

# UNDERSTANDING THE SHARE MARKET

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## EQUITIES

Learn all about stock trading and how to build an investment portfolio.

# Understanding The Share Market

 Article

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## WHAT ARE SHARES?



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Share market is where parts of companies can be bought and sold. Bursa Malaysia is Malaysia's very own stock exchange. The share market is where the shares in companies are bought and sold, providing companies options to access capital, and investors opportunities to own a share of the company and enjoy potential gains from the company's future performance. The share market offers people the ability to generate a separate income stream apart from their daily jobs or income streams that are superior to those from traditional savings deposits. Before you even think about buying and selling shares, you must know the fundamentals of the share market and of trading.

First-time investors can become confused because of the terminology that is used to describe various market functions. These don't take long to learn. [Click here](#) for your basic share trading terms. Incidentally, one common confusion is over the terms 'stocks' and 'shares'. They both mean the same thing and can be used interchangeably.

### The Role of Bursa Malaysia

You can only invest in shares through a stock exchange, an organized marketplace where shares are bought and sold under strict rules, regulations and guidelines. The Malaysian stock exchange is called Bursa Malaysia. Bursa Malaysia has over 900 listed companies offering a wide range of investment choices to local and global investors.

## WHAT IS AN IPO?

- Initial Public Offering -



## WHY?



source: NapkinFinance.com

## Raising Capital on the Share Market

The Share Market was created for companies wishing to raise capital for their business. All companies need cash to take advantage of growth opportunities. Many start-up companies, however, find themselves short of capital to fund expansion. One way to acquire this cash is to publicly float the company. This involves selling part of the company to a private individual and institutional investors who are then able to freely exchange these stocks on an open market. Purchasing stocks in a company that is listed on the stock market are done through an Initial Public Offering or IPO.