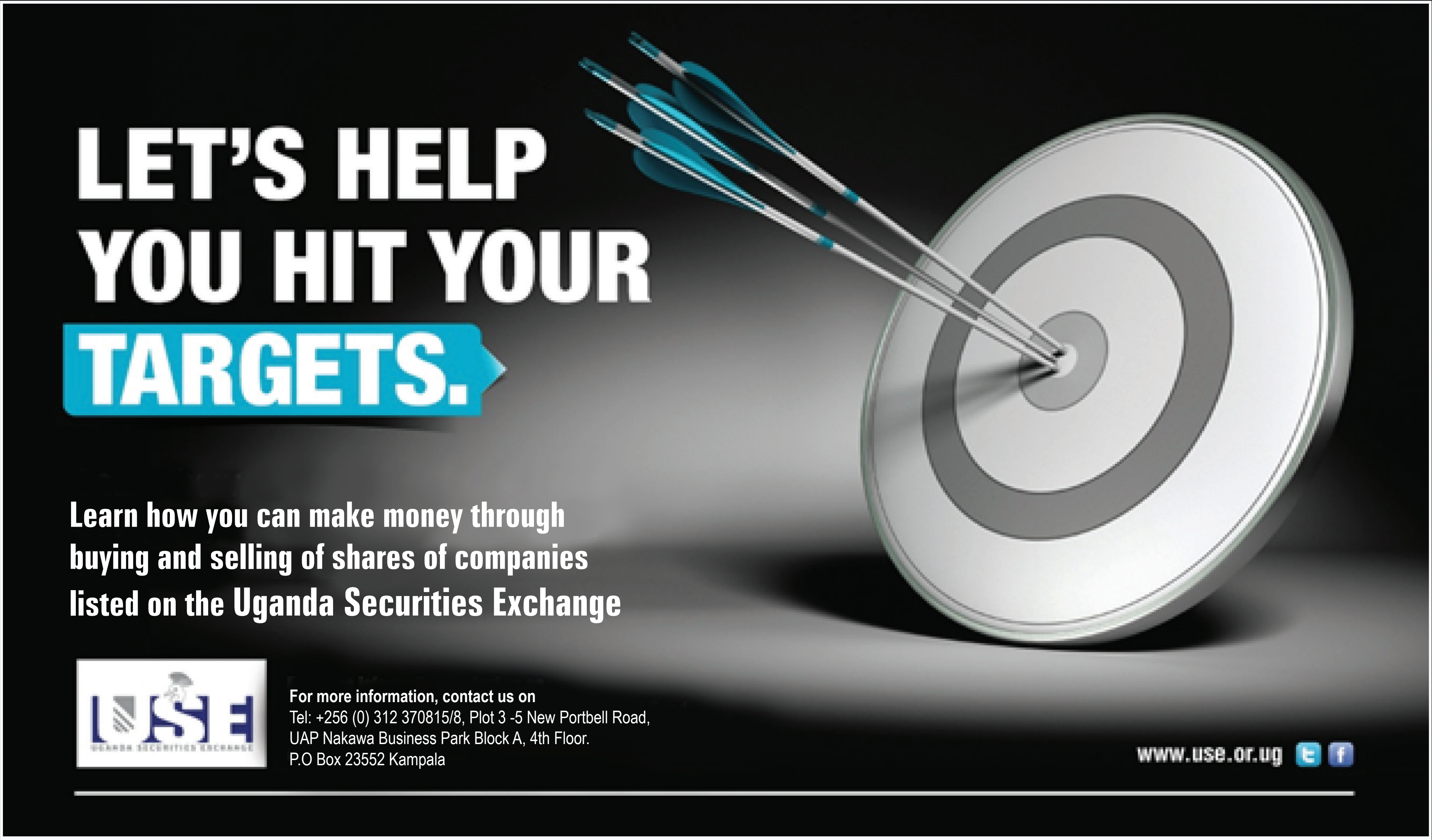

A lot can be said about strategic collaboration and a leap in potential when great teams come together. Happy 30th Anniversary New Vision!

WHAT IS A SHARE? AND HOW DOES IT BUILD YOUR WEALTH?

First things first. Just what is a share, anyway? And how exactly do you make money by investing in them?

What is a share?
Quite simply, a share is a tiny piece of a big business.
Companies sell shares to the public in order to raise funds for expansion and growth.

Pause for a moment and think about a company that produces something you use every day or week.

- You might do your banking with Stanbic Bank Uganda;
- Or maybe you're an Umeme customer.
- Perhaps you enjoy a Cigarette while relaxing during your free time.

All three of these companies, Stanbic, Umeme, and BATU, consist of hundreds of millions of shares owned by tens of thousands of investors. The exact share count of each company is in the table below:

Company	Total Shares
Stanbic Bank	51, 188,669,700
Umeme	1,623,800,005
British American Tobacco(BATU)	49,080,000

So, the moment you buy one share of a company like Stanbic, you suddenly own a tiny little piece of every Stanbic bank branch, car, and cash. You own a tiny little piece of every item owned by Stanbic bank. You even own a piece of the stapler that sits on the CEO's desk.
Pretty cool, right?

As a shareholder, you really are a part-owner of a business. The most successful investors never lose sight of this.

How do you earn money investing in shares?
You can make money from shares in two basic ways — dividends and price appreciation.

Price Appreciation
The other big reason to invest in shares is because of their potential to increase in value over time.

Share prices rise and fall from day to day. They are determined by the lowest price that any one shareholder is willing to sell his or her shares for.

So, if a company is doing very well or if its future looks promising, its share price will tend to rise. Conversely, if the company's performance is poor or if it encounters a big obstacle to growth, its share price will tend to fall.

Here's how the share prices of the companies mentioned earlier have changed ever since they were listed.

Company	Share Price at listing	Share Price at 15/2/16	Price change (%)
Stanbic	70*	31	342%
Umeme	275	557	103%
BATU	1,000	30,000	2900%

*Stanbic shares were listed at Ushs70 per share. 2 subsequent bonus issues have split the outstanding shares 10 fold.

In 2001 BATU listed 49,080,000 shares at a price per share of Ush 1,000 through an Initial Public Offer (IPO) on the Uganda Securities Exchange. To illustrate, if Jack had used Ush1,000,000 to invest in BATU at the IPO, they would have bought 1,000 shares at a price of Ush1,000 per share.

BATU is currently trading at a price of Ush30,000. This difference of Ushs29,000 is a capital gain for the investor. If Jack decides to sell his 1,000 BATU shares at today's price, he will receive a total of Ush30,000,000.

He will thus have made a total capital gain of Ush29,000,000 from his original investment of only Ush1,000,000. It should be noted that share prices can go up and down. For BATU, the share price went down to Ush.300 per share at some point. An investor who bought BATU shares at that price would have made an even greater capital gain whereas an investor who sold at that price would have made a huge capital loss.

Dividends
Dividends are periodic cash payments that a company makes to its shareholders. They are the excess profit that the company has earned in the course of its financial year and are either deposited directly into a shareholder's bank or trading account or mailed to them in the form of a cheque.

Here's the dividend that Stanbic, Umeme, and BATU paid for each share of stock for the year ended 31 December 2014.

Company	Dividend per Share (Ushs)
Stanbic Bank	1.5
Umeme	21
British American Tobacco (BATU)	850

To illustrate using Jack's example above, BATU has paid dividends whenever the company's performance has been good over the years. Considering the period from 2009 to 2014, the dividend paid per share to Jack for his 1,000 shares would have been as per the table below:

Year	Dividend paid per share (i)	No of shares (ii)	Total dividend (i)*(ii)
2009	56	1,000	47,600
2010	228	1,000	193,800
2011	450	1,000	382,500
2012	141	1,000	119,850
2013	141	1,000	119,850
2014	784	1,000	666,400
2015	413	1,000	350,050
Total Dividend income*	**2,213**		**1,881,050**

The above table shows you that Jack would have earned Ush1,710,000 through dividend income alone assuming he had not sold his shares.

Typically, the dividend payment is pretty small compared to the price that you pay for a share. It's usually in the range of 1 – 5% of the share's current price. But if the company is growing and profitable, the amount of the dividend will increase steadily with each passing year.

Keep in mind, however, that not all companies pay dividends. Some young companies decide to use all of their extra cash to grow and expand. Other companies are forced to reduce their dividend or stop paying it altogether if they fall on hard times. So, dividends are never a sure thing.

The most consistent dividend-paying companies tend to be big and well-established. Their profits are so large that they can fund both growth and a dividend.

Conclusion
As an investor, the key is to buy shares of a good company at a fair price. Do this and there's a very good chance that the value of your shares will rise over the long-term. Then, at some point in the future, you can sell them for a healthy profit.