

Investing on the Stock Exchange

Presented by Ralph Speirs



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7 most commonly ask questions

▶ 1 What is the JSE & why use the stock market to invest

▶ 2 Can I invest directly with the JSE?

▶ 3 What is the minimum amount I can invest?

▶ 4 What methods can I use to select shares?

▶ 5 What returns can I expect & is there any risk?

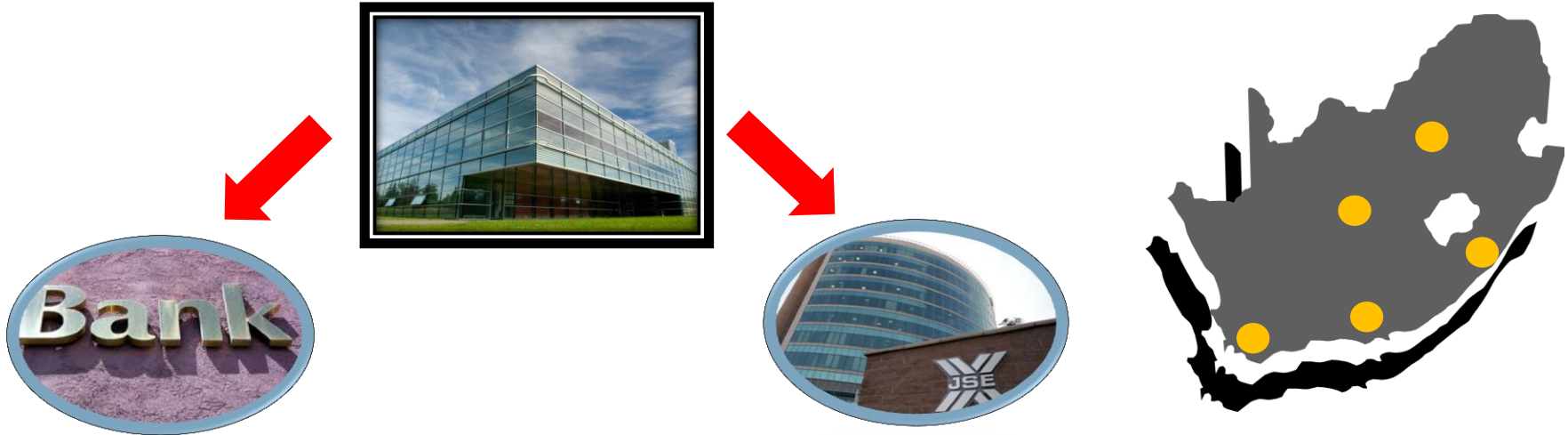
▶ 6 Where can I find more information on investing?

▶ 7 What's the next step if I am interest to start investing?



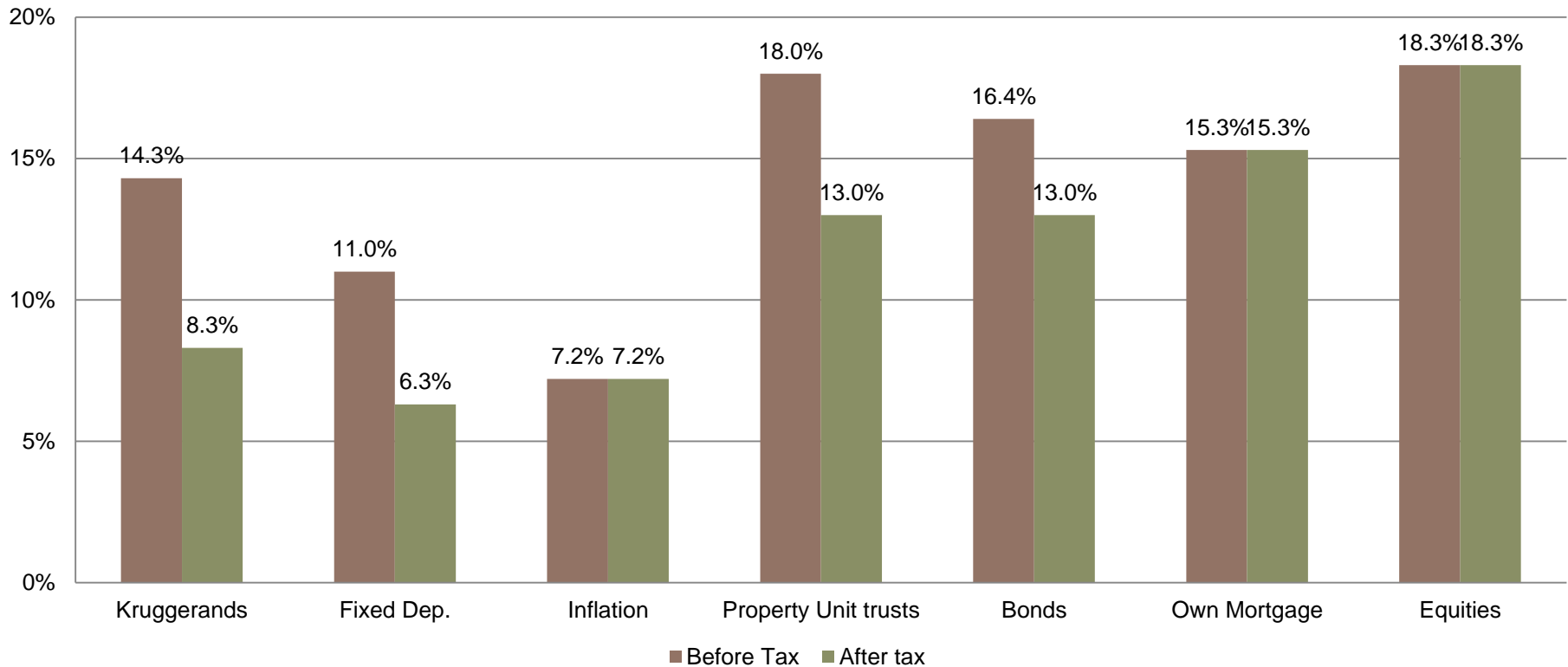
Q1. What is the JSE

- A market place where shares and other financial products are bought and sold
- Companies **raise capital** to finance their business by listing on the exchange.
- If you own a share, you **own part of a company**. Someone who owns one or more shares is called a shareholder.
- Shares are sometimes referred to as **stocks, equity** or **securities**



Q1. Why use the stock market to invest

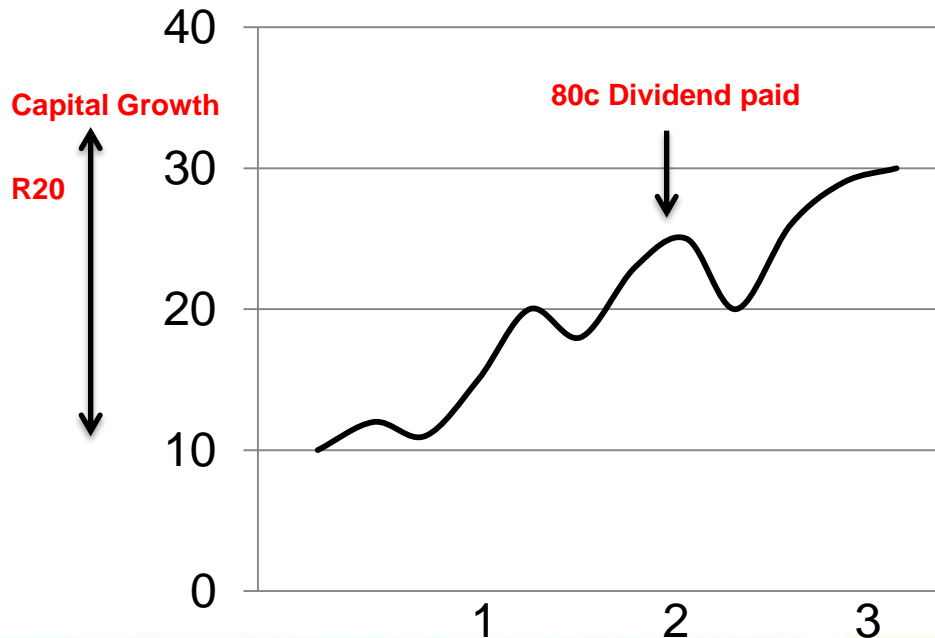
20 year average annual total returns of various asset classes - before and after tax (1991 - 2010)



Original Source: JP Morgan

Q.1. Why use the stock market to invest

- Share in the **capital growth**
- Share in the profits (**dividend payments**)



Example: Capital Growth

Buy:	50 shares	
Cost	R10 each share	
Sold:	R30 each share	
Profit:	R30 – R10	R20
<u>Total Profit:</u>	R20 X 50	<u>R1000</u>

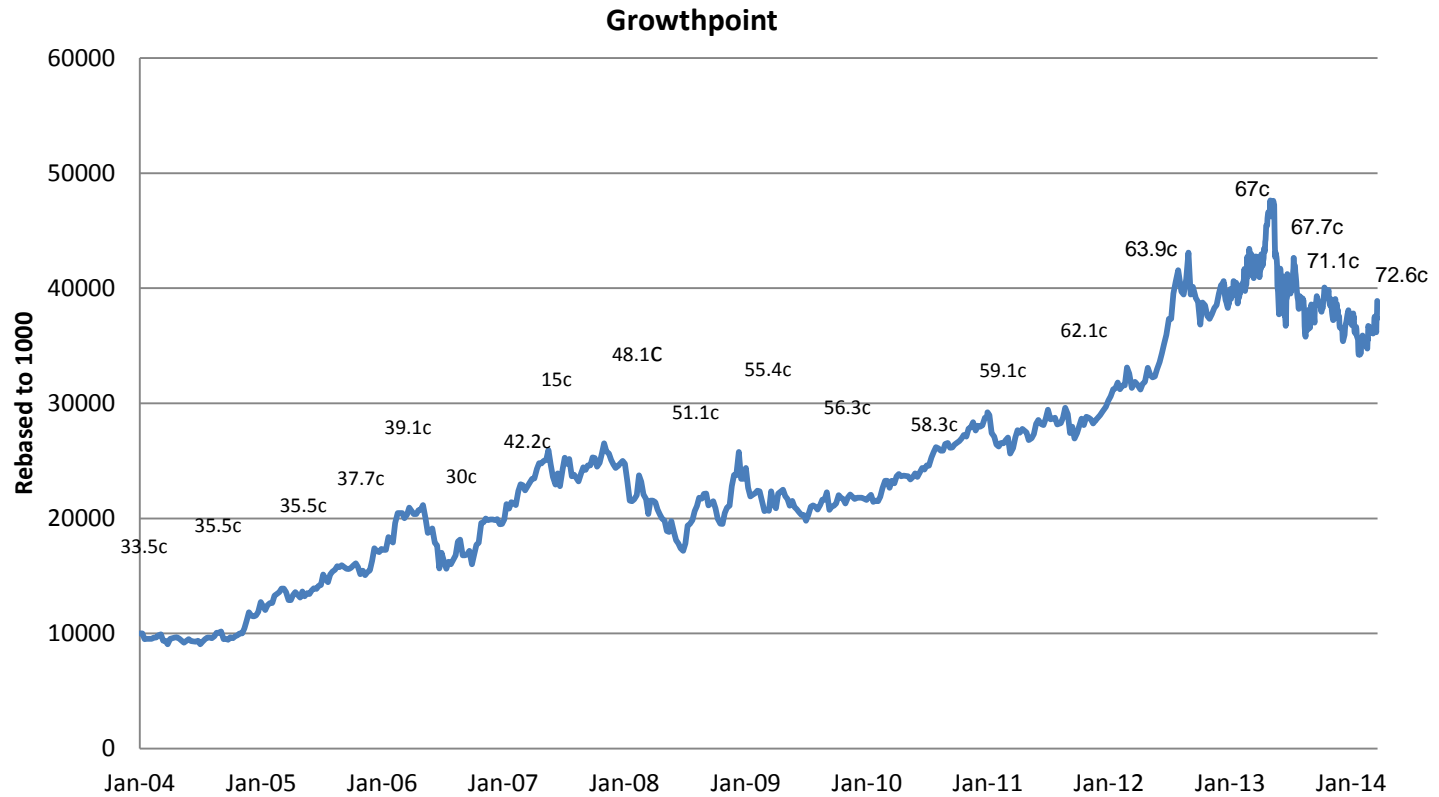
Capital Growth : R1000

Example: Dividend

Buy:	50 shares	
Dividend	80c per share	
<u>Total</u>	50 share X 80c	R40

Dividend Paid: R40

Growthpoint Properties Chart with Dividends



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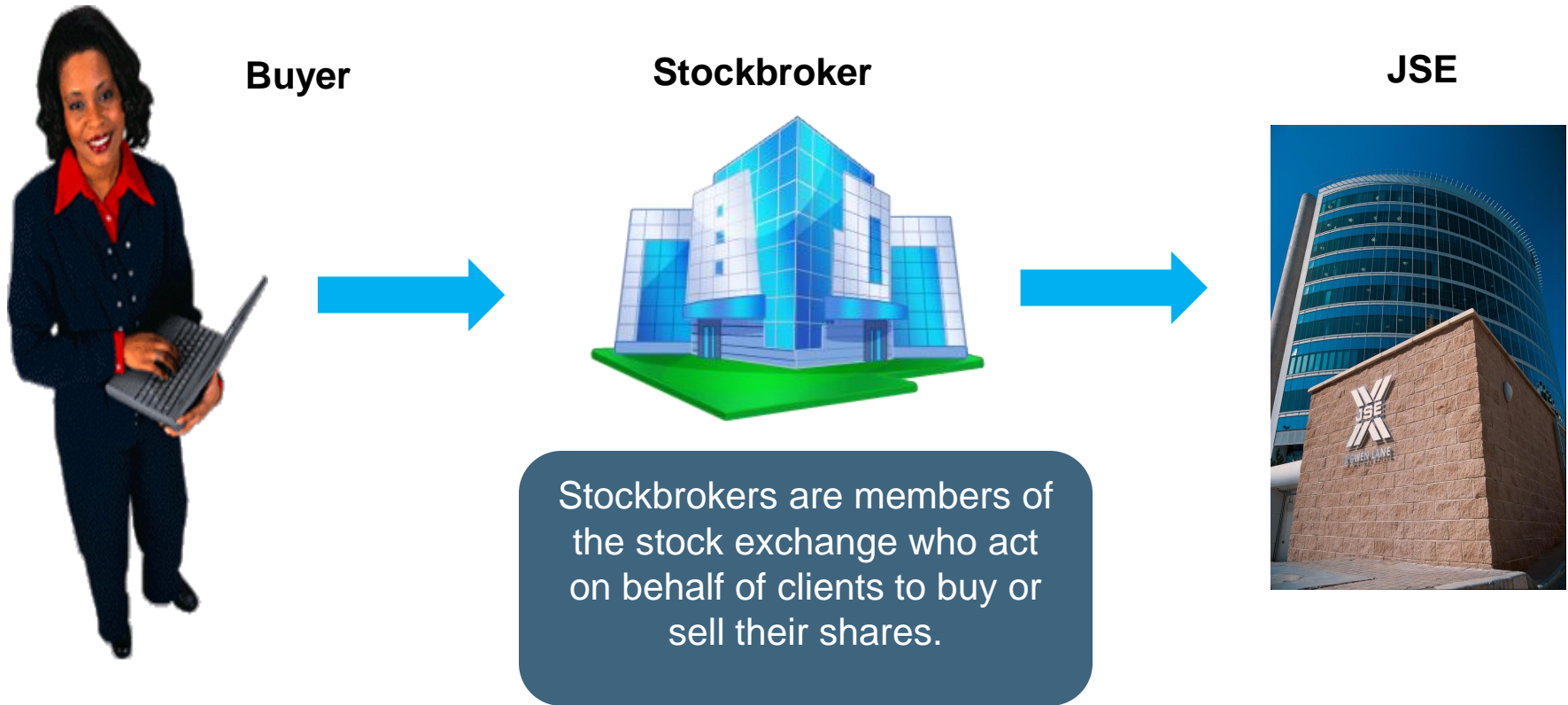
5 What returns can I expect & is there any risk?

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Q2. Can I invest directly with the JSE?



To get a list of the stockbrokers visit our website
www.jse.co.za

List of stockbrokers



Brokers focused on individual investors

Brokers	Contact Number	Location	Website
28 E Capital	021 663 8435	Centurion	www.28e.co.za
Absa Stockbrokers	0860 05 0403	Parktown	www.absastockbrokers.co.za
Afrifocus Securities	011 290 7800	Sandton	www.afrifocus.co.za
Anglorand Securities	0860 287 422	Parktown	www.anglorand.co.za
BJM Private Client Services	0860 001 652	Illovo	www.bjmdirect.com
BP Bernstein	011 479 3400	Bedfordview	www.bpbernstein.co.za
Consilium Securities	011 707 1480	Bryanston	www.consiliumsecurities.com
FFO Securities	011 471 0500	Roodepoort	
Imara S.P. Reid	011 550 6200	Illovo	www.imaraspreid.co.za
Independent Securities	011 489 5400	Houghton	www.isec.co.za
Investec Securities (also known as Investec Wealth & Investment)	0861 003 020	Sandton	www.investecsecuritiesonline.co.za
Lefika Securities	011 214 7237	Rosebank	www.lefikasecurities.co.za
Legae Securities	011 722 7330	Sandown	www.legae.co.za
Nedgroup Private Wealth Stockbrokers	086 000 3681	Sandton	https://boepersonal.nedsecure.co.za

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021 528 9900

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Q3. What is the minimum amount I can invest?

Buying individual Shares

Stockbrokers – Don't have minimum (+/- R5000 to R10 000)

(Stockbrokers List)

Buying groups of Shares (ETFs)

Provider – Minimum R300 debit order / R1000 or great lump sums

(ETF List)



7 most commonly ask questions by Stokvels

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Q4. What methods can you use to select shares?

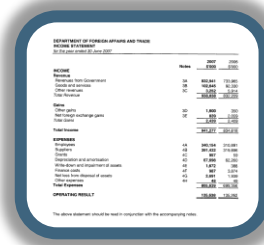
- Let your Stockbroker / Financial Advisor **manage funds for you** and select the shares.
- Ask advice from a Stockbroker / Financial Advisor and **buy it yourself.**
- **Subscribe to newsletters that give tips** *(But do your own homework on that tip)*
- **Consider ETFs as you don't have to do as much research.**
- **Do your own research using:**
 - Technical Analysis
 - Fundamental Analysis



Fundamental Analysis & Technical Analysis

Fundamental Analysis

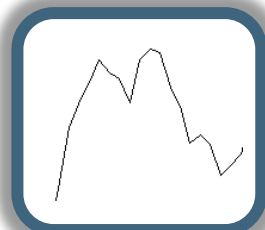
- Income Statement
- Balance Sheet
- Cash Flow Statement
- Price Earnings Ratio
- Dividends per share
- Long-term
- Investing



DEPARTMENT OF CORPORATE AFFAIRS AND TRADE		
PUBLIC ACCOUNTING		
As at year ended 30 June 2011		
	2011	2010
Revenue	100,000	100,000
Cost of sales	(60,000)	(60,000)
Operating profit	40,000	40,000
Finance income	10,000	10,000
Finance costs	(5,000)	(5,000)
Profit before tax	45,000	45,000
Income tax expense	(10,000)	(10,000)
Profit after tax	35,000	35,000
Dividends paid	(10,000)	(10,000)
Retained profit	25,000	25,000
Other reserves	10,000	10,000
Equity	35,000	35,000
Liabilities	10,000	10,000
Total	45,000	45,000



PE
Ratio



Technical Analysis

- Price
- MACD
- Moving Averages
- Bar Charts
- Candle Sticks
- Short term
- Trading



Technical Analysis Software

THE JSE DOES NOT ENDORSE AND/OR AUTHORISE ANY SOFTWARE AND / OR PERSON AND/OR COMPANY SELLING STOCK MONITORING SOFTWARE OR SHARE-TRADING SOFTWARE FOR AND ON BEHALF OF THE JSE

A software package to invest in shares is not required to start investing. However, you do need a stockbroker .

- Certain online brokers do offer free charts with software packages when you register with the broker.
- Software packages may be used to analyze shares using technical analysis - which is a subject you would need to study in order to effectively use any software to its full potential.
- If you are interested in software packages for technical analysis, we suggest that you do your homework and consider which one is best for you as there are many software packages offered on the market in relation to technical analysis.



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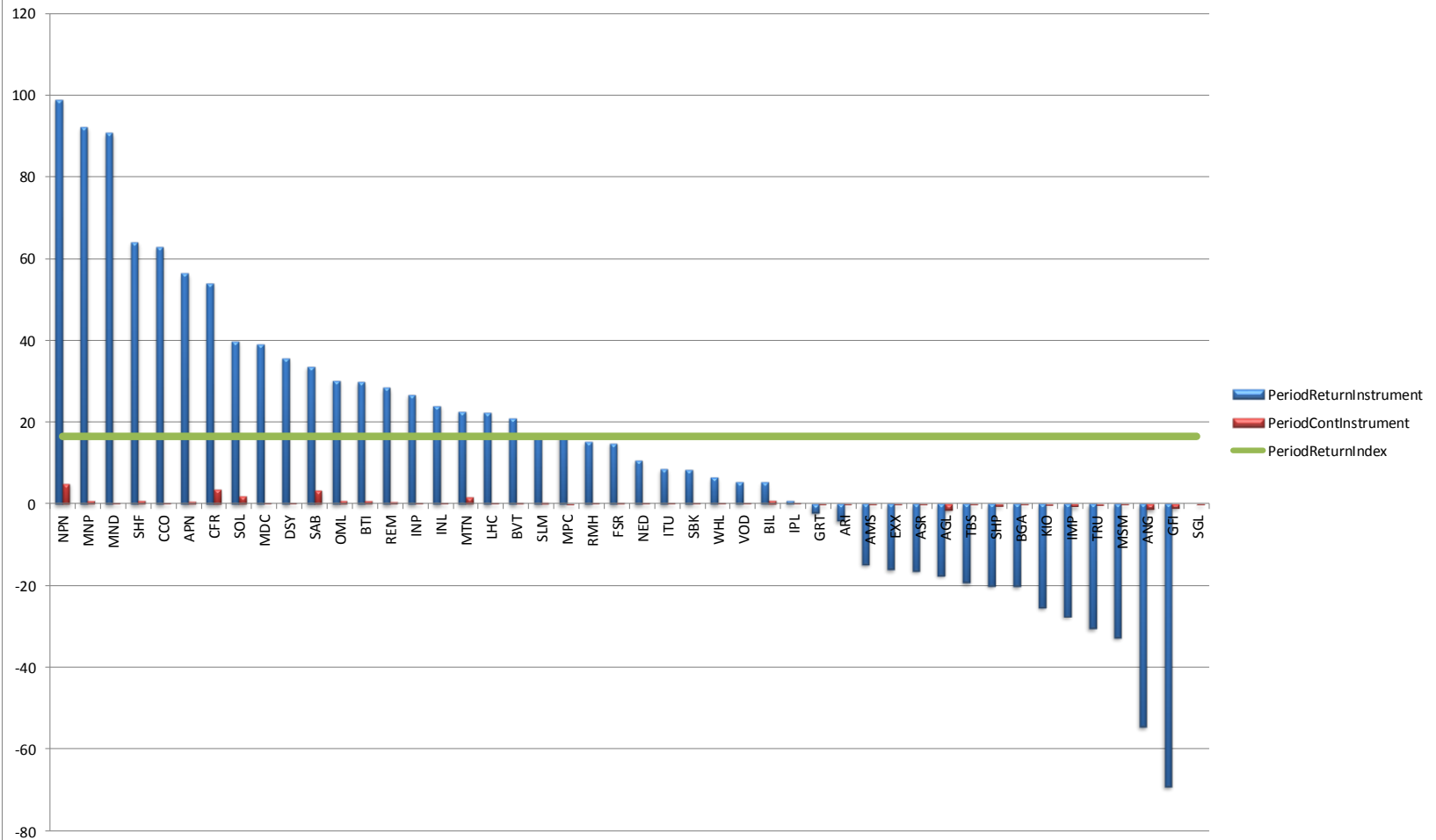
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Q5. What returns can I expect & is there any risk?

Return(%) of the J200 for the Period 2013/01/01 to 2013/12/31



SENS Announcement

Cell C 3G

5:42 PM

83%



SENS Announcement

www.jse.co.za/Extranet/Issuer-Regulation-SENS/SENSDisplay.aspx?id=85deb91e-b118-48e3-b236-2aa7f5eccff1



Announcement

Pinnacle Holdings Limited
(Previously Pinnacle Technology Holdings Limited)
Registration number 1986/000334/06
Share Code: PNC
ISIN: ZAE000184149
("Pinnacle" or "the Company")

ANNOUNCEMENT

The Company hereby informs its shareholders that Mr Takalani Tshivhase, an executive director of Pinnacle, has been charged with alleged attempted bribery of a Lieutenant General of the South African Police Service, with R5 million. This alleged incident occurred some 14 months ago, around 16 January 2013.

Mr Tshivhase denies all allegations of attempted bribery, and will defend the charges.

From the evidence thus far available to the Company, the Company is satisfied that there is no reason to doubt the veracity of Mr Tshivhase's denial of the allegations.

The Company will review the matter as further information becomes available and will inform shareholders accordingly.

Midrand
25 March 2014

Sponsor: Deloitte & Touche Sponsor Services (Pty) Ltd

"Source: from JSE website"



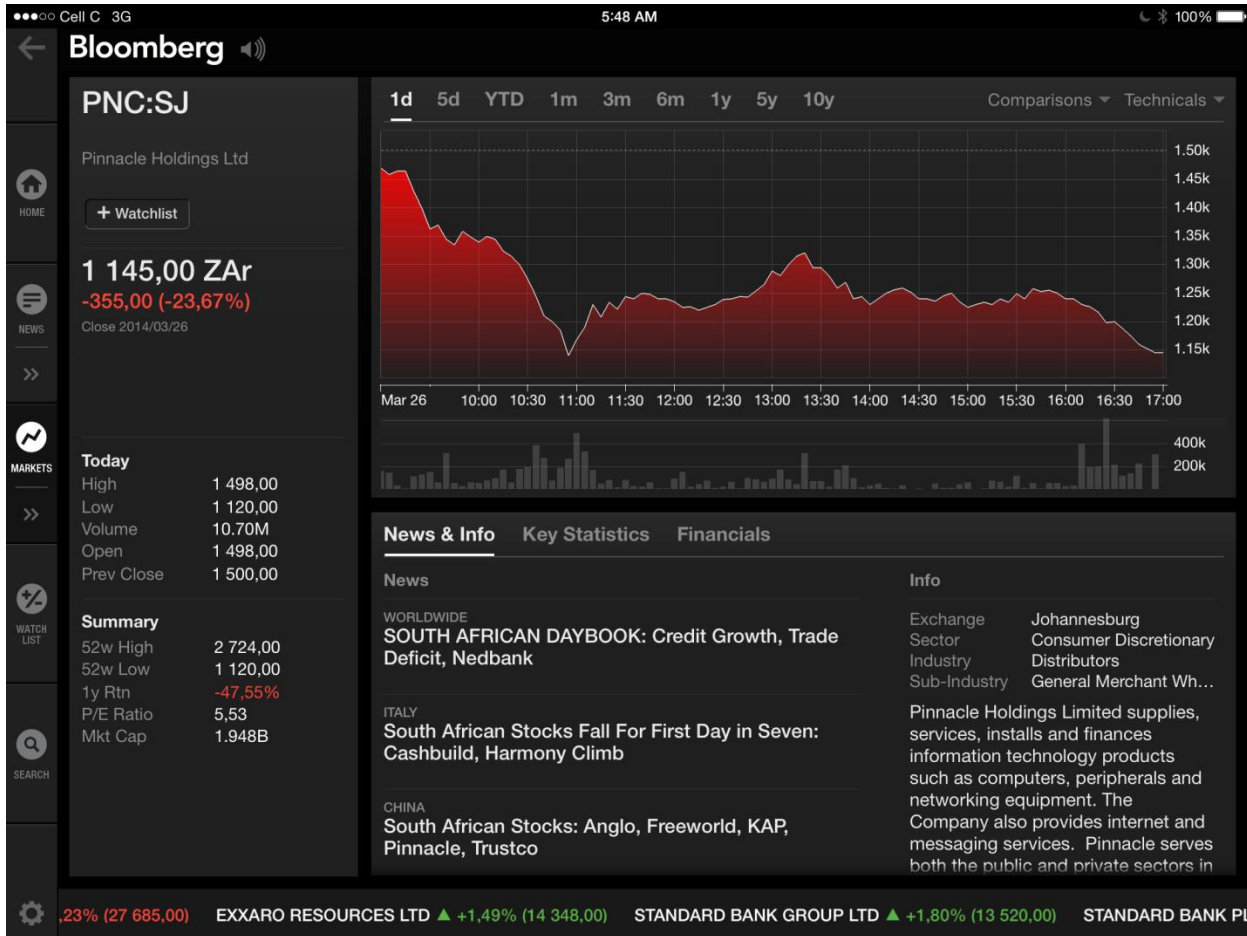
Pinnacle Holdings – Day of Announcement



“Source: Chart from Bloomberg App”



Pinnacle Holdings – Day After Announcement



“Source: Chart from Bloomberg App”

Pinnacle Holdings – Two days after Announcement



“Source: Chart from Bloomberg App”

Pinnacle Holdings – Three days after Announcement



“Source: Chart from Bloomberg App”



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Q6. Where can I find more information on investing?

Magazines

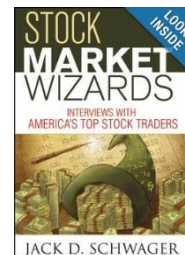
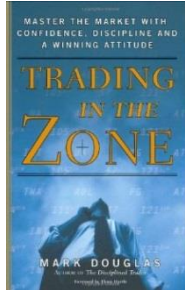
- FinWeek , FM Mail , Business Day Investors Monthly (Last Wednesday Each Month)

Websites

- www.jse.co.za , www.justonelap.co.za , www.moneyweb.co.za , www.etfsa.co.za

Books

- Trading for a Living: Psychology, Trading Tactics, Money Management *by Alexander Elder*
- Come into my trading room - *by Alexander Elder*
- Trade Your Way to Financial Freedom *by Van K. Tharp*
- *Super Trader - by Van K. Tharp*
- Trading in the Zone *by Mark Douglas*
- Beyond Technical Analysis – *Tushar S. Chande*



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Q7. What's the next step if you want to start investing?

Step 1

- Paper trade or **simulate** on the computer.
- www.jse.co.za/JSEvirtualtrader
- <http://university.jse.co.za>

Step 2

- Decide whether you want to invest in eg. **Shares**, ETF's
- Compare services & fee structure and if you want **stockbroker/ETF provider**

Step 3

- Fill in the application form and send your FICA documents, **transfer amount**

JSE Webinars



Email: clubs@jse.co.za to be included in future Webinars

For more information

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