

# What is a Stock: Key Vocabulary!

## Vocabulary

**Common Stock:** Shares represent ownership in a corporation and give the right to vote for the company's board of directors and benefit from its financial success

**Dividend:** Part of a company's profits (earnings) that is paid as money or shares to stockholders. In The Stock Market Game™, any dividends received are listed in Transaction History and are included in the portfolio's total equity.

**Earnings:** Whatever profits or net income remains after subtracting the company's expenses from its revenue. A company's profit.

**Initial Public Offering (IPO):** An IPO is the first issue of stock for public trading made by a company.

**Investor:** Someone who purchases stocks, bonds, mutual funds and other financial instruments in hopes the investments will increase in value over time.

**Parent Company:** A company that owns enough voting stock in another firm to control management and operations.

**Preferred Stock:** Often pay a fixed dividend on a regular schedule. The prices tend to be less volatile than common stock. Preferred stocks tend to move with changing interest rates. Preferred stocks holders cannot vote on corporate matters.

**Portfolio:** A collection of investments owned by one individual or organization.

**Private Company:** A company owned by a person, family, or small group of investors that does not sell stock to the public.

**Public Company:** A company owned by investors who buy shares of stock usually through a stock exchange.

**Risk:** The chance of losing all or part of the value of an investment.

**Risk Tolerance:** An individual investor's ability to accept loss of some or all of the money they have invested. A person's risk tolerance is based on a number of factors including age, financial stability, amount of time before the invested funds are needed for other purposes, etc.

**Stockholder:** Also known as a shareholder is the owner of the stock.

**Stock:** A security that signifies ownership in a corporation and represents a claim on a part of the corporation's profit (or loss). Companies usually issue stock to raise money for a variety of reasons, including expanding or modernizing their operations.

**Stock Exchange:** Place/electronic platform where shares of are bought and sold.