Investing in Securities ~Part 2~

As an investor it is your responsibility to protect yourself by making sure that you fully understand the products and services being offered before you buy.

Below are some of the terms with which all investors should become familiar.

Equity shares in the primary market

Primary market refers to the new issues of shares by an existing company or a new company..

Equity shares in the secondary market

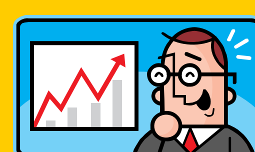
Secondary markets are stock exchanges where investors can buy or sell shares listed on them.

Equity shares can yield returns via dividends declared by companies either during the year or at the end of the year. They can also yield returns through capital gains on the sale of Equity shares.

The liquidity of an investment is determined by the trading volumes of the share.

If the share is actively traded, the investor can easily sell his shares and obtain the proceeds of the sale. If the share is not traded then this creates a constraint on the liquidity.

Equity share is an appropriate investment for investors who are not risk averse since they are prepared to undertake risks to earn potentially higher returns. An investor needs to closely monitor a company's performance to gauge the investment performance.



Debt instruments

These represent contracts in which there are two parties. The investor is the lender and the issuer is the borrower. The debt contract specifies the rate of interest, time of the interest payment and the repayment of principal.

The term "bond" usually refers to a debt instrument issued by the government. "Debenture" refers to a debt instrument issued by the private corporate sector.

SECURITIES AND EXCHANGE COMMISSION

Did you know that we do outreach sessions? Get more information on our Investor Education programme by contacting the Communications Unit at 624-2991 Ext.1275 or 1259.