary market	If a security is newly issued, then the issuer receives funds direct from the lender/investor. This is called a primary market transaction. Subsequently, investors trade these securities on the secondary market.
Sell-side	Intermediaries in the investment process - part of an investment bank that facilitates share trading.
Sell-side analyst	An analyst who works for an investment bank, in support of institutional sales, as opposed to a buy-side analyst who works for an investing institution or fund management organization.
Sovereign wealth fund	A sovereign wealth fund (SWF) is a state-owned investment fund, investing in bonds, shares and other assets.
Top-down	Describes when an investor starts by considering which country and sector to invest in and then chooses individual companies.
TSR	Total Shareholder Return. TSR is the combination of regular dividends and capital gains (share price increase), which should compensate shareholders for the risk they
Value investor	Value investors focus on buying companies at relatively low valuations on an absolute basis, in relation to the market or its peers, or in comparison to an individual stock's historical levels. Growth rates of the companies are frequently below market averages and their earnings tend to be more cyclical.