COMPANY RESEARCH ASSIGNMENT

GUIDANCE NOTES

To help answer these assignment questions, use the use the Prices & Research navigation area on the left of the home page of www.asx.com.au. Most of the information you will need can be found from the Company Information page.

Q1. What does the company do?

Locate the "principal activities" of this company and for further details visit the company's website (you'll often find some companies have an "about us" section which may be useful).

If possible provide pictures of goods and/or services this company produces.

Q2. When did the company first become a listed company?

Check the "official listing date" under the company details table. The official listing date is the date this business first became a public company.

Q3. (A) Describe the general trend in the company's share price over the last six months.

Locate the "price history chart" on the asx website and read the key at the top of the chart. The red line shows the company's share price over the last six months. Print out this chart and circle the MAJOR high and low points in the chart. Now that you've pinpointed the major peaks and troughs (lows) in share price and when they occurred, write a couple of sentences describing the trend.

(B) Describe the general trend in the S&P/ASX200 in the last six months.

The S&P/ASX 200 is a market index. It measures the share price movement of the largest 200 companies on ASX. It is similar to the All Ordinaries Index or "All Ords®" as it is sometimes called.

When you feel unwell sometimes a thermometer is used to check your temperature. The S&P/ASX 200 and All Ords® Indices. They are like thermometers and are used to check the overall health or performance of the Australian sharemarket.

(C) Describe the performance of this company's share price compared to the S&P/ASX200 over the last six months.

The blue line on the chart shows the S&P/ASX200 over the last six months. When you describe the overall trend or movement look for extreme highs and lows in the chart. Your description should include facts stating what the index was at a particular time when it had reached its lowest or highest point.

Try to use adjectives to describe the highs and lows rather than just saying "it went up" or "it went down". Listen to a finance report on the news. Do you notice how they use different words for up and down?" Here are some words to help you out.

Words to describe upward trend: Peaked, climbed, surged to, shot to, strengthend, gained, advanced.

Words to describe downward trend: reached its lowest point, declined, dropped to, weakened, fell, receded

Words to describe no or little change: remained constant, remained steady, held firm

Q4. Check the company's last announcement to the market and describe why you think it might have been important for the company to make that announcement.

Locate "company announcements". You may use the headline but for further details of the announcement click on the PDF.

ASX requires companies to disclose (make known) any information that may affect share prices or influence investment decisions. For example, a company will make an announcement when it releases its annual report. An annual report will contain information on the company's profit or loss that may cause investors to buy or sell those shares. Other

examples of when announcements may occur is when a company is a takeover target, new technological breakthroughs occur or if there is a change in the top people who run the company.

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In addition, companies are obliged to make reports which investors might regard as administrative. For example, issues of shares as a result of dividend reinvestment plans, new office addresses etc. It is useful for students to differentiate between announcements that might have market impact and those that won't affect the share price.

Q5. Is your company due to pay a dividend in the future and if so how much?

Go to "Dividends". Dividends are received when the company you own shares in decides to distribute part of its profits to shareholders. Dividends are expressed as cents per share. If you have 100 shares and the dividend is 15 cents you will receive a dividend cheque for $15.

Q6. What GICS industry group does your company belong to?

Go to "GICS Industry Group". GICS stands for Global Industry Classification Standard. Companies can be put into groups or categorized according to their main business activity. For example, Caltex Australia Limited's (CTX) principal activity is purchasing, distributing, and marketing petroleum products. The GICS industry group it belongs to is ENERGY.

Q7. Now that you know the industry group your company belongs to, write a brief paragraph about how this sector of the market has performed over the year.

To answer this question, go to the home page – www.asx.com.au

Prices & Research > Charting. Now that you know the GICS Industry Group your company belongs to, locate the index group from the drop down menu, select the time period and type of chart (a line chart will do) and click on "create chart". You can see at a glance whether the index has increased or decreased.

When discussing how a company has performed, you can use either relative or absolute performance. If you are considering the change in value or performance of a share or sector over the past year, not compared with anything else, this is called absolute performance.However, if you were to compare how a share performed against something else, for example the S&P/ASX 200 index, this is called relative performance. You create a chart comparing your company against others in its GICs sector or against the whole market

Relative performance can sometimes be a difficult concept to grasp. Perhaps an analogy of the weather might help. If you are in winter what is a hot day? In summer what is a hot day? Our expectations and how we measure things often depends on the performance of other things around us. Shopping is another good example. Suppose I buy some new jeans. I might be happy with the price I paid until I walk past a shop which has the jeans for sale at a lower price.

If I own shares that fall a little bit when other share are tumbling down. I might think I have been quite lucky. I might be disappointed if my shares go up by a small amount when the whole market is booming.

Investment fund managers are often measured by how their funds under management have changed in value compared to a bench mark index. They are compared on the basis of relative performance rather than absolute performance. Suppose their benchmark index is the ASX/S&P 200 and suppose this index rises by 3% over the measurement period. Suppose also that their funds under management have risen in value by 4%. They will say they have outperformed the market. In a downturn a fund that had fallen by 5% will be considered to have done quite well compared to a fund that fell by say 10%. It is the same in the ASX Sharemarket Game. The winner might have lost money if the market was falling and everyone else has lost even more!

A NOTE ABOUT INDICES

An index is a way of measuring the performance of a market over time. Think of an index as a tool to help gauge how a particular market is performing. "Indices" or "indexes" are both words that are used when referring to more than one index. The ASX Code for the S&P / ASX 200 is XJO and for the All Ordinaries index it is XAO.

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COMPANY RESEARCH ASSIGNMENT

There are over 2,000 companies listed on the Australian Securities Exchange (ASX). Pick one company to research and answer the assignment questions below. To assist you in answering the questions, use our website – www.asx.com.au.

Present your assignment on poster, paper or as a report, complete with charts and other vital information about the company you have chosen. A complete list of companies listed on ASX can be found on – www.asx.com.au > Prices & Research > Company information.

By completing this assignment you will learn

- What your chosen company does
- How the company's share price has performed
- How to check the performance of a particular sector of the market
- How to check important company announcements and whether your company is going to pay a dividend in the future

Assignment questions

1. What does the company do?
2. When did the company first become a listed company?

3a. Describe the general trend in the company's share price over the last six months.

3b. Describe the general trend in the S&P/ASX 200 in the last six months.

3c. Describe the performance of this company's share price compared to the S&P/ASX 200 Index over the last six months.

4. Check the company's last announcement to the market and describe why you think it might have been important for the company to make that announcement. If you think the most recent announcement wasn't significant, pick an earlier announcement you think was significant. Explain why you think the announcement was significant.
5. Is your company due to pay a dividend in the future and if so how much?
6. What market sector does your company belong to? Look for the GICS industry group.
7. Now that you know the sector your company belongs to, write a brief paragraph about how this sector of the market has performed over the last 12 months. You will need to look at some charts to answer this question.

   How has this sector performed compared to the market as a whole? Can you think of any significant events that might have affected performance? For example, commodity prices, natural events affecting costs or demand, new technology breakthroughs etc.