

Video 5

Chapter 3: Glossary terms

Alternative asset classes

An alternative asset class is a financial asset that is not a stock, bond or cash. Alternative asset classes include real estate, private equity, commodities and cryptocurrencies.

Direct investment vehicles

Assets or securities that investors can purchase to generate a return on their investment. They give investors complete control over the assets they choose and how to finance their investments. Examples of direct investments include stocks and bonds.

Hedge fund

A private investment fund that pools money from wealthy investors to make investments. They use complex trading strategies to generate higher returns than other investments. Hedge funds are only available to accredited investors who meet certain financial or professional requirements.

Indirect investment vehicles

Financial products that allow investors to pool their money with others to invest in a diversified portfolio of assets managed by a professional. Examples include mutual funds and ETFs. They provide ownership in a collection of underlying assets without having to buy them individually and directly. This means that investors don't have direct control over the specific investments made, but they can benefit from the expertise of the fund manager.

Net asset value (NAV)

The NAV is a calculation that shows the value of an investment fund or company. Its calculated by subtracting a company's liabilities from its assets.

Segregated funds

Funds offered by Canadian insurance companies and that combine features of both insurance and investments. Suitable for investors who are more conservative, or those who are approaching retirement and want to protect their retirement savings.