NAME: ______________________

Investment Options

	Bonds	GICs (Guaranteed Investment Certificates)
Definition & Notes		
Examples		
Pro's		
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	Stocks	Mutual Funds	ETFs (Exchange-Traded Funds)
Definition & Notes			
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	Cryptocurrencies	NFTs (Non-Fungible Tokens)
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Investment Options: Suggested Answers

Student answers will vary for all sections. Below are suggested answers only.

	Bonds	GICs (Guaranteed Investment Certificates)
Definition & Notes	Bonds are loans issued by corporations or governments. When you invest in a bond, you are paid interest periodically, until the bond matures. At maturity, the corporation or government pays back the principal. Bonds can be short term (1-3 years), medium term (4-10 years), or long-term (10+ years).	A GIC works like a savings account. You deposit your money and earn interest from it. However, you must lock your money in a GIC account for a specified period of time. GICs are usually sold by Canadian banks. In essence, you are lending a loan to the bank for an agreed time period, and the bank guarantees to pay you interest.
Examples	Bank of Canada bonds (Canadian government, U.S. Treasury bonds (U.S. government), Nike Inc. corporate bond	Royal Bank of Canada GICs, TD Canada Trust GICs
Pro's	• Low risk • Most government bonds are a safe and almost guaranteed investment • Receive periodic interest payments until maturity • You will get the principal back if you hold the bond until maturity • Profit if you resell the bond at a higher price	• Very little risk, guaranteed returns • Insured by the Canadian government to a certain degree • You will get the principal back at maturity • Higher returns than government bonds
Con's	• Low returns compared to stocks • Corporations can default on bonds • Bond prices fall when interest rates go up	• Low returns compared to stocks • Must lock your money in the GIC for a specified period of time • If money is taken out early, you can face a penalty depending on the GIC you own

	Stocks	Mutual Funds	ETFs (Exchange-Traded Funds)
Definition & Notes	A stock represents the ownership of a fraction of a company. A stock unit is called "a share". Shareholders own a proportion of the company's assets and profits. Corporations issue stocks to raise funds to operate their business. Stocks are bought and sold on stock exchanges, and must follow government regulations.	A portfolio of stocks, bonds, and other investment options. It can include 50-200 different investments. You can choose the mutual fund that fits with your comfort with risks and expectation of returns. Mutual funds are managed by financial professionals.	A portfolio of stocks, bonds, and other investment options like mutual funds. Unlike mutual funds, ETFs can be purchased and sold on a stock exchange like a stock. ETFs are index funds, meaning they focus on one sector or industry (for example: energy sector).
Examples	Nike Inc. stocks (NKE), Apple Inc. stocks (AAPL), Exxon Mobile Corp. stocks (XOM)	Employer-sponsered RRSPs are usually mutual funds, bond funds, equity fund, small market capital growth fund	SPDR S&P 500 (the "Spider" is the oldest and most widely known ETF that tracks the S&P 500 index)
Pro's	• Can yield high returns, especially in the long-run • Gain ownership and voting rights of the company • Very liquid (easy to sell quickly) • Capital gains come from higher stock prices and company dividends ***Fun fact:*** Historically, stocks have outperformed most other investment options in the long-run.	• Usually higher returns than bonds and GICs, especially in the long-run • You can choose the portfolio that best fits your investment style (conservative vs. risk-taking) • Professionally managed by a money manager • Reduce risk through diversification (wider diversification than ETFs)	• Usually higher returns than bonds and GICs • Reduce risk through diversification (mutual funds are more diverse) • Cheaper than mutual funds, offers the lowest fees • Most tax efficient compared with mutual funds and stocks • Liquid (easy to sell quickly)
Con's	• High risk compared to bonds and GICs, especially in the short-term • Volatile (stock prices can rise or fall over night) • Subject to capital gains tax and transaction fees • Individual investors must compete with institutional and professional investors	• Can yield a loss, depending on timeframe and economic factors • High fees and commission Research the expense ratios and sales charges • You do not choose individual stocks, but rather own a basket of stocks chosen by someone else	• Can yield a loss, depending on timeframe and economic factors • Single-industry-focused ETFs limit diversification • You do not choose individual stocks, but rather own a basket of stocks chosen by someone else

	Cryptocurrencies	NFTs (Non-Fungible Tokens)
Definition & Notes	A digital or virtual currency that is secured by encryption and almost impossible to counterfeit or double-spend. It is based on a network that is distributed across a large number of computers. This decentralized structure allows cryptocurrencies to exist - theoretically - outside of governmental control and manipulation. The aggregate value of all cryptocurrencies reached more than $2.1 trillion USD, and this will continue to change.	An NFT is a digital asset that represents real-world objects like art, music, in-game items and videos. They are bought and sold online, frequently with cryptocurrency. An NFT allows the buyer to own the original item through built-in authentication, which serves as proof of ownership. "Non-fungible" means an NFT cannot be exchanged for another, and one is not equal to another (For example: An NBA Top Shot clip is not equal to another Top Shot clip.)
Examples	Bitcoin, Ether, USD Coin, Tether, XRP	Nyan cat, Bored Ape Yacht Club, EVERYDAYS by Beeple
Pro's	• Because the cryptocurrency system is decentralized, a single point of economic failure should not cause crises around the world (This was the case for the 2008 financial crisis. It was first triggered by the collapse of Lehman Brothers, an investment bank in the US). • It is easier and faster to transfer funds between two parties, because there are no third parties involved, such as a bank. • Can have very high returns when using crypto as an investment	• Creators of NFTs can sell directly to the consumer, which allows them to keep more of the profits. • Artists can also program in royalties of future sales. Traditional art sales do not allow for that. • Can yield high returns if the NFT is in high demand
Con's	• Most cryptocurrencies are pseudonymous (false name), not anonymous (unknown). They can be tracked. • Became a popular tool for criminals in illegal activities. • Cryptocurrency exchanges and wallets can be hacked, resulting in high amount of losses. • Very high risk, even compared to stocks. (For example: In Dec 2017, a Bitcoin was valued at $17,738. In the months following, its value plunged to $7,575 — a loss in value of $10,000+ for every Bitcoin.)	• An NFT's value is solely based on what someone else is willing to pay for it. Demand drives the price rather than fundamental, technical or economic indicators, which typically influence traditional investment options. If no one wants to buy your NFT, then you gain no returns. • High risk. NFT's future is uncertain, and we don't have a lot of history to judge their performance. • Verification processes for creators and NFT listings are not consistent across platforms — some are more stringent than others. • Buyer protections appear to be sparse at best.