Investment VEHICLES

IT'S A 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.

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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.

INVESTING CAN BE RISKY

Investments made in stocks, bonds and mutual funds carry the risk of losing money, even when made through a financial advisor or financial institution

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