**Researching a Company**

If you listen to the news, you may have heard the term the All Ords, the All Ordinaries or the ASX 200.

**What are they?**

They are share price indices. A share price index measures the performance of a group of companies over a period of time. For example, the All Ordinaries (All Ords) includes the 500 largest companies listed on the ASX.

**What does the ASX 200 measure?**

The 200 largest companies listed on the ASX. These are measured on the basis of market capitalisation. (Market capitalisation is the total number of shares on issue multiplied by the market price). Don’t think that the biggest companies are always the ones that cost the most because some companies issue more shares than others. Those companies with the highest market capitalisation are included in the count.

**INDUSTRY SECTORS**

Alongside the indices, the Australian market is also divided into various industry groupings or sectors. Often companies in the same sector will move in a similar direction because they are affected by the same things. This can mean that if you invest in only one sector, and it does badly, your investments are really going to suffer. But if you invest across a few sectors and the others are performing OK, you won’t be so badly affected. So choose companies from a few different sectors to help reduce your risk.

Sectors on the ASX:

* Energy
* Materials
* Financials
* Health care
* Industrials
* Consumer discretionary
* Consumer staples
* Information technology
* Telecom
* Utilities

**Investigate: Analysing a company**

Choose a company that you are interested in and answer the following questions.

1) What sector is the company in?

2) What does the company do?

3) Who are its customers and who are its competitors?

4) Have there been any interesting announcements lately that might be good or bad for this company?

5). Look at the graph of the company’s share price. If the line is moving upwards there is an **uptrend**, a **downtrend** is when the line is moving downwards and a **sideways** trend means prices are neither going up or down significantly.

How has the share price for this company been trending – in what direction?

6) Do you think the trend could go higher / lower? Why?

7) Would you buy this company? Why / why not?