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“Investment Tuesday”  
(for 7 November, 2006)

by Robert Baldwin

Last Tuesday I wrote about investments in the stock market of Uganda, also known as the Uganda Securities Exchange (USE). The USE is the place where investors can buy or sell shares in any of the 8 publicly listed companies: BAT, Baroda, UG Clays, DFCU, New Vision, KQ, EA Breweries, or Jubilee.

But how do investors make money by owning shares in these 8 companies?

The first method of making money, just as with any trading business, is to buy low and sell high. For example, if an investor bought shares in New Vision today for 500 USH per share and the price of the share over time rises to 550 USH, upon selling his shares at the market the investor would make 50 shillings per share ( $550-500=50$  USH).

The second way that investors make money is through dividends. If you own shares in a company that makes a profit over the financial year and the company's board of directors decides to share that profit with shareholders, this is called a dividend. Recently, Uganda Clays declared a dividend of 400 USH per share for all shareholders. So if a person owns 100 shares of Clays at the time the dividend is to be paid, they would receive  $400 \text{ USH per share} \times 100 \text{ shares} = 40,000 \text{ USH}$ .

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