[00:00:10.570] - Speaker 1
Yes?

[00:00:11.250] - Speaker 1
Mr.Greenback, there's a Ms. Jen here to see you.

[00:00:20.730] - Speaker 1
Hmm. Show her in. Can I help you?

[00:00:22.020] - Speaker 2
Yes, yes you can. As you know, you're a world famous rich guy.

[00:00:27.300] - Speaker 1
Go on.

[00:00:27.980] - Speaker 2
So I was thinking you could give me some investment advice.

[00:00:31.150] - Speaker 1
What kind of investment advice?

[00:00:33.360] - Speaker 2
Oh, well, you tell me what to invest in and I invest in it and then bam, a billion dollars.

[00:00:40.350] - Speaker 1
I see. And what do you know about investing so far? Well, I know it's a big question. Let's start with something like mutual funds or stocks. Bonds.

[00:00:53.810] - Speaker 2
Bonds. James bonds.

[00:00:56.450] - Speaker 1
Oh dear. Have a seat.

[00:00:58.500] - Speaker 2
Yes.

[00:00:58.990] - Speaker 1
Investment vehicles include things like stocks, bonds, options, futures, red convertibles, stretch limousines no, but I thought you said an investment vehicle is simply a way for an individual to invest their money with the hopes of growing it. For some people that means trading stock, for others it means collecting art. There's a wide range of investment products to choose from, but we'll start with the most common choices stocks, bonds and mutual funds. Stocks are shares in the ownership of a company. When you purchase a share, it's like you own a slice of that company.

[00:01:33.550] - Speaker 2
Nice.

[00:01:34.200] - Speaker 1
When you have equity in a company you're entitled to a slice of its profits as well. Some companies distribute their profit to shareholders through dividends which are usually in the form of cash payments or additional shares. The other way to benefit from a company's profit is to trade your shares at a higher value than you purchase them for.

[00:01:52.600] - Speaker 2
Buy low, sell high, ideally.

[00:01:55.060] - Speaker 1
But it doesn't always work out that way. Stocks are volatile, meaning they're a risky form of investment. Millions and millions of shares are traded each day and stock values are constantly changing due to market forces, supply and demand. Even rumors and predictions about a company's earnings can affect the value of its shares.

[00:02:14.330] - Speaker 2
Do you have, like, a more predictable way for me to become the richest gen on Earth?

[00:02:17.870] - Speaker 1
Let's talk about bonds. Companies and governments will issue bonds as a way to raise funds. When you purchase a bond, you're basically lending the company or government that money. In exchange, the bond issuer pays interest on the borrowed amount. The interest rate on a bond is referred to as a coupon rate. Bonds also have a maturity date which is when the bond issuer is expected to repay the initial amount borrowed.

[00:02:42.530] - Speaker 2
So I'd basically be a lender.

[00:02:44.520] - Speaker 1
Much like stocks, bonds can also be traded between investors. In general, bonds are a more stable form of investment than stocks. But the coupon rates can be quite modest and you still run the risk of the bond issuer not being able to pay you back.

[00:02:58.990] - Speaker 2
I like the stability of bonds, but I also like the potential higher return of stocks. If only there is some way to smoosh them together and then also not have to worry about exactly how to manage them.

[00:03:10.710] - Speaker 1
Do you mean a mutual fund?

[00:03:12.110] - Speaker 2
I don't know, do I?

[00:03:13.340] - Speaker 1
A mutual fund is a portfolio or collection of several stocks and bonds that's invested in by a group of people and professionally managed. Its portfolio is diversified, meaning it's made up of lots of different stocks in different industries. A diversified portfolio helps spread out the.

[00:03:30.340] - Speaker 2
Risk because that way you're not putting all your eggs in one basket.

[00:03:33.290] - Speaker 1
Precisely. Mutual funds are a relatively inexpensive way for a small investor to have access to a wide range of shares. But there are fees associated with running a mutual fund. And just because the fund is professionally managed doesn't mean it's guaranteed to do well.

[00:03:49.990] - Speaker 2
Thanks for the overview. You've been so helpful. But I still have one more question for you.

[00:03:54.340] - Speaker 1
Go ahead.

[00:03:55.220] - Speaker 2
How do I take what you just taught me and turn it into a billion dollars like you did?

[00:04:00.370] - Speaker 1

Well, that's a secret I'll never tell. Now, I have one last question for you.

[00:04:06.160] - Speaker 2
Go ahead.

[00:04:06.760] - Speaker 1
How did you ever get past security?

[00:04:08.980] - Speaker 2
Well, that's a secret I'll never tell. I climbed up the laundry shoot climbing up a laundry shoot. Climbing up so sneaky.