

## Have you made one of these mistakes?

Here are some mistakes that syndicates have made in previous Games.



**Be sure to read these** so you can avoid making these mistakes yourself.

### 1) Purchasing small lots in multiple companies.

As one student previously wrote... *"The mistake that I made... is that I thought it would be smart to buy in lots of different companies that were all going up. This is not the case though, because I realised after I bought into my 16 different companies that the brokerage was \$20 for every transaction. This meant that I had paid  $16 \times \$20 = \$320$  on brokerage. This severely lost me money and looking back it would have been smarter to buy in say 5 companies and put a lot of money into them instead of little bits of money around heaps of different companies."*

And this is not just \$20 when you buy, it is also \$20 when you sell – so you need to consider this.

### 2) Not checking your order before submitting.

Read what this student had to say, *"... the mistake I made, was I forgot to make sure it was on the sell button when I was trying to sell some shares. I did it 3 three times until I realised what I was doing....."*

Get into the habit of checking each of these things because once your trade is submitted, it is very difficult to get it back.

**3) Placing your orders too far away** – often we get emails asking *"Why hasn't my order gone through?"* Often what has happened is that a syndicate has set their buy or sell price too far away from the market, so the order sits there doing nothing.

For example, if the share price of a company is at \$2.00 and you set a limit to buy your shares at \$1.50 - you are going to have to wait until the price gets to or falls below \$1.50 before your order is processed, which could be a very long time, if at all. If your limit order to sell is set at \$3.00 – again, you will be waiting until the market hits this price or above before your order is processed.

### 4) Placing an order at 4.00 pm for the next day.

*"I placed a sell order after 4pm and the banner said "Market closed"... but shortly after I refreshed my*

*portfolio page and saw that the shares had been sold ... I thought that after 4pm trades wouldn't go through until the next day..."*

Be aware that although the market closes at 4pm there is a clearing period between 4pm and 4.12pm where orders will still be processed. If you are wanting to place an order for the next day, make sure it is after 4.12 pm.

### **5) Buying just based on dividends.**

This student wrote in...*"You shouldn't weigh up whether to buy a company simply for the dividends it will be giving. After having had this mentality, I have realised ...each morning, on which dividends are given (the ex-date), the company that is giving them has a substantial decrease in share price, which can often hurt more than the dividends helped."*

So just be aware that if you buy a company based on the dividend, once the ex-date has passed, the price of the share is likely to fall by the amount of the dividend. So it helps to do your research and be sure you are happy with this company and not just base your buying decision only on the dividend.

**If you have any tips that you would like to share**, whether it be from a mistake you have made or a lesson learnt or even how you are progressing in the Game send it in. Email your feedback to [school.smg@asx.com.au](mailto:school.smg@asx.com.au)

**A Game Reminder:** To be eligible for prizes you need to have made at least one buy transaction by 18 April. Plus, purchase shares in at least four different companies over the Game period. Don't forget to do this... otherwise you may not be eligible for prizes.

## **Game update**

The indices and share price list has been updated for the period: 8 March - 21 March

### **Previous newsletters**

- 2018 G1 winners
- Game preparation
- Game start

### **Game Update**

- 22 March
- 28 March

### **Financial links**

- Google finance
- Ninemsn money
- The Bull
- Trading room
- Yahoo finance

### **Financial news**

- The Age