RO2 LEARNING OUTCOME 1

Chapter 2
Equities, property and alternative investments
(Learning outcome 1)

FACTORS THAT EFFECT SHARE PRICES

- External Economic or Political Factors
- Investor Sentiment
- Profit Expectations
- Dividend Expectations
- Takeover Activity
- The Quality and Track Record of Management

ALTERNATIVE INVESTMENTS

- Works of art and collectables
- Commodities
- Cryptocurrencies

COMMERCIAL PROPERTY INVESTMENT

1. Retail (Shops)
2. Office Buildings
3. Industrial properties (factories and warehouses)

DRAW BACKS OF PROPERTY INVESTMENT

- Liquidity
- Management Issues
- Void Periods

LONDON STOCK EXCHANGE

- The Official List or Main Market
- AIM

INVESTMENT RATIOS

- Earnings Per Share (EPS)
- Dividend Yield
- Dividend Cover
- Price Earnings (P/E) Ratio
- Net Asset Value (NAV)

TYPES OF PREFERENCE SHARE

- Cumulative Preference Share
- Non-Cumulative Preference Share
- Participating Preference Share
- Redeemable Preference Share
- Convertible Preference Shares

SHARE RISKS

- Equity Capital Risks
- Share Dividend Volatily
- Currency Risk
- Liquidity Risk
- Counterparty Risk
- Fund Managers and Insurance Companies
- Regulatory Risk

EQUITY DIVERSIFICATION

- Diversifying from individual shares
- Diversifying across Sectors
- Diversifying across international markets

OTHER TYPES OF ORDINARY SHARE

- Non-Voting Ordinary Shares
- Deferred Ordinary Shares
- Alphabet Shares

PRIVATE EQUITY

- Private Equity Funds
- Listed Private Equity Investment Companies