

## 40 Stock Market Terms PDF

### 1. Stock

A stock represents ownership in a company. When you buy a stock, you own a part (even if small) of that company and are entitled to a share of its profits.

### 2. Share

A share is a single unit of ownership in a company's stock. Shares can be classified into:

- **Outstanding shares:** The total number of shares issued by the company.
- **Public Float:** The total number of shares available for purchase or sale by the public.

Public float = Outstanding shares – Locked in shares.

- **Locked Shares:** These are the number of shares which cannot be bought or sold.

### 3. Bull Market

A bull market is a period when stock prices are rising or are expected to rise.

### 4. Bear market

A bear market is a period when stock prices are falling or are expected to fall.

### 5. Instability

Volatility refers to the degree of variation (irregularity) in stock prices over a period of time. It tells how quickly stock prices go up or down.

### 6. Volume

Volume is the number of shares traded in a given time frame.

### 7. Capital

Capital refers to the financial assets required to start or maintain a business. It can be anything that gives value like money, machinery etc.

### 8. Liquidity

Liquidity is the ease with which any asset can be converted into money. It describes how easily you can get into and out of a stock.

## 9. IPO (Initial Public Offering)

An IPO occurs when a company sells its shares to the public for the first time. This happens when a private company becomes publicly traded to raise funds.

## 10. Dividend

Dividends are a portion of a company's earnings that is paid to its shareholders, usually as a distribution of profits to investors.

## 11. Market players

- **Promoters:** People who have direct or indirect control over the affairs of the company. These are individuals or groups who establish a company.
- **Retailers:** Individual investors who buy and sell securities directly on the market for individual accounts.
- **FII (Foreign Institutional Investor):** Institutional investor is a company whose primary activity is investing and trading in the market. FIIs are investors outside the country who invest in the financial markets.
- **DII (Domestic Institutional Investors):** DIIs are investors in our company, such as mutual funds and insurance companies, who invest in the financial markets.

## 12. Market Segment

- **Cash market:** where securities are bought and sold for immediate delivery.
- **Derivative markets:** where securities derive their value from underlying assets.
- **Debt/money market:** where short-term debt securities are traded.

## 13. Portfolio

A portfolio is a collection of investments owned by a person or organization.

## 14. Holdings

Holdings refers to the securities owned in a portfolio.

## 15. Blue Chip Stocks

Blue chip stocks are shares of large, reputable, financially strong and well-established companies, they have a strong history of performance and they usually pay dividends.

## **16. Bond**

A bond is a method of fixed income where an investor gives a loan to a company (or govt) and earns interest.

## **17. Security**

A security is tradable financial instrument such as stocks and bonds.

## **18. Broker**

A broker is a person or firm who buys or sells your stock and may charge a fee or commission for it.

## **19. Yield**

Yield is the money you earn from your investment over a particular period.

## **20. Index**

An index is a method of tracking the performance of a group of stocks representing a particular market or sector.

## **21. Face value**

Face value is the price of a share as listed on its share certificates. This is decided during the formation of the company and is not carried out on a daily basis.

## **22. 52 Week High/Low**

52 Week High/Low shows the highest and lowest price of a stock during the last 52 weeks (1 year).

## **23. Flexi-Cap Fund**

Flexi-cap funds are mutual funds that can invest in companies of any market capitalization (large, mid or small).

## **24. Bubble**

A bubble occurs when the price of an asset rises significantly above its intrinsic value, often followed by a sudden decline.

## **25. Inflation**

Inflation is an increase in prices that causes the value of money to decrease. It is the rate at which the general level of prices of goods and services increases, thereby reducing purchasing power.

## **26. CAGR (Compound Annual Growth Rate)**

CAGR is the average annual growth rate of an investment over a specified period of more than one year. It is used to measure the speed at which your portfolio is growing.

## **27. Unicorn**

A unicorn is a privately held startup company valued at more than \$1 billion.

## **28. Hedge Fund**

A hedge fund is an investment fund that employs various strategies to earn active returns for its investors.

## **29. Mutual Fund**

A mutual fund is an investment vehicle that pools money from multiple investors to buy securities. They are operated by professional money managers who allocate fund assets and attempt to generate profits for fund investors.

## **30. Control Stock**

Controlling stock is held by key participants in the company which allows them to influence decision making.

## **31. Ticker symbol**

A ticker symbol refers to the series of letters given to a security for trading purposes. For example, Apple has the ticker symbol "AAPL".

## **32. Compound interest**

Compound interest is interest that is calculated on the basis of both the initial principal amount and the interest of previous periods.

## **33. Return on Investment (ROI)**

ROI measures the profit or loss generated on an investment relative to its cost.

### **34. Diversification**

Diversification is a risk management strategy that mixes different types of investments within a portfolio. This means spreading your investments between and within different asset classes.

### **35. Market value**

Market value is the current price at which an asset or service can be bought or sold.

### **36. Market Capitalization**

Market capitalization is the total market value of a company's outstanding shares.

### **37. Large Cap Stocks**

Large cap stocks are typically shares of companies with a market capitalization of more than \$10 billion. These are the stocks of the 1st to 100th largest market cap companies.

### **38. Mid Cap Stock**

Mid cap stocks are shares of companies with market capitalization between \$2 billion and \$10 billion. These are the stocks of the 101st to 250th largest market cap companies

### **39. Small Cap Stock**

Small cap stocks are shares of companies with market capitalization between \$300 million and \$2 billion. These are the stocks of 251st companies.

### **40. Penny Stock**

Penny stocks are shares of small public companies with poor financial performance that trade at a low price, usually less than \$5 per share.