



WHAT ARE SHARES?

When you invest in shares you are buying part ownership of a company.

If the company performs well, you can benefit from a rise in its share price and you may receive investment income known as dividends. However, if the company performs poorly, your shares could fall in value and the company may not pay a dividend.

Shares that are issued by listed companies can be traded by investors on the stock exchange in which they are listed. Your financial adviser can buy and sell shares on your behalf using a licensed broker.



KEY FEATURES

Capital growth

Capital growth refers to the increase in the value of an investment as a result of a rising share price. A share's price can also fall and result in a decrease in the value of your investment.

Dividend income

A dividend is a cash payment by a company to its shareholders, usually as a distribution of profits. Some companies pay dividends regularly while others pay them occasionally or not at all. Some companies also allow you to reinvest dividends into new shares.

Franking credits

Some companies pay dividends that are fully or partially franked. Franked dividends provide tax credits which may be used to reduce your tax on dividend income. This franking tax credit represents the tax already paid by companies on the profits from which dividends are distributed.

Buying and selling

Listed shares can be easily bought or sold compared to unlisted shares or property. It's also easy to get started as you can buy parcels of shares from as little as \$500 worth. You can buy or sell shares through a licensed broker and the brokerage fee per trade is usually fixed or a percentage of the transaction value.

Shareholder rights

As a shareholder in a listed company, you will regularly receive information from the company and be entitled to vote at annual general meetings. You may also have the opportunity to participate in future capital raisings or share issues by the company, such as rights issues and share purchase plans.

REGISTERING YOUR SHARES

When a broker has purchased shares for you, the completion of the transaction is called settlement and will usually occur on the second business day following the transaction date. On the settlement date, you must pay for the shares purchased plus any brokerage fee. The broker will usually settle your transaction by simply debiting your pre-nominated bank account and registering the shares in your name.

As a shareholder you can choose to register your shareholding on either of the following subregisters:

ISSUER SPONSORED

The Issuer Sponsored subregister is usually maintained by a share registry chosen by the listed company. Your share purchases will automatically be registered on this subregister if you have not arranged to be sponsored on CHESS. If you purchase shares and they are registered as an issuer sponsored holding, the company's share registry will issue you with a unique Securityholder Reference Number (SRN). Therefore if you purchase shares in various companies you will be issued a different SRN for each shareholding. When you decide to sell any of your shareholdings you will need to quote the corresponding SRN to your broker.

CHESS SPONSORED

The Clearing House Electronic Subregister System (CHESS) is operated by the ASX Settlement Pty Limited (ASX Settlement), a wholly owned subsidiary of ASX Ltd. When you enter into a CHESS sponsorship agreement with a broker (CHESS sponsor), you will be given a unique Holder Identification Number (HIN), which identifies you as a holder of shares on the CHESS subregister. CHESS sponsorship allows all your share holdings to be held under the one HIN and your CHESS Sponsor will control the transfer or movement of shares to or from your CHESS Sponsored holdings. CHESS also makes it easy for your financial adviser to view and transact your holdings on your behalf.

Registration of your shareholding on either subregister is electronic, however you will receive a paper shareholder statement for each company shareholding confirming your registered details and number of shares held.

Your new shareholding will be recorded by the company's share registry on a principal register. The principal register is made up of the holdings registered on both the CHESS and Issuer Sponsored subregisters.

For more information about our products and services, please visit www.CommSecAdviserServices.com.au, contact your CommSec Adviser Services Business Development Manager or call us on **1800 252 351**.