

## Video 4

# Chapter 3: Glossary terms

### Active investing

A hands-on investment strategy that involves buying and selling securities to outperform the market. Active investors aim to beat the average returns of the stock market by selecting investments that they believe will be the most profitable.

### Bottom-up investing

An investment strategy that focuses on analyzing individual companies to identify undervalued stocks, and which de-emphasizes the significance of macroeconomic and market cycles. It focuses on a specific company's fundamentals and is also known as "fundamental analysis."

### Factor investing

An investment strategy that involves choosing securities based on attributes that are associated with higher returns. The two main types of factors are macroeconomic factors and style factors.

### Passive investing

A long-term investment strategy that involves buying and holding securities instead of trading them frequently.

### Rebalancing

The process of realigning the weightings of a portfolio of assets. It involves periodically buying or selling assets in a portfolio to maintain an original or desired level of asset allocation or risk.

### Style factors

Common style factors include value, size, quality, momentum and volatility.

### Systematic investing

An investment strategy that emphasizes data-driven insights, scientific testing and advanced computer modelling techniques to construct portfolios. It's often referred to as "quantitative investing."

### Top-down investing

An investment strategy that examines the macro factors of the economy, such as GDP, before examining micro factors such as specific sectors or companies.