Investing

What is a mutual fund?
A mutual fund pools money from hundreds and thousands of investors to construct a portfolio of stocks, bonds, real estate, and foreign markets.

There are may options when it comes to investing. You can invest in: stocks, bonds, mutual funds, Exchange Traded Funds (ETFs), real estate, and foreign markets.

If planning to invest, you need to be willing to take risks. Investing should be considered a long term endeavor, it if is going to be successful.

What is an Exchange Traded Fund?
An exchange traded fund is an offshoot of a mutual fund that allows investors to trade index portfolios just as they do shares of stock. Compared to mutual funds, ETFs trade continuously and offer a potential tax advantage over mutual funds. They are also cheaper than mutual funds.

Stocks 101

What is a stock?
A stock is a financial security that is secured by a claim on the assets and profits of a company. A company can raise money by issuing shares of stock to investors. There are different types of stocks, common and preferred. A common stock is ownership share in a publicly held corporation. Shareholders have voting rights and may receive dividends. With preferred stock, shareholders do not have voting rights in a corporation, but they usually receive a fixed stream of dividends.

When buying stocks, it is important to research the companies you are considering investing in. Some great websites for doing so are: http://finance.yahoo.com, http://finance.google.com/finance, and http://www.morningstar.com. A broker can be helpful when purchasing stocks, but is not necessary. When purchasing stocks, you should be sure to balance your portfolio and not invest completely in one company, industry or sector. A well-balanced portfolio can help to reduce risk.

What is a bond?
A bond is another way for a company to secure financing. When you invest in a bond, you are loaning money to the company who issued the bond. In return, the company promises to repay the principal on bond’s maturity date. Bonds can provide diversification, income, security, and tax savings. Bonds can also be issued by the government.

A bond’s face value is known as par value and its interest payment is known as coupon. There are many types of bonds: treasury bills, treasury notes, treasury bonds, zero coupon bonds, corporate bonds, and municipal bonds. Each type has different maturities and characteristics.

Free dinner! Prizes!

When: April 22, 2008 5:30 PM to 8:00 PM
Where: Spokane Room at the COG
Why: To learn more about investing
Who: Steve Harman from Merrill Lynch will be presenting
RSVP is required. Send Email RSVP to wlyons@gonzaga.edu please include your name and student id.

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