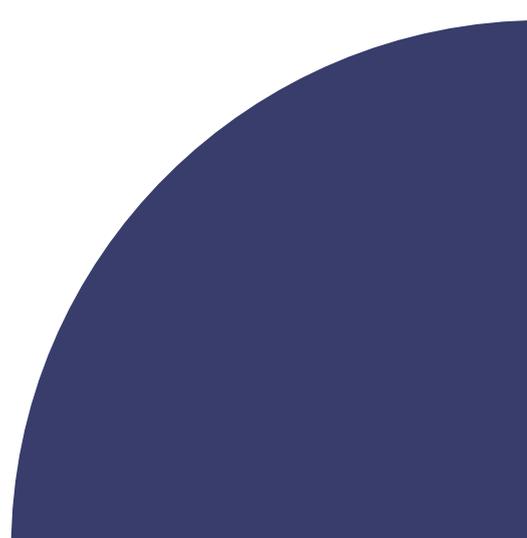




O-IM Glossary





Introduction

The O-IM Glossary should be read in conjunction with our Client Agreement. Where terms have been capitalised in our materials the definitions provided here should be relied upon. Every effort has been made to ensure this list is as comprehensive as possible. In the event of any conflict between us and you, the definitions in this glossary will prevail in relation to any services we have provided to you. Should you have any questions regarding the terms in this Glossary or our Client Agreement please contact us to discuss, prior to acceptance of our Client Agreement.



Your capital is at risk, and you may not get back the amount originally invested. Investors should remember that past performance is not a guarantee of future results.

O-IM is the trading name of Opulence Investment Management Limited, a company authorised and regulated by the Financial Conduct Authority (reference number 941150) and registered in England and Wales with company registration number 13012247.

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Term	Definition
Absolute Return	Also referred to as the total return, the absolute return measures the gain or loss experienced by an asset or portfolio independent of any benchmark or other standard.
Account	Means the account that we open for you when we receive your completed Account Opening Form and we finish our account opening procedures.
Account Opening Form	The relevant account opening form(s) or application form(s) for a service including, where relevant, the ISA Account Opening Form and/or ISA Transfer Authority and/or ISA Subscription Form or any other form that enables us to open an account on your behalf.
Active Funds	An actively managed fund uses either a single manager, or a team of managers to attempt to outperform the market.
Advice	Advice your Investment Manager gives you on suitable investments for your portfolio or on actions you should take in setting up your portfolio.
Advisory Transaction	A transaction in your portfolio where you make the ultimate decision to proceed but your Investment Manager has offered advice on the suitability of the investment.
Agreement	The agreement between you and us which may include, but is not limited to, the Terms and Conditions, the Definition of Terms, Order Execution Policy, Managed Portfolio Agreement and other terms that have been agreed to facilitate our services to you.
AISC	All-in Sustaining Cost is typically in relation to commodities and is the cost necessary to maintain the current assets production capacity and carry out the current production plan.
Alpha	A measure of the excess return on an investment.
Alternative Asset	Any asset class, which excludes stocks, bonds, and cash.
Analyst Rating	The recommendation for a particular stock (often Buy, Hold or Sell) given by analysts from investment research companies, also known as 'sell-side' analysts.
Annual Compound Return	Annual Compound Return is the cumulative investment return presented on an annualised basis. It is the annual return that would result in the same cumulative return if compounded annually. Annualised return makes it possible to compare cumulative returns of different horizons. Cumulative returns less than one year are usually not annualised.
Anti-Money Laundering	Anti-Money Laundering, or AML, includes policies, laws, and regulations to prevent financial crimes. AML is a worldwide term used to describe the prevention of money laundering where illicit funds are integrated into the financial system and then appear legitimate. The stages of money laundering are Placement, Layering and Integration.
Applicable Laws and Regulations	The rules, regulation or any laws that we are bound to by way of our regulatory status, statutory requirements and other rules that are enforced upon us by a relevant body or national organisation.
Appropriateness	An assessment that is performed on a Retail client to ensure that you have the relevant Knowledge and Experience when entering into an execution only transaction.
AUM	Assets under management, or AUM, is the total market value of the investments that a person or entity manages on behalf of clients.
Backwardation	When the futures price is lower than the expected spot price.
BACS	Bankers' Automated Clearing Services.
Bankruptcy	Bankruptcy is a legal process through which people or other entities who cannot repay debts to creditors may seek relief from some or all of their debts. In most jurisdictions, bankruptcy is imposed by a court order, often initiated by the debtor.
Basic Materials Sector	Includes companies in the Chemicals, Metals & Mining, Construction, Paper & Forest Products and Containers & Packing industries.
Bespoke Portfolio	A personalised portfolio of investments, designed to meet your specific financial goals and needs and is reflected in an Investment Mandate designed solely for you.
Best Execution	Best execution refers to our duty to execute client orders at the most favourable terms for a client. These terms consider speed, price, size, likelihood of execution and settlement.
Beta	A measure of an assets volatility in relation to the overall market. A Beta greater than 1 suggests the asset is more volatile than the overall market.



Term	Definition
Brokerage Account	An account which allows you to make your own investment decisions which may be done on an execution-only basis or have been advised by us. Accounts may be segregated further to identify different transaction types.
Business Day	A day on which banks are open for business in the City of London (that is, each day except Saturdays, Sundays and English public holidays). Any other reference to "days" refer to calendar days.
Capital Gains Tax	Capital Gains Tax is a tax on the profit when you sell (or 'dispose of') something (an 'asset') that's increased in value.
Cash & Cash Equivalents	The most liquid current assets found on a business's balance sheet.
Causation	A correlation between two values, where one causes the other to change.
Certified High Net Worth Investor	Per COBS 4.12.6 from the FCA handbook, whereby a client has annual incomes in excess of £100,000 or net assets (excluding their main property) of £250,000.
CIS	A Collective Investment Scheme is a system for pooled investment in securities where investors combine their resources to buy investments together, achieved typically through the medium of unit trusts, OEICs or SICAVs.
Client Money	Money that a firm treats as Client Money in accordance with the Client Money Rules whereby it is segregated (or 'ringfenced') from the assets of the company.
Closed-ended Fund	A portfolio of pooled assets that raises a fixed amount of capital through an initial offering and has a fixed share capital.
Cointegration	The existence of a long-run relationship between two or more variables.
Commodity	A raw material or primary agricultural product that can be bought and sold.
Complaint	Any expression of dissatisfaction in regards to the services that have been provided.
Conflict of Interest	A conflict of interest is a situation where a firm or the individuals representing that firm have competing professional and/or personal interests which may result in behaviour that is not in the best interests of clients.
Consumer Cyclical Sector	Includes companies in the Automobiles & Auto Parts, Textiles & Apparel, Homebuilding & Construction Supplies, Household Goods, Leisure, Hotels & Entertainment, Media & Publishing and Retail industries.
Consumer Non-Cyclicals Sector	Includes companies in the Food & Beverages, Personal & Household Products and Food & Drug industries.
Consumer Price Index	A consumer price index (CPI) measures changes in the price level of a weighted basket of consumer goods and services purchased by households.
Contango	When the futures or forward price is higher than the expected spot price of a contract at maturity.
Corporate Bonds	A corporate bond is a debt security issued by a company to support a companies spending and obligations.
Correlation	Correlation, in the finance and investment industries, is a statistic that measures the degree to which two securities move in relation to each other.
Credit Rating	A credit rating is an evaluation of the credit risk of a prospective debtor, predicting their ability to pay back the debt, and an implicit forecast of the likelihood of the debtor defaulting.
Credit Risk	A risk of default on a debt that may arise from a borrower failing to make required payments.
Currency Risk	Risk of loss from depreciation of a currency in which one of your investments is held.
Custodian	A custodian or custodian bank is a financial institution that holds customers' securities for administration and safekeeping to prevent them from being stolen or lost. The custodian may hold stocks or other assets in electronic or physical form.
Custody	A safekeeping service that a financial institution provides for a customer's securities. For a fee, the institution collects dividends, interest, manages security administration and distributes proceeds from security sales according to the customer's instructions.
Deflation	Deflation is a decrease in the general price level of goods and services. Deflation occurs when the inflation rate falls below 0%.
Delta	The rate of change of the price or premium of a derivative with respect to the change in price of an underlying security.



Term	Definition
Derivative	A contract whose value is based upon a pre-agreed financial asset or security. Different derivatives can be exchange-traded or over-the-counter traded.
Developed Markets	Countries that have an economy and capital markets that are considered to be stable and has strong economic growth.
Directional Investing	An Investment strategy based on the investor's view of the future market direction.
Discretionary or Managed Portfolio	A portfolio of investments built and managed on your behalf that best suits your investment risk and return objectives.
Diversification	Diversification is a technique that reduces risk by allocating investments across various financial instruments, industries, and other categories.
Dividend	An amount of money paid to shareholders on a regular basis out of company profits.
Drill Down	An approach that uses, but is not limited to, company financials and other data to analyse profitability, solvency, liquidity, efficiency and valuation.
EBITDA	Earnings Before Interest, Tax, Depreciation, and Amortisation.
EEA	European Economic Area.
Emerging Markets	The capital market of a country that has some characteristics of a Developed Market but not all. An emerging market may have previously been a developed market or may become one in the future.
Energy Sector	Includes companies in the Coal, Oil & Gas, Renewable Energy and Uranium industries.
Equity	A security that represents a share ownership of a company.
ESG	Environmental, Social & Governance. ESG investing will take into account these factors before making an investment.
Exchange Traded	Where an asset can be bought or sold through an exchange where multiple buyers and sellers are matched, this may also include a market maker.
Exchange Traded Fund	An exchange traded fund, or ETF, is a type of security that tracks an index, sector, commodity, or other asset, but which can be purchased or sold on a stock exchange similar to a regular equity.
Execution	The completion of a buy or sell order for a security. The execution of an order occurs when it is completed in the market (or 'filled'), not when it is placed. When the trade is submitted, it is sent to a broker, who then determines the best way for it to be executed.
Execution-only Transaction	A transaction in your portfolio where you have selected the security and make the decision to transact. We would not have advised on the transaction.
FCA	The Financial Conduct Authority is the regulatory body for financial services in the United Kingdom.
Financials Sector	Includes companies in the Banking & Investment, Insurance and Real Estate industries.
FinTech	Financial Technology. These technologies or programmes are often used to support investment and financial services processes.
Fixed Income	Any type of investment under which the borrower or issuer is obliged to make fixed payments agreed under a contractual obligation on a fixed schedule.
Forward Contract	A legal agreement to buy or sell an asset at a predetermined price and date in the future. The contract is typically over-the-counter traded.
FOS	Financial Ombudsman Service.
Frontier Market	The capital market of a developing country which may be too small, risky or illiquid to be considered an Emerging Market.
FSCS	Financial Services Compensation Scheme.
Futures Contract	A standardised legal agreement to buy or sell an asset at a predetermined price and date in the future. The contract is typically exchange-traded.
Gamma	The rate of change of delta. Gamma measures the convexity of a derivative's value, in relation to the underlying asset.
GDPR	The General Data Protection Regulation (EU) 2016/679 (GDPR) law on data protection and privacy in the European Union and the European Economic Area. It also addresses the transfer of personal data outside the EU and EEA areas.
Gearing Ratio	Gearing is a measure of how much of a company's operations are funded using debt versus the funding received from shareholders as equity.



Term	Definition
Government Bonds	A government bond is a debt security issued by a government to support government spending and obligations.
Healthcare Sector	Includes companies in the Healthcare Equipment, Supplies & Service Providers, Pharmaceuticals and Biotechnology & Medical Research industries.
Hedge Fund	A hedge fund is an unregulated alternative investment vehicle that uses a wide selection of strategies and financial instruments (often unavailable to regulated pooled funds) to achieve strong returns independent of market performance. Because hedge funds are not as regulated as mutual funds or traditional financial advisors, they are only accessible to accredited sophisticated or institutional investors.
High Yield Bonds	Have a low credit rating (Rating below BBB- (S&P and Fitch) or Baa3 (Moody's)) and can offer higher yields given the increased likelihood of default. Sometimes referred to as Junk Bonds.
Idiosyncratic Risk	Risk that is present for holding an individual security. Such as performance of company management or geographical location.
Impact Investing	Impact investments are investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return.
Indemnity	Security or protection against a liability, loss or other financial burden.
Industrials Sector	Includes companies in the Aerospace & Defence, Machinery, Equipment & Components, Industrial & Commercial Services, Industrial Conglomerates and Transportation industries.
Inflation	Rising price levels in an economy.
Inflation Linked Bonds	Inflation-linked bonds are securities designed to help protect investors from inflation. They are indexed to inflation so that the principal and interest payments rise and fall with the rate of inflation.
International Equities	Equities that are listed on an exchange other than a UK based exchange.
Investment Consultancy	Our team can help individuals who want an objective review of their portfolio held elsewhere as well as advising large companies on investment solutions for, but not limited to, employees.
Investment Grade	This rating represents a high ability of the issuer to repay their liabilities. Rating at or above BBB- (S&P and Fitch) or Baa3 (Moody's).
Investment Manager	Your Investment Manager will guide you through the process of onboarding and setting your initial investment strategy whilst being your first point of contact throughout your client experience and is responsible for ongoing advice.
Investment Mandate	You will agree your investment mandate with your Investment Manager and the document will set out your investment goals, strategy and risk profile.
Investment Trust	An investment trust is a type of fund set up as a company, so its shares can be bought and sold on the stock exchange. It has limited share capital and is able to use leverage for investment purposes.
Investment Wrapper	A 'wrapper' is simply an account that can be 'wrapped' around your investments to give them a level of protection from tax e.g. an ISA.
ISA	An Individual Savings Account is a retail investment wrapper available to residents of the United Kingdom and affords tax advantages for the investments held in the account pursuant to the ISA Regulations.
Jensen Alpha	Jensen's alpha is a measure of fund performance adjusted for the risk associated with a benchmark over a given period. Jensen's alpha is the average return on the fund portfolio over and above that predicted by the Capital Asset Pricing Model (CAPM), given the fund portfolio's beta and the average market return.
Junior ISA	An Individual Savings Account for anyone who is a UK resident and aged under 18 and is similar to an ISA but with a different limit level.
Kurtosis	Kurtosis is a parameter that describes the shape of a random variable's probability density function (PDF), pointing to the thickness of the tails of the distribution. Positive kurtosis indicates a relatively peaked distribution.
KYC	'Know Your Customer' information; the basic customer due diligence information and data that financial services companies must gather in order to meet anti-money laundering requirements and to understand clients and meet Suitability and/or Appropriateness obligations.
Leverage	Leverage results from using borrowed capital as a funding source when investing to expand the firm's asset base and generate returns on risk capital.
Leverage Ratio	Net Debt to EBITDA.
Liability	Where loss, damages or costs suffered or incurred by you are the direct result of our actions amounting to gross negligence, wilful default, fraud, and/or deliberate and wilful breach of any duties which we owe you under FSMA or FCA Rules we will accept responsibility and act promptly to rectify the situation.



Term	Definition
Liquidity	The ease with which a security or an asset can be converted into cash at market price.
Long Investment	A long investment is when a security is purchased and the investor will benefit from a rise in value of the security.
Long Term	A period of ten years or greater.
Macro Economic	Economic events or trends that have far reaching implications across most sectors of the economy and across asset classes.
Market Capitalisation (Market Cap)	The total market value of a company's issued share capital.
Market Maker	A financial institution, typically an Investment Bank, that will always provide a price to buy or sell an exchange traded asset.
Market Risk	The risk of losses on financial investments caused by adverse price movements.
Market Value	A term used to describe the price that a particular investment might reasonably be expected to achieve in a sale in the open market.
Maturity	The date on which the final payment is due on a loan or other financial instrument, such as a bond or term deposit, at which point the principal (the initial capital investment) and all remaining interest is due to be paid.
Maximum Drawdown	Maximum Drawdown is the most negative cumulative return over a given time period, sometimes referred to as peak-to-trough.
Maximum Gain	Maximum Gain is the most positive cumulative return over a given time period, sometimes referred to as trough-to-peak.
Mean	The sum of a collection of numbers divided by the count of numbers in the collection, also known as the simple average.
Mean Reversion	Mean reversion, or reversion to the mean, is a theory used in finance that suggests that asset price volatility and historical returns eventually will revert to the long-run mean or average level.
Median	The "middle" of a sorted list of numbers.
Medium Term	A period between 2 – 10 years.
Merger	(1) Acquisition in which all assets and liabilities are absorbed by the buyer. (2) More generally, any combination of two companies. The firm's activity in this respect is sometimes called M&A (Merger and Acquisition).
Mode	The value that appears most often in a set of data value.
Momentum	The capacity for a price trend to sustain itself going forward.
Monetization	The securitization of the gross revenues of a contract.
Money Markets	The money market is a component of the economy which provides short-term funds. The money market deals in short-term loans, generally for a period of a year or less.
MTF	A multilateral trading facility, MTF, is a trading system that facilitates the exchange of financial instruments between multiple parties.
Multi-Asset	Is a combination of asset classes (such as cash, equity or bonds) used as an investment.
Negative Periods	Negative Periods is the percent of sub-periods with negative returns among all the sub-periods over a given time period.
Net Debt	Gross debt net of cash & cash equivalents.
Nominee	A person or company who has been entrusted with the safekeeping of investors' securities or property.
OEIC	Open ended investment company (an investment company with variable capital).
Omega	The Omega ratio is a performance measure developed by Keating and Shadwick in 2002. It calculates the probability adjusted gains to losses ratio with reference to a chosen loss threshold.
Open-ended Fund	A diversified portfolio of pooled investor money that can issue an unlimited number of shares.
Operational Risk	Risk of loss from operational failures or inadequate systems and processes.
Options Contract	Gives the buyer the right, but not an obligation to buy or sell the underlying at an agreed price, and on a pre-determined date or time horizon in return for a fee that is known as the option premium.
Over the Counter	Where an asset can only be bought or sold between two parties, the buyer and the seller.
P/E Ratio	Price to earnings ratio is the ratio of a company's share price to the company's earnings per share.



Term	Definition
Passive Funds	A passive fund typically aims to match the performance of its benchmark. The fund is designed to follow the performance of its benchmark, rising and falling in line with the market.
Phasing-in period	The period of time where we implement the Investment Mandate from the initial funding. This will normally be within 3 months but may take up to 6 months.
Portfolio	Your portfolio is the investment account and may be comprised of investments specifically selected by O-IM to suit your investment objectives and risk profile.
Portfolio Optimisation	The process of selecting the best asset distribution to achieve the stated investment objective.
Private Equity	Is ownership in a company where the shares are not publicly traded. Private Equity funds, generally organized as limited partnerships, buy and restructure companies and they themselves have private share holdings.
Professional Client	Per COBS 3.5 from the FCA Handbook. A professional client is a client that is either a per se professional client or an elective professional client who are deemed to have expert knowledge in regards to investment products.
PTM Levy	PTM stands for Panel of Takeovers and Mergers. It's a regulatory body set up to ensure all shareholders are treated equally during takeover bids. The PTM levy is a £1 charge automatically applied to investors when they buy or sell shares with a total value of over £10,000.
Readily Realisable	Securities that are listed or regularly traded on a recognised investment exchange and can be sold within 5 business days.
Real Estate	Assets that are comprised of physical property or land.
Recession	A recession is a macroeconomic term that refers to a significant decline in general economic activity in a designated region. It is typically recognised as two consecutive quarters of economic decline, as reflected by GDP in conjunction with monthly indicators such as a rise in unemployment.
Recovery Period	The number of sub periods to recover from maximum drawdown end date back to maximum drawdown start date performance.
REIT	A Real Estate Investment Trust, invests in real estate or loans secured by real estate and issue shares in such investments. A REIT is similar to a closed-end mutual fund.
Relative Return	The return achieved by a portfolio in relation to the benchmark that the portfolio is measured against.
Relative Value	A method of determining the price of a security based on the values of similar assets or valuation levels of similar companies.
Reporting Currency	The currency in which the parent firm prepares its own financial statements; For example, Great British Pounds for a UK company.
Retail Client	Per COBS 3.4 of the FCA Handbook. Generally, a Retail Client is not considered to have relevant or sufficient experience for investment business and is afforded the highest level of protection under the regulatory system and should have the right to take a complaint to the FOS.
Retail Price Index	Measures changes in price level of a basket of goods and services, which accounts for housing costs.
Rho	The sensitivity of the price of a derivative security with respect to the change in the risk-free rate of interest.
Risk/Return	The average return divided by the standard deviation of sub-period returns over a given period. This measure can represent how additional risk can add to the return of an investment.
Securitization	Securitization is the procedure where an issuer designs a marketable financial instrument by merging or pooling various financial assets into one group.
Sharpe Ratio	Measures the performance of an investment compared to a risk-free asset, after adjusting for its risk. This is calculated by taking the difference between the returns of the investment and the risk-free return, divided by the standard deviation of the investment.
Short Term	A period less than 2 years.
Short Selling	An Investment strategy that expects the price of a security to fall and will benefit when the price of a security declines.
SICAV	Société d'investissement à Capital Variable (An investment company with variable capital).
SIPP	Self-Investment Personal Pension.
Stabilisation	A technique used to artificially maintain the price of a security during the period when a new issue of securities is sold to the public.



Term	Definition
Stagflation	Stagflation or recession-inflation is a situation in which the inflation rate is high, the economic growth rate slows, and unemployment remains steadily high.
Stamp Duty	A duty levied on the legal recognition of certain transactions.
Standard Deviation	A measure of the amount of dispersion of a set of values.
Standard Error	Standard error of regression, is the sample standard deviation of the residual term in the regression equation, and therefore represents the residual risk. The standard error measures the dispersion of the predicted return against the actual return.
Stress Testing	A simulation that tests the strength of a portfolio against a future or past financial market scenario where significant loss may be expected.
Structured Product	A structured product, is a pre-packaged structured finance investment strategy based on a single security, a basket of securities, options, indices, commodities, debt issuance or foreign currencies, and to a lesser extent, derivatives. They carry additional credit risk from the counterparty that issues the product.
Suitability	Means the regulatory obligation to ensure that advice or personal recommendations (including decisions to deal within a discretionary investment management service) are suitable having regard to the Investment Objectives, Risk Profile and circumstances of a Retail Client (including their relevant knowledge/experience, financial situation, ability to bear losses, and risk tolerance).
Systemic Risk	Systemic risk is the possibility that an event could trigger severe instability or collapse of an entire industry or economy.
Tax Year	A period commencing on 6 April in any year and ending on 5 April in the following year.
Technology Sector	Includes companies in the Semiconductor, Communications & Networking, Office Equipment, Electronic Equipment, Software and IT Services industries.
Telecommunications Sector	Includes companies in the Telecommunications Services industry.
Theta	Measures the time value decay of a derivative in relation to the time left before the expiration date.
Third Party	A person, group or company besides us and you involved in the provision of the services we offer to you.
Tier 1 Capital	The core measure of a bank's financial strength from a regulator's point of view. It is composed of core capital, which consists primarily of common stock and disclosed reserves (or retained earnings), but may also include non-redeemable non-cumulative preferred stock.
Top Down Investing	A strategy that uses information about a country's economy or industry sectors in order to make investment decisions rather than looking at individual stocks.
Topline Growth	Growth in overall company revenues.
Total Return	The return of a portfolio that includes interest and dividends received during the period.
Tracking Error	A measure of risk in an actively managed portfolio that shows how closely a portfolio follows its benchmark.
UK Equities	Equities that are listed on a UK exchange.
Unit Trust	A collective investment fund that is priced, bought, and sold in units that represent a mixture of the securities underlying the fund.
Upstream Production	The upstream sector includes searching for potential underground or underwater crude oil and natural gas fields, drilling exploratory wells, and subsequently drilling and operating the wells that recover and bring the crude oil and/or raw natural gas to the surface.
Utilities Sector	Includes companies in the Electrical, Natural Gas, Water and Multiline utilities industries.
VAR	Value at Risk. A measure of the level of financial risk in a company or investment portfolio.
Variance	The average of the squared differences from the mean.
VAT	Value Added Tax.
VCTs	Venture Capital Trusts, which are similar in constitution to an investment trust and invest in shares or lend money to private companies which often are at an early stage of their company lifecycle.
Vega	A measure of an option's sensitivity to implied volatility.
You	Our client, including all account holders if the account is in more than one name.
We, Us, Our or O-IM	Opulence Investment Management Limited.



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