Investment Portfolio Analysis

Asset Allocation

Absolute Risk is the possibility that an investment will lose value due to market fluctuations or other factors, it is an important consideration in Asset Allocation.
Accredited Investor is a sophisticated investor who meets certain net worth or income requirements, and is considered eligible to invest in certain types of investments.
Active Management is an investment approach that involves actively buying and selling securities in an attempt to beat the market, it can be used in Asset Allocation to maximize returns.
Actuary is a professional who uses mathematical models to analyze and manage risk, often working in the insurance or pension industries, and can provide guidance on Asset Allocation.
Alpha is a measure of an investment's performance relative to a benchmark, with a high alpha indicating better performance, it is used to evaluate the success of an Asset Allocation strategy.
Alternative Investments are non-traditional investments such as private equity, hedge funds, or real estate, which can be used to diversify a portfolio and improve Asset Allocation.
American Depositary Receipt (ADR) is a certificate issued by a US bank representing a specified number of shares in a foreign company, it can be used in international Asset Allocation.
Annualized Return is the rate of return on an investment over a given period, usually a year, it is used to evaluate the performance of an Asset Allocation strategy.
Annuity is a financial instrument that provides a series of payments over a specified period, often used in retirement planning and Asset Allocation.
Arbitrage is the practice of taking advantage of price differences between two or more markets to earn a profit, it can be used in Asset Allocation to maximize returns.
Asset Allocation is the process of dividing a portfolio among different asset classes, such as stocks, bonds, and cash, to achieve a desired level of risk and return.
Asset Class is a group of similar investments, such as stocks or bonds, which are used in Asset Allocation to diversify a portfolio.
Asset Liability Management (ALM) is the process of managing the risks associated with a portfolio's assets and liabilities, it is an important consideration in Asset Allocation.
Asset-Backed Security is a security that is backed by a pool of assets, such as mortgages or credit card debt, it can be used in Asset Allocation to provide a regular income stream.
Auditor is a professional who examines and verifies the financial statements of a company or organization, and can provide guidance on Asset Allocation.
Average Annual Return is the rate of return on an investment over a given period, usually a year, it is used to evaluate the performance of an Asset Allocation strategy.
Backtesting is the process of evaluating a investment strategy or model using historical data, it is used to test the effectiveness of an Asset Allocation strategy.
Banker is a professional who works in the banking industry, providing financial services to individuals and organizations, and can provide guidance on Asset Allocation.
Barrier Option is a type of exotic option that becomes active or inactive when the underlying asset reaches a

certain price, it can be used in Asset Allocation to manage risk.
Basis Point is a unit of measurement for interest rates and yields, equal to 1/100th of 1%, it is used to evaluate the performance of an Asset Allocation strategy.
Bear Market is a period of declining stock prices, often accompanied by a decline in economic activity, it can be a challenge for Asset Allocation.
Benchmark is a standard against which the performance of an investment or portfolio is measured, it is used to evaluate the success of an Asset Allocation strategy.
Beneficiary is a person or organization that receives the benefits of a trust or insurance policy, and can be a consideration in Asset Allocation.
Beta is a measure of an investment's volatility relative to the market as a whole, it is used to evaluate the risk of an Asset Allocation strategy.
Bid-Ask Spread is the difference between the price at which a security can be bought and the price at which it can be sold, it can be a consideration in Asset Allocation.
Black-Scholes Model is a mathematical model used to estimate the value of a call option or put option, it can be used in Asset Allocation to manage risk.
Bond is a type of investment that represents a loan made by an investor to a borrower, it is a common asset class used in Asset Allocation.
Bond Rating is a measure of the creditworthiness of a bond issuer, it is used to evaluate the risk of an Asset Allocation strategy.
Broker is a professional who acts as an intermediary between buyers and sellers of securities, and can provide guidance on Asset Allocation.
Brokerage Account is a type of account that allows an individual to buy and sell securities, it is a common tool used in Asset Allocation.
Bubble is a period of rapid price increases in a particular asset class, often followed by a sharp decline, it can be a challenge for Asset Allocation.
Business Cycle is a period of expansion and contraction in economic activity, it can be a consideration in Asset Allocation.
Buy-Side is the portion of the financial industry that involves buying and holding securities, it is a key component of Asset Allocation.
Call Option is a type of option that gives the holder the right to buy a security at a specified price, it can be used in Asset Allocation to manage risk.
Capital Asset Pricing Model (CAPM) is a mathematical model that describes the relationship between risk and return for a security, it is used to evaluate the performance of an Asset Allocation strategy.
Capital Gain is a profit made from the sale of a security, it is a consideration in Asset Allocation.
Capital Market is a market where securities are bought and sold, it is a key component of Asset Allocation.
Cash Flow is the amount of money that is available for investment or spending, it is a consideration in Asset Allocation.
Certified Financial Planner (CFP) is a professional who has been certified to provide financial planning services, and can provide guidance on Asset Allocation.
Chartered Financial Analyst (CFA) is a professional who has been certified to analyze and manage investments, and can provide guidance on Asset Allocation.
Closed-End Fund is a type of investment company that issues a fixed number of shares, it can be used in

Asset Allocation to provide a diversified portfolio.
Collateralized Debt Obligation (CDO) is a type of security that is backed by a pool of assets, it can be used in Asset Allocation to provide a regular income stream.
Commodity is a type of asset that is interchangeable with other assets of the same type, such as gold or oil, it can be used in Asset Allocation to diversify a portfolio.
Compound Interest is the process of earning interest on both the principal and any accrued interest, it is a consideration in Asset Allocation.
Confidentiality Agreement is a contract that requires one party to keep certain information confidential, it is used in Asset Allocation to protect sensitive information.
Consumer Price Index (CPI) is a measure of the rate of inflation, it is used to evaluate the performance of an Asset Allocation strategy.
Contingent Claim is a type of security that becomes active or inactive when a certain event occurs, it can be used in Asset Allocation to manage risk.
Convertible Bond is a type of bond that can be converted into a different type of security, such as common stock, it can be used in Asset Allocation to provide a diversified portfolio.
Corporate Bond is a type of bond that is issued by a corporation, it is a common asset class used in Asset Allocation.
Correlation Coefficient is a measure of the relationship between two or more variables, it is used to evaluate the risk of an Asset Allocation strategy.
Cost-Benefit Analysis is a method of evaluating the potential costs and benefits of a decision, it is used in Asset Allocation to make informed decisions.
Coupon Rate is the rate of interest paid on a bond, it is a consideration in Asset Allocation.
Credit Default Swap (CDS) is a type of security that provides protection against default by a borrower, it can be used in Asset Allocation to manage risk.
Credit Rating is a measure of the creditworthiness of a borrower, it is used to evaluate the risk of an Asset Allocation strategy.
Credit Risk is the possibility that a borrower will default on a loan, it is a consideration in Asset Allocation.
Cross-Hedging is a strategy that involves hedging a position in one market by taking a position in another market, it can be used in Asset Allocation to manage risk.
Currency Risk is the possibility that changes in exchange rates will affect the value of an investment, it is a consideration in Asset Allocation.
Default Risk is the possibility that a borrower will default on a loan, it is a consideration in Asset Allocation.
Defined Benefit Plan is a type of retirement plan that provides a specified benefit to participants, it can be used in Asset Allocation to provide a predictable income stream.
Defined Contribution Plan is a type of retirement plan that provides a specified contribution to participants, it can be used in Asset Allocation to provide a flexible investment option.
Derivative is a type of security that derives its value from an underlying asset, it can be used in Asset Allocation to manage risk.
Diversification is the process of spreading investments across different asset classes to reduce risk, it is a key component of Asset Allocation.
Dividend is a payment made by a corporation to its shareholders, it is a consideration in Asset Allocation.
Dollar-Cost Averaging is a strategy that involves investing a fixed amount of money at regular intervals,

regardless of the market's performance, it can be used in Asset Allocation to reduce risk.
Downside Risk is the possibility that an investment will decline in value, it is a consideration in Asset Allocation.
Earnings Per Share (EPS) is a measure of a company's profitability, it is used to evaluate the performance of an Asset Allocation strategy.
Efficient Frontier is a graphical representation of the optimal portfolio that can be achieved given a set of constraints, it is used in Asset Allocation to evaluate the performance of a portfolio.
Efficient Market Hypothesis (EMH) is a theory that states that financial markets are informationally efficient, it is a consideration in Asset Allocation.
Emerging Market is a market that is in the process of developing, often characterized by rapid growth and high volatility, it can be used in Asset Allocation to provide a high potential for returns.
Equity is a type of ownership interest in a company, it is a common asset class used in Asset Allocation.
Equity Risk Premium is the excess return demanded by investors for holding a stock rather than a risk-free asset, it is used to evaluate the performance of an Asset Allocation strategy.
Exchange-Traded Fund (ETF) is a type of investment company that is traded on a stock exchange, it can be used in Asset Allocation to provide a diversified portfolio.
Expected Return is the anticipated return on an investment, it is used to evaluate the performance of an Asset Allocation strategy.
Face Value is the stated value of a security, it is a consideration in Asset Allocation.
Financial Advisor is a professional who provides financial planning and investment advice to individuals and organizations, and can provide guidance on Asset Allocation.
Financial Instrument is a type of security or contract that is used to manage risk or raise capital, it is a key component of Asset Allocation.
Fixed Income is a type of investment that provides a fixed rate of return, such as a bond or preferred stock, it is a common asset class used in Asset Allocation.
Foreign Exchange Market is a market where currencies are bought and sold, it is a consideration in Asset Allocation.
Forward Contract is a type of contract that obligates the buyer and seller to exchange an asset at a specified price on a specified date, it can be used in Asset Allocation to manage risk.
Fundamental Analysis is a method of evaluating a company's financial statements and management team to estimate its value, it is used in Asset Allocation to make informed decisions.
Futures Contract is a type of contract that obligates the buyer and seller to exchange an asset at a specified price on a specified date, it can be used in Asset Allocation to manage risk.
Growth Stock is a type of stock that is expected to experience high growth in earnings and revenue, it can be used in Asset Allocation to provide a high potential for returns.
Hedge Fund is a type of investment company that uses a variety of strategies to achieve high returns, it can be used in Asset Allocation to provide a high potential for returns.
Hedging is a strategy that involves reducing risk by taking a position in a security that is negatively correlated with another security, it is a key component of Asset Allocation.
High-Yield Bond is a type of bond that offers a high rate of return to compensate for the higher credit risk, it can be used in Asset Allocation to provide a high potential for returns.
Index Fund is a type of investment company that tracks a particular market index, it can be used in Asset

Allocation to provide a diversified portfolio.
Inflation is a rate of increase in the general price level of goods and services, it is a consideration in Asset Allocation.
Inflation Risk is the possibility that inflation will erode the purchasing power of an investment, it is a consideration in Asset Allocation.
Initial Public Offering (IPO) is a process by which a company issues stock to the public for the first time, it can be used in Asset Allocation to provide a high potential for returns.
Interest Rate is the rate at which interest is paid on a loan or investment, it is a consideration in Asset Allocation.
Interest Rate Risk is the possibility that changes in interest rates will affect the value of an investment, it is a consideration in Asset Allocation.
International Diversification is the process of spreading investments across different countries to reduce risk, it is a key component of Asset Allocation.
Investment Bank is a type of financial institution that provides advisory and financing services to corporations and governments, and can provide guidance on Asset Allocation.
Investment Grade is a rating given to a bond that is considered to be of high credit quality, it is used to evaluate the risk of an Asset Allocation strategy.
Investment Manager is a professional who is responsible for managing a portfolio of investments, and can provide guidance on Asset Allocation.
Investment Objective is a statement that outlines the goals and constraints of an investment portfolio, it is used in Asset Allocation to make informed decisions.
Investment Policy Statement is a document that outlines the investment objectives and strategies of an investor, it is used in Asset Allocation to provide a framework for decision-making.
Investment Strategy is a plan for achieving an investment objective, it is used in Asset Allocation to make informed decisions.
Leverage is the use of debt to finance an investment, it can be used in Asset Allocation to increase potential returns.
Liability is a type of debt or obligation that must be paid, it is a consideration in Asset Allocation.
Liquidity is the ability to buy or sell a security quickly and at a fair price, it is a consideration in Asset Allocation.
Long-Term Care Insurance is a type of insurance that provides coverage for long-term care expenses, it can be used in Asset Allocation to provide a predictable income stream.
Macro-Economics is the study of the overall economy, including factors such as inflation and economic growth, it is a consideration in Asset Allocation.
Management Fee is a fee paid to a investment manager for their services, it is a consideration in Asset Allocation.
Market Capitalization is the value of a company's outstanding shares, it is used to evaluate the performance of an Asset Allocation strategy.
Market Index is a measure of the performance of a particular market or sector, it is used to evaluate the performance of an Asset Allocation strategy.
Market Risk is the possibility that the value of an investment will decline due to market fluctuations, it is a consideration in Asset Allocation.

Maturity Date is the date on which a bond or other security matures, it is a consideration in Asset Allocation.
Micro-Economics is the study of individual economic units, such as households and firms, it is a consideration in Asset Allocation.
Modern Portfolio Theory (MPT) is a theory that describes the optimal portfolio that can be achieved given a set of constraints, it is used in Asset Allocation to evaluate the performance of a portfolio.
Mortgage-Backed Security is a type of security that is backed by a pool of mortgages, it can be used in Asset Allocation to provide a regular income stream.
Mutual Fund is a type of investment company that pools money from many investors to invest in a variety of assets, it can be used in Asset Allocation to provide a diversified portfolio.
Net Asset Value (NAV) is the value of a mutual fund's assets minus its liabilities, it is used to evaluate the performance of an Asset Allocation strategy.
Net Present Value (NPV) is a measure of the present value of a stream of cash flows, it is used to evaluate the performance of an Asset Allocation strategy.
Non-Diversifiable Risk is a type of risk that cannot be reduced through diversification, it is a consideration in Asset Allocation.
Option is a type of security that gives the holder the right to buy or sell an underlying asset at a specified price, it can be used in Asset Allocation to manage risk.
Option Pricing Model is a model that is used to estimate the value of an option, it is used in Asset Allocation to manage risk.
Over-The-Counter (OTC) is a market where securities are traded directly between buyers and sellers, it is a consideration in Asset Allocation.
Passive Management is an investment approach that involves holding a portfolio of securities without actively buying and selling, it can be used in Asset Allocation to minimize costs.
Performance Measurement is the process of evaluating the performance of an investment or portfolio, it is used in Asset Allocation to make informed decisions.
Portfolio Diversification is the process of spreading investments across different asset classes to reduce risk, it is a key component of Asset Allocation.
Portfolio Optimization is the process of selecting the optimal portfolio that can be achieved given a set of constraints, it is used in Asset Allocation to evaluate the performance of a portfolio.
Portfolio Rebalancing is the process of adjusting a portfolio to maintain a target asset allocation, it is used in Asset Allocation to manage risk.
Preferred Stock is a type of stock that has a higher claim on assets and dividends than common stock, it can be used in Asset Allocation to provide a predictable income stream.
Price-Earnings Ratio is a measure of the price of a stock relative to its earnings, it is used to evaluate the performance of an Asset Allocation strategy.
Private Equity is a type of investment that involves buying and holding private companies, it can be used in Asset Allocation to provide a high potential for returns.
Probability Distribution is a mathematical function that describes the probability of different outcomes, it is used in Asset Allocation to manage risk.
Proxy Statement is a document that is filed with the Securities and Exchange Commission (SEC) and provides information about a company's management and operations, it is used in Asset Allocation to make informed decisions.

Prudent Investor Rule is a standard that requires investors to act with prudence and care when making investment decisions, it is used in Asset Allocation to make informed decisions.
Put Option is a type of option that gives the holder the right to sell an underlying asset at a specified price, it can be used in Asset Allocation to manage risk.
Real Estate is a type of asset that includes property and land, it can be used in Asset Allocation to provide a diversified portfolio.
Real Estate Investment Trust (REIT) is a type of investment company that allows individuals to invest in real estate, it can be used in Asset Allocation to provide a diversified portfolio.
Return On Equity (ROE) is a measure of a company's profitability, it is used to evaluate the performance of an Asset Allocation strategy.
Return On Investment (ROI) is a measure of the return on an investment, it is used to evaluate the performance of an Asset Allocation strategy.
Risk Management is the process of identifying and mitigating potential risks, it is a key component of Asset Allocation.
Risk Premium is the excess return demanded by investors for holding a risky asset, it is used to evaluate the performance of an Asset Allocation strategy.
Risk Tolerance is the ability of an investor to withstand losses, it is a consideration in Asset Allocation.
Robo-Advisor is a type of automated investment platform that provides investment advice and management, it can be used in Asset Allocation to minimize costs.
Sector Rotation is a strategy that involves rotating investments across different sectors to take advantage of changing market conditions, it can be used in Asset Allocation to maximize returns.
Securities And Exchange Commission (SEC) is a government agency that regulates the securities industry, it is a consideration in Asset Allocation.
Security is a type of investment that represents ownership in a company or a debt obligation, it is a key component of Asset Allocation.
Sharpe Ratio is a measure of the excess return of a portfolio over the risk-free rate, relative to its volatility, it is used to evaluate the performance of an Asset Allocation strategy.
Short Sale is a transaction in which an investor sells a security they do not own, it can be used in Asset Allocation to manage risk.
Short-Term Interest Rate is the rate at which interest is paid on a short-term loan or investment, it is a consideration in Asset Allocation.
Simulation is a method of analyzing a system or process using a model, it is used in Asset Allocation to evaluate the performance of a portfolio.
Skewness is a measure of the asymmetry of a probability distribution, it is used in Asset Allocation to manage risk.
Socially Responsible Investing (SRI) is a type of investment approach that considers social and environmental factors, it can be used in Asset Allocation to align with an investor's values.
Sovereign Risk is the possibility that a government will default on its debt obligations, it is a consideration in Asset Allocation.
Standard Deviation is a measure of the volatility of a security or portfolio, it is used to evaluate the risk of an Asset Allocation strategy.
Statistical Arbitrage is a strategy that involves using statistical models to identify mispricings in the market,

it can be used in Asset Allocation to maximize returns.
Stock is a type of security that represents ownership in a company, it is a common asset class used in Asset Allocation.
Stock Split is a transaction in which a company issues more shares of stock to its shareholders, it is a consideration in Asset Allocation.
Strategic Asset Allocation is a process of allocating assets across different classes to achieve a long-term investment objective, it is a key component of Asset Allocation.
Stress Testing is a method of analyzing the potential impact of extreme events on a portfolio, it is used in Asset Allocation to manage risk.
Style Drift is a phenomenon in which a portfolio's style or characteristics change over time, it is a consideration in Asset Allocation.
Swap is a type of contract that involves exchanging one asset or cash flow for another, it can be used in Asset Allocation to manage risk.
Systematic Risk is a type of risk that cannot be reduced through diversification, it is a consideration in Asset Allocation.
Tax Efficiency is the ability to minimize taxes on an investment or portfolio, it is a consideration in Asset Allocation.
Tax-Deferred Savings is a type of savings plan that allows contributions to be made on a tax-deferred basis, it can be used in Asset Allocation to provide a predictable income stream.
Technical Analysis is a method of evaluating a security's price movements to predict future price movements, it is used in Asset Allocation to make informed decisions.
Time Diversification is the process of spreading investments over time to reduce risk, it is a key component of Asset Allocation.
Time Value Of Money is the concept that a dollar received today is worth more than a dollar received in the future, it is a consideration in Asset Allocation.
Tactical Asset Allocation is a process of adjusting a portfolio's asset allocation in response to changing market conditions, it is used in Asset Allocation to maximize returns.
Tracking Error is a measure of the difference between a portfolio's return and its benchmark's return, it is used to evaluate the performance of an Asset Allocation strategy.
Trading Range is a range of prices within which a security's price tends to trade, it is a consideration in Asset Allocation.
Treasury Bill is a type of short-term debt obligation issued by a government, it is a common asset class used in Asset Allocation.
Treasury Bond is a type of long-term debt obligation issued by a government, it is a common asset class used in Asset Allocation.
Unsystematic Risk is a type of risk that can be reduced through diversification, it is a consideration in Asset Allocation.
Value At Risk (VaR) is a measure of the potential loss on an investment or portfolio over a given time period, it is used to evaluate the risk of an Asset Allocation strategy.
Volatility is a measure of the uncertainty or risk of an investment or portfolio, it is a consideration in Asset Allocation.
Weighted Average Cost Of Capital (WACC) is a measure of the cost of capital for a company, it is used to

evaluate the performance of an Asset Allocation strategy.
Yield Curve is a graph that shows the relationship between the yield on a bond and its maturity, it is used to evaluate the performance of an Asset Allocation strategy.
Yield To Maturity is the rate of return on a bond if it is held to maturity, it is a consideration in Asset Allocation.
Zero-Coupon Bond is a type of bond that does not make periodic interest payments, it can be used in Asset Allocation to provide a predictable income stream.