

An aerial photograph of a city at sunset, with buildings and roads illuminated by the warm glow of the setting sun. The sky is a mix of orange, red, and purple.

INVESTMENT DECISION-MAKING

General Questions

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Questions regarding Investment Decisions:

Q. Which company do I buy shares in?

A. JMP does not advise investors on which shares to buy, instead, we encourage you to consider the following factors when you are deciding which shares to buy.

In general, investors buy shares in companies on the stock exchange to secure:

1. Income through dividends
2. Profits from appreciation or stock buybacks
3. A diversified pool of assets for long-term savings

You, as an investor, can **buy, hold, and sell** your share portfolio in accordance with your changing needs and tolerance for risk.

In any investment there are always benefits and risks and the investment decisions you make depend on your needs and requirements. How can you identify these needs and requirements?

1. Do a self-analysis:

Your individual circumstances play an important role in your investment decision-making.

Your age, personal situation¹, life goals, risk tolerance and financial goals can all affect the types of investments you choose.

2. Analyse your financial position:

Your financial situation is an important factor in your investment-decision making. You should have a clear idea of your current and future income, debts, assets, and other expenses before looking into investment opportunities.

This will give you a better sense of how much money you can put into an investment and what level of income/cash flows you will require. Ask yourself **how much money you wish to invest, your risk tolerance level and how much you afford to lose.**

¹Including: marital status, plans for starting a family, how many dependents do you have, living situation, current lifestyle & consumption plans, plans for retirement, plans to save and meet future social obligations, current income level, income level forecast, ability to access capital.

3. What are your financial goals?

You should consider your short-and-long-term goals (Set a time horizon). What do you hope to achieve in the future? If you want to invest, ask yourself what rate of return you require, what you want to achieve from the investment and the length of your investment period.

4. What are your investment options?

Learn about the basic concepts of investment-planning. This will help you make informed investment decisions.

If you have access to the internet, there are many online tools and resources to help you learn these basic concepts. PNGX also holds investment seminars for first-time investors primarily about investing in shares. **Please contact PNGX for more information.**

Evaluate your investment options by taking into the consideration the return, risk, accessibility, maturity, costs, and minimum investment amount and time of the security². Evaluate each investment option against your personal position and goals.

5. Do your own research:

Once you have considered carefully your own personal circumstances, analysed your financial position, determined your short-to-long-term financial goals and have decided that investing in shares is a sound investment option, the next step is to research the companies listed on the PNGX using publicly available information.

JMP Encourages you to:

- Follow the latest business news by reading the local newspapers to get an understanding of the listed company and how it is performing as a business.
- Read company reports and take note of company announcements.
- Read reports released by licenced stockbrokers which provide invaluable information of listed companies.
- Take note of public information released by PNGX, attend any investment seminars offered by the PNGX or read the educational publications released by the PNGX.
- If you have access to the internet, make the most of online tools and resources.
- Track how the company's shares are performing.
- To ensure a fully informed market, PNGX requires listed companies to provide timely announcements about their activities (sent to investors via mass media).
- **Speak to your trusted financial advisor.**

² Please find additional information for these terms in the Appendix

6. Understanding and Reading Share Prices:

It is important to keep up to date with the prices of the shares that you own or want to invest in.

All stocks listed on the PNGX, and their prices can be found in the local newspapers in the business column or on the PNGX website at www.pngx.com.pg.

Published share price reports vary. The table below, **which is for illustrative purposes only**, will help explain how to read the share price of a listed company:

Stocks*: (All Figures in PGK)	Bid:	Offer:	Last Sell:
Bank of Yumi Limited (BYL)	4.01	4.02	4.01
Copra Limited (CRL)	84.1	85.30	86.30
Kai Kai Limited	0.50	1.00	1.00

*Fictional Examples – These are not real companies

It is important to keep up to date with the prices of the shares that you own or want to invest in.

Stock: The stock column lists the companies on the stock exchange. Some reports will include the company name while others may only include a code. Here in PNG, a listed company is given a 3-letter code by PNGX and represents the company name.

Bid: The bid column displays the highest price that a buyer is willing to pay for the shares. There may be other buyers bidding to buy at a lower price, but their bids will not be displayed.

Offer: The offer column displays the lowest price a seller is offering to receive for their shares. There may be other sellers offering to sell their shares at a higher price, but their offers will not be displayed.

Spread: The difference between a share's bid price and offer price is called the "spread"

Last Sell: This column displays the last price at which bids and offers were matched, resulting in a trade. The last sale price changes regularly, depending on the frequency of trades and indicates the current market value of the shares in a company³.

³ It is important to note that the actual trade that the last price is based on could have occurred the same day the report was published, the day before or even a few weeks before.

7. Final Points:

In any investment there are always benefits and risks and you as an investor will make different investment decisions depending on your needs and requirements.

JMP Recommends:

- You spread your risk by diversifying your share portfolio.
- You avoid emotion when making investment decisions.
- If you are an inexperienced investor, err on the side of caution.
- Speak to your trusted financial advisor.
- Whilst JMP Securities Limited will not advise you on which shares to buy, we are happy to provide you guidance in developing your own investment strategy.

Appendix:

- Return – What is the expected return? If investing in shares, the returns can be dividends &/or capital gains.
 - A dividend is a part of the company's net profit that is paid to a shareholder as a cash reward for investing in the company.
 - Capital gains – when the share price of the company you invested in increases and by extension the value of your investment/capital.
- Risk – risk is the chance that the return from an investment will be significantly different to what you expected.
 - If the share price (of your stock) falls the value of your investment decreases. When this happens and you sell your shares, you will most likely make a loss on your investment.
- Accessibility & Liquidity - How quickly can you sell an investment (& if you sell it quickly will you receive full value?).
 - In the example of shares, shares are liquid because there is an organised marketplace (the stock exchange).
- Maturity – Some investments have a limited life while others continue indefinitely (such as shares which only cease when the company is wound up or taken over).
- Minimum Investments – Many investment options require a minimum investment amount.
 - Here in PNG, if you wish to buy shares with **JMP Securities Limited** as your licensed stockbroker, the minimum investment amount is **PGK2,325**.
- Costs – There can be extra costs involved such as stockbrokerage fees
 - If you wish to buy/sell shares through JMP Securities Limited as your licensed stockbroker, the minimum investment amount of **PGK2,325** includes a fee of **PGK325** –

this includes our brokerage fee, the PNGX brokerage fee and the Securities Commission Levy.

- JMP Securities Limited has a schedule of our brokerage fees depending on the amount you are investing.

- Time – some investments require more of your time in managing them than others.

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