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Effective Investor: Lessons from an African Emerging Market

Franco Busetti

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THE DEFINITIVE GUIDE FOR ALL SOUTH AFRICANS

The Effective Investor



FRANCO BUSETTI

Foreword by Allister Sparks

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Franco Busetti : Effective Investor: Lessons from an African Emerging Market before purchasing it in order to gauge whether or not it would be worth my time, and all praised Effective Investor: Lessons from an African Emerging Market:

1 of 1 people found the following review helpful. An excellent book for everyone who wants to deep in the knowledge regarding finances with special focus on an african marketBy C. Vladimir Rodriacute;guez CaballeroSome months ago I received this book in a kindle format as a gift directly from author. I have read this book almost from cover to cover and I can say this book is really an excellent contribution to the financial literature because it is able to put together the basic financial theory with some modern ideas in an elegant way. In the first six chapters you will find

some important concepts like returns, yield curve, the statistical concept regarding mean reversion process and other advanced mathematical terms like valuation models. However, in my particular viewpoint, the most interesting parts of this book are part 3 and 4 where you will find out an excellent (really wonderful) study in regard to a specific area I am working, I mean, investor behavior and a particular application of econophysics theory to study bubbles and financial crashes. If you want to be sure that this book will be an excellent acquisition to your personal library, you should analyze that Professor Didier Sornette who is probably one of the best experts in the econophysics area, has analyzed and commented the part of the book regarding financial crashes and complexity. Finally, without the slightest doubt, the African market is almost unknown, at least in countries like mine, then you can learn a lot about those markets and of course you could have a lot of original ideas.

Why is the South African stock market important? First, it is classified as an emerging market. However, while the country shows emerging characteristics, its stock market is highly developed. It is one of the oldest stock exchanges in the world and is the eighteenth largest in the world in terms of market capitalisation and trade. It is by far the largest of Africa's 29 exchanges and accounts for over a third of the stocks listed on the continent. It is an integral part of the world-class financial infrastructure of the country, and South Africa was ranked first of 139 countries for its regulation of securities exchanges by the World Economic Forum in 2010. Global emerging markets are evolving into developed markets, while frontier markets are becoming the new emerging markets. Understanding the South African market provides insight into the paths that these markets will follow in future. Similarly, the techniques highlighted in the book for dealing with volatility are applicable to similar markets elsewhere. Second, South Africa is the newest member of the BRICS grouping. This gives it the role of Africa's representative and it is of particular interest to China as a bridgehead to access this resource-rich continent. Third, it is a gateway into Africa, both directly in terms of its highly developed financial, legal and banking infrastructure and indirectly, through the exposure of many of its top corporates to African countries. Finally, it is an attractive market in its own right. It has been the third-best performing stock market in the world since 1900, and has weathered the great financial crisis with flying colours. While the investment lessons from the South African market outlined in this book are universal, understanding some of its peculiarities is also important. For example, some insight into the behaviour of the currency, the rand, is clearly critical in terms of any investment in this market, as well as in providing some understanding of other volatile emerging market currencies, and also because it is often treated as the most liquid proxy for these currencies, particularly during upheavals. In addition, traditional macroeconomic approaches to investment in this market often don't work because of the weak correspondence between the compositions of the economy and the market and the dominance of resources, a fact which is usually missed by analysts in developed countries. Unlike the promises in many populist investment books, this book won't make you immensely wealthy quickly. It may not even make you immensely wealthy slowly. What it will do is explain the most important features of how the stock market works; guide you into forming realistic expectations; help you to avoid the most common pitfalls and evaluate investment information critically and show you how to reduce risk and enhance returns. It should save you money and time and I hope it provides new and practical insights, regardless of your investment experience.

The Effective Investor provides a clear and simple explanation of how the stock market works, the key principles that drive markets and how to improve your investment performance and meet your expectations in both the short and long term....ensure that The Effective Investor is on your reading list. - Gareth Stokes, Financial and Advisory News
The Effective Investor is essential reading for every potential, novice or professional investor and investment adviser who wants to understand the most important principles of the South African stock market to ensure both rewarding and safe investing...providing exceptional insight into current investment thinking.- Hilton Ruthford, Van Schaik Lecturer's News
In The Effective Investor, Franco Buseti refers to the eleven great investment pictures which are a series of graphs which explain certain powerful investment truths...seek out a copy of The Effective Investor. - Mark Seymour, Alphen Asset Management
In The Effective Investor... there is none of this gratuitous "institutional" feel to the comments that I find often makes "investing" aloof. - Strategist, Liquid Trader
The Effective Investor... offers all the tools. It gives guidelines and information on what returns you can expect when investing, the risks and how to reduce that risk. It also explains, in very plain language, about setting realistic investment expectations and how traps can be avoided. - Denise Mhlanga, The Citizen