



RockStep_{CAPITAL}

Alternative Investing

Essential Vocabulary Glossary

RockStep Capital

Exclusive Resource

Alternative Investing 101: Vocabulary Glossary

TERM

DEFINITION

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

Accredited investors

Individuals or entities that meet specific income, net worth, or professional criteria set by regulators, allowing them to invest in private securities not available to the general public.

Allocation

The process of distributing investment capital across different asset classes, sectors, or strategies to manage risk and optimize returns.

Alternatives (alts)

Non-traditional property types, such as student housing, data centers, self-storage, and senior living, offer diversification and the potential for higher returns.

Appreciation

The increase in the value of an asset over time, typically due to market demand, improvements, or favorable economic conditions.

Arbitrage

The practice of taking advantage of price differences between markets by simultaneously buying and selling an asset to earn a risk-free profit.

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

Capital appreciation

The increase in the value of an investment or asset over time, resulting in a higher market price than the original purchase price.

Cash flow

The net amount of cash generated or used by a property or business over a specific period, reflecting income received minus expenses paid.

Centralized marketplace

A platform or location where buyers and sellers conduct transactions through a single, regulated system that facilitates pricing, transparency, and oversight.

Commodities

Raw materials or primary agricultural products—such as oil, gold, or wheat—that are traded on exchanges and used as inputs in the production of goods and services.

Commodity ETFs (exchange- traded funds)

Exchange-traded funds that track the price of physical commodities allowing investors to gain exposure without directly owning the raw materials

Compounded returns

Cumulative gains on an investment where each period's earnings are reinvested, allowing returns to generate additional returns over time.

Consumer Price Index (CPI)

A measure that tracks the average change over time in the prices paid by consumers for a basket of goods and services, used to assess inflation.

Crowdfunding platforms

Online marketplaces that allow multiple investors to pool small amounts of capital to collectively fund projects or other ventures, often with lower minimum investment requirements.

Cryptocurrency

A digital or virtual form of currency that uses cryptography for security and operates on decentralized blockchain technology, enabling peer-to-peer transactions without intermediaries.

Currencies

Systems of money used as a medium of exchange within and between countries, typically issued and regulated by governments or central banks.

A B C **D** E F G H I J K L M N O P Q R S T U V W X Y Z

Debt securities

Financial instruments representing a loan made by an investor to a borrower involving fixed interest payments and repayment of principal at maturity.

Depreciation

The decrease in the value of an asset over time due to factors such as wear and tear, obsolescence, or market conditions.

Dividend-paying stocks

Shares of companies that regularly distribute a portion of their profits to shareholders in the form of cash or additional stock.

A B C **D** E F G H I J K L M N O P Q R S T U V W X Y Z

Economic shifts

Significant changes in the overall direction or structure of an economy, often driven by factors like inflation or global events.

A B C D E **F** G H I J K L M N O P Q R S T U V W X Y Z

Fee structures

Arrangements outlining how and when various charges—such as management, transaction, or performance fees—are applied to an investment or service.

Forex trading

The buying and selling of currencies on the foreign exchange market with the aim of making a profit from changes in exchange rates.

Fractional ownership

A structure that allows multiple investors to share ownership of a high-value asset, such as real estate, with each holding a proportional interest and rights to income or usage.

A B C D E F **G** H I J K L M N O P Q R S T U V W X Y Z

Growth potential

The expected ability of an investment or asset to increase in value, income, or performance over time based on market conditions and strategic improvements.

Alternative Investing 101: Vocabulary Glossary

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

Hedge funds

Pooled investment vehicles managed by professional managers that employ a range of strategies to generate returns for investors, often with greater flexibility and higher risk.

Hedging instruments

Financial tools, such as options, futures, or swaps, used to reduce or manage the risk of adverse price movements in an investment or portfolio.

High returns

Substantial gains on an investment relative to its original cost, often associated with higher levels of risk.

High-quality bonds

Debt securities issued by entities with strong credit ratings, offering lower risk and more stable returns compared to lower-rated or speculative bonds.

Holding period

The length of time an investor owns an asset from the date of purchase to the date of sale.

Alternative Investing 101: Vocabulary Glossary

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

Inflation-protected income

Earnings from investments that are designed to increase with inflation, helping to preserve purchasing power over time.

Infrastructure investments

Involve allocating capital to physical systems and facilities such as transportation, utilities, and communication networks, which provide essential services and generate long-term, stable returns.

Intangible assets

Non-physical assets with economic value, such as intellectual property, brand recognition, patents, or goodwill.

Investment horizon

The length of time an investor plans to hold an asset before liquidating it, based on financial goals, risk tolerance, and market strategy.

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

Liquidity

Refers to how quickly and easily an asset can be converted into cash without significantly affecting its value.

Lock-up periods

Predefined lengths of time during which investors are restricted from withdrawing or selling their investment, commonly used in private equity and hedge funds to ensure capital stability.

Long-term growth

The sustained increase in a property's value, income, or market performance over an extended period, driven by factors such as location, demand, strategic improvements, and economic trends.

Low returns

Modest gains on an investment relative to its original cost, typically associated with lower risk and greater capital preservation.

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

Management charges

Fees paid to property or investment managers for overseeing the operations, maintenance, and administration of a real estate asset or investment portfolio.

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

Non-accredited investors

Individuals or entities that do not meet the income or net worth thresholds set by regulators, limiting their access to certain private investment opportunities.

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

Performance-based fees

Compensation paid to investment managers based on the returns they generate for investors, typically calculated as a percentage of profits above a specified benchmark.

Private credit

Non-bank lending where institutions or private investors provide loans directly to businesses, often in exchange for higher yields and customized terms.

Private equity

Investment capital raised from private investors or firms to acquire, develop, or reposition properties, typically through pooled funds or syndications.

Privately-held companies

Businesses owned by individuals, families, or a small group of investors that do not trade shares on public stock exchanges.

Publicly-traded companies

Businesses whose shares are listed on stock exchanges and available for purchase by the general public through open markets.

Purchasing power

The value of money measured by the quantity of goods and services it can buy, which can be affected by inflation or deflation.

A B C D E F G H I J K L M N O P Q **R** S T U V W X Y Z

“Real” assets

Tangible investments such as real estate, infrastructure, and natural resources that have intrinsic value and can provide income and inflation protection.

REITs (Real Estate Investment Trusts)

Companies that own, operate, or finance income-producing real estate and distribute most of their taxable income to shareholders as dividends.

Re-balancing

The process of adjusting the weights of assets in a portfolio to maintain a desired allocation and risk profile, typically in response to market fluctuations.

Regulatory risks

The potential for changes in laws, regulations, or government policies to negatively impact an investment's performance, operations, or profitability.

Returns

The gains or losses generated from an investment over a specified period, typically expressed as a percentage of the original amount invested.

Risk reduction

The process of implementing strategies or measures to minimize potential losses or uncertainties in an investment or portfolio.

Risk tolerance

An investor's ability and willingness to endure potential losses or volatility in pursuit of financial returns.

A B C D E F G H I J K L M N O P Q R **S** T U V W X Y Z

Short-selling

An investment strategy where an investor borrows and sells a security with the intention of buying it back later at a lower price to profit from a decline in its value.

Short-term growth

A quick increase in a property's value or income, often achieved through leasing activity, minor renovations, or market shifts within a limited time frame.

Specialized appraisal

The valuation of unique or complex properties requiring advanced expertise and customized methodologies.

Speculative bonds

Debt securities issued by entities with lower credit ratings, offering higher returns to compensate for the increased risk of default.

Syndications

Investment structures where multiple investors pool capital to collectively finance a commercial real estate project, typically managed by a sponsor or general partner.

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

Tangible assets

Physical items of value, such as real estate, equipment, or inventory, that can be seen, touched, and used in business operations or investments.

Transaction costs

Expenses incurred when buying or selling an asset, including fees such as commissions, legal costs, taxes, and closing charges.

Treasury Inflation-Protected Securities (TIPS)

U.S. government bonds designed to protect investors from inflation by adjusting the principal based on changes in the Consumer Price Index (CPI).

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

Valuation

The process of determining the current worth of a property or asset based on factors such as income, market conditions, and comparable sales.

Venture capital

Funding provided by investors to early-stage or emerging companies with high growth potential, typically in exchange for equity and with a focus on long-term returns.