

# The JSE, your preferred market for Stokvels

Presented by Ralph Speirs



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JOHANNESBURG STOCK EXCHANGE

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# 7 most commonly ask questions by Stokvels

▶ 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?





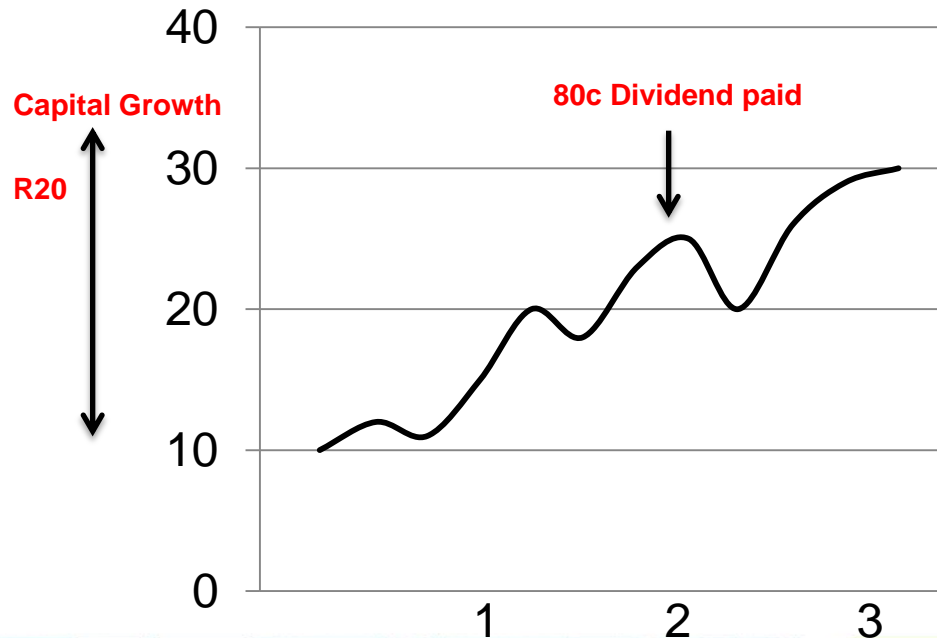
## Q1. What is the JSE

- 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**



# 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**

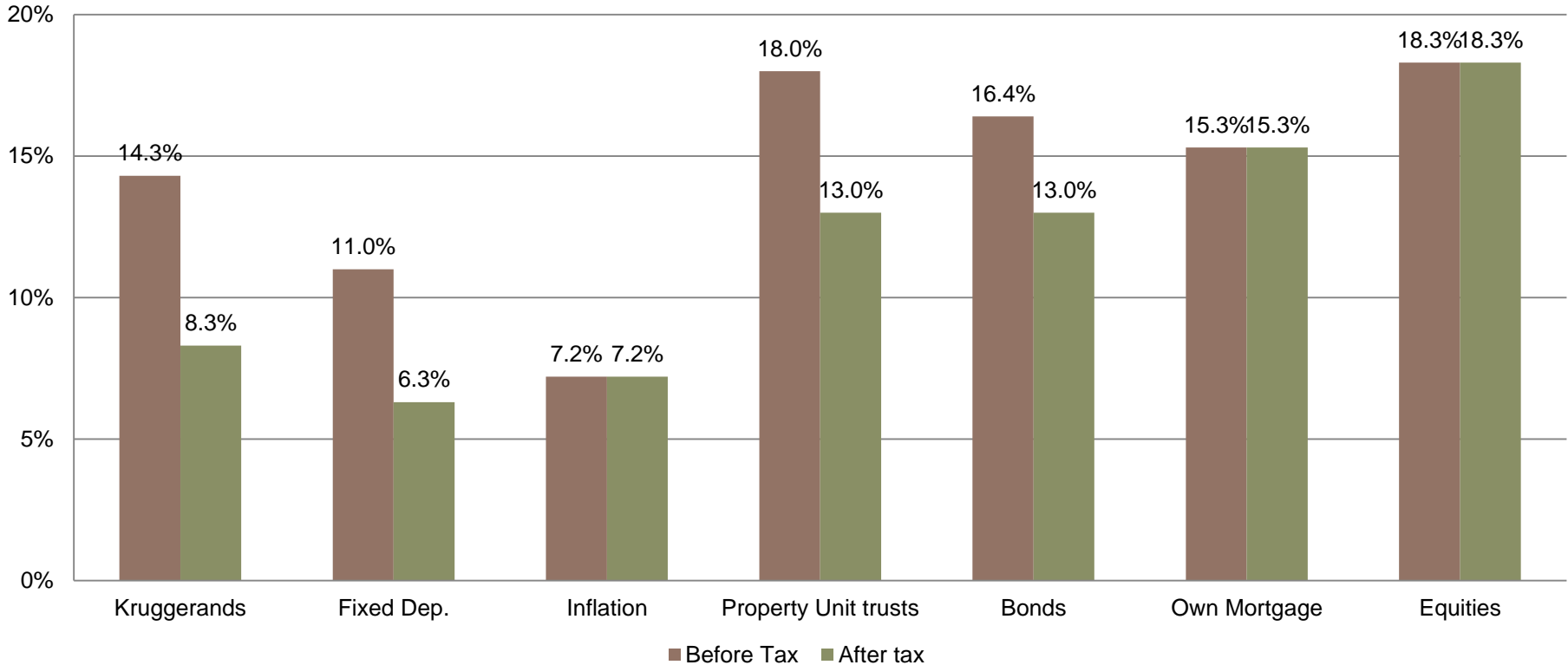
## Example: Dividend

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

**Dividend Paid: R40**

# 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

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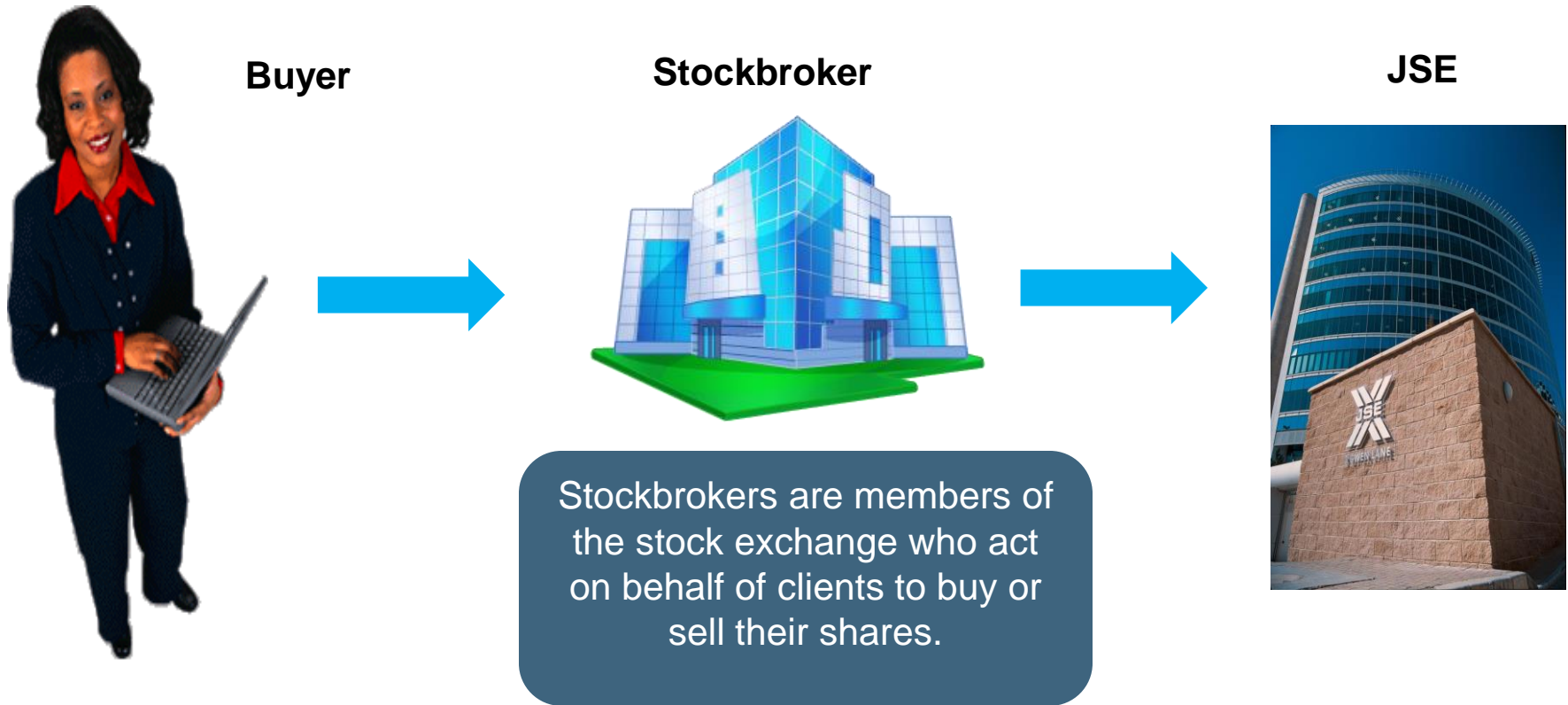
6 Where can I find more information on investing?

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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](http://www.jse.co.za)

# List of stockbrokers



wv  
Cli  
Cli  
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## Brokers focused on individual investors

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

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011 484 7440  
011 863 7994  
011 750 0000  
021 912 4100  
021 794 5050

## 7 most commonly ask questions by Stokvels

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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***



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## Q4. What methods can we as stokvels 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



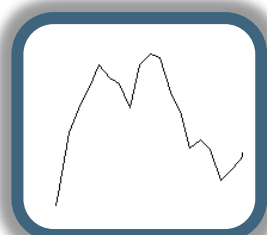
# Fundamental Analysis & Technical Analysis

## Fundamental Analysis

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

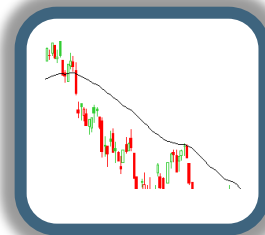
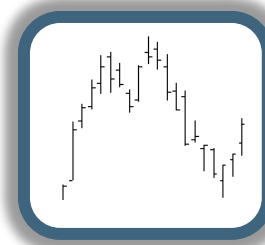
	2007	2008
<b>Income Statement</b>		
Revenue	100,000	100,000
Cost of sales	(40,000)	(40,000)
Operating profit	60,000	60,000
Finance income	10,000	10,000
Finance expense	(5,000)	(5,000)
Profit before tax	65,000	65,000
Income tax	(15,000)	(15,000)
Profit after tax	50,000	50,000
Dividends	(10,000)	(10,000)
Retained profit	40,000	40,000
<b>Balance Sheet</b>		
Assets		
Property, plant and equipment	100,000	100,000
Intangible assets	10,000	10,000
Financial assets	10,000	10,000
Current assets	10,000	10,000
Total assets	130,000	130,000
Liabilities		
Financial liabilities	10,000	10,000
Current liabilities	10,000	10,000
Total liabilities	20,000	20,000
Equity	110,000	110,000
Share capital	100,000	100,000
Reserves	10,000	10,000
Total equity	110,000	110,000
Total	130,000	130,000

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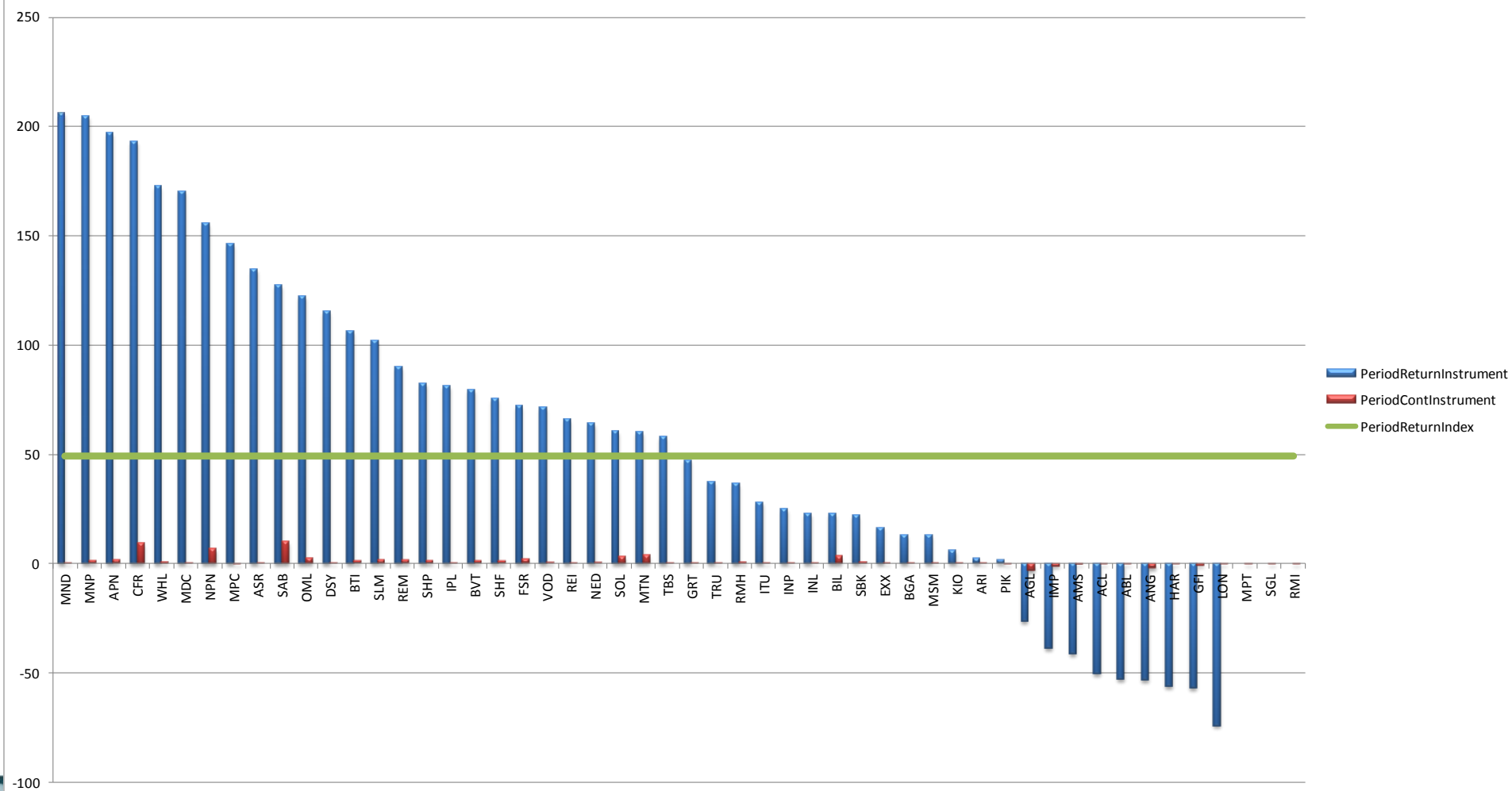
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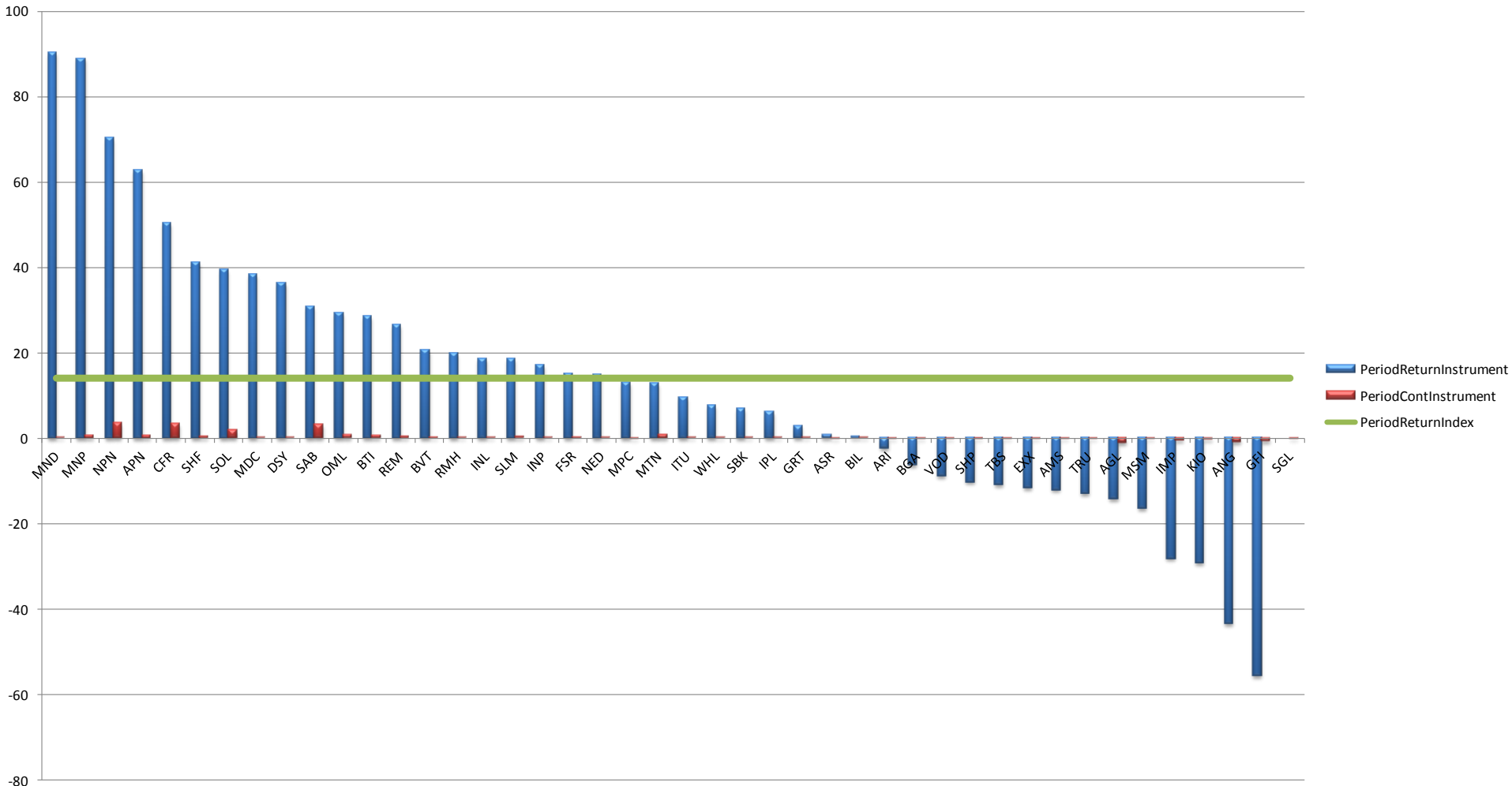
# Q5. What returns can I expect & is there any risk?

Return(%) of the J200 for the Period 2010/11/01 to 2013/10/31



# This years performance Top40

Return(%) of the J200 for the Period 2013/01/01 to 2013/10/31



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# Q6. Where can I find more information on investing?

## Magazines

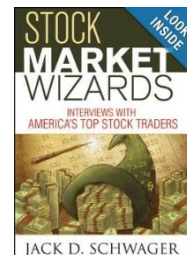
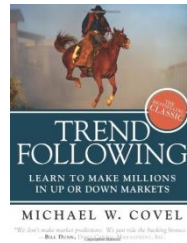
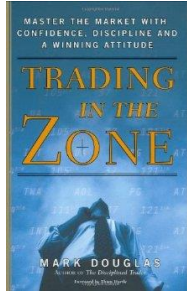
- FinWeek , FM Mail , Business Day Investors Monthly (Last Wednesday Each Month)

## Websites

- [www.jse.co.za](http://www.jse.co.za) , [www.justonelap.co.za](http://www.justonelap.co.za) , [www.moneyweb.co.za](http://www.moneyweb.co.za) , [www.etfsa.co.za](http://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 our stokvel wants to start investing?

### Step 1

- Decide whether you want to invest in eg. **Shares**, ETF's
- Fee structure and if you want **stockbroker/ETF provider** to do it for you
- **Compare** services company/broker
- Fill in the documentation for stokvel, **transfer amount**

### Step 2

- Research the strategy you'd like to follow: **selecting shares, etfs**
- Create a **Business Plan/Strategy Document** for your club

### Step 3

- Paper trade or **simulate** on the computer. [www.jse.co.za/JSEvirtualtrader](http://www.jse.co.za/JSEvirtualtrader)  
<http://university.jse.co.za>
- **Keep a record** of why you as stokvel bought, what happened and the lessons learnt.

You now should be ready to start !!

For more information

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