

TYPES OF INVESTMENTS

Name: Class/Block: Date:

People can choose from a wide variety of investments. This chart shows you some things to consider about some of the main types of investments.

Type	Expected Return	Risk	Liquidity
<p>Savings accounts, guaranteed investment certificates (GICs), term deposits</p> <p>money deposited with banks, trust companies and credit unions</p>	<ul style="list-style-type: none"> usually a fixed annual rate GICs sometimes tied to performance of an index or other standard 	<ul style="list-style-type: none"> low to moderate principal amount is usually insured, but interest rates can be fixed or variable 	<ul style="list-style-type: none"> savings may be withdrawn at any time some GICs and term deposits must be held to maturity, but many allow for early redemption or cashing out at a cost
<p>Treasury bills</p> <p>Short-term (less than 1 year) debt securities issued by government</p>	<ul style="list-style-type: none"> determined by difference between purchase price and value at maturity 	<ul style="list-style-type: none"> very low 	<ul style="list-style-type: none"> not redeemable, but can usually be sold quickly through investment dealers
<p>Equities</p> <p>Shares in ownership of a company (also called stocks)</p>	<ul style="list-style-type: none"> may pay regular dividends to share holders potential return may depend entirely on changes in share price 	<ul style="list-style-type: none"> moderate to high depends on size and stability of company, management, competition, etc. 	<ul style="list-style-type: none"> shares traded on stock exchanges are usually quite easy to sell shares that aren't listed on an exchange may be difficult or impossible to sell
<p>Fixed income investments</p> <p>government and corporate bonds and debentures</p>	<ul style="list-style-type: none"> interest rate is usually fixed bonds with longer terms will usually pay higher interest rates high risk "junk" bonds offer even higher rates 	<ul style="list-style-type: none"> risk of borrower defaulting is very low for government bonds but can be low to high for corporate bonds bond values go up and down with changing market interest rates 	<ul style="list-style-type: none"> most bonds can be bought and sold quickly through investment dealers some bonds are traded on stock exchanges

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TYPES OF INVESTMENTS (cont'd)

Type	Expected Return	Risk	Liquidity
<p>Mutual funds</p> <p>units in a pool of money that's managed for a large number of investors by a professional money manager</p>	<ul style="list-style-type: none"> • may include interest, dividends and capital gains (or losses) • return will depend on manager's investment decisions and on the management fees charged 	<ul style="list-style-type: none"> • low to very high, depending on what the fund invests in and on the skill of the fund manager 	<ul style="list-style-type: none"> • most mutual funds allow investors to cash in (redeem) their holdings on short notice
<p>Real estate</p> <p>property such as land or houses</p>	<ul style="list-style-type: none"> • depends on price, location, real estate market, etc. • may include rent or increase in value 	<ul style="list-style-type: none"> • low to high • depends on price, location, real estate market, etc. 	<ul style="list-style-type: none"> • takes more time to sell than many other investments • hard to sell small portions • depends on market
<p>Direct investment</p> <p>investing your money to finance a private business</p>	<ul style="list-style-type: none"> • low to very high • success depends on the business concept, the manager and on economic conditions 	<ul style="list-style-type: none"> • medium to very high • depends on type of business, competition, skill of the business manager, and the economy 	<ul style="list-style-type: none"> • low • may be very hard to sell

Investors can choose from thousands of different investments. The investments that offer the highest expected returns are those with the highest risk. Wise investors diversify their investments to help manage the risk.

Some investments are very complex. Factors like commissions, sales fees and tax levels can have a major impact on the final return. Investors usually seek expert advice from professional advisers to be sure they fully understand their investment and that the investment is a good choice for their investment goals. Companies that offer investment advice must be registered (licensed) and must comply with detailed standards of conduct.

Find out more about investment by visiting your provincial or territorial regulator's website (see the Financial Consumer Agency of Canada for links at www.fcac.gc.ca > Educational Programs).

For information about investing and avoiding fraud, see the investor education websites at:

- InvestRight.org (sponsored by the British Columbia Securities Commission)
- InvestorEd.ca (sponsored by the Ontario Securities Commission)
- www.lautorite.qc.ca (sponsored by the Autorité des marchés financiers, Quebec's provincial regulator)

Questions about or problems with an investment or a financial adviser? Contact:

- Your provincial securities regulator (see the Financial Consumer Agency of Canada for links at www.fcac.gc.ca > Educational Programs).
- The Investment Industry Regulatory Organization of Canada (www.iiroc.ca)
- The Mutual Fund Dealers Association of Canada (www.mfda.ca)