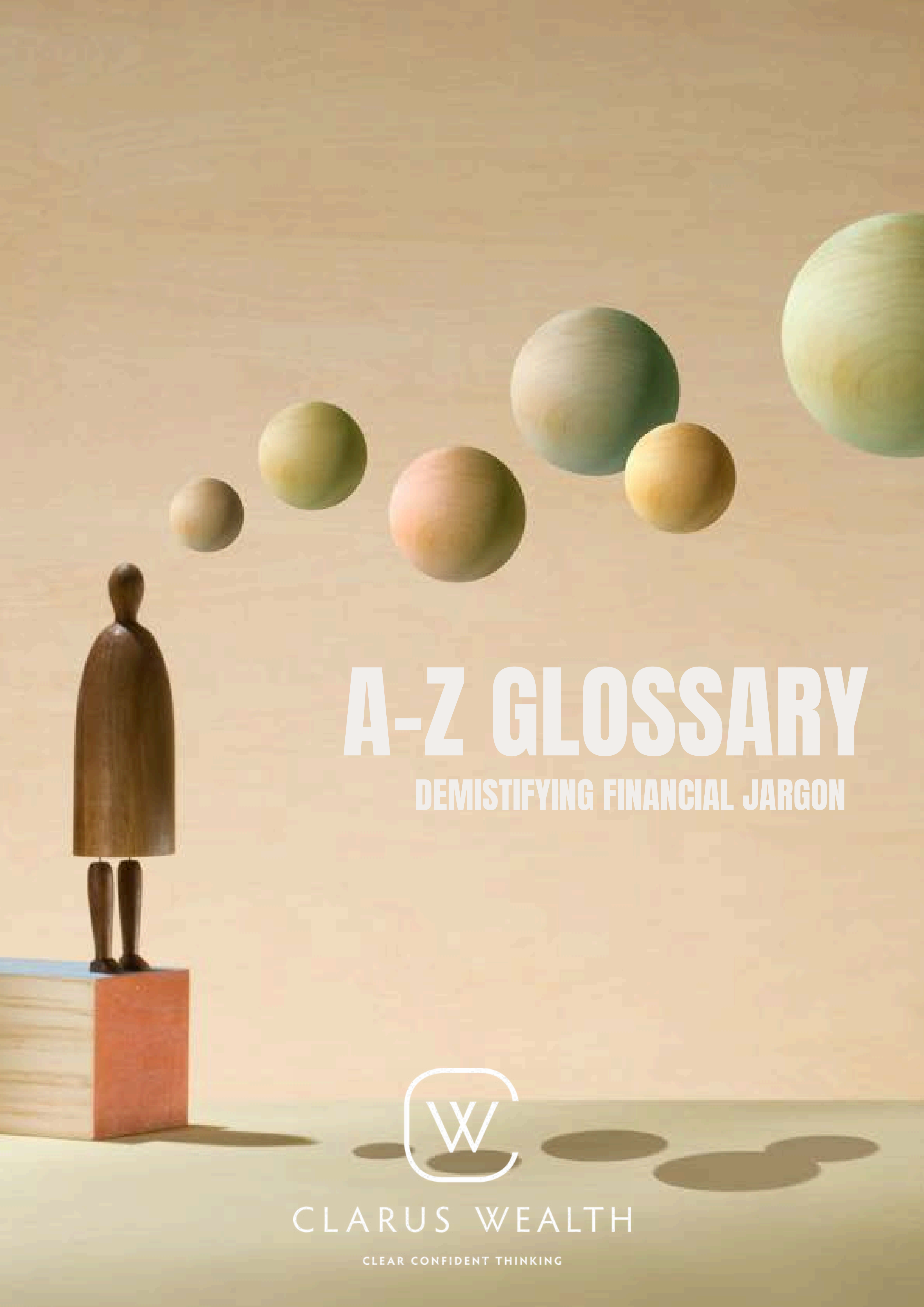


A-Z GLOSSARY

DEMISTIFYING FINANCIAL JARGON

CLARUS WEALTH

CLEAR CONFIDENT THINKING

Welcome to our comprehensive A-Z glossary of financial planning terms. While some of these terms may seem obvious or familiar, others might be entirely new. We've curated this list to ensure that you have a solid understanding of the key concepts necessary for navigating the world of personal finance and investment. Armed with this knowledge, you'll be empowered to make informed decisions about managing your money, setting financial goals, and planning for the future. Whether you're just starting your financial journey or looking to expand your understanding, this glossary is designed to be a valuable resource for individuals at any stage of their financial planning journey.

A- Annuity: An annuity is a financial product that provides a series of payments made at equal intervals. In the UK, annuities are often used to provide retirement income.

B - Bonds: Bonds are fixed-income securities where an investor loans money to an entity (typically corporate or governmental) for a defined period at a fixed interest rate.

C - Cash Flow: Cash flow refers to the movement of money in and out of a business or investment. In wealth management, understanding cash flow helps in budgeting, forecasting, and managing financial resources effectively.

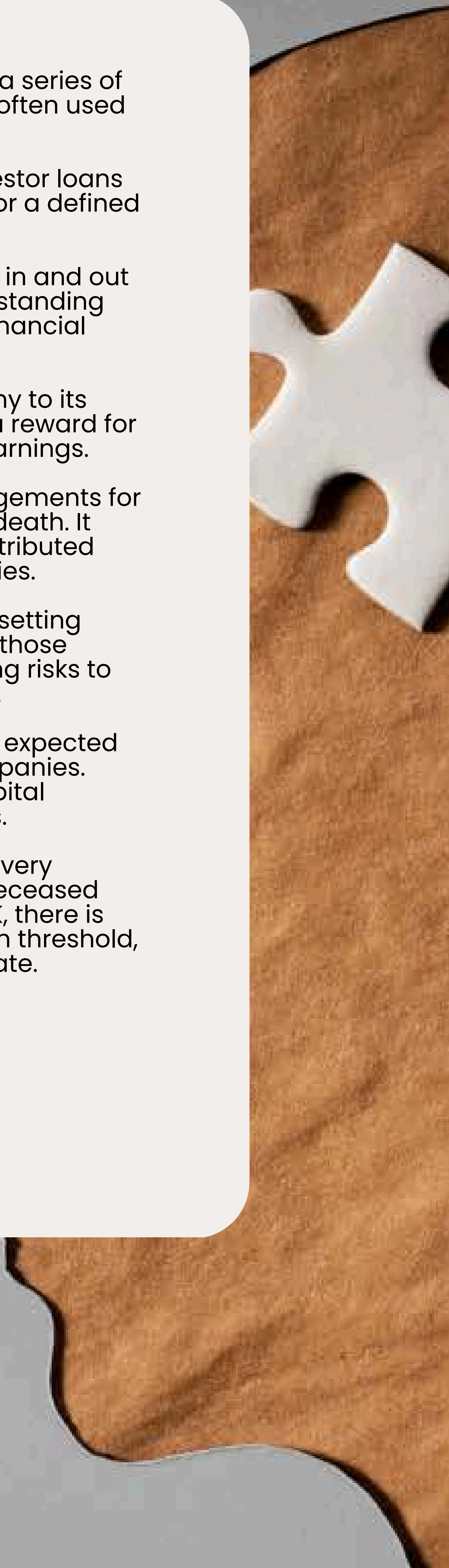
D - Dividends: Dividends are payments made by a company to its shareholders from its profits. They are often distributed as a reward for owning shares and represent a portion of the company's earnings.

E - Estate Planning: Estate planning involves making arrangements for the transfer of an individual's wealth and assets after their death. It includes strategies to minimize taxes, ensure assets are distributed according to the individual's wishes, and protect beneficiaries.

F - Financial Planning: Financial planning is the process of setting goals, assessing resources, and creating a plan to achieve those goals. It involves budgeting, saving, investing, and managing risks to secure financial stability and achieve long-term objectives.

G - Growth Stocks: Growth stocks are shares of companies expected to grow at an above-average rate compared to other companies. Investors often buy these stocks with the expectation of capital appreciation rather than regular income through dividends.

H - Inheritance Tax: Ok technically not a H, but almost and very important. Inheritance tax is a tax paid on the estate of a deceased person before it is passed on to their beneficiaries. In the UK, there is usually no inheritance tax on estates valued below a certain threshold, but amounts above that threshold are taxed at a specific rate.



I - Inflation: inflation is the rate at which the general level of prices for goods and services rises over time, eroding purchasing power. It affects the value of money and the cost of living.

J - Junior Individual Savings Account (JISA): A Junior Individual Savings Account (JISA) is a tax-efficient savings account available in the UK for children under the age of 18. Parents or legal guardians can open a JISA on behalf of a child, and contributions made to the account grow tax-free. The funds in a JISA can be invested in cash, stocks and shares, or a combination of both, providing a long-term savings vehicle to help children build up assets for their future financial needs, such as education expenses or buying a home. Contributions to a JISA are subject to an annual limit set by HM Revenue & Customs (HMRC), and the account belongs to the child, who gains control of the funds once they reach 18 years of age.

K - Key Performance Indicators (KPIs): KPIs are measurable values used to evaluate the performance of a business, investment, or financial strategy. In wealth management, common KPIs include return on investment (ROI), net worth, and portfolio performance.

L - Liabilities: liabilities are debts or obligations owed by an individual or company, including loans, mortgages, credit card balances, and other financial obligations.

M - Mutual funds: mutual funds are investment vehicles that pool money from multiple investors to invest in a diversified portfolio of stocks, bonds, or other securities, managed by professional fund managers.

N - Net worth: net worth is the difference between an individual's total assets and total liabilities, representing their overall financial position or wealth.

O - Opportunity cost: opportunity cost refers to the value of the next best alternative forgone when a decision is made. It helps assess trade-offs and make rational choices in allocating resources.

P - Personal budget: a personal budget is a financial plan that outlines an individual's income and expenses, helping to track spending, prioritize expenses, and achieve financial goals.

Q - Qualifications: qualifications and credentials in finance, such as certifications, degrees, or licenses, can enhance knowledge and credibility in financial planning and investment management.

R - Retirement planning: retirement planning involves setting financial goals and strategies to accumulate savings and investments to support lifestyle needs during retirement.

S - Savings account: a savings account is a bank account designed for storing money safely while earning interest on deposits, providing liquidity and security for short-term financial goals.

T - Tax Planning: Tax planning involves arranging financial affairs in a way that minimizes tax liabilities while remaining compliant with tax laws. It includes strategies such as tax-efficient investing, retirement planning, and estate planning.

U - Unit Trusts: Unit trusts are collective investment schemes where investors' money is pooled together to invest in a diversified portfolio of assets. Units in the trust represent a proportional ownership interest in the underlying investments.

V - Venture Capital: Venture capital is a type of private equity financing provided to startups and small businesses with high growth potential. Venture capitalists typically invest in exchange for equity ownership in the company.

W - Wealth Management: Wealth management is a comprehensive approach to managing an individual's wealth and financial affairs. It encompasses investment management, financial planning, retirement planning, tax planning, and estate planning, among other services.

X - eXchange-Traded Funds (ETFs): ETFs are investment funds that are traded on stock exchanges, similar to individual stocks. They typically track an index, commodity, or basket of assets and offer investors diversification and liquidity at a low cost.

Y - Yield: Yield is a measure of the income generated by an investment relative to its cost. It is often expressed as a percentage and can refer to dividends received from stocks, interest earned from bonds, or rental income from real estate.

Z - Zero-Coupon Bonds: Zero-coupon bonds are bonds that do not pay periodic interest payments like traditional bonds. Instead, they are sold at a discount to their face value and redeemed for the full face value at maturity, providing investors with a return through capital appreciation.

CLARUS WEALTH

CLEAR CONFIDENT THINKING

DISCLAIMER

This glossary is aimed at retail clients only. It is offered only for general informational and educational purposes. It is not offered as and does not constitute financial advice. You should not act or rely on any information contained in this guide without first seeking advice from a professional.
Past performance is not a guide to future performance and may not be repeated. Capital is at risk; investments and the income from them can fall as well as rise.

Clarus Wealth ltd is an appointed representative of Best Practice IFA Group Ltd, which is authorised and regulated by the Financial Conduct Authority. Clarus Wealth Ltd is entered on the financial services register (http://www.fsa.gov.uk/register/) under reference 581586.

The guidance and information contained within this presentation is subject to the UK regulatory regime, and is therefore targeted at consumers based in the UK.