Investment Trusts

Asset Class: Equities, Bonds and REITs

Price fluctuation of an investment trust depends on that of its asset classes such as equities, bonds, and REITs (real estate investment trust). Let's take a look at the structures of asset classes.

Structure of equities

- Stocks or equities are issued by the company (stock corporation) to raise funds.
  Investing in equities means that you invest your money in companies, thereby becoming a shareholder
  If the company in which you have invested generates profits, you will be able to receive part of the company's profits as dividends.
  Moreover, if the stock price rises, you may obtain a capital gain.
- Unlike bonds, equities do not have fixed maturity dates. Therefore, they are bought/sold at the market price on stock exchanges.
  You can expect a high return from investments in equities as the growth of the company or overall economic growth will be reflected in the share price.
  However, investment in equities may involve a high risk as there is no guarantee that you will receive dividends or that the stock price will rise.

Expected Return	**Profits or Losses on sales, Dividends**
Major risks	**Risk of Stock Price Fluctuation, Credit Risk, Liquidity Risk**

Structure of bonds

- Bonds are issued by entities such as the government or corporations to borrow money from investors.
  The issuing entity promises to repay the principal at a certain time (maturity date) with interest payment at a specified rate.
  In the case where the investor decides to sell the bond before maturity, it will be sold at the market price at that time, which could be higher or lower than the principal.
- Bond prices are mainly affected by market interest rates and credit quality of issuers.
  There is a possibility that the principal and interest may not be paid due to credit deterioration or bankruptcy of issuers.

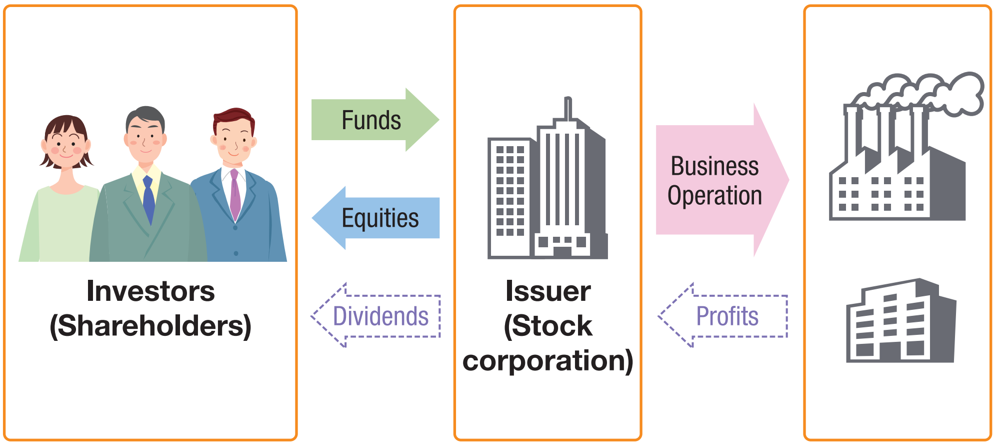
Expected Return	**Interest (coupons), Profits/Losses on sales, Profits/Losses on redemption at maturity**
Major risks	**Price Fluctuation Risk, Credit Risk, Risk of Interest Rate Fluctuation, Liquidity Risk**

Structure of REITs

- REITs invest in real estates.
  REIT is the abbreviation of "real estate investment trust."
- Money collected from many investors is invested in multiple real estates such as office buildings, apartment buildings and logistic facilities, and the rental income and trading profit are distributed to the investors.
- As REITs are traded on the market like equities, you can gain a profit if the price goes up but suffer a loss if the price goes down.

Expected Return	**Dividends, Profits/Losses on sales**
Major risks	**Risk of Real Estate Investment, Price Fluctuation Risk, Credit Risk, Liquidity Risk**

Image of equities



Price Fluctuation

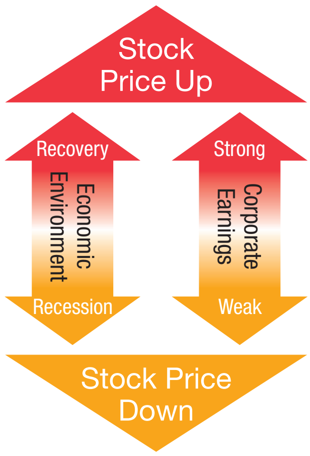
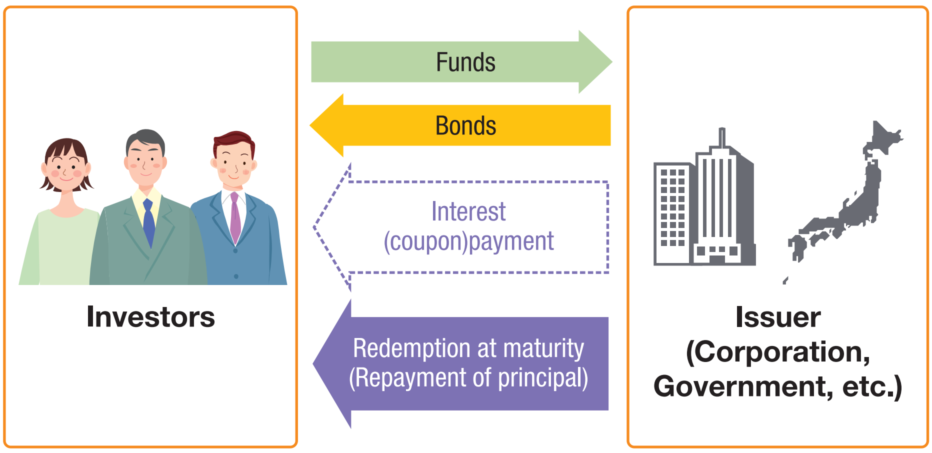


Image of bonds



Price Fluctuation

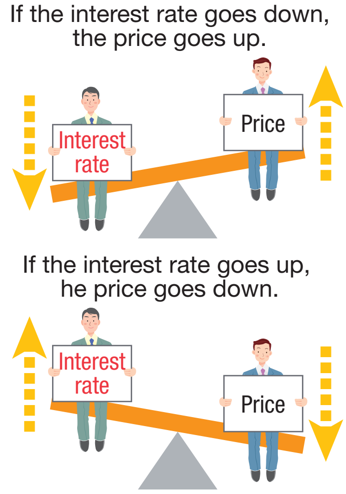
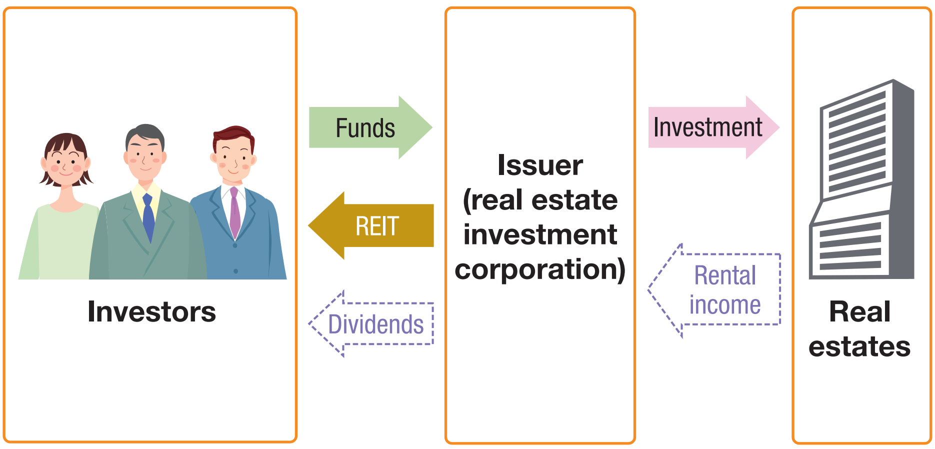


Image of REITs



Price Fluctuation