



# Equities

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## **Exercise 1**

Explain the account opening process for Equity investment.

## **Exercise 2**

What are the commissions charged by various stockbroking houses?

## **Exercise 3**

There are 5 case studies which show Individuals or Families with different profiles.

Every group will be given a case and they have to suggest Equity products that are suitable for the case they are given.

The group must also explain the suitability of the products suggested.



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## Case 1: High-yield

Jason is a second-year student at the Singapore Management University. Having undertaken a course in Portfolio Management recently, his professor has impressed upon him the importance of investing young and Jason has decided to do so. Since Jason hails from a middle-income family, he is determined to invest an initial \$1,500 into his stock portfolio. Subsequently, he would set aside up to 40% of his monthly \$300 allowance for additional investment/rebalancing requirements. Jason is focusing mainly on stocks with substantial capital gains yield and if possible dividend yields as well. At his young age, he feels that it is alright to take on significant but acceptable risks in choosing stocks to make up his portfolio.



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## Case 2: Stable Growth

Jackson has just turned 55 and has opted to retire from his job. Having received advice from his family and friends earlier on, Jackson had wisely chosen to sign up for the CPF LIFE plan earlier on. With a Retirement Account balance of \$250,000 and being eligible for the L-Bonus of \$4,000 due to his early sign-up, Jackson is entitled to receive monthly payouts of roughly \$2,373 under the LIFE Plus Plan. Hoping to rollover these payouts, Jackson is looking for suitable investment opportunities, particularly in the stock market. However since this is his retirement allowance, Jackson is extremely risk-averse and prefers looking for stocks with stable growth and relatively moderate/low yields as a means of further supplementing his income.



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## Case 3: Fast Growth

George is an entrepreneur and a self-made millionaire. Having invested in the stock market for a couple of years in blue-chip stocks, he has managed to receive relatively acceptable returns. Now, having some experience with the stock markets, he is looking to invest in fast growth stocks to reap high returns at a much faster rate. This will be the first time George is venturing into fast growth stocks, and he realizes that with high returns, there will definitely be high risk. However, he is still interested to try it out, and see if he wishes to continue playing with fast growth stocks after.



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## Case 4: High Risk

Carrie is a rich tai-tai and has always shown her interest in playing with the stock market so her husband has just given her a sum of money for her hobby. Because Carrie is not investing to pay off any loans or finance any bills, she wishes to invest in stocks which can give her extremely high returns. If she earns profits from buying stocks, Carrie plans to buy a new bag or plan a staycation with her husband at Marina Bay Sands. If she loses all her money, there are no adverse consequences as the sum of money given to her is just some disposable income.



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## Case 5: Short-Sell

Maria is has just started work after graduation at a small investment firm. Given the current market situation, Maria has an extremely negative outlook on the economy and believes that stocks will only do worse than it is within the current year. She does not have much capital to start with but wishes to set aside 20% of her monthly salary into stocks. She wishes to only short sell stocks given her pessimistic mindset of the market.