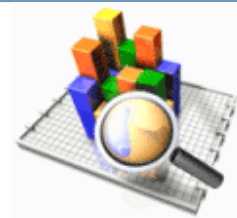


Newsletter

Knowledge is power

With investing, knowledge is power. When a listed company has something to say, you should listen - this means keeping up with company announcements and making sure you understand what your options are.



Announcements are posted on ASX as soon as they are released – see company announcements.

Prior to an announcement being made, a company may go into a trading halt. This will happen if the announcement contains market sensitive information that may affect the price of a security. A company can also request a trading halt, this can last up to 2 trading days. If the company requires more time, the stock is then put into suspension, until the company is ready to report to the market.

If you would like to have more insight into what companies are required to do when it comes to announcements, watch the following video: [Continuous disclosure: what do listed companies have to tell the market and when?](#)

Corporate actions are a feature of company announcements. A corporate action is an event initiated by a listed company that will affect trading in the stock. Understanding corporate actions can give you a clearer picture of what is happening with a company financially and it may help you with your buy, sell or hold decisions. Below we will cover just a few corporate actions that you may have already come across in the Game.

Takeovers

A takeover can affect the value of your shares whether it is the company making the takeover offer (known as the bidder) or it is the target.

A takeover is when the bidder puts forward a proposal to acquire all the shares in another company. A takeover offer would be expected to immediately put upward pressure on the share price of the target. This is because the offer price will include a takeover premium, in order to encourage shareholders of the target company to accept the offer. The bidder is prepared to pay a higher price (the premium) in order to get total control of a company.

In the case of the company making the takeover offer, if it is listed, the share price may go down or up depending on whether the market thinks the purchase will be of overall benefit and whether the price they are going to pay is good value.

Rights Issue

A rights issue / capital raising offer is when a company offers eligible shareholders the chance (or the rights) to buy additional shares at a discounted price for a specified period of time. Companies do this for various reasons, for example, to pay down debt, provide working capital or apply the additional finance to a new project or acquisition.

In the Game, you cannot participate in a rights issue, however the question that needs to be asked is: should you take up a rights issue if you are given this option when investing in the real market?

There are 3 things you can do:

- take part in the rights issue
- do nothing
- or in some cases (if the rights are transferrable) you can sell the rights.

Your first reaction might be to do nothing because you don't really understand the process; however, you need be aware that the value of your shareholding may be diluted due to the extra shares issued. It is also wise to look at the company's reason for wanting to raise additional finance.

For more see: [Understanding Rights Issues](#) by Ben McClure

Delisting

A delisting which we saw last week with INM – Iron Mountain, is when a company is removed from the ASX as a listed company and its shares are no longer traded.

So what happens if you hold shares in a company that is delisted? It really depends on why the company is delisting as to what happens with the shares.

If a company is being delisted because it has done poorly and is going out of business you would expect the shares to be trading at close to zero before delisting, in this case it may not be possible to sell the shares.

Other companies might be delisted because the owners (either new or existing) no longer want the company to be listed on the Exchange. There are a number of reasons why this decision might be made. If a company is being delisted and you own shares, it would be wise to investigate why this is happening and decide if you wish to keep holding them or not.

This is another reason why it is important to keep up to date with company announcements.

Dividends

Companies use the money they make as profits to pay dividends as a way to reward shareholders. By paying dividends the company makes itself more attractive to investors. If you don't understand how dividends work, you can learn more here.

To be entitled to a dividend a shareholder must have purchased the shares before the ex-dividend date. In the real world a dividend will be paid into a shareholder's nominated bank account on the payment date, sometime after the ex-date. In the Game, a dividend gets paid on the ex-date into your Game account as cash.

Something to be aware of, is a lot of shares fall in price by the dividend amount the day they go ex-dividend. Sometimes this doesn't happen and this is referred to as "holding their dividend". It is a good outcome for you if you own the shares because you get the dividend and the shares don't drop by the dividend amount.

If you haven't yet, it would be worth signing up to the **Stock Doctor trial**, as you get regular updates and insights on all ASX-listed companies. This will help you immensely and save you a lot of time as they are doing the analysis for you. (See Game dashboard for signup link).

We have only touched briefly on the subject of corporate actions and if you are looking to invest in the live market, we encourage you to do more learning on this subject.

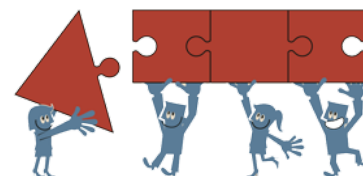
Learn more

Shares course - Lesson 7 - Record keeping

Read what are corporate actions? - Investopedia

Don't play alone

Create your own league and invite friends, family or workmates to play the Game with you. You can have fun, interact online and learn together at the same time. You can even have your own prize or go for the Game's league prize.



Log into the Game and create your league here, then send out your invite via email.

Stock Doctor Webinars



Webinar 1 recording

Game on with Stock Doctor

Webinar 2 recording

Smarter Game strategies

Webinar 3 - Reporting season update – the good, the bad & the ugly

Tuesday 18 September 2018 @ 12.30 pm AEST

[Register here](#)

Webinar 4 - Six secrets of successful sharemarket investing

Wednesday 17 October 2018 @ 12.30 pm AEST

[Register here](#)



The reporting season has come to a close. While there is always the traditional log jam at the end as companies rush to meet the 31 August cut-off, the majority of the stocks you can invest in as part of the ASX Share Market Game have now had their numbers analysed and prospects assessed.

So, what should you do now? Here are four tips on what you should do post-reporting season.

1. Review your current holdings and make sure they continue to align with the reason you bought them. For example, if you purchased a stock because it was aggressively growing its business, but in the latest report growth had slowed and the future prospects of the company were not as bright, then you have a hard decision to make.
2. Remove stocks that don't meet the fundamental grade. You don't have the time in the Game to wait for a recovery. Also consider taking profits from stocks that have had a strong run-up, to free some capital for new opportunities that have risen to the surface.
3. If you have a Stock Doctor trial, clean up your alerts as many would have triggered during reporting season. This will keep you in control between seasons and you won't have to look at your virtual portfolio as regularly.
4. Record any changes you have made to the Stock Doctor Portfolio Manager to ensure that your holdings are being monitored in Stock Doctor via the Advanced Charting Tool, Watchlists, Portfolio Optimiser, Daily Digest, My Journal and Corporate Calendar.

Though a lot of the hard work is over, for now, you still need to be across everything happening with your companies. Fortunes can change in a blink of an eye, so being prepared is the best protection should things get a little bumpy from here on.

Take up your complimentary Stock Doctor membership today – the link to sign up is via your Game dashboard page.