

investment or not. You cannot become an investor until you have mastered the art of saving.

- Identify your investment objectives – what are you saving and investing for? What do you want to achieve and when do you want to achieve it?
- Outline whether you are investing for a short-term or long-term period.
- Identify whether you are investing for income, growth or both.
- Identify how much risk you are prepared to take to earn returns i.e. how much money you can afford to lose.



South Pacific Stock Exchange

CHOOSING THE RIGHT SHARES

How do I find out more about Shares?

- **Do your own research** - Information on share investments are widely available on the internet, in the newspapers, journals and other published materials.
- **Contact the SPSE/Attend regular SPSE Investment Seminars** - The SPSE holds regular Investor-Hour Seminars during lunch or over half-day workshops. The SPSE is also accompanied by licensed Stockbrokers to these consultation sessions. To acquire more knowledge and to broaden your existing knowledge on the share market, you can attend one of these information sessions. SPSE will also be able to refer you to a licensed broker or an Investment Adviser.
- **Consult a licensed Stockbroker or Investment Adviser** - An Investment Adviser's expertise can be extremely helpful in investing prudent-

ly and effectively. Professional investment advice is highly recommended if you are an inexperienced investor and/or you have a large sum to invest.

What should I do before I Invest?

Understand why you are investing - Most people invest to achieve financial goals like paying the education costs for their children and having enough income to enjoy their retirement. Successful investments can help you gain wealth faster to meet these goals because you can earn higher returns than you would get from a savings deposit. The trade-off for these higher returns is higher risk. There are steps you can take to reduce these risks and these are explained below.

Know how much risk you are prepared to take - You must be aware that there is risk involved in all investments. Depending on how your investment performs, you could



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All investments are subject to some degree of risk, including possible delays in repayments and loss of income and principal invested. The SPSE does not guarantee investment performance or return of capital invested.

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make money or there is also a possibility that you could lose some or all of your investment. Before investing it is important that you identify how much risk you can bear. Be sure that the investment product that you choose or is recommended to you by your Financial Adviser, suits your risk profile. While there are mechanisms in place to protect your interest as an investor, nobody can guarantee you against the risk of losing some or all of your money when you decide to invest.

Identify suitable investments for you - There are many investment products to choose from and these have different characteristics. Therefore, you should only choose those investments that you are comfortable with and which suit your personal and financial circumstances. Some investments provide income, some focus on increasing the value of the investments while others provide both income and growth in value. Investments also carry different risks.

Your investment strategy and risk tolerance will also be influenced by the stage of life you are at. If you are a young investor, you will be able to take higher risks with your investments, as time is on your side. However, if you are nearing retirement, you may prefer less volatile investments, something that can provide secure income. You can talk to a Financial Adviser about the different types of investment products available. However, it is important that you think carefully about the product that you want to invest in.

While making this decision always keep in mind that an investment's past performance is not necessarily an indicator of its future performance.

Never buy an investment that you don't fully understand

Put some time and effort into learning the basics about investing and in particular, learn about the features of the investments you are interested in buying. Investing information is also provided in many investment books and magazines. Other useful sources of information on specific investments include prospectuses or offer documents, company annual reports, newspaper articles, stockbroker research reports, Financial Advisers' websites, Stockbrokers websites and listed company websites. The South Pacific Stock Exchange website (www.spse.com.fj) also provides the latest information in the stock market through its Trading Reports and Investor Education resource centre.

Remember you ultimately are making your own investment decisions and you must have at least some knowledge and understanding of the basics and principles of investing and the different investment products. This will ensure that you take responsibility for how your money is invested and the risks and returns you can expect.

Be patient and disciplined - Investment returns are not earned overnight. Successful investors are patient and do not expect instant returns from their investments. They invest for the medium to long term and actively monitor, re-

view and adjust their portfolio of investments to ensure that they are performing satisfactorily.

Where can I get advice about investing?

Get advice from a Licensed Financial Adviser

If you are interested in investing but do not know enough about investing on your own to start, you can talk to a Financial Adviser or a Stockbroker. A licensed Stockbroker or an Investment Adviser can advise you on the different investment products available and assist you to make your investment decisions.

Knowing something is generally better than nothing, but it is crucial in the stock market that individual investors have a clear understanding of what they are doing with their money. It's those investors who really do their homework that succeed.

Don't fret, if you don't have the time to fully understand what to do with your money, then having an adviser is not a bad thing. The cost of investing in something that you do not fully understand far outweighs the cost of using an Investment Adviser.

Choose the right Financial Adviser

Before choosing a Financial Adviser, find out the following:

- Is the adviser licensed by RBF to give advice – it is best that you deal only with licensed and authorised persons when seeking investment advice. The

Reserve Bank of Fiji (RBF) licenses Stockbrokers, Investment Advisers and Unit Trust Managers taking into account their qualification, work experience and background. The SPSE can verify this for you.

- Can the adviser give advice on your investment product – find out the kind of products the adviser is permitted to give advice on and the types of products they recommend.
- Who owns the advisory company – inquire if the adviser, or their company, has any links with the issuers of the product they are recommending.
- What the fees and charges are – ask the adviser about their fees, charges or commissions.
- What other services does the adviser provide – for example research reports containing recommendations or access to new floats on the stock exchange.

Choosing the right Investment Adviser is all part of making the right investment decision.

Things to do before meeting a Financial Adviser

It is important that you are clear about the kind of advice you are seeking. You should prepare a list of important questions to ask the Financial Adviser. Your notes should:

- Outline your current financial situation – set your expenses against your income and identify whether you have surplus funds available for