



Sometimes I think our central bank
will keep printing money till we run
out of trees

Jim Rogers

JSE WEEK EXPO

When it comes to investing, it isn't
always who you know, it's really what
you know.

Join us at the JSE Week Expo where
you can learn the ABCs of trading
shares on one of the world's most
dynamic stock markets.

Standard Online Share Trading and
other service providers will be on hand
to explain their products and services.
Experienced presenters will demystify
the buzzwords and mystery of investing
through a series of educational
seminars.

It's an exciting way to turn learning into
earning, so be sure to visit the expo.

10 - 12 March 2009
12h00 - 18h30
Entrance is free of charge
www.jseweek.co.za

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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) (10 Mar)
- Understanding company financials and announcements (14 Mar)
- Introduction to investing (28 Mar)

Cape Town

- Intro to technical analysis (part 2) (14 Mar)

Durban

- Trade to trade well ***NEW*** (16 Mar)

Pretoria

- Intro to technical analysis (part 1) (04 Apr)

TALK

From the editor

A new product coming to market in the form of the ABSA Shariah ETF, a niche but important addition to the JSE. The IPO is currently open and more details in this newsletter (page 2) and at Standard Online Share Trading.

We've also got an article on dividend protection for single stock futures traders. This issue has raised many questions recently, so we look at it in detail to clear up any confusion.

Next week in JSEWeek, from 10-12 March, at the JSE in Maude Street, Sandton. For more information go to www.jseweek.co.za.

Standard Online Share Trading will be exhibiting, so come along and say hi.

Simon Brown
Head: Education & Media
Standard Online Share Trading

INVESTOR

Warren Buffett's letter to share holders

Every February Warren Buffett writes his annual letter to share holders of Berkshire Hathaway, and as much as the AGM in May has become a pilgrimage for many – the letter to share holders is also a delightful read.

This year's letter was posted on the Berkshire Hathaway website last week and you can find it at <http://www.berkshirehathaway.com/letters/2008ltr.pdf>.

At 22 pages it is a great read, giving insight not just into the investments within Berkshire Hathaway, but also into what Buffet thinks about the current investing world – and naturally he has lots to say this time around.

Standard Online Share Trading

ABSA SHARIAH ETF

JSE traded Shariah product

South Africa's first equity-linked Shari'ah compliant ETF now available from Absa Capital

In a long overdue move, in a market that urgently needs more local Islamic investment products to service the estimated 350 000 to 400 000 Muslim households in South Africa, Absa Capital, the

investment banking division of Absa Bank Ltd, and Vunani Capital recently joined forces to launch the country's first Shari'ah compliant equity-linked Exchange Traded Fund (ETF) – the NewFunds Shari'ah Top 40 Index ETF.

The initial public offering for the NewFunds Shari'ah Top 40 Index ETF opened on 23 February. The ETF will be listed on 6 April on the JSE Limited (JSE).

The NewFunds Shari'ah Top 40 Index ETF tracks the Shari'ah Top 40 Index. The index was jointly established by London's FTSE International Limited (FTSE) and the JSE.

The Shari'ah Top 40 Index is designed to reflect Shari'ah compliant companies identified from the top 40 companies listed on the main board of the JSE (as measured by market capitalisation).

A two step screening process – approved by Yasaar Limited (Yasaar) - is undertaken by the FTSE and the JSE and verified by Yasaar to ensure that all companies included in the index are Shari'ah compliant.

Yasaar scholars represent all of the major Shari'ah schools of thought, creating a best practice approach that has credibility across all regions of the Islamic world.

The ongoing screening of the Shari'ah compliance of the ETF is conducted by Absa's Islamic Banking Shari'ah Supervisory Board.

The NewFunds Shari'ah Top 40 Index ETF is structured as a Financial Services Board (FSB) approved Collective Investment Scheme portfolio, issued under the NewFunds CIS umbrella.

There are many benefits to investing in the NewFunds Shari'ah Top 40 Index ETF.

- Listed on the JSE, the NewFunds Shari'ah Top 40 Index ETF provides investors with a daily disclosed, low-cost, and easy to access investment product that conforms to Shari'ah principles.
- Islamic and other investors are able to invest in a financial product that conforms strictly to Shari'ah standards and principles
- Islamic and other investors can invest in Shari'ah compliant companies identified from Shari'ah Top 40 Index
- Investing and withdrawing funds is straightforward

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- Investment values can be determined at any time

The NewFunds Shari’ah Top 40 Index ETF offers a credible Islamic investment opportunity aligning the South African Islamic investment market with global trends. It is a cost efficient, transparent and easy to access investment product that conforms to the principles of Shari’ah law.

Absa Capital’s NewGold ETF, the largest ETF in the South African market, with approximately R9bn in assets, was the first commodity-linked ETF in South Africa to gain approval by the Shari’ah Supervisory Board.

For information on the NewFunds Shari’ah Top 40 Index ETF, the screening methodology or ETFs in general visit www.absacapitalefts.com

@ absacapitalefts.com

- The IPO is currently open and closes on 18 March
- Minimum investment is R1,000.00
- No brokerage fee on the IPO
- To subscribe (and for more info) log onto the website and you’ll see the link under special announcements

TRADER SSF Dividend protection

Part of the pricing of a single stock future (SSF) is dividend protection. The pricing of a SSF assumes a certain dividend (if the amount has not been declared and if the expected payment occurs within the contract period), then when the dividend is officially announced we may need to make an adjustment if the assumption was incorrect.

The price if you want to BUY or go “Long”.

Price components	R	Why?
AGL spot price	R157.49	The underlying price is the basis of determining the SSF Price
Interest	R 2.33	For this example let us assume there is 76 days to expiry. Std Bank buys the relevant shares in order to sell a SSF to you. This implies an interest cost to Std Bank. It is added to the price you pay for the SSF in order

		to compensate Std Bank for this cost.
Dividends	(R 1.51)	You are not entitled to the dividend so Std Bank compensates you for this by reducing the SSF price by the discounted value of the dividend.
Commission	R 0.63	Std Bank increases the SSF price by 0.4% being a commission levied on all prices made.
SSF OFFER PRICE	R158.94	

The price if you want to SELL or go “Short”.

Price components	R	Why?
AGL spot price	R157.21	The underlying price is the basis of determining the SSF Price
Interest	R 2.23	For this example let us assume there is 76 days to expiry. Std Bank sells the relevant shares in order to buy a SSF from you. This implies an interest income to Std Bank. It is added to the price you receive for the SSF in order to compensate you for this income.
Dividends	(R 1.51)	You are not obliged to pay the dividend so Std Bank recovers this from you by reducing the SSF price by the discounted value of the dividend.
Commission	(R 0.63)	Std Bank increases the SSF price by 0.4% being a commission levied on all prices made.
SSF BID PRICE	R157.30	

Standard Bank offer OST’s clients dividend protection, simply meaning that it will compensate the client, in cash, for any changes it makes to the assumed dividend it uses to price SSF’s.

This adjustment to the dividend affects the SSF price and can either increase profits or reduce profits depending if you’re long or short a contract. This reduction / increase needs to be settled between the parties to ensure that both parties are in the same position after this adjustment as they were before the adjustment.

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Example:

Using an example, we examine the effect of a change in the dividend on the SSF price:

Remember the SSF bid price is calculated as follows:-

Underlying bid price + Market makers Commission (0.4%) + interest (reduces daily as expiry approaches) – dividend assumed/declared.

Price components	Current	Dividend increases	Dividend decreases
AGL spot price	R157.21	R157.21	R157.21
Interest	R 2.23	R 2.23	R 2.23
Dividends	(R 1.67)	(R 2.00)*	(R 1.00)#
Commission	(R 0.63)	(R 0.63)	(R 0.63)
SSF BID PRICE	R157.14	R156.81*	R157.81#

* Dividend increases by 33c from 167c and thus SSF prices reduces by 33c
 # Dividend decreases by 67c from 167c and thus SSF price increases by 67c

Adjustments required

If you are Long (for this example we shall use 15 contracts) the follow applies:

Dividend increases

We pay you R495 (33c x 15x 100) because SSF price dropped.

Dividend decreases

You pay us R1,005 (67c x 15 x100) because the SSF price increased

If you Short (for this example we shall use 15 contracts) the follow applies:

Dividend increases

Short 15 contracts You pay us R495 (33c x 15 x 100) because SSF price dropped

Dividend decreases

We pay you R1,005 (67c x 15 x 100) because the SSF price increased.

These adjustments are processed against the cash in your trading account.

The net effect is that you are unaffected by any dividends declared, assumed or paid.

*Ridwaan Moolla
Standard Online Share Trading*

**REVIEW - BOOK
Women and money**

Women and money – Suze Orman

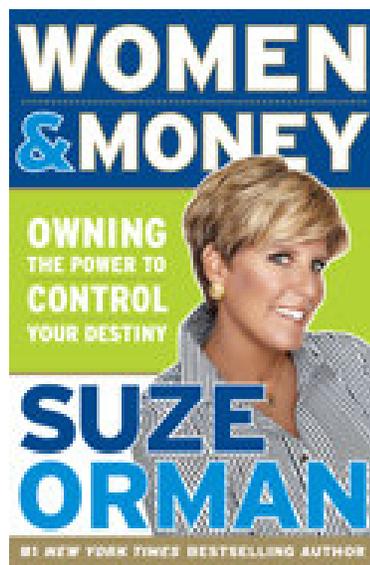
Suze Orman has been called "a force in the world of personal finance" and a "one-woman financial advice powerhouse" by USA Today. She is a financial advisor, best selling author and hosts her own award winning CNBC TV show. In addition Suze is also a contributing editor to O – Oprah magazine.

This author has frequently visited South Africa and has hosted several inspirational tours throughout the country on achieving financial well being.

Suze Orman is American but “Women and Money” is written with the South African woman in mind. The terminology, examples and references are used in the South African context, so readers are not left guessing how applying one of the author’s ideas would affect them.

The book is easy to understand because the use of jargon is limited; terminology that the author does deem necessary is explained in simple, easy to understand English.

The style of writing is conversational and comfortable, almost as if though she were chatting to you over coffee.



Where most books in the financial genre can be rigid, and dare I say it, at times a bit boring, it is not the case with “Women and money”. In my opinion this is simply because the author’s passion for the subject is obvious from the very first page. She is sincere in her intent and ultimately she gives the reader hope; managing ones finances and

creating wealth is not an impossible task.

“Women and money” revolves around the South African Save Yourself Plan, which is an easy to follow, five month programme that is designed to

Education newsletter

assist in creating long term financial security. The key thing about this plan is that it is completely do-able. All the advice contained in the book is practical and ultimately aims to help the reader empower herself.

The outstanding balance on your credit card – a secret so dirty you even try and hide it from yourself – paying it off seems to be an insurmountable task, however the practical steps mentioned in the book can help you turn that mountain into a mole hill.

The author places emphasis on simple tips, such as opening and reading through your bank statements when they arrive. She then expands on how something so simple can actually help you save money in the long run.

A wonderful feature is that readers of the book have access to a special section of Suze Orman’s website where they can login and create a profile and monitor their progress online.

One of the most appealing factors of the book is that it speaks to women of all races, ages and financial status’s and stresses the point that changing your mindset and valuing yourself is the cornerstone of creating wealth.

While there is something of value for both men and women alike in this book, the truth it was written for women (Sorry guys) it addresses the fears that women have regarding money and their roles in society. While women have progressed in leaps and bounds the truth is there is always something that holds us back from going all the way. What Suze Orman really drives home in “Women and money” is that we are to the world who we make ourselves out to be and if we devalue ourselves then so to will the world.

At least once in every individuals life time there is a defining moment of hope and inspiration. Women and money is guaranteed to be the catalyst for just such a moment.

Marcia Nair
Standard Online Share Trading

JARGON BUSTING
Day trader

One who buys and sells securities for his/her personal account, not on behalf of clients.

An investor who holds stocks and securities for a short period of time (a few minutes, hours or days). The goal is to profit from short-term gains in the market. The stock selection is generally based on technical analysis or charting which relate only to the stock price rather than a fundamental evaluation of the company as a business.

Further a classic day trader will have no open position when the market closes each day.

@investorwords.com

JARGON BUSTING
Net Operating Loss

A period in which a company’s allowable tax deductions are greater than its taxable income, resulting in a negative taxable income.

This generally occurs when a company has incurred more expenses than revenues during the period. The net operating loss for the company can generally be used to reduce future tax payments.

The reasoning behind this is that because corporations are required to pay taxes when it earns money, it deserves some form of tax relief when it loses money.

@investopedia.com

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.

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Dates & cities

- Johannesburg – 9 Mar & 23 Mar
- Durban – 18 Mar
- Cape Town – 17 Mar
- Pretoria – 19 Mar
- Knysna – 19 Mar

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

All venues are central and start at 6.00pm.

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