



# 《Basic of STOCK Investment》

Cambodia Securities Exchange  
Securities Depository Department



# Discussions

- ❖ Among the 4 stocks, how would you invest?
- ❖ In the next 3 or 5 years of the Cambodian economy, what kind of investment targets will be hot?
- ❖ The cheap price stock is good, or the higher price?
- ❖ Who can make (much) money in the Stock Market?
- ❖ In the stock investment, should we spend time learning by ourselves, or just listen to this and that information?

# Securities Trading Procedure in Cambodia



Regulator

Applying for Investor ID by  
oneself

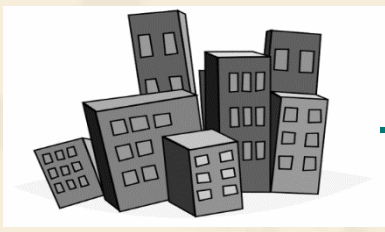
Applying for Investor ID on  
behalf of Investors



Investors

Opening trading account

Giving orders



Securities Firms

Database Keeping

Placing orders



Central Exchange

1. Order Execution
2. Clearing & Settlement
3. Securities Depository

Opening Cash Account

Opening Cash Account  
(Optional)



Cash Settlement Agent

# Market Operations

- Bid/Ask (Buy/Sell) orders of investors will be sent to Market Operator through Securities Firms.
- Trading Hours: 8:00 A.M. to 11:30 A.M.
- Trading Days: Monday to Friday (Except public holiday)



# Trading Rules

- **Daily price change limit:** 5% of previous day's closing price
- **Trading currency:** Khmer Riel (KHR)
- **Settlement date:** T+2
- **Trading before settlement:** allowed
- **No margin trading:** 100% good faith deposit
- **Limit Order:** execute at a particular price or better
- **No foreign holding limit**



# Content

- ❖ 1. Basic Concepts of Stock Investment
- ❖ 2. Stock Investment Analysis
- ❖ 3. Investment Psychology
- ❖ 4. Case Studies

# 1. Basic of Stock Investment

## ❖ Saving:

- ❧ Short-term
- ❧ Indirect investment to a company through a bank

## ❖ Investment:

- ❧ Long-term
- ❧ Direct investment to a company with the future expectation of receiving a company's business profit
- ❧ Returns are changeable (Risk)

## ❖ Speculation:

- ❧ Short-term or very short-term
- ❧ No Safety Guarantee in Return

# 1. Basic of Stock Investment

❖ 4 factors to determine your success or failure in stock investment:

- ❧ 1. Psychological Quality: ត្រូវពេល, រហ័ស, ហ៊ាន
- ❧ 2. Ability of Fundamental and Technical Analysis
- ❧ 3. Habit of សិក្សា, ព្យាយាម, ម៉ត់ចត់
- ❧ 4. Luck

❖ អ្នកខ្លះបានតែថា, អ្នកខ្លះបានតែធ្វើ, អ្នកខ្លះមិនថាក៏មិនធ្វើ



# 1. Basic of Stock Investment

## ❖ Stock market and its importances

- ❧ Help companies
- ❧ Help economy
- ❧ Provide a new investment vehicle

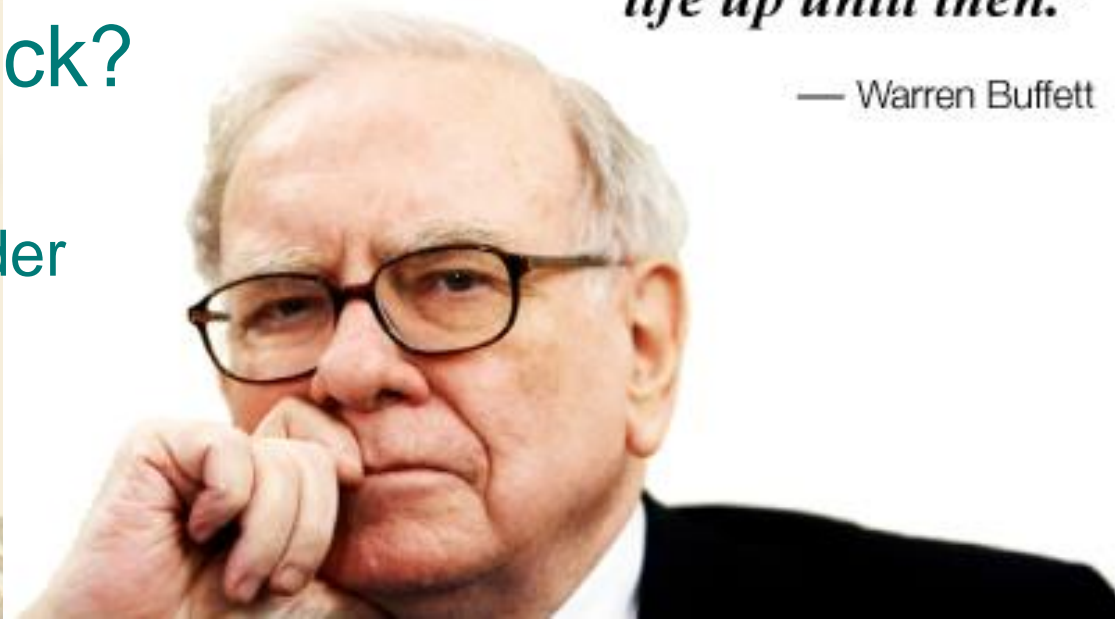
## ❖ Why Invest in Stock?

- ❧ Growth Potential
- ❧ Become a shareholder
- ❧ Diversification
- ❧ High return



*“I made my first investment at age eleven. I was wasting my life up until then.”*

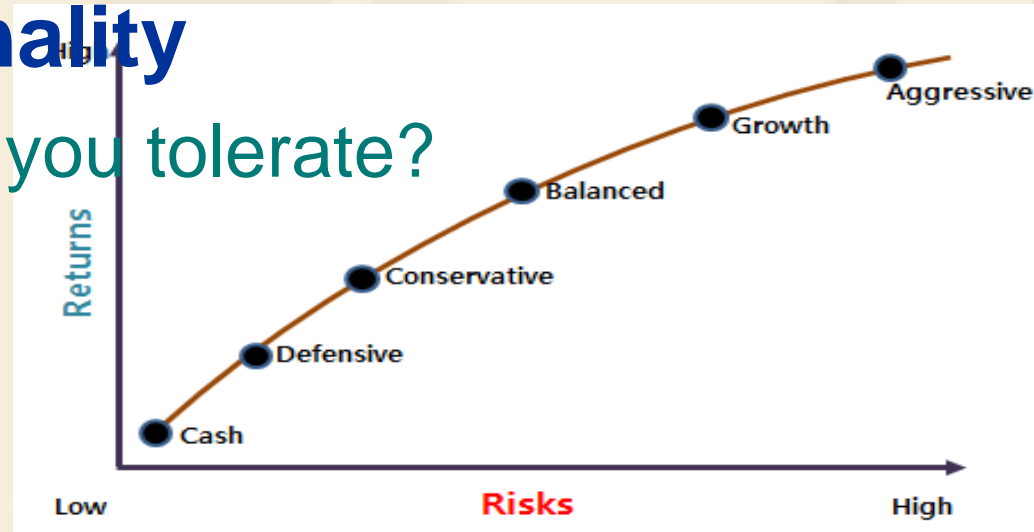
— Warren Buffett



# 1. Basic of Stock Investment

## ❖ Know your personality

☞ How much risk can you tolerate?



☞ How long do you plan to invest for?

☞ Do you need quick access to your money?

☞ How much do you expect to make on your investments?

# 1. Basic of Stock Investment

## ❖ Know your Investment Style

☞ **Growth Investment:** (Look for companies that have high earning growth rate; high risk tolerance)

☞ **Value Investment:** (Buy a strong firm with a good price.)

☞ **Active Management:** (Actively seek higher return rate)

☞ **Passive Management:** (Portfolio management)

☞ **Small Cap Companies:** (Greater return with higher risk)

☞ **Large Cap Companies:** (Lower return with less risk)

# 1. Basic of Stock Investment

## ❖ Stock Investment Tips:

- ❧ Understand clearly the type of business the company is involved before you invest.
- ❧ Long-term average return is about the GDP growth rate.
- ❧ Know your expected return rate and risk tolerance.
- ❧ Understand all of transaction costs.
- ❧ Always maintain an adequate cash reserve to cover unexpected expenditure, emergencies and new investment opportunities.
- ❧ Portfolio

# 1. Basic of Stock Investment

- ❖ Process of Stock Investment:
  - ❧ 1. Define Investment Policies
  - ❧ 2. Conduct the investment analysis
  - ❧ 3. Create the Portfolio
  - ❧ 4. Adjust the Portfolio
  - ❧ 5. Evaluate the investment result

## 2. Stock Investment Analysis

### ❖ Sources of Investment Decision Information

#### ☞ Public Information:

Government, Financial Institutions, Stock Exchange, Securities Companies, Listed Companies, TV news, real time/ historical Information

#### ☞ Online Data:

Historical stock price, financial report, economic data, etc..

#### ☞ Fieldwork information

## 2. Stock Investment Analysis

### ❖ Methods of Investment Analysis:

#### ➤ Fundamental Analysis

- ❖ Would like to know that the price is undervalued or overvalued.
- ❖ Use concept/theories of Economics, Financial Management, Industrial Economics, etc..

#### ➤ Technical Analysis:

- ❖ Observe behaviors of Mr. Market, and predict the future trend.
- ❖ We observe the price movement, trading volume, time, etc..

## 2. Stock Investment Analysis

- ❑ Technical Analysis answer the questions:  
What to buy? When to buy? When to sell?
- ❑ 3 assumptions of technical analysis:
  1. The market discount everything
  2. History tends to repeat itself
  3. Price moves in trends
- ❑ Why stock prices go up and down?



# Technical Vs. Fundamental Analysis

- Short term or Speculation: Fundamental and Technical are used at the same time
- Middle-Long-term: Fundamental Analysis
- Technical: to observe the feeling of Mr. Market
- Fundamental: to find the intrinsic value
- Which analysis method is more important? For the current situation of Cambodia stock market, what kind of analysis should we learn/use?



# 3. Investment Psychology



# 3. Investment Psychology

## ❖ Investment Technique:

∞ Individual critical thinking (Don't listen to rumor)

❖ ពេលថ្លៃភាគហ៊ុនចាប់ផ្តើមឡើងខ្លាំង យើងត្រូវធ្វើដូចម្តេច?

❖ ពេលថ្លៃភាគហ៊ុនចាប់ផ្តើមធ្លាក់ចុះខ្លាំង យើងត្រូវធ្វើដូចម្តេច?

∞ Adopt information widely, analyze carefully

❖ Country economy, listed companies, stock trading

∞ Buy low, Sell high; in a suitable range

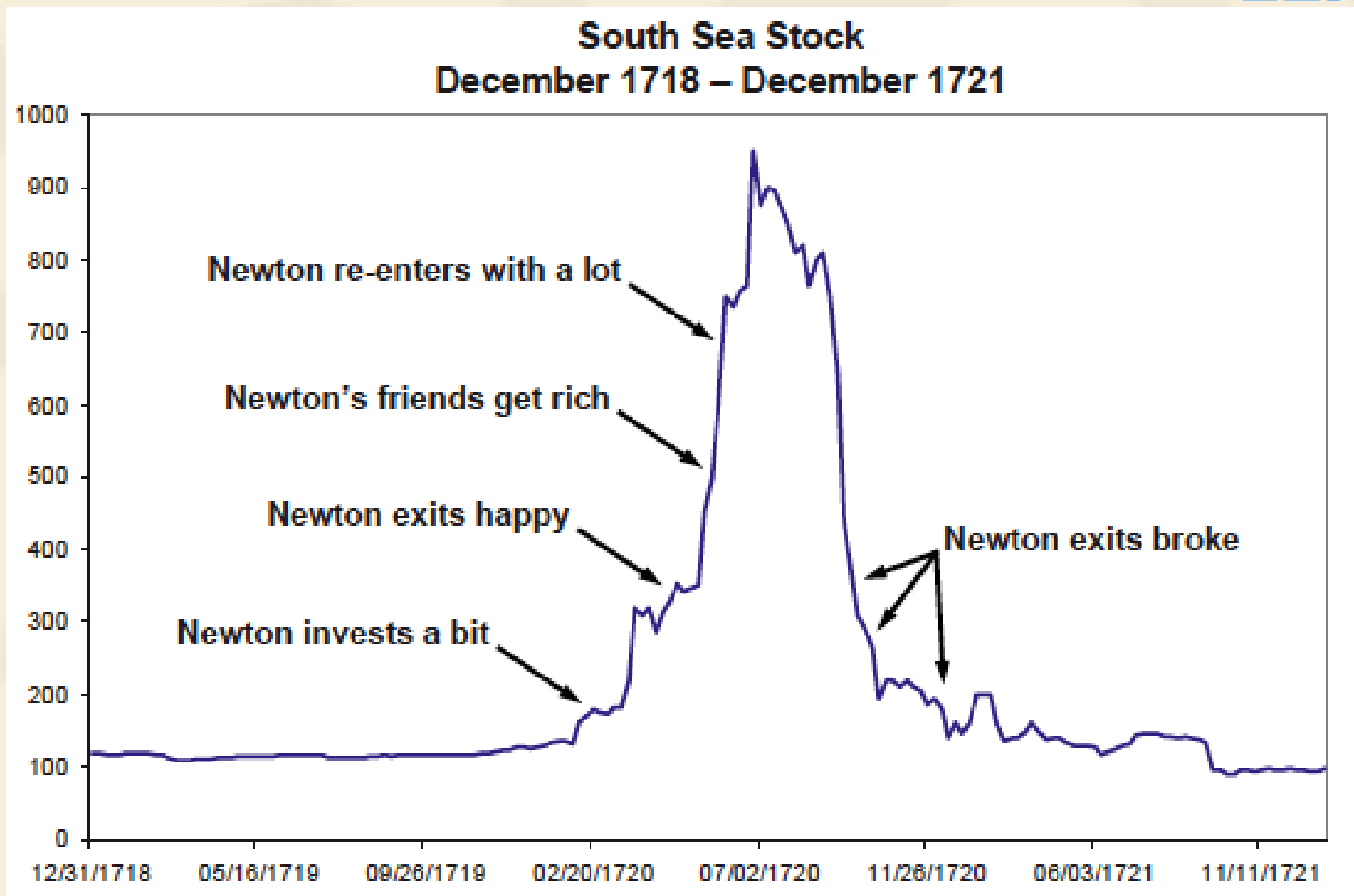
❖ (លោភៈ) ទោសៈ មោហៈ

∞ Make a prompt decision, without panic

# 3. Investment Psychology

- ❖ អារម្មណ៍ល្អគឺជាកត្តាសំខាន់ដើម្បីភាពជោគជ័យក្នុងការវិនិយោគភាគហ៊ុន។
- ❖ ទំលាប់មិនល្អដែលឧស្សាហ៍ជួប៖
  - ❧ ចូលចិត្តភាគហ៊ុនដែលមានថ្លៃថោក
  - ❧ មានពេក
  - ❧ មិនលោភលន់សោះ និងលោភលន់ពេក
  - ❧ ជឿលើខ្លួនឯងពេក

# Case Study 1: Isaac Newton



# Case Study 2: Warren Buffett

- ❖ Chairman & CEO of Berkshire Hathaway
- ❖ Net worth: US\$66.4 billion (May 2016), started from around \$6000 at the age 15.
- ❖ He is the most successful investor in the world.
- ❖ He likes undervalued growth stocks (Value Investing).
- ❖ “Be Fearful When Others Are Greedy and Greedy When Others Are Fearful”, he said.

# Case Study3: George Soros

- ❖ Chairman of Soros Fund Management
- ❖ Net worth:US\$24.9 billion (March 2016)
- ❖ Mr. Soros can claim to know more about financial bubbles than most.
- ❖ When I see a bubble forming I rush in to buy.
- ❖ He has thought deeply about how financial markets are affected by the way investors think and feel.



Thank You!

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