Invesco

Glossary

Blockchain's revival after the Crypto Winter

Marketing communication for professional investors
and qualified clients/sophisticated investors.

Glossary

American Depository Receipt (ADR)

Depository receipt which is issued by a US depository bank against a certain number of shares of non-US company stock. Whereas Global Depository Receipt (GDR) is a depository receipt which is issued by the international depository bank, representing foreign company's stock.

AR/VR

Augmented Reality (AR) augments your surroundings by adding digital elements to a live view, often using a smartphone's camera. Virtual Reality (VR) is a fully immersive experience that replaces a real environment with a simulated environment.

Asset allocation

Investment strategy that aims to balance risk and return by dividing assets across multiple asset classes.

Bitcoin mining

Creating new bitcoins by solving extremely complicated math problems that verify transactions in the currency. When a bitcoin is successfully mined, the miner receives a predetermined amount of bitcoin.

Blockchain

Electronic, decentralized recording and storage of transactions for the transfer of assets between multiple participants.

BTC

Abbreviation for "Bitcoin": A digital currency based on blockchain technology.

CeFi

CeFi (centralized finance) is a process where users can acquire loans, earn interest, and buy and sell cryptocurrencies using a centralized institution. This is usually a centralized exchange (CEX), but can be institutions that offer users yield on crypto.

CEX

Centralised Exchange

Commodity futures contract

A commodity futures contract is an agreement to buy or sell a predetermined amount of a commodity at a specific price on a specific date in the future.

Commodity futures option

A commodity futures option gives the purchaser the right to buy or sell a particular futures contract at a future date for a particular price.

Crypto assets

Transferable digital entities from which copies and duplicates are not possible. Blockchain technology is used for transmission.

DeFi

Abbreviation for "decentralized financial markets", which encompasses peer-to-peer financial services offered through public blockchains. The system removes the banks' and institutions' control over money, financial products and financial services.

Decarbonization

Turning away of the energy industry from the use
of carbon-containing energy sources.

Derivatives

Financial contracts between two or more parties whose value is derived from an underlying asset on which the derivative is based.

Digital Twin

A digital twin is a dynamic virtual copy of a physical asset, process, system or environment that looks like and behaves identically to its real-world counterpart.

Diversification

Diversification of risk and number of potential investment opportunities across different asset classes such as equities, fixed income and commodities. The aim of diversification is to reduce the overall risk in the portfolio, although diversification cannot eliminate all risk.

ESG

The factors environmental, social and governance (Environment, Social, Governance) and in general their importance in relation to a company. These three key factors are commonly used to assess the sustainability and social impact of investment decisions.

ETC

Abbreviation for "Exchange Traded Commodities": Debt securities that are listed on an exchange and are backed by a commodity. These are not mutual funds or ETFs.

ETH

Abbreviation for "Ethereum":
A decentralized blockchain
with smart contract functionality.

Global Depository Receipt (GDR)

Depository receipt which is issued by the international depository bank, representing foreign company's stock

Issuer

Issuer of securities.

Market capitalization

Reflection of the current market value of a listed company. It is calculated by multiplying the current share price by the total number of shares.

Market making

Market making ensures market liquidity. Market makers are stock exchange members who quote bid and ask prices for certain securities and trade at their own risk and expense.

MiCA

Market Infrastructure for CryptoAssets – the new EU wide regulation for crypto.

M-Worlds

Multi-person virtual worlds in the Metaverse.

NFT

Represents non-fungible tokens. These have individual values and are unique crypto tokens, so they cannot be exchanged and multiplied as often as desired.

Non-custodial/custodial wallets

Cryptocurrencies are kept in a so-called wallet, in which public and private keys are stored. Custodial wallets allow someone else to custodian of the wallet's private keys, while non-custodial wallets allow anyone to retain control of the private keys.

Open vs Closed Models

Different approaches to the metaverse, ie closed is a walled garden whereas open allows assets etc to move across worlds.

Glossary

Over-the-counter (OTC) derivative

Financial contract that does not trade on an asset exchange, and which can be tailored to each party's needs.A derivative is a security with a price that is dependent upon or derived from one or more underlying assets. Its value is determined by fluctuations in the underlying asset. The most common underlying assets include stocks, bonds, commodities, currencies, interest rates, and market indexes. Depending on where derivatives trade, they can be classified as over-the-counter or exchange-traded (listed).

Peer-to-peer networks

Decentralized networks in which subscriber devices are directly linked to one another and have the same rights.

Retail CBDCs

Abbreviation for "Central Bank Digital Currencies": Digital central bank money issued by central banks as an alternative or supplement to fiat money (physical banknotes and coins).

Smart Contracts

Digital contracts stored in a blockchain with automatic execution once predefined conditions are met.

Stablecoins

Digital currency that aims to provide price stability by pegging its market value to an external "stable" reference such as gold. Stablecoins serve to reduce volatility relative to unpegged cryptocurrencies like Bitcoin.

Structured Products

Savings or investment products where the return is linked to an underlying asset with pre-defined features (maturity date, coupon date, capital protection level).

Synthetic Assets

Synthetic assets are financial instruments that simulate the payout of another asset

Smart Contracts

Digital contracts stored in a blockchain with automatic execution once predefined conditions are met.

Tokenization

The digital representation of value through blockchain technology. The digitized form of an asset is called a token.

WEB3

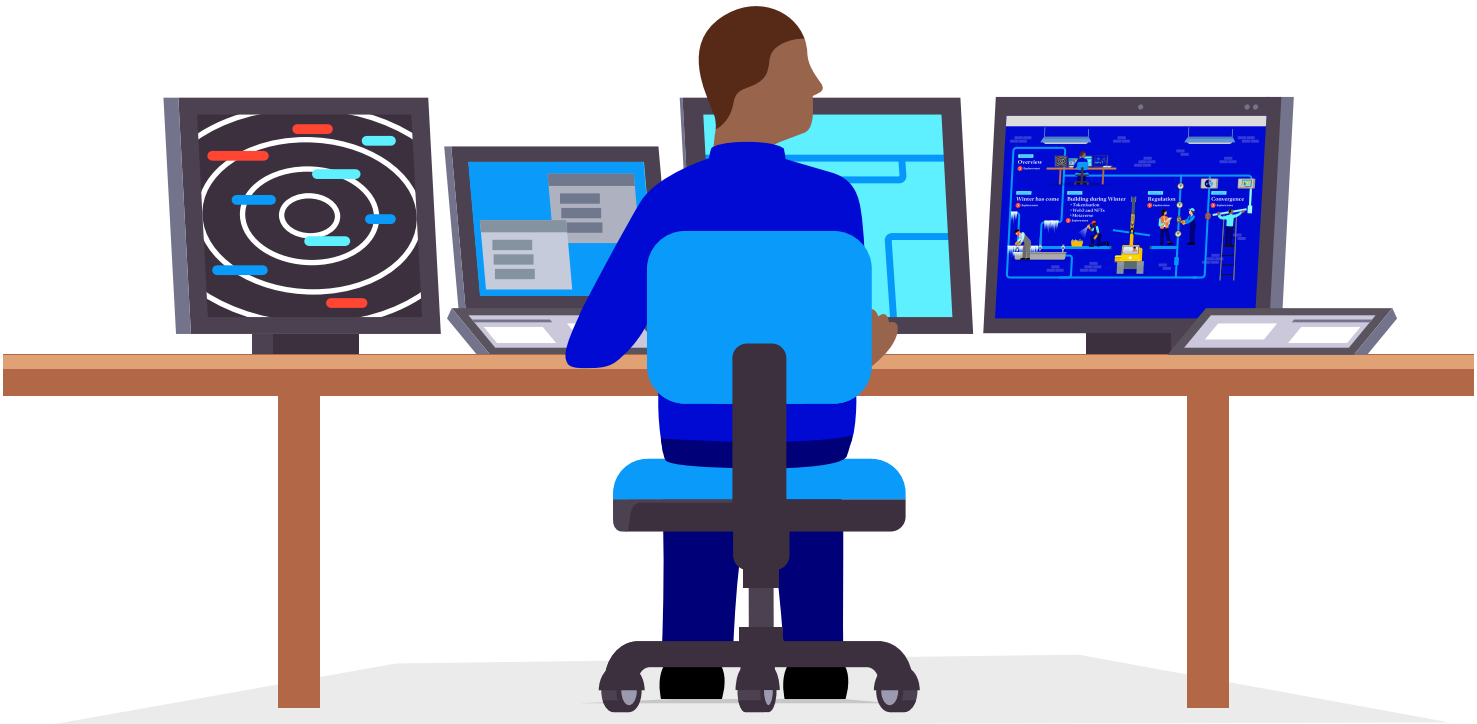
Web 3.0 is also known as the "semantic web". It acts logically and links meanings and connections. Artificial intelligence and machine learning are closely linked to the transformation here. In the future, machines should be able to "think" about information and draw conclusions. They should not only show matching keywords, but also offer the user added value in the form of context.

W3C

W3C stands for "World Wide Web Consortium". The W3C is an international community that includes a staff member, industry experts, and several member organizations. These groups work together to develop standards for the World Wide Web.

Yield

Total annual return on an investment as a percentage of the original investment amount.



Risk warnings

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

Important information

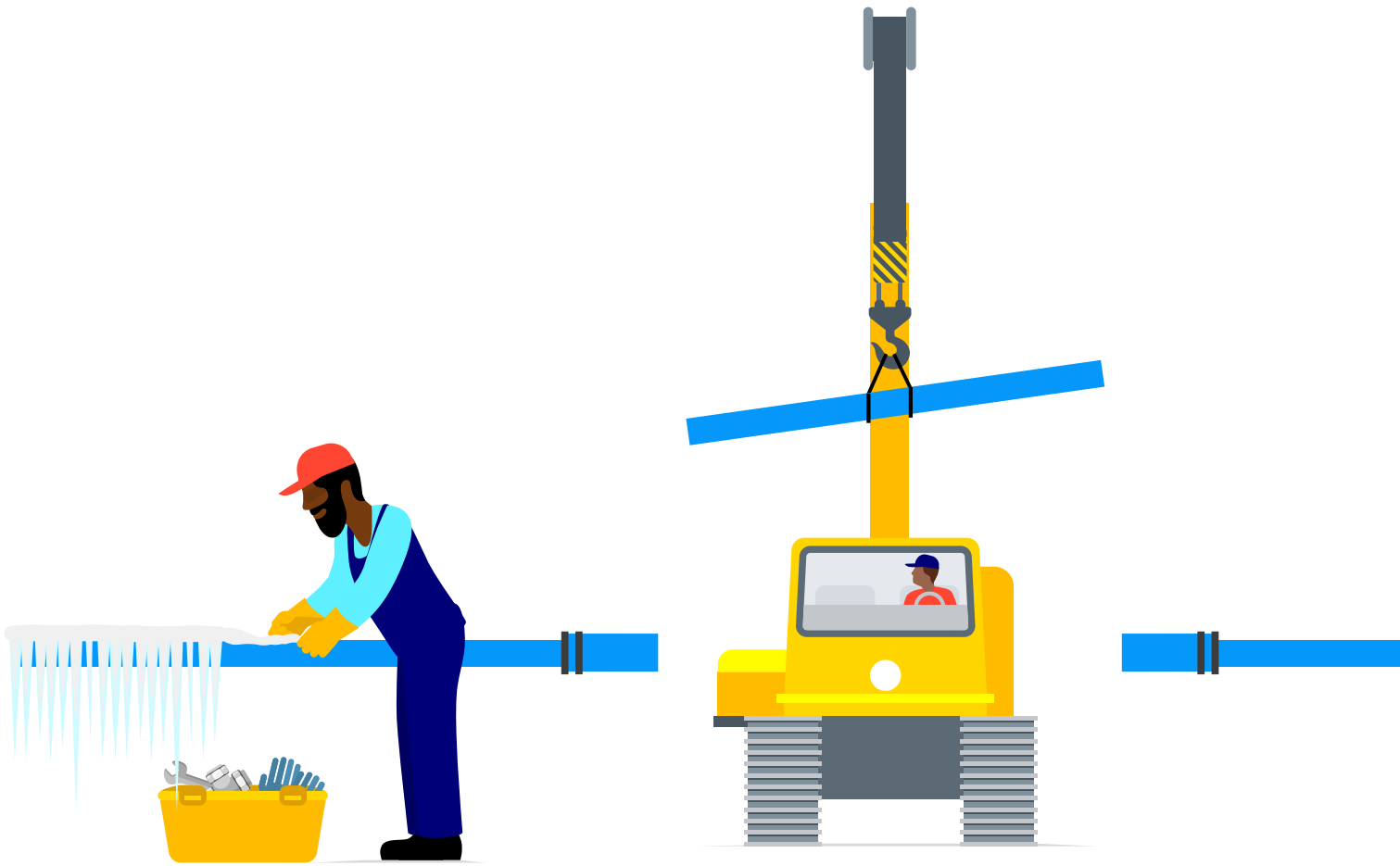
This marketing communication is for discussion purposes only and is exclusively for use by professional investors in Switzerland, UK, Ireland, Germany, Austria, Italy, Luxembourg, France, Netherlands, Liechtenstein, Norway, Portugal, Spain, Finland, Denmark, Sweden, Belgium, Czech Republic, Croatia, Hungary, Slovakia and Qualified Clients in Israel. It is not intended for and should not be distributed to, or relied upon, by the public. Investors should read the legal documents prior to investing.

By accepting this webpage, you consent to communicating with us in English, unless you inform us otherwise.

This is marketing material and not intended as a recommendation to buy or sell any particular asset class, security or strategy. Regulatory requirements that require impartiality of investment/ investment strategy recommendations are therefore not applicable nor are any prohibitions to trade before publication.

Where individuals or the business have expressed opinions, they are based on current market conditions, they may differ from those of other investment professionals and are subject to change without notice.

Further information on our products is available using the contact details shown.

Invesco Asset Management Deutschland GmbH, An der Welle 5, 60322 Frankfurt am Main, Germany, Invesco Management S.A., President Building, 37A Avenue JF Kennedy, L-1855 Luxembourg, regulated by the Commission de Surveillance du Secteur Financier, Luxembourg. Invesco Asset Management Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK. Authorised and regulated by the Financial Conduct Authority and Invesco Asset Management (Schweiz) AG, Talacker 34, 8001 Zurich, Switzerland.

EMEA2748635/2023