

**Message from Team SPSE:**

There have been some exciting developments in Fiji's stock market since the year began, including the completion of our cloud-based Registry which allows shareholders to track their portfolio and dividend information online and more importantly the recently announced listing of Vision Investments Limited (VIL) on the South Pacific Stock Exchange (SPSE). Individuals, groups, companies and institutions, whether in Fiji or abroad, can invest in VIL by buying shares through a licensed stockbroker. The decision to invest in any company should be a well thought out process and not the result of a rash decision. To assist those intending to purchase VIL shares in making a sound decision, we thought it best to offer some reminder of particulars to focus on before you decide to invest.

**REMINDER: Having a Financial Goal is KEY to Investing**

The general idea behind one's decision to explore the stock market is to increase wealth. It may stop there for some but for most, that wealth creation should be for the purpose of meeting a financial goal(s).

Before you start investing, ask yourself - What am I investing for? What do I want to achieve from investing and when do I want to achieve it by? In answering these questions, you have identified your financial goal(s).

Financial goals are limitless:

- ✓ Building financial **wealth to pass on to your children** to give them a good launching pad in life!
- ✓ being able to place a deposit for your **new home**;
- ✓ accumulating a certain amount for a Mataqali **Scholarship/Development fund**;
- ✓ having money for a **comfortable retirement**;
- ✓ earning a **5% return** on investment per annum;
- ✓ ensuring that your 2 year old has money to undertake any **University Degree** of his/her choice, etc!

**Some things to consider/do before buying shares****• Understand why you are investing**

Basically, identify your financial goal. This will allow you to make more informed trading (sell or buy more shares) decisions further down the line.

Successful investing can help you to gain wealth faster to meet these goals because you can earn higher returns than you would get from a savings deposit. So, do any of the above goals apply to you?

**• Read the Information Memorandum (IM)!**

This document is very important because it contains all relevant information about the company that any reasonable person would need to know in order to make an informed investment decision.

In here you'll find the principal activities of the company, their core values, their financial performance (past, current and forecasted), risks they face and how those are managed and the list goes on. If you have questions, ask your stockbroker who shall provide you with further clarification/information.

**What is the trend of the company's historical earnings and future financial performance?**

Again, this information is contained in the IM, but we encourage all to have a chat with a licensed stockbroker or investment advisor to further your understanding of the numbers. Some questions to ask include (but not limited to):

- Does the company have a history of volatile or steady earnings and profit growth?
- How is each major division of the company performing or forecasted to grow and do each of these divisions have a competitive advantage?
- Does the company have a significant level of debt, how does this compare with earnings and what debt-reduction mechanism/plans does the company have in place?

- **Who runs the company?**

The Board and Management Team are responsible for ensuring that your hard earned money invested in the company is put to good use so that the company continues to grow and the value of the shares you bought increases over time.

The Board and Management are like the captain and every other expert on a ship that are calling the shots. Whether the ship continues on the right course or (heaven forbid!) sink, is dependent on the decisions they make.

So when reading through the IM, don't just focus on the numbers, check out the credentials of the Board, Chief Executive Officer and senior executives. Do they have the right/relevant experience and qualification that are relevant to the company and industry? Can you trust them to make sound decisions that benefit all shareholders of the company?

- **Corporate Governance**

It's not all about the numbers. Given that you will be investing your hard-earned money in a company but not be directly involved in the management of its affairs, it would be in your interest to also see what the company's corporate governance and reporting environment is like.

This should give you a clear picture of whether the company values integrity, discipline, transparency and accountability, and more importantly **implements** the same through internal policies.

IM's have a section on corporate governance which you are encouraged to read.

- **Rate of Return**

For investors, one of the key considerations to make is the type and level of financial return that the company is offering. When you part with your hard-earned money to buy shares, it would be with the intention to earn a financial gain from that transaction.

For companies intending to list on the SPSE, their IM contains historical and forecasted dividend returns to investors as well as their Dividend Policy. Ensure that you read through this section and consider the following:

- Is the company offering me a better return than other investments like Term Deposits, Units in a Unit Trust, Viti Bonds etc.;
- Is the company committed to offering a competitive dividend rate in the future;
- Is the share price expected to increase over time and therefore allow me to make a gain on the value of the shares I buy today? (Remember, stock market investment offer two types of returns - dividend AND capital gain).

- **Share Price Valuation**

Like any item you buy, it is important to know that you are paying an appropriate price for it; quite the same in the stock market. However, figuring out what's appropriate doesn't have to be a guessing game for you compliments of suitably qualified stockbrokers. Talk to your stockbroker of choice about whether the share you're buying is undervalued, overvalued or appropriately valued before you invest.

- **SEEK PROFESSIONAL ADVICE**

Whilst you're doing your own research and reading through the IM, bear in mind that you have access to three licensed stockbroking firms who are able to provide sound investment-related clarification, information and recommendations to assist you in making your own decision of whether to buy shares of a current or soon to be listed company. These are seasoned investment professionals that stand ready to assist you so that you do not have to start your investment journey nor figure things out on your own!

**Contact SPSE for broker details.**

Apart from the information provided in this column, SPSE has a number of user-friendly brochures, YouTube videos and publications that can be accessed via the following to provide you with information:

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