

Trinidad and Tobago Securities and Exchange Commission

Opening remarks at the Prize Giving Distribution Ceremony

-Top Trader Investment Game-

April 4, 2014



Address by Patrick Watson, Chairman, TTSEC

Courtyard by Marriott, Port of Spain

- Members of the Board of Commissioners of the TTSEC
- Mr. Wain Iton, CEO, TTSEC
- Ms. Michelle Persad, CEO Trinidad and Tobago Stock Exchange Limited
- Ms. Lystra Lucillio, Deputy CEO, TTSEC
- Members of the Management team of the TTSEC
- Valued Stakeholders
- Competition Winners
- Other Specially Invited Guests
- Members of the Media

So, you are our Top Traders?!!! Congratulations on your accomplishment.

One of our functions, as stated in our legislation is to educate and promote an understanding by the public of the securities industry and the benefits, risks and liabilities associated with investing in securities. We believe that, as the regulator, if we provide as much information to you about the securities market, the products, your rights and responsibilities and the possibility of risk, you will be more empowered to participate in the securities market and thus, become an active investor. It has always been the Commission's view that investors and potential investors hold the key to and even more importantly, bear the responsibility for their own financial futures.

Research has revealed that our citizens are still "risk averse", have a strong preference for using the commercial banks as their options for deposits and that there is low retail investor participation in the stock market across all jurisdictions. We, as a Commission, are also aware that investors in 2014 seem to have less disposable income, they must be more prudent in their financial decision-making and must become financially literate in order to participate meaningfully in the capital market.

However, the question remains how do we create a more financially-literate citizenry or provide information in a way that is easily understood and not daunting? The main way that we do this is through our Investor Education Programme, which up to a few years ago, was comprised primarily of presentations to various groups and individuals and the use of print

material like brochures. However, over the last few years, we have incorporated more modern techniques and approaches, namely messages in the print and electronic media such as radio Ads and TV Public Service Announcements (PSAs). Digital media tools such as Facebook, Blogs, YouTube, Webinars and competitions have also been included in our mix of investor education strategies. It is in this vein that we created the Top Trader Investment Game. This game was designed as an interactive tool to help participants understand the basics of investing in the stock market and securities products. It also encouraged participants to build and manage an investment portfolio by evaluating stocks and managing risks.

To begin competing, players were required to register using the digital media platform, Facebook. Once registered, each player was given a notional sum of TT\$15,000.00 to invest in the Trinidad and Tobago Stock Market to begin their portfolios. Players were allowed to keep some cash on hand, but to begin playing; they were required to spend at least \$14,000 of their \$15,000 starting sum. Actual changes occurring on the Trinidad and Tobago Stock Exchange Limited (TTSE) were reflected in each player's portfolio. The 3 players with the highest portfolio values at the end of the competition period, were judged the winners whereas inactive or dormant portfolios were disqualified.

The Top Trader game was formatted in this way because we wanted each player to understand the dynamics and intricacies of investing in the stock market. As you are aware, a key element of any investment is the risk factor that is involved; that is the possibility of an investor incurring a loss on his or her investments if the value rises or falls. There is also the fact that the higher the return, the greater the risk involved in the investment. That higher return therefore is your compensation for taking on the additional risk.

Through this game, you were also taught the importance of patience and determination which are key to reaping positive benefits and rewards. With investing you need to have the fortitude of character to remain steadfast and you will receive some great gains. During game play, you were also exposed to some of the companies that actually trade; some of the more successful companies and some of the slower moving ones. This was indeed a good introduction for you!

I was advised by our Corporate Communications, Education and Information Division that 428

persons registered for the game in January 2014 and 320 persons actually created portfolios and played through to the end of the competition. The total number of portfolios that were modified was 1,818 and the total number of transactions over the period was 5,525. Overall, the total value traded was \$17,624,913.11.

It was our intention that, at the end of this game:

- Players would be more aware of the value of investing;
- Players would be more investor literate and thus better able to make informed choices;
- Players would have a greater understanding of the securities market and the stock exchange;
- There would be a greater understanding of the roles and mandate of the TTSEC and the TTSE;
- There would be a greater visibility for the TTSEC;
- There would be greater traffic to the TTSEC's website and Facebook pages.

I do believe that not only you, the winners, but also the other 300+ players, are now more aware of investing and the local stock market. I also believe that you are now more investment savvy and can make more informed decisions when the opportunity presents itself. Investing is not as difficult as it may appear. I therefore urge you to explore investing as a viable option to traditional saving in order to create more wealth for you and your families. As your parents and grandparents would say though, "Don't put all your eggs in one basket!" In other words, explore all the options that are available and diversify your portfolio. When establishing this portfolio, you should ensure that the risk is spread out among the different instruments. It's best to have a balanced mix of assets with varying risk which will ultimately provide more consistent investment returns.

The prizes for this competition, have been sponsored by the Trinidad and Tobago Stock Exchange Limited and have no cash equivalent. However, they entitle you to purchase stock on the Exchange. The Exchange will provide you with the list of brokers and you can select the best brokerage house which you believe can assist you with your portfolio creation. This is a wonderful option because it exposes you to investing with actual money enabling you to practise what you have learnt over the last few months.

As we, as a Commission, enhance our investor education initiatives, we hope to see:

- More participation in the capital market which will ultimately redound to the benefit of our economy;
- More knowledgeable investors;
- Increased levels of investment;
- Fewer persons falling victim to scams; and
- Wealth creation for our people.

The Commission remains committed to investor confidence and investor protection and to ensuring that the securities market remains fair and transparent. We understand the value and importance of the securities market as a part of our economy and I give you the assurance that we will continue to regulate the securities industry in such a way so that you, can invest with confidence.

Congratulations to our three Top Traders! I thank you for the courtesy of your attention.