

B-Ordinary Shares



JS III

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What is a share?



- If you own a share, you **own a portion of a company**;
- Someone who owns one or more shares is called a **shareholder**;
- Shareholders may receive cash flows (**dividends**) if a company's board of directors declare that the company has performed well and has enough profit to distribute to its shareholders;
- A share in the company gives you the **right to vote** on decisions affecting the company;
- You can also call a share, '**equity**' or '**stock**'.

B-ordinary shares



- B-ordinary shares are a different class of ordinary share;
- B-ordinary shares are subject to the Articles of Association of the company concerned;
- Holders of B-ordinary share have fewer or no voting rights and may not have a right to any payment of capital when a company is dissolved.

Benefits of investing in B-ordinary shares



- Dividends for B-ordinary shareholders are not fixed and can be higher than dividends for preference shareholders;
- Besides cash flow, shareholders can also obtain capital growth i.e. selling the share at a price higher than what it was purchased at.

Who should invest in B-ordinary shares?



- Investors looking for a long term investment;
- Investors with a high appetite for risk, willing to take higher risk to achieve higher return.

Factors to consider when investing in B-ordinary shares: Risk, Return and Dividends



- Investing on the stock market is riskier than some other investments
 - The reason for this is that share prices rise and fall all the time as economic and market forces change.
- However, the higher **risk** involved also means that you have an opportunity to make a greater profit.
 - Usually, higher risk means a higher **return** (profit).
- It is important to realize that share trading normally does not make you rich overnight, but that it should be treated as a long term investment.
- Should the company cease to exist, the B-ordinary shareholders might receive a dividend after the company's debt has been paid, the preference shareholders' and Ordinary shareholder's **dividend** has been paid.
- An B-ordinary share dividend is never guaranteed.

How to invest in B-ordinary shares?



- To buy or sell B-ordinary shares on the Johannesburg Stock Exchange (JSE) you need to open a brokerage account with an accredited **stockbroker**;
- You can find a list of stockbrokers [here](#).

Contact us



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