

STOCK MARKET 101

WHAT EVERY INVESTOR SHOULD KNOW

About Us



Moran Capital is a financial services company that has partnered with the leading financial institutions to ensure that we give you the best investment and financial solutions by providing you with expert advice to ensure you make the best financial decision and make your money work for you.

Moran Capital utilizes the Multi Manager approach, and through this platform, we offer you solutions to address your various investment needs such as growth of funds, regular and attractive interest income as well as investment risk management.

At Moran Capital we review the myriad of investment opportunities available through reputable financial institutions and using our valuable experience, we select together those that best suit your needs, adding to independent and efficient decision making.

Areas of Expertise

- Investment Advisory
- Wealth management
- Private Equity
- Stock Trading
- Insurance – contingency planning
- Retirement planning
- Project Financing
- Real estate
- Local and International Unit Trusts/
Mutual Funds
- Fixed Income Investments
- Financial Training

Why Choose Us

Expertise – Our partners have an accumulative wealth of experience of over 30 years in various sectors of the financial industry globally.

Service – We have put thought into providing excellent, dedicated and personalized services to cater to the specific needs of our clients.

Independent – We have an impartial approach where we put your interests first and offer tangible and workable solutions specific to your needs.

Products – We have simple and structured products that cater to different financial needs.

Returns – We strive to ensure that you get the best returns available in the market.

Risk management – Security of funds is our first objective and we carry out thorough due diligence to ensure that this is achieved.



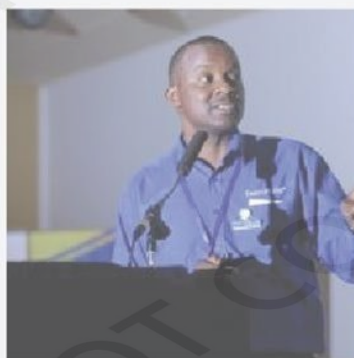
Board of Directors



ALEX RURI
MANAGING DIRECTOR & CEO



VERA WAMBUI DIRECTOR
FINANCE AND STRATEGY



DAVID WAGACHA,
CHAIR IIA, CPA-K DIRECTOR



PETER WACHIRA, CFA, CIFA
EXECUTIVE DIRECTOR



MADREN OLUOCH
SECRETARY TO THE BOARD
& COMPANY SECRETARY



ANTONY MWANIKI
DIRECTOR



Our Team



Benson Waweru
Client Service
Manager



Boniface Kariuki
Business
Development



Daniel Mburu
Client service
associate



Isaac Kamau
Accountant



Winnie Wanjaria
Wealth Advisor



Sarah Njoroge
Wealth Advisor



Florence Gakiyo
Wealth Advisor



Kenneth Kinoti
Wealth Advisor



Lydia Ndiho
Wealth Advisor



Lemek Oltele
Wealth Advisor



Our Success is Built On

- Active Client Relationship Management
- Corporate Governance
- Wide Global Network
- Deep Market Experience



Stock Market Facts

1. The Stock Market is more than 400 years old!
2. The New York Stock Exchange closing auction is the single largest liquidity event of the day – trading \$18.9 billion per day.
3. There are more than 60 stock exchanges in the world!
4. The stock market is 70% likely to go up on any year.
5. October is the most volatile month.
6. August /September is the worst month.

Kenyan Stock market

1. NSE has sixty three (63) listed companies that are classified into Eleven (11) sectors.
2. The current market capitalization of the Nairobi Securities Exchange is KES 1.61 trillion.
3. Day trading at NSE accounts for two percent of market activity

What is a share or stock?

- ❑ A share or stock also known as equity of a company represents the **ownership right** of a company
- ❑ Stockholders are therefore entitled to that portion of the corporation's **assets** and earnings.
- ❑ Companies issue **stock** in order to raise **capital** to finance future growth.

Types of Shares/Stocks

1. Common shares

Common stock is a security that represents ownership in a corporation. Holders of common stock elect the board of directors and vote on corporate policies.

2. Preferred shares

Preference shares, more commonly referred to as preferred stock, are shares of a company's stock with dividends that are paid out to shareholders before common stock dividends are issued e.g. KPLC preferred shares

Private vs Public Equity

Private Equity – A private equity investment is a financial investment made in a company (or group of companies) that is not publicly traded on a stock exchange. The capital comes from high-net-worth individuals, also known as accredited investors, and institutional investors such as venture capital, hedge funds, large mutual funds, and endowments.

Public Equity - Public company shares listed on a stock exchange (such as Nairobi Securities Exchange, NYSE, NASDAQ, LSE) are considered public equity investments. All investors, regardless of net worth, can invest in public equity. As a company, listing on a public stock exchange (called an “initial public offering” or “IPO”).

Factors to consider when buying stocks

1. **Goals** – Why are you investing in the stock market?

- Where does it fit in your financial goals
- What Stage are you in your Investment Life Cycle
- Capital Gains
- Dividends
- Sentimental or Commercial Take overs

2. **Research and build your Knowledge**

1. **Macroeconomic conditions** – Inflation , Foreign currency, political environment
2. **Market trends** – Growth or Declining Market, Revenue Drivers
3. **Company Analysis** - Find Out What They Do Your first step in figuring out how to find good stocks is to research various companies. Look at different businesses to understand what they do. What sector are they in? Who is on the board of directors? Who is in their management? How long have they been around?

Factors to consider when buying stocks



3. **Timing** – Bearish vs Bullish Market.

4. **Look at the Company's Price-to-Earnings Ratio**

The P/E ratio of a company is defined as the price of a share of a company divided by the earnings per share (EPS). The lower the better valued the stock.

$$\text{P/E Ratio} = \frac{\text{Market value per share}}{\text{Earnings per share}}$$

Top 5 companies P/E Ratio

Company	P/E Ratio
Kenya Re-insurance	0.83
I&M holdings	1.77
Centum	2.27
NCBA	2.68
Diamond trust bank	2.85

5. Dividend Yield

Look at the Company's Dividend yield

The dividend yield, expressed as a percentage, is a financial ratio that shows how much a company pays out in dividends each year relative to its stock price.

$$\text{Dividend Yield} = \frac{\text{Annual Dividends Per Share}}{\text{Price Per Share}}$$

Top 10 stocks with high dividend yield

	Company	Dividend Yield
1.	Umeme	22.25%
2.	Carbacid investment	13.60%
3.	Standard Chartered bank	13.57%
4.	Williamson Tea	12.50%
5.	BAT Kenya	11.64%
6.	Bank of Kigali	10.83%
7.	Crown paints	9.99%
8.	Kapchorua Tea PLC	9.73%
9.	Nation Media Group	9.65%
10.	Kengen	9.32%

Stock market trends



Factors Affecting the Stock Market?

1. High Inflation
2. Foreign currency Restrictions
3. Global issues e.g. Ukraine & Russia War
4. Increase in Interest Rates

Forecast



We are **OPTIMISTIC** that this is the **BEST** time to get into the market

1. Covid is now Behind us
2. Intervention are being made Foreign currency Restrictions and foreign investors are coming back to buy into the market
3. Supply Chain Issues Normalizing

Reasons to invest in the Stock market

- ❑ **Regulation** – Companies listing are vetted and regulated by the Capital Markets Authority (CMA) and they should share updates, financials continuously to ensure transparency.
- ❑ **Capital growth** - Speculative vs Long Term. The price of a stock will go up or down over time. When it goes up, shareholders can choose to sell their shares at a profit.
- ❑ **Dividend income** - Companies pay dividends to their shareholders, which can be a source of tax-efficient income for investors.
- ❑ **Diversification of Investment Portfolio** – Defensive stocks such as the financial services, EABL
- ❑ **Voting privileges** - The ability to vote means shareholders have some measure of control over who runs the company and how.
- ❑ **Liquidity** - Typically, common shares can be bought and sold more quickly and easily than other investments, such as real estate, art or jewelry. This means investors can buy or sell their investment for cash with relative ease.
- ❑ **Advantageous tax treatment** -Dividend income and capital gains are taxed at a lower rate than employment income and interest income from bonds or GICs.

How to Select an Investment Portfolio

STEP 1: CHOOSE YOUR SHARES

When you are looking for shares to form part of your investment portfolio, you are going to use either one of the following analysis methods or a combination of both:

Fundamental analysis – in which you analyze different factors that may influence the future price of a share according to the company's management, financial statements, and the position of the company in the industry and market.

Technical analysis – in which you analyze the price movements of the share by viewing price charts, patterns, and graphs, which indicate how its price moves.

STEP 2: CHOOSE YOUR SHARES contd....

Risk Analysis - To choose the right shares, you need to understand what your risk profile is, what risk appetite you have, and what risk you are willing to face when buying and selling shares.

Please note that stocks are **variable** in nature so this should not be for your Emergency fund or for a goal that requires a fixed amount to be paid in the short term.

STEP 3: CHOOSE A STOCKBROKER OR INVESTMENT ADVISER

You cannot buy or sell shares directly on the NSE. You need a stockbroker that will facilitate your trade. Choosing the right broker will involve in-depth research of the market and work with professionals that offer their trading and investment solutions and options.

STEP 4: OPEN A TRADING ACCOUNT

Before you can start trading, you need to register a **Central Depository System (CDS)** account. This account will be unique to each investor, and it can either be opened by an individual or on a joint basis.

This account is like a bank account specifically for the stock and securities market, with the Central Depository and Settlement Corporation (CDSC) ensuring that all settlements are paid out.

STEP 5: BUYING SHARES

Before you deposit capital into your trading account, it is important to first agree on which share you would like to buy

Then you can fund your account after that.

Conclusion

To Invest in the Stock Market. Evaluate the Following:

1. Goals
2. Where does this fit in your Investment Portfolio
3. Buy Companies with Good Fundamentals
4. Cost Averaging – Start small and buy over time
5. Time it Right - Buy on Price Dips and sell on the highs
6. Book an Appointment with US - Moran Can assist you to build your Portfolio



Q&A