



# *Guide for Investment Terminology*



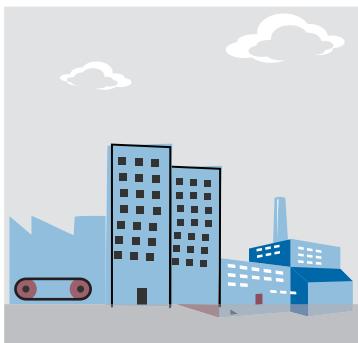




## *Terms Related to the Securities Market*

### *1- Capital Market Authority (CMA)*

It is the body concerned with regulating and monitoring the Saudi financial market, effective (2/6/1424H correspondent to 31/7/2003), pursuant to the “Capital Market Law” issued by Royal Decree No. (M/30) and dated (4/6/1424H correspondent to 31/7/2003). This Law empowers the authority to oversee the regulating and controlling of the financial market, through issuing regulations and rules that aim to protect investors and ensure justice and efficiency in the market.



### *2- Capital Market Authority Board*

The Board is made up of five experienced and competent full time members appointed by a Royal Order. It comprises a chairman, vice chairman and three members. Its most important function is to develop internal by-laws for the Author-

ity and determine how staff, advisors, auditors and any other experts are recruited to carry out the tasks and functions assigned.

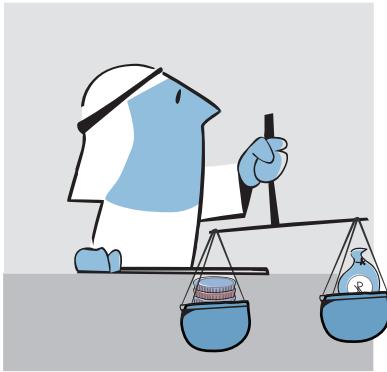
### *3- Saudi stock exchange (Tadawul)*

This is a Saudi joint-stock company called the “Saudi Stock Exchange (Tadawul)”. It has been established pursuant to the law and provisions of the Capital Market Law and companies law. The Saudi financial market board is composed of nine members appointed by a decision of the Council of Ministers. The membership of the board includes a representative of the Ministry of Finance, a representative of the Ministry of Commerce and Industry, a representative of the Saudi Arabian Monetary Agency (SAMA), four representatives from licensed brokerage firms, and two representatives from listed joint-stock companies. The purposes of Tadawul includes providing, creating and managing the mechanism of securities, carrying out the work of clearing, settlement and the depositing of securities, in addition to registering their ownership and publishing the information related to them. Tadawul has the right to participate in any other activities related to the above, in accordance with the Capital Market Law and for the purpose of achieving its objectives.

### *4- The Committee for the Resolution of Securities Disputes*

This committee is established by the Capital Market Authority. It is made up of specialized legal advisors appointed by the board of the Capital

Market Authority for a three-year term, subject to renewal. The task of the Committee for the Resolution of Disputes is to look into the disputes that fall within the scope of the provisions of Capital Market laws and regulations, as well as rules, regulations and instructions of the authority and market in respect to public and private rights.



### 5- Trading

Buying or selling securities after being listed in the financial market.

### 6- Commodities exchange

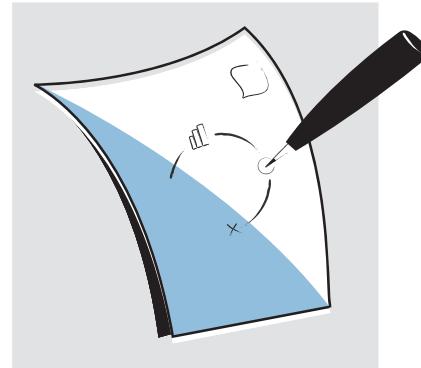
Similar to the stock exchange where forces of supply and demand meet and prices are determined accordingly. However, it differs from the stock exchange in that it deals with the assets themselves (i.e., the commodities) such as oil, minerals and other commodities

### 7- Money market

This is the market for trading in short-term securities. In most cases, the banking system handles these transactions. The most important institutions of this market are central banks, commercial banks and money-exchange companies.

### 8- Primary market

It is also called the IPO's market. It is the market where the securities issued for the first time are sold. Banks and investment companies are the main players in this market.



### 9- Fundamental analysis

The analysis that studies the conditions of the organization and the conditions of its related industry in order to determine the fair value of the securities. Fundamental analysts (i.e., proponents of fundamental analysis) believe that the fair value of the securities is based on the intrinsic value of the security, which in turn depends on the ability of the enterprise to make profits, especially future

profits.

### *10- Technical analysis*

The analysis that investigates the historical record of the movement pattern of the securities prices and their traded volumes, in order to determine the trend of the securities prices in the future.

### *11- Underwriter*

A mediator between the securities issuer and the public investor; mostly an investment company authorized to raise capital from investors on behalf of companies and governments that issue securities (shares and bonds). It undertakes to buy the shares that have not been sold to the public.

### *12- IPO manger*

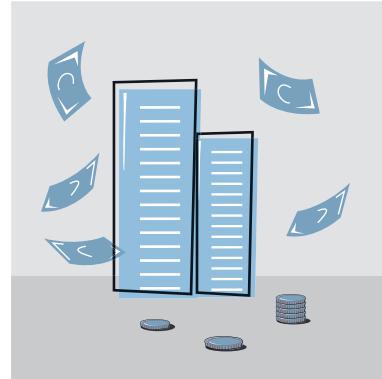
A bank or an investment company licensed to manage the IPO of securities under an agreement with the securities issuer.

### *13- IPO agent (distributor)*

A bank or a licensed investment company that distributes the IPO to its customers under an agreement with the IPO's manager for a certain commission .

### *14- Cost of trading (commission)*

It is the cost (commission) incurred by traders in the market when executing orders.



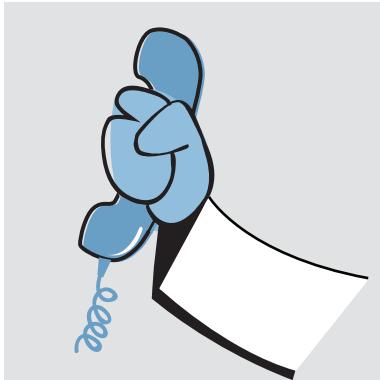
### *15- Organized market (stock exchange)*

It is an organized market for trading securities. Trading is supervised by a commission that ensures compliance with stock exchange regulations. The New York Stock Exchange (NYSE) is the best example of an organized market, where traders gather in one place to purchase and sell securities. Trading transactions are usually executed by a member of the stock exchange on behalf of the investors. Stock market authorities can sometimes suspend trading in order to restore balance to the market.

### *16- Over-the-counter (OTC) market*

Trading transactions that are conducted outside the stock exchange, through multiple communication networks. These networks link brokers and traders on one hand, and investors on the other. The OTC market does not have a mechanism to stop the sharp increases and decreases in the prices of securities, nor the ability to re-balance the market. The most famous OTC market in the

world is NASDAQ.



### 17- Spot market

The market where securities are delivered and received on the same day on which the transactions are conducted or settled. It can also take a short period (a few working days), the number of which is determined by the authority supervising securities trading.

### 18- Future contracts market

An organized market where transactions (contracts) are made on certain assets or securities to be delivered in the future. It has oversight mechanisms and trading systems that differ from other securities markets.

### 19- Initial public offering (IPO)

Offering corporate shares for public trading (IPO) in the financial market for the first time. Thus it

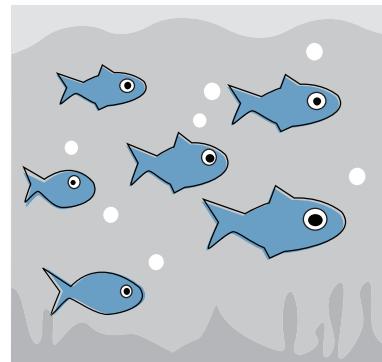
represents a transfer of the company's ownership from private to public.

### 20- Direct trading

To execute selling or purchasing transactions of securities without the assistance of investment firms and brokerage firms.

### 21- Indirect trading

To deal in securities with the help of expert houses and brokerage firms.



### 22- Market depth

The ability to sell or purchase a certain quantity of an asset without affecting its price in the market.

### 23- Market breadth

This describes the condition of the market that receives a large number of purchase and sell orders in a manner that achieves stability in the prices of traded securities. The prices do not constantly

change, not as a result of the presence of a large number of transactions only, but also because the number of orders above and below the current market price is high too.

#### *24- Market maker*

A securities broker or specialist who is ready at any time to purchase or sell securities thus accepts the risk of holding a certain number of a particular security in order to facilitate trading in that security. Each market maker competes for orders by offering the buy and sell quotations of a certain number of shares.

#### *25- Market efficiency*

The degree to which stock prices positively or negatively reflect all the information and all the administrative decisions. So the efficiency rises or falls when the market receives this information or decisions.

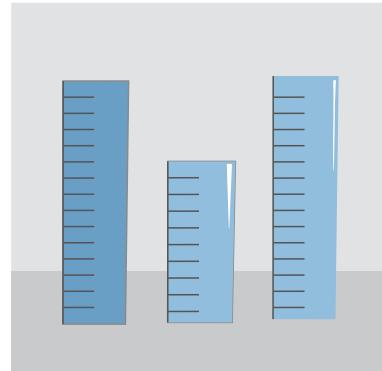
#### *26- Operational efficiency of the market*

It refers to the extent of transactions cost in the market. It is usually measured by the variation (price difference) between the buy and sell price. The relationship between the operational efficiency and the price difference is an inverse relationship, where the operational efficiency decreases as the price increases, and rises when the price decreases.

#### *27- Structural efficiency of the market*

This refers to the number of traders in the mar-

ket. If the number of traders increased without one or a group of them being able to impact the prices in the market, then it will be a proof of the existence of a competitive market and an increased level of structure efficiency.



#### *28- Market pricing efficiency*

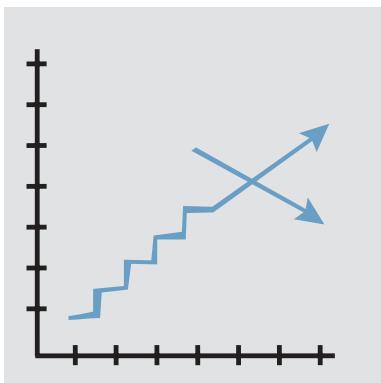
It is the ability of the market to properly price a security. The greater the speed and accuracy of the capital market in pricing securities, the more efficient it becomes. According to their pricing efficiency, markets are divided into three levels: weak efficiency markets, medium efficiency markets, and strong efficiency markets.

#### *29- Weak efficiency markets*

In weak efficiency markets, securities prices prevailing at a certain point in time reflect the traders' knowledge of the past prices of security and its traded volume.

### 30- Semi-strong efficiency markets

In medium efficiency markets, securities prices prevailing at a certain point in time reflect the traders' knowledge of all the information published about the company whose shares are being traded, such as the realized profits, distributed profits (or profits to be distributed) and other data published in financial statements that affect the movement of securities prices.



### 31- strong efficiency markets

In strong efficiency markets, prices prevailing at a certain point in time not only reflect the published information; they also reflect everything that can possibly be known about the company, including internal information about that company. A market is described as highly efficient if the market value of any security reflects its real value. In other words, the market prices securities according to the value they should be priced at.

### 32- Bull (uptrend) market

A general upward trend of share prices that lasts for a certain period of time, sometimes months or years. This revived market is the result of increased volume of trading.

### 33- Level of Resistance and Support

The level of resistance for the price of a security represents the upper price level of trading in the security, where the pressure of stock selloff leads to a price decrease. For example, if a company's share is traded between a minimum of 88 SR and a maximum of 98 SR, the 88 SR price level represents the support level of the security, and the 98 SR price level represents the resistance level of the security. When the price of a security breaks through the resistance level, technical analysis experts in financial markets believe that the security will reach new higher price levels.

### 34- Price spread (price difference)

The difference between a security's bid and ask price at a specific time.

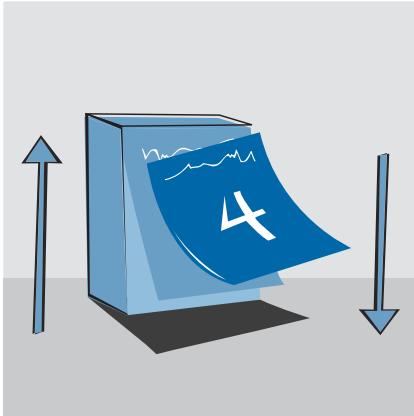
### 35- Arbitrage

The purchase of securities from one market for resale in another market in order to profit from a price difference, without having to be exposed to risk. Usually these transactions are carried out between the future market and the spot market.

### 36- Average price

The average price of a security during a cer-

tain period of time. It is usually calculated by adding the security price at the beginning to security price at the end of that period and dividing the result by 2.



### 37- Lowest price

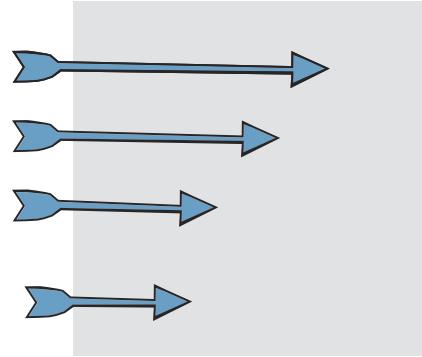
The lowest recorded price of a security during a certain period of time.

### 38- Highest price

The highest recorded price of a security during a certain period of time.

### 39- Previous closing price

The final price at which a security is traded on the last trading day of the previous period.



### 40- Current closing price

The final price at which a security is traded on the last working-day trading session.

### 41- Fair Share Price

The price that reflects all the company's present and future economic and financial fundamentals. It is determined through assumptions and expectations about the future performance of the company in question.

### 42- Overvaluation

A share price is considered overvalued if it exceeds the share's fair value. One of the criteria used to measure the degree of overvaluation of the share is to look at the price-earnings ratio (P/E). When this ratio is significantly higher than the average of the entire market, or of other markets, or of the sector in which the company operates, the share is overvalued.

### 43- Undervaluation

A share price is undervalued when it is traded at a price lower than the share's real value suggested by the standard valuation methods, such as high earnings or reputation of a company. This may sometimes occur when traders are no longer interested in a company's share for one or more reasons.

### 44- Risk Lovers

Investors who tend to focus on high-risk investments hoping to achieve high returns. This could lead to losing part or all of an investor's capital. This group of people often includes young investors who have a lot of years ahead to invest their savings and compensate for their loss or for their need to spend.

### 45- Risk averse Investors

Investors who prefer lower risk investments, unless the return on the investment is significantly higher so that they compensate for a small increase in risk. Risk-averse investors usually seek to protect their capital.

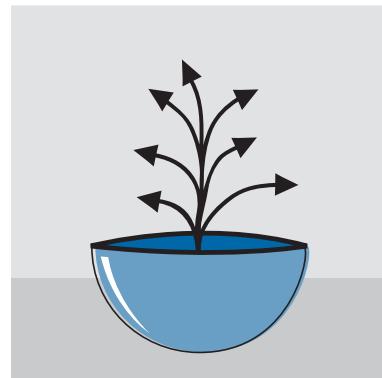
## Terms Related to Traded Securities

### 46- Security

Securities, especially stocks and bonds that are issued by business institutions, are the main product traded in capital markets. A security represents a deed that gives its holder the right to get a predetermined ratio of the return (in the case of bonds and preferred shares), or share in the total revenue earned by the company in the case of common stock.

### 47- Common Stock

A security that represents a stake in the capital of a joint-stock company. It grants the investor many rights, the most important of which are: the right to attend general assembly meetings, receiving dividends when distributed, the right to vote and the priority to subscribe in the company's new stocks issuance.



#### 48- Preferred Stock

A class of shares that gives its holder a set of rights which the holder of common stock doesn't have. These include the priority of preferred shareholders to get a predetermined percentage of company profits, and the priority over holders of common stock in obtaining their rights in the event of a company's liquidation.

#### 49- Defensive Stock

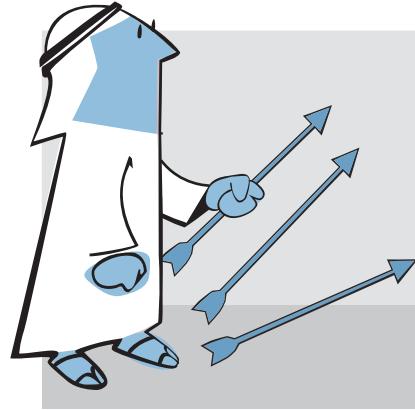
A stock, the return of which is not expected to decrease during recessions, but may achieve returns higher than the market average. Usually, it represents corporate stocks whose activity is not normally affected by the state of the overall economy or by the resulting business cycle fluctuations. They are therefore perceived as low risk stocks.

#### 50- Treasury Stocks

Stocks that the issuing company repurchase through the market under certain controls. The company can hold these stocks, re-issue or cancel them. These shares are not part of the company capital, and they don't pay dividends.

#### 51- Stock Dividends (bonus shares)

Dividends paid to stockholders in a form of stocks, often in place of a dividend paid in cash. Also known as bonus shares.



#### 52- Cash-paid Stocks

Stocks that are paid for in cash. An example of such stocks would be stocks of companies and commercial banks in some countries where the laws require buyers to pay for them in cash instead of other tangibles.

#### 53- Non-cash stocks

Stocks whose value is collected in form of tangibles other than cash, like machinery, buildings and lands. Usually, the nature of these contributions, and how to evaluate and determine stocks in exchange for them, are determined according to the law of the joint-stock companies.

#### 54- Bearer stocks (payable to the holder)

Stocks that do not carry the owner's name in their ownership certificate, as is the case with banknotes issued by the Saudi Arabian Monetary Agency. Therefore, a shareholder must keep the certificate of ownership in a safe place since it is

the only proof of ownership.

### 55- *Income stock*

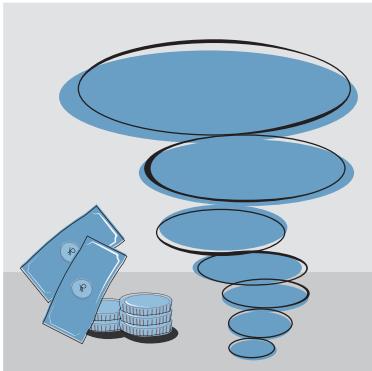
Ordinary stock of companies that tend to pay most of their net profits as cash dividends to their shareholders, such as service companies.

### 56- *Speculative stock*

Stocks of companies with high risk relative to any potential positive returns or capital gains.

### 57- *Cyclical stock*

Stocks of companies that mirror the overall economic performance. Their revenues and earnings, and therefore their share prices, rise when economic growth is strong, and decreases when growth is slowing down.



### 58- *Listed stock*

Stocks of companies that meet the requirements

for listing in the capital market. These requirements must be complied with by all companies as a prerequisite for their listing in the capital market.

### 59- *Unlisted stocks*

Stocks that the issuing company did not apply for its listing in the financial market, or else they did not meet the listing requirements of the capital market.

### 60- *Beta factor*

Beta of a stock or asset is a measurement that describes the relation of its returns with that of the financial market as a whole. It is used as a systematic risk measure of a security or asset.



### 61- *Allotment notice/letter*

A letter sent to the investor by the issuing company, indicating the number of shares allocated to him.

### 62- Ex-date

The date on or after which a security is traded without a previously declared dividend or distribution. After the ex-date, a stock is said to trade ex-dividend.

### 63- Price correction

A term that describes a short term steady decline in the financial market. This usually comes after a period of substantial rise in stock prices in the market.

### 64- Flotation

The process of offering company shares for sale in the stock exchange. It is also called new issue.

### 65- Diversification

A risk management technique that mixes a wide variety of investments and a number of securities [within a portfolio].

### 66- Bond

A certificate of debt according to which a holder (the creditor) is guaranteed payment by the issuer (debtor or borrower). The bondholder (creditor) is payable original investment plus predetermined interest (a fraction of the bond value) by a specified future date (maturity date).

### 67- Convertible bond

A certificate of debt which grants the holder the option to exchange it with a number of common

stocks in the same issuing company based on a predetermined ratio.

### 68- Perpetual bond

A bond with no maturity date that pays coupons forever. This type of bond usually comes in the form of preferred stock.

### 69- Conversion ratio

The number of shares of common stock that will be received in exchange for each convertible bond or preferred share when the conversion takes place.

### 70- Callable bond

A bond that can be redeemed in part or in full by the bond issuer prior to its maturity.



### 71- Call price

The price payable to bond holder when redeem-

ing the security prior to the maturity date. This price is usually equal to the face value plus a call premium.

#### *72- Face value of the security*

The nominal value of a security stated by the issuer. The security could be a bond or common or preferred stock. It does not mean the value paid by subscribers when the security is offered for an IPO. The security may be issued at an additional price (issue premium) or discounted prices in some cases (less than the par value).

#### *73- Market value of the security*

The price at which securities are traded in the stock market at a certain time.

#### *74- Book value of a common stock*

The value of the total equity (shareholder equity) that excludes preferred stock, divided by the number of issued common shares outstanding.

#### *75- Capital gains (losses)*

Profits (losses) resulting from the difference between the securities buy price and sell price.

#### *76- Cash dividend*

Money paid to stockholders. The distribution can be done annually, semi annually or quarterly.

#### *77- IPO prospectus*

A document that provides details about an invest-

ment offering for sale to the public, to be used by investors in the evaluation of the security to be issued, the issuer, and the method of subscription.

#### *78- Efficient portfolio*

Portfolio that has a maximum expected return for a certain level of risk, or a minimum level of risk for any expected return.

#### *79- Privilege for an additional issue*

Privilege giving current stockholders the right to buy in a new offering all the shares that have not been sold in the original IPO. The amount of shares that can be bought are in proportion to the share of each shareholder in the company.

#### *80- Rights issue*

With the issued rights, existing shareholders have the privilege to buy a new common stock from the firm in proportion to their current equity of the existing shares.

#### *81- Stock split*

A corporate action in which a company's existing shares are divided into multiple shares. This does not entail an increase in the shareholder equity, because the par value and market value of the share are decreased in proportion to the approved split ratio. If the share's par value was 50 SR, its market value was 500 SR, and the number of issued shares was 1,000,000 shares, and if the split was at a rate of 5 to 1, then the values after the split would be as follows: the share's nomi-

nal value would be 10 SR, its market value would be 100 SR, and the number of shares outstanding would be 5,000,000 shares.

### *82- Investment fund*

A collective investment scheme or channel designed to invest funds on behalf of investors and give them the opportunity to participate in the fund's profits, managed by a fund manager, for a certain fee. Investment funds can be open-end or closed-end. Major types of investment funds include: stock funds, bond funds, commodity funds and money market funds.

### *83- Open-end investment fund*

An investment fund whose units may increase or decrease. The investor can redeem his investments whenever he wants, in accordance with the fund policy.

### *84- Closed-end investment fund*

An investment fund with a limited (fixed) number of units. The value of the units invested in the fund cannot be redeemed unless there is a buyer for these units. Units of this type of fund can be traded in a stock exchange, like stocks.

### *85- Record date*

A date in which a shareholder must be the lawful owner of a given company's shares to be entitled to receive a dividend of that company.

### *86- Insider trading*

An illegal trading which is based on inside information that is not available to the public. Examples of insider information: changes in the executive management, financial position of the company, merger and acquisition decisions, or similar that have not been disclosed to the public. Persons who do not work for a company but can have access to material information about that company and illegally trade in its shares as a result of having access to that information, are considered to be in possession of insider information.

## *Terms Related to the Financial Statements of Companies*

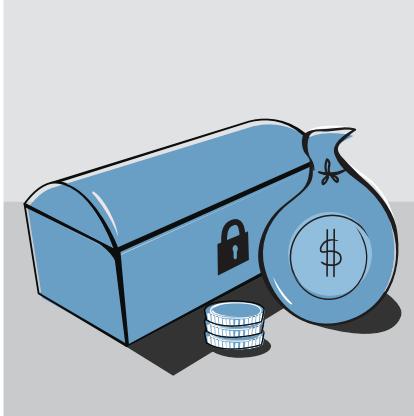
### *87- Fiscal year*

Annual accounting period for business. For most companies it is a calendar year that runs from January 1st to December 31st. For some other companies the fiscal year runs from June 1st to May 31st.

### *88- Revenues*

Revenues are money received by a company in exchange for sold products or services provided. Revenues are different from profits in a sense where profits are the remaining of revenues after deducting costs and expenses. In their financial statements, Saudi companies that provide services such as electricity and communications report their income as "revenues"; on the other

hand, manufacturers of specific products, such as food and clothing, often describe their income as “sales”.



### 89- Gross profit margin

The proportion of money left over from revenues after accounting for the cost of goods sold (COGS). It is expressed as a percentage. For example, suppose company ABC earned SR 100,000 in sales, and incurred SR 75,000 in COGS-related expense. ABC's gross profit margin would be 25%, i.e.,  $(100,00 - 75,000)$  divided by 100,000.

### 90- Net profit (net income)

Net profit or net income available to owners after deducting all of a company's obligations from revenues in a specified period of time.

### 91- Retained earnings

The accumulated net income retained for reinvestment in a business, rather than being paid out in dividends to stockholders. They are recorded under shareholders' equity on the balance sheet. They are sometimes called “retained surplus”.

### 92- Capital structure

A mix of a company's long-term debt, specific short-term debt, common equity and preferred equity. Common equity consists of (capital + reserves + retained earnings).

### 93- Authorized capital

The approved capital of a joint-stock company that is registered with the official agencies.

### 94- Paid up Capital

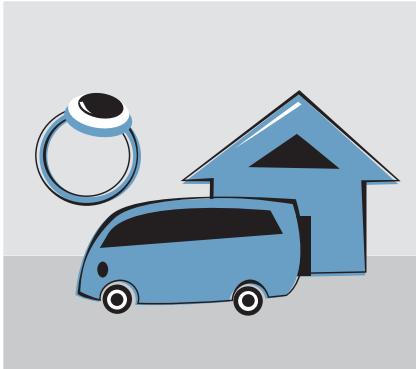
Part of the authorized capital which was subscribed by the shareholders.

### 95- Paid in Capital

Part of the subscribed capital which was paid by the shareholders.

### 96- Cash flow statement

A financial statement that shows a company's cash flows (receipts, payments, net cash) during a specific period.



### 97- *Statement of financial position (balance sheet)*

Financial statement that provides an overview of a company's position on a given date. It lists assets, liabilities, and shareholder equity (net assets).

### 98- *Company book value*

The net asset value of a company, or total assets after deducting liabilities. A company's book value is considered one of the indicators used by investors to evaluate the company shares .

### 99- *Income statement*

A financial statement showing net profits or losses of a company over a specific period, usually for a quarter, semi-annual or a full year.

### 100- *Quarterly financial statement*

A fiscal year is divided into four quarters , each consists of three months. Regulators require all publicly listed companies to issue quarterly finan-

cial reports to report their financial results during that quarter.

### 101- *Assets*

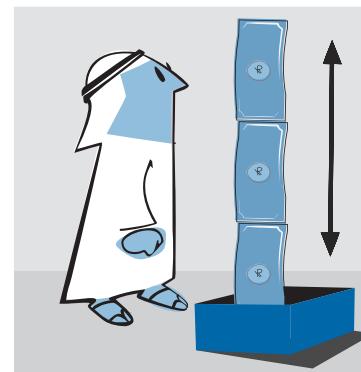
All properties, both tangible (like cash, equipment, buildings, machinery, etc.) and intangible (like trade marks or goodwill), that are owned by individuals or businesses.

### 102- *Current assets*

Highly liquid assets that can be converted into cash in a short time, usually a year or less. These include cash, inventory, accounts receivable, commercial securities and others.

### 103- *Fixed assets*

Long-term assets that are of a productive nature. In general, they are not sold or bought within the usual business operations of the company. Examples are: machines, buildings and equipment.



### 104- Liabilities

Liabilities are obligations owed by the company. They include: accounts payable (suppliers), payable wages and salaries, payable dividends, payable taxes and any other outstanding debts.

### 105- Current liabilities

Short-term financial obligations that are paid off within one year or less. They are paid by using current assets, or by using other (new) current liabilities. Obligations that are due within one fiscal year or less appear under current liabilities. Common examples are: accounts payable (suppliers), notes payables and loans.

### 106- Collateral

Assets used to secure loans.

### 107- Insolvency

Inability of a company to meet its obligations (debts) as they become due.

### 108- Operating leverage

Measure of fixed costs in a company's operating structure. The higher the measure of fixed costs in a company's operations, the higher is its operating leverage, and the higher its operational risk.

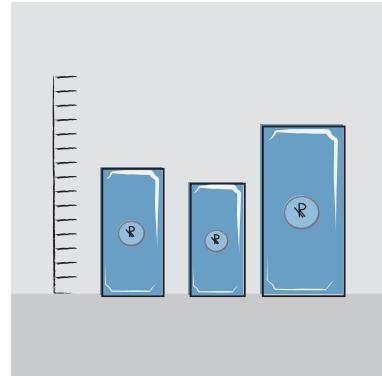
### 109- Financial leverage

The amount in a company's capital structure that is obtained from fixed-cost financing sources, such as loans, bonds and preferred stock. The higher

the measure of these elements in the total capital structure of the company, the higher its financing leverage, and the higher its financing risk.

### 110- Cost of sales

Figure representing the direct costs of production, buying the materials or services sold by the company. Included in the direct costs are production costs, marketing costs, and salaries.



### 111- Annual financial report

A statement that must be provided annually to the shareholders of a public company. It includes the financial position, income, retained earnings and cash flows. The report does not provide only financial particulars, it also includes general information about the company.

### 112- Shareholders' equity

Total assets minus total liabilities of a corporation.

It includes paid up capital, retained earnings and all reserves established by the public company.

### *113- Expenses*

Costs incurred by a company while conducting its business. They are divided into: costs or revenue expenditure; and capital expenditure. Revenue expenditure includes: the expenses incurred by the company during the accounting period. The capital expenditures include expenses whose effect lasts for more than one accounting period.

### *114- Statutory reserve*

The mandatory reserve, which is required to be deducted annually under the Company Law by a certain percentage of the net profit before taxes (if any) unless the company bylaws specify a larger percentage.

### *115- (General) voluntary reserve*

The amount that is voluntarily deducted annually based on the company's general assembly decision as part of the net profit before taxes (if any).

## *Terms related to financial indicators*

### *116- Return on equity (ROE)*

The amount of return on owners' investment, represented by shareholder equity. It is calculated by dividing the net profit (net income) by total

equity.

### *117- Financial broker*

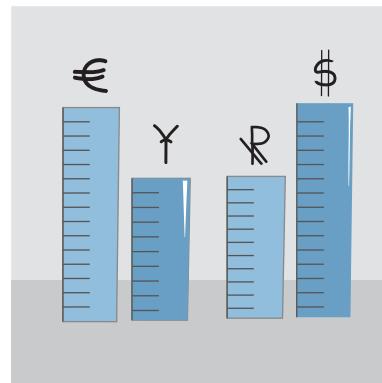
An individual or firm that charges a fee or commission for executing buy and sell orders submitted by an investor. The broker acts as a "middle-man" specializing in shares and bonds, and also acts as a broker-agent on behalf on the client.

### *118- Detailed IPO prospectus*

A document published by the issuer prior to offering the new securities for an IPO. It contains terms and conditions of the offering, plus detailed information that an investor needs to make an informed investment decision.

### *119- Authorized person*

An authorized person is someone who is authorized by CMA to engage in the securities business.



### *120- Debt ratio (indebtedness)*

An indicator that measures the proportion of two types of liabilities, current and long-term, to total assets. This ratio shows the leverage of the company (i. e. how much it relies on debt to finance its assets).

### *121- Ratio of dividends per share to share price*

This ratio measures the distributed earnings per share to its price in the market. It is calculated by dividing the dividends distributed, or to be distributed, per share by the market share price.

### *122- Earnings per share (EPS)*

Earnings per common share. It is calculated as follows: net profit (net income) divided by the number of ordinary shares outstanding.

### *123- Price to earnings ratio (earnings multiple, p/e ratio )*

Called the earnings multiple or P/E ratio, it is measured by dividing the share price in the market (closing price) of the last 12 months by the earnings per share.

### *124- Return on assets (ROA)*

A ratio that measures the return generated from the use of overall assets of the company. It is calculated by dividing the net income by total assets.

### *125- Price change in SR*

The difference in the price of a security between two periods. For example, a company's share price change during the trading day equals the difference between the closing price and the opening price.

### *126- Percentage change in price*

The percentage change in the price of securities between the two periods. It is calculated as follows: (the price change between the two periods/ the price of the base period) x 100.

### *127- Compound interest*

Interest computed cumulatively so that its value increases over time. Its calculated based on the total amount, which represents the invested principal plus the previously gained interest.

### *128- Trading value (SR)*

The total value of shares traded during a specific period for a specific security or of the overall market.

### *129- Number of executed deals*

Total deals that were executed during a certain period.

### *130- Total market value*

Calculated by multiplying the number of securities issued by the market price at the end of a specific period.

### *131- Market value (%)*

Calculated by dividing the total market value of the company by the total market values of all listed companies multiplied by 100.

### *132- Turnover ratio*

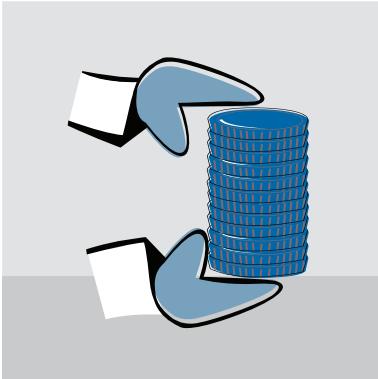
Turnover ratio = (the value of a company's traded shares in a given period / total market value of the company) × 100.

### *133- Free float (outstanding shares)*

The portion of a company's shares that is available to the public for trading.

### *134- Price/ book value ratio*

The premium (over the book value) paid by an investor per ordinary share for a company. It is calculated by dividing a company's total market value by its book value.



### *135- Return on investment (securities)*

Return on investment in securities is divided into capital return and income return. The capital return is calculated by dividing the realized profits from the sale of securities by the amounts invested. The income return on securities is the revenue earned by investors in the form of dividends (on shares) or received interest (on bonds).

## *Other Terms*

### *136- Macroeconomic information*

Information that reflects the overall condition of the domestic economy, or global economy. It also includes information and data covering international events or political affairs in a country.

### *137- Microeconomic information*

Information that covers the economic and financial aspects related to a particular sector or company. Usually, the impact of this information is limited to the same sector or company. Examples of this kind of information: news of a merger between two companies, new technologies or products introduced by a company...etc

### *138- Ticker symbol*

An abbreviated name of the listed company that is approved by the regulator of trading.

### *139- Gross domestic product (GDP)*

The total cash value of all goods and services produced within a domestic economy during a specified period. It consists private consumption, private investment, government expenditure and net exports.

### *140- Asset Valuation Models (investment)*

The tools used for the valuation of assets, investment or securities. In the valuation process, basic data of the asset or investment to be evaluated are used, like future cash flows, prevailing discount rates and any data that affect the asset cash flow to be evaluated.

### *141- Reallocation of portfolio assets*

Changing the assortment of the investment portfolio, either by adding new investments that match the investor's goals or by changing the portfolio investments due to changes in the investor's goals, risk level, or the duration available to the investor.

### *142- Merger*

Combination of two or more companies, whereby the companies involved cease to exist and a new company is established.

### *143- Acquisition*

A corporate action joining two or more companies, as a result of which all companies legally involved in the process cease to exist, with the

exception of the company that carried out the acquisition. This company keeps its original name and legal entity.

### *144- Full disclosure*

A requirement that publicly-traded companies release and provide for the free exchange of all facts that are relevant to their ongoing business operations, in order to guide the users of financial statements in making decisions.



### *145- Holding company*

The parent company that owns a controlling stake in a subsidiary, giving it the right to vote and control the operations of the subsidiary companies.

### *146- Corporate governance*

A framework that determines the rights and responsibilities among the various parties such as boards of directors, managers, shareholders and

other stakeholders in the company.

### *147-Inflation*

Inflation is a continuous increase in the general level of prices of goods and services during a specific time . Inflation leads to the deterioration of the purchasing power of the society members.

### *148- Sector*

A sector represents a group of companies operating in one activity or area. Usually, the performance of any company's stock is measured relative to the overall average performance of other companies in the same sector. The reason for this is to compare the performance of the company's stock to similar stocks in the same sector.

### *149- Risk*

Risk is defined as volatility in revenues and earnings, which may include loss. Investments have different proportions of risk. In general, the higher the risk level, the higher is the likelihood of earning higher returns. An individual's tolerance of risk determines the risk levels he can bear, taking into consideration his investment objectives and the required period of time for investing.









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