What is a listed share?

The category listed shares includes shares admitted to trading on a regulated market (stock exchange) within the EU/EEA. Shares in this category are considered simple shares.

A share is a unit of ownership interest in a company. When you buy shares, you become a co-owner of the company, and therefore your investment depends on how the company performs.

The company's ability to make money influences the price of your shares. Other factors also influence the price, for instance the internal situation of the company, economic cycles, competitors and marked conditions in general.

For which investors are shares relevant?
Shares are relevant for investors with positive expectations of the performance in specific businesses, industries or regions.

Possibilities offered by shares
Share prices may fluctuate widely and therefore they are best suited for investors with a long investment horizon. If you invest with a short horizon hoping to see quick gains, you must be aware that typically this involves a great risk.

Pros and cons

SHARES	
Advantages • There is no upper limit as to the gain on a share. • Shares are generally very liquid and are easy to buy and sell.	**Cons** • Generally, shares involve greater risks than investment in bonds, for instance and at worst you risk losing your investment if the company, in which you have invested, goes bankrupt. • Shares may be illiquid and therefore difficult to buy or sell.

What happens in practice?
To buy shares you must have the full purchase amount at your disposal in your account.
The price of the share is determined by supply and demand in the investment market and by investors' expectations of the company.

Return
Your return consists of both dividend and the performance of the share. The performance is an increase or decline in the value of the share, i.e., the share price.

Dividend is part of a company's profit which is paid once a year. At the annual general meeting, the shareholders set the dividend rate. Please be aware that some companies do not pay dividend so here the return is solely based on the performance. After a dividend payment, the price of the share will fall since the value of the company has fallen by exactly what has been paid to the shareholders. Therefore, it is in principle of less importance to your pre-tax return whether it is in the form of a dividend or a price return.

About risk
Several risk factors must be considered when investing in shares, such as:
A company may go bankrupt and the value of your share will therefore be zero. If you buy a share denominated in another currency (for instance, euro) than your base currency (for instance, the British Pound), you also assume an exchange rate risk. If you only buy shares in one single company, you are more sensitive to the performance of the company than if you spread your investment across different companies (diversification). This means that through diversification you have a smaller proportion of your investment in each individual company. We therefore recommend that you spread your investment across more companies. Moreover, it will usually add to your diversification if you also spread your investments by buying shares from various sectors and maybe even from various geographic areas. Generally, low dependence among the shares also results in a higher degree of diversification.

If you own shares or bonds issued by a bank, a mortgage bank or a stockbroker, the securities are so-called unsecured securities that are subject to the EU Bank Recovery and Resolution Directive.

If you do not invest sufficient funds to spread your investments, mutual funds or ETF (Exchange Traded Funds), may be the right alternative for you.*Read more about investment by viewing the fact sheet: "What is a mutual fund unit?".*

According to the risk classification, shares traded in a regulated market (stock exchange such as OMX or another authorised market place) will be categorised as 'amber', while the rest will be 'red'.

Read more about the risk classification of investment products at:
trustednovusbank.gi/investmentinformation

In which way is a share similar to a bond?
A share will typically entail a bigger risk than a bond. When buying a bond, you lend money to an enterprise, a mortgage credit institution or a state. When buying a share, you buy a small part of an enterprise. When buying a bond, you are certain that you will receive a payment in the form of interest and repayment on the loan. When buying a share, you are in principle not guaranteed any return. If an enterprise goes bankrupt, bondholders will be first in line to get their part of what is left of the enterprise, while shareholders will typically be last in line.

Tax
We do not give advice on tax issues in connection with specific transactions.
If you wish to learn about the specific importance of the tax rules for you, we recommend that you consult your accountant.

What you should know before trading
We recommend that your investment profile is reviewed before you engage in transactions. Your relationship manager can help you with that. We also recommend that you contact your relationship manager if you have any questions in relation to anything described in this fact sheet, or if you would like to have some points clarified.

Most liquid shares are fairly likely to be transferred in connection with a sale. However, investors should be aware that especially non-liquid shares may be hard to sell and that this risk is often increased by market unrest.