



The four most expensive words in the English language are "this time it's different."

William Bernstein

The Buffett Way with Alec Hogg now online (PDF and audio)

The PowerPoint presentation and audio recordings from the Buffet Way presentation (delivered by Alec Hogg) are now online for download.

In the presentation Alec focused on; China, Sub-Prime and Oil as well as life and investment lessons from Buffett and Munger.

To access them log onto the website and go to; Help and Education → Investment outlook.

The PowerPoint (in PDF format) is under presentations and the audio files in the box below.

When downloading the audio files some browsers may require you to add the extension (.mp3) and they will then play on your PC or you can copy them onto a portable MP3 player.

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Client courses for the next few weeks

These courses are *exclusively for Online Share clients* and *all are free*. To book for one of these courses log onto Online Share Trading and go to; Help & Education → Face to face classes Johannesburg

- Introduction to Futures (single stock and currencies) (08 Jul)
- A guide on how to use the website (09 Jul)
- The Truths of the Market and Trading Skills (15 Jul)

Pretoria

- Intro to Fundamental Investing (23 Jul)

Cape Town

- Introduction to investing (19 Jul)

Durban

- Introduction to Futures (single stock and currencies) (23 Jul)
- Understanding Share Instalments (24 Jul)

TALK From the editor

The year is half gone and after a wild start to the JSE in January everything seemed like maybe it was all going to be alright.

So checking the numbers for the first half of the year the Top40 index returned a suitably impressive 9.4%.

Of course drilling down into the numbers we see the Resources Index (RESI) is up 32% in the first six months while the Financial and Industrial Index (FINDI) has lost 13.3%.

So seriously a story of two halves and what you own will dictate how you feel about the first six months of 2008.

All the best
Simon Brown
Head: Education & Media
Standard Online Share Trading

WEBSITE What stocks make up an index?

Indices are a very important part of the overall market, but to really appreciate and understand them one surely needs to know which stocks make up a particular index.

The Standard Online Share Trading website offers the full list of stocks in each index.

On the menu; Key market statistics → List of indices.

This page gives a list of every JSE index with the current day's data (high, low, latest and previous days close). Also displayed is the days move and the Dividend Yield (DY), Earnings Yield (EY) and Price Earnings ratio (PE). Lastly one can get the previous years price history and a link to the java chart of the index.

But what we're looking for here is the list of stocks that make up an index. From the above page, next to each index name there is the short code name for the index, clicking on that will take on to a new page with all the shares in the index listed.

Online Share Trading

MARKETS UST change to STT

Effective 01 July 2008 Uncertificated Securities Tax (UST) changed its name to Securities Transfer Tax (STT).

The rate will remain at 0.25% of the value of a share purchase transaction.

Why the change?

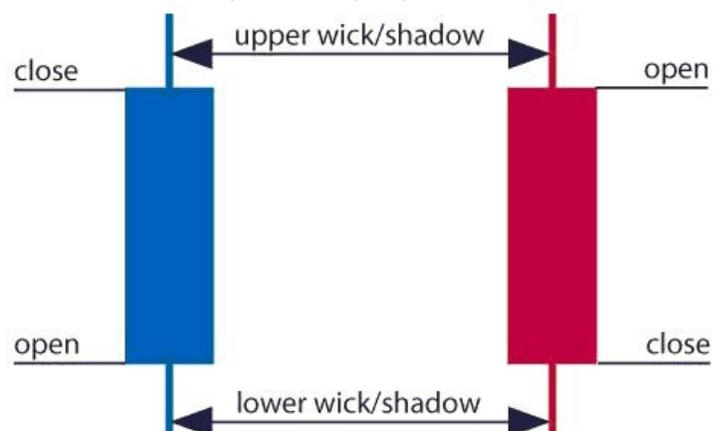
The Stamp Duties Act, 1968, catered for the registration of transfer of unlisted securities whereas the Uncertificated Securities Tax Act, 1998, catered for the change in beneficial ownership of listed securities. The difference in events that gave rise to the duty and tax payable resulted in anomalies and also complicated the administration of the tax and duties.

In view of the above the Securities Transfer Tax Act, 2007 (Act No. 25 of 2007) was introduced to replace stamp duties and UST on securities with a single tax in respect of any transfer of listed and unlisted securities. The Securities Transfer Tax Act ensures that the rules governing both listed and unlisted securities are consistent.

Online Share Trading

TRADER Candlestick Trading

Candlesticks provide unique visual cues that make reading price action easier. Trading with Japanese Candle Charts allow speculators to better comprehend market sentiment. Offering a greater depth of information than traditional bar charts - where the high and low are emphasized - candlesticks give emphasis to the relationship between close price and open price.

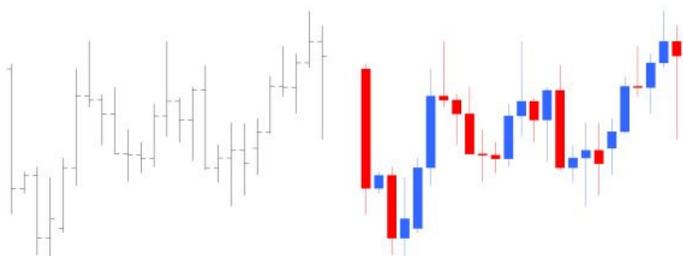


Traders who use candlesticks may more quickly identify different types of price action that tend to predict reversals or continuations in trends - one of the most difficult aspects of trading. Furthermore, combined with other technical analysis tools, candlestick pattern analysis can be a very useful way to select entry and exit points.

The body of a candlestick illustrates the difference between the open and closing price. Its color (in this case, red for down and blue for up) shows whether the day's (or week's or year's) market closed up or down.

The wicks (or shadows) point out the extreme low and the extreme high price for the currency that day.

Bar-Chart Side by Side With Candlestick Chart



Because the body of the candle is thicker than the shadow, candlestick charts visually stress how the close price relates to the open price far more than bar charts. Candlestick traders have a saying; the real body is the essence of price movement.

Bar charts on the other hand allow spikes to highs and lows to have prominence when exploring their data, these highs and lows often represent market noise, less significant to good analysis. The power of candles is their ability to visually screen out this static and focus on what the market was able to force price to do during a period of trading

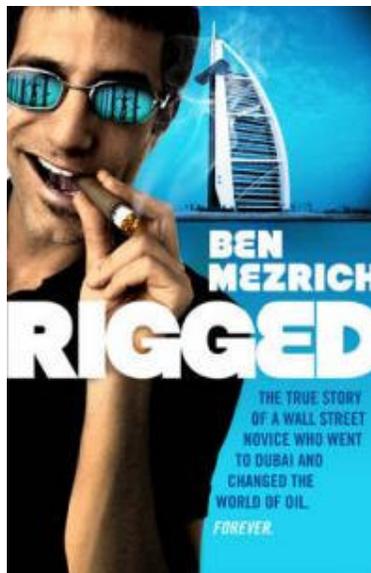
Outside of the trading pit, Technical Analysis is really the only way to gauge market emotion. A candlestick alone does not give much information useful to determining market sentiment. Market professionals do however look for specific patterns of candlesticks to gauge future price movements. Many of these candlestick names have eccentric names like Morning Star, Dark Cloud Cover or Engulfing Pattern that are based translations of their Japanese names. The names also tend to reflect market sentiment.

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REVIEW - BOOK Rigged

Rigged
by Ben Mezrich

Ben Mezrich, the author of *Rigged*, is American born and began his career by writing fiction and later moved onto non-fiction. One of his best known works is his first non-fiction novel "Bringing down the house: The inside story of 6 MIT students who took Vegas for millions".



Rigged is a modern novel

based on the true story of John D'Agostino, a Harvard business school graduate who became the youngest vice president of the New York Mercantile Exchange (NYMEX).

D'Agostino is attributed with spearheading an international partnership with the very first Middle Eastern based energy exchange, the Dubai Mercantile Exchange.

The New York Mercantile Exchange is the world's largest physical commodity futures exchange and handles billions of Dollars worth of energy products, metals and other commodities. The prices quoted for transactions on this exchange are the basis for prices paid on these products the world over.

The significance of the partnership between the DME and the NYMEX lies in the timing. The idea was launched in a relatively short space of time since the 9/11 attack on New York. Ultimately the prevailing feelings of prejudice and antagonism were the biggest threat to this concept. It was a time of deep mistrust and ill feeling between the both the Middle East and the West.

Education newsletter

While the book is based on a true life story, the author uses elements of non-fiction to create a world that is as enviable as it is frenetic. As a result the reader often wonders whether he / she is reading a fast paced corporate thriller or indeed the life story of a young man trying to make his mark.

One of the quotes in the opening chapters of the novel, "If Wall Street was the financial equivalent of Vegas, the Merc was Atlantic City – on crack" essentially sets the tone for the book.

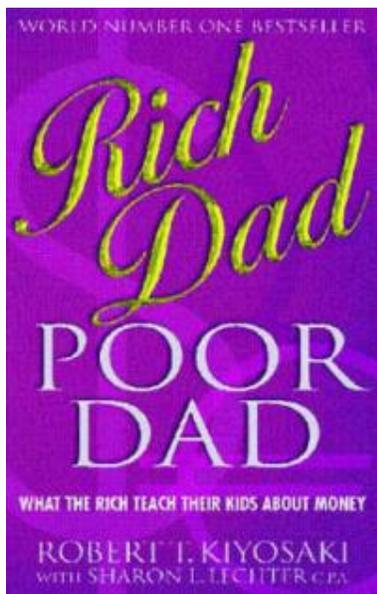
Although *Rigged* does offer a few facts and some insight into the world of trading oil, it will not provide you with anything more than inspiration to research commodities.

That being said I found it to be an entertaining novel and an excellent read for a rainy Saturday afternoon.

Marcia Nair
Standard Online Share Trading

REVIEW - BOOK Rich dad, poor dad

Rich Dad, Poor Dad
by Robert T. Kiyosaki



I seem to be the last person in the world to read this book, certainly everybody I ever ask has read it. So I decided it was time and finally read it.

Bottom line; not bad but personally not earth shattering. I got the sense that the book had been padded so that

it was long enough to justify being a full book, rather than just a pamphlet.

That said I would still recommend it as a must read for everybody on this planet largely because financial literacy and true financial understanding is sadly lacking from just about everybody.

The one key area for me was the differences between an asset and a liability. I have read and heard many very complicated theories before on these two, but Kiyosaki makes it nice and simple. In short; an asset generates income while a liability costs money.

This is perhaps the key feature of the book, nice and simple and as a fan of simple this is a book that everybody must read (padded or not).

Simon Brown
Standard Online Share Trading

JARGON BUSTING Cash flow

1. A revenue or expense stream that changes a cash account over a given period. Cash inflows usually arise from one of three activities - financing, operations or investing - although this also occurs as a result of donations or gifts in the case of personal finance. Cash outflows result from expenses or investments. This holds true for both business and personal finance.

2. An accounting statement called the "statement of cash flows", which shows the amount of cash generated and used by a company in a given period. It is calculated by adding noncash charges (such as depreciation) to net income after taxes. Cash flow can be attributed to a specific project, or to a business as a whole. Cash flow can be used as an indication of a company's financial strength.

In business as in personal finance, cash flows are essential to solvency. They can be presented as a record of something that has happened in the past, such as the sale of a particular product, or forecasted into the future, representing what a business or a person expects to take in and to spend. Cash flow is crucial to an entity's survival. Having ample cash on hand will ensure that creditors, employees and others can be paid on time. If a business or person does not have enough cash to support its operations, it is said to be insolvent, and a likely candidate for bankruptcy should the insolvency continue.

The statement of a business's cash flows is often used by analysts to gauge financial performance. Companies with ample cash on hand are able to invest the cash back into the business in order to generate more cash and profit.

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ROAD SHOWS

JSE Mining Companies Showcase

You are invited to attend the JSE Mining Companies Showcase which will take place on Wednesday 30th of July, 2008 at the JSE, One Exchange Square, Gwen Lane, Sandown.

At the showcase senior executives of JSE listed companies in the Mining sector will present their exciting businesses to you and thereafter you will be given the rare opportunity to be able to meet these executives face to face, over cocktails. The mining sector continues to offer fantastic investment opportunities and this event is not to be missed!

As places are limited we recommend that you book your space to attend this event as soon as possible. Please note that there is no charge to attend the JSE Mining Companies Showcase.

DATE: Wednesday 30 July 2008

TIME: 17h30 for 18h00 – 20h00

VENUE: JSE, One Exchange Square, Gwen Lane, Sandown

PARKING: At Village Walk Shopping Centre

For further information please contact; Corrie le Roux on corrie@vibrantmedia.co.za or 011 880 5202

PROGRAMME

- Pamodzi Gold (Peter Steenkamp, CEO)
- African Rainbow Minerals Ltd (Monique Swartz, Corporate Development and Head of Investor Relations)
- DRD Gold Ltd (John Sayers, CEO)
- Keaton Energy (Paul Miller, MD)
- BRC Diamond Core (Theo Botoulas, CEO)
- Lesego Platinum (Phiway Mbuyazi, CEO)
- Braemore Resources (David Russell, CEO)
- DiamondCorp (Paul Loudon, CEO)

To book please log onto the website and you'll see the link under the special announcement section.

ROAD SHOWS

Getting started in shares

Online Share Trading and the JSE host a free one and a half hour educational seminars to the public. The seminars are designed to get you started on

how to invest in shares and are open to the general public.

By attending one of the seminars, you will learn:

- Investing and returns
- Why invest in the share market
- How to develop an investment strategy
- Understanding the share market
- What determines the share price
- How to make money in the market
- How to choose companies to invest in
- How do you buy shares
- Next steps

Tell your friends and family and help them get started on the path to creating wealth.

Dates & cities

- Johannesburg – 06 August
- Pretoria – 10 July
- Cape Town – 30 July
- Durban – 31 July

To book go to <http://courses.standardbank.co.za>

All venues are central and start at 6.00pm unless otherwise stated.

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