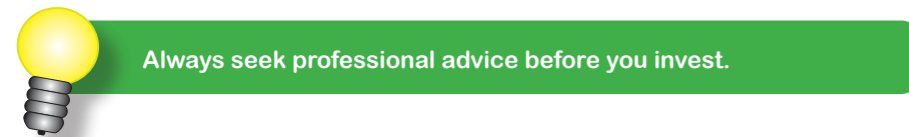


The financial institution may verify your personal information and address using any one or more of the following methods:

- Utility bills such as an electricity, water, telephone or property rate bill. Some financial institutions may also accept any of the mentioned bills in the name of your landlord;
- Obtaining a reference from a professional or a letter from your employer or school;
- A known customer of the regulated institution; or
- A customary authority, civic or community leader that knows you.

Once you go through the formalities, you will be given a certificate of a receipt for your investment.



INVESTING YOUR MONEY

INVESTING IN A FIXED DEPOSIT

To invest in a fixed deposit, contact a bank, or a financial institution of your choice and place your money with it. At the end of the fixed period of the investment, you must go for the money invested, unless you decide to invest for another fixed period.

BUYING SHARES OR BONDS

To buy shares or bonds, contact a stockbroker who will buy the instrument on the stock exchange, such as the Lusaka Stock Exchange for you. The minimum amount you can invest in shares or bonds depends on the price of the share or bond you want to buy and the minimum number of shares that can be transacted.

A stockbroker is an agent licensed to buy and sell shares and bonds on behalf of investors. A list of licensed stockbrokers is available at the Securities and Exchange Commission. The time it takes to get the shares or bonds bought for you and the price at which you buy the shares or bonds will depend on the conditions on the market. Shares and bonds that are in a great supply can be purchased easily, while those that are in great demand may take some time to be purchased.

SELLING YOUR SHARES OR BONDS

To sell your shares or bonds you must contact a stockbroker who will sell them on the stock exchange for you. Depending on the market, the price you get for the sale of your shares or bonds may be higher or lower than your purchase price.

How long it takes to get your shares or bonds sold is dependent on the state of the stock market and the price at which you wish to sell. Shares or bonds that are in great demand can be easily sold; while shares or bonds that are in great supply may take some time to be sold.

INVESTING IN MUTUAL FUNDS AND UNIT TRUSTS

To invest in a mutual fund or a unit trust you must contact the manager to the fund (the fund manager) who stands ready always to sell interests in the mutual fund or the unit trust to investors. A fund manager is an investment advisor licensed to manage the assets of the mutual fund or the unit trust. A list of licensed investment advisors is available at the Securities and Exchange Commission.

SELLING YOUR INTEREST IN MUTUAL FUNDS AND UNIT TRUSTS

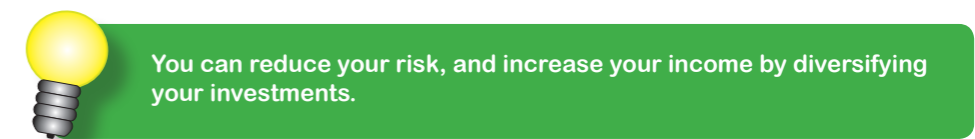
You can sell your interests in a mutual fund or a unit trust any time to the manager of the fund who stands ready always to buy your interest and pay you.

You will be a successful investor if you review the information you are given, ask questions, and make sure you understand the investment you are undertaking.



Investing involves using your money to buy financial assets such as shares, unit trusts, treasury bills or bonds to increase their future value, or putting your savings to work for your money to grow. This means that you make your money available to be put into an investment fund or ventures and thereby benefit from the profits from such ventures.

Imagine a person who makes a lot of money from her work and not needing all that money immediately; she could decide to buy and stock e.g building materials, jewellery, a car, clothes etc. She would then spend time and resources to take care of these assets and subsequently use them or sell them, hoping to obtain profit. This is a form of investment. However, investing with a financial institution frees you from the responsibility of managing the investment. It is done on your behalf by professionals and you receive the profits when they come in whilst paying the professionals for their service.



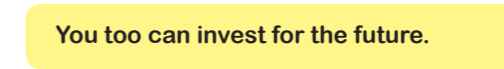
WHAT FORMS OF INVESTMENTS ARE AVAILABLE TO YOU?

There are different investment products to choose from and you need to educate yourself fully about them to enable you to determine and choose the one that best suits your situation and financial need. Some of the available investment products to choose from include the following:



Fixed Deposit or Certificate of Deposit: When you invest in a fixed deposit, you lend your money to the financial institution and benefit from the interest that accrues on the money.

You can invest in a fixed deposit by paying money into an account set up for you by the relevant financial institution. After going through the relevant processes you will be given proof that you have invested in the form of a certificate of deposit. This gives you a fixed amount of interest which may be paid to you periodically over the life of the investment or cumulative at the end. It is an obligation on the financial institution to pay you the interest.



Shares: A share is an instrument which represents a part ownership of a company. When you invest in shares you become a shareholder in the company and are entitled to dividends from the profits of the company.

Bank of Zambia | Tel: 0211-228888 / 221118 | Fax: 0211-223502 | Email: fecu@boz.zm

Pensions and Insurance Authority | Tel: 0211-251401 / 251405 | Fax: 0211-251492 | Email: pia@pia.org

Securities and Exchange Commission | Tel: 0211-222368 / 227012 | Fax: 0211-225443 | Email: sec@zamnet.zm



You can reduce your risk by diversifying your investments.

If you invest in bonds, you receive a promised fixed amount of interest on your investment every half-year or every year. It is an obligation on the issuer of the bond to pay you the interest.

Mutual Funds / Unit Trusts: Mutual funds and unit trusts are financial instruments that allow investors to pool their money together under the management of a professional fund manager who is responsible for investing the pooled resources in specific investment opportunities.

Mutual funds and unit trusts are designed principally for small savers; you can start investing in these schemes with as little money and buy more shares or units on a regular basis with even smaller monthly payments.

When you invest in a mutual fund or unit trust, you become a part owner of the funds's assets and share in the returns from investments made by the fund manager. Your investment may, however, fall in value if the fund makes a loss.

SALE OF INVESTMENT PRODUCTS

You can sell part or all of your investments in shares, bonds, mutual funds or unit trusts any time you want to do so. Getting your shares or bonds sold quickly depends on the availability of buyers in the market and the price that you may want to sell at. For investment in mutual funds or unit trusts, the fund manager stands ready at all times to buy from the investor.



You can sell part of or all your investments anytime you want to do so.

INVESTMENT AND RISK

Like many of life's activities, investments are associated with risk. Risk is the possibility of losing part or all of the money invested.

Investment-associated risk is the chance that the invested capital may drop in value which means that your aim for investing may not be achieved because the investment does not work as one hopes or expects.

To buy shares in a company that is listed on the Lusaka Stock Exchange you must contact a stockbroker who will buy them on the stock exchange for you. If you invest in shares you receive income in the form of dividends from the company. Dividends may not always be paid by the company as they depend on the performance of the company and decisions of the Board of Directors.

Bonds and Treasury Bills: A bond or a treasury bill is an instrument used by the issuer to borrow money from the holder with an obligation to repay the principal and interest on future dates. When you invest in bonds you lend your money to the issuer of the bond who may be a company or government.



Most investments come with risk. You can lose some of your money.

WHY SHOULD YOU INVEST?

How would you like to give a bit of your earnings to someone to do business with and who would then pay you back regularly or at an agreed time with additional money earned from what he used your money for?

This is what happens when you invest. Here are some key reasons why you should consider investing your money;

- You generate additional resources to protect your future well being;
- You achieve your financial goals such as buying a house, a car or starting a business;
- You accumulate resources to care for your children, ageing parents or other relatives;
- You secure your retirement income;
- You contribute to the growth of your national economy as your investment is deployed in the productive sector of the economy;
- You preserve the value of your money against inflation.

HOW AND WHERE CAN YOU INVEST?

There are financial institutions that specialize in managing investments. These include banks, asset stockbrokerage firms, investment advisory firms, etc. A variety of investment avenues are offered by different financial institutions and they are always happy to advise you on how you should go about investing your resources.

HOW TO CHOOSE THE RIGHT INVESTMENT

There are various factors that can inform your choice of investment products. Weigh these factors carefully and make the decision. The factors include:

- Your objective for investing
- Your current income;
- Your age;
- Your risk tolerance level, i.e. the extent to which you are capable of coping with the uncertainties associated with investing.



Before you take a decision to invest and what to invest in, consult an investment advisor or stockbroker who is in the best position to help you to define clearly your investment objectives and determine which investments are best suited for you.

WHO CAN INVEST?

Investment is good for anybody who receives income and is able to set something aside to achieve future financial goals, ensure retirement income or generate extra resources to protect his or her future well being.

WHEN SHOULD YOU INVEST?

When you invest, the resources that you thereby commit may not be immediately available to you when you need them. You should, therefore, invest at a time that will not put a financial burden on you. Invest only after you feel satisfied that you understand the commitment you are making, preferably, after receiving professional advice.



Be cautious of get-rich-quickly investment schemes.



MANAGING YOUR INVESTMENT

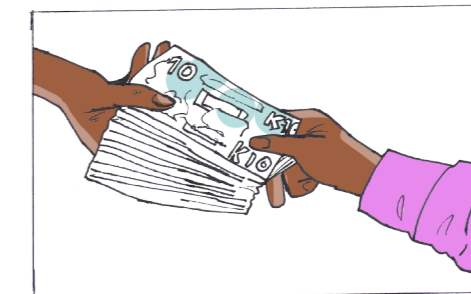
The fact that you have given your money to a financial institution to manage for you does not mean that you should take a back seat. You have to be part of the management and growth of your money.

Regularly keep in touch with your financial institution to know the status of your investment.

You will be a successful investor if you review the information you are always given, ask questions, and

make sure you understand and are comfortable with the way your investment is being managed.

- Keep in contact with the financial institution you invest with so that you can monitor your investments.
- Invest regularly. It is important to view investing as a process, not a one-time event.
- Once you have decided on an investment that appeals to you, e.g. a mutual fund or a unit trust, arrange for an amount of money to be regularly withdrawn from your salary or account and paid into your investment account.
- Keep your investment receipt or certificate in a safe place
- Be prepared to hold your investment for a long time. In the short term, share prices tend to be volatile, however, in the long-term, share prices tend to appreciate.



INVESTING - SOME BASIC TIPS

Below we present basic steps in investing:

- Identifying the financial institution you want to invest with and talk to a member of their staff;
- The officer will explain the different investment opportunities to you;
- Think seriously about the options presented to you and choose the one that best fits your financial plans;
- You will be asked to complete forms which usually require the following information:
 - a. Name;
 - b. Date of birth/age;
 - c. Occupation;
 - d. Address
 - e. Identification e.g. National Registration Card, passport, birth certificate.