



AN INVESTOR'S GUIDE TO PREFERENCE SHARES

WHAT TO KNOW BEFORE BUYING

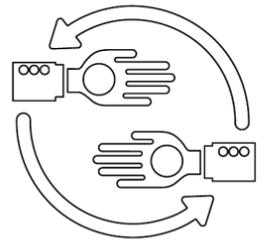
A **preference share** is a share which entitles the holder to a fixed dividend, whose payment takes priority over that of ordinary share dividends.

The **preference share** is for risk-averse equity investors. The right of preference share comes before ordinary share in case of liquidation of the business

VARIOUS TYPES OF PREFERENCE SHARES TO SUIT YOUR SPECIFIC NEED

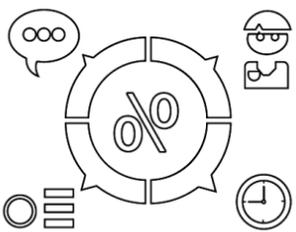
1. WANT REGULAR FIXED INCOME

Go for **cumulative preference shares**. You will get regular fixed dividends on your investment in such shares. Even if in any year the company does not make a profit, your dividend will be paid in subsequent years and that too before paying to ordinary shareholders. In case you only want preference in dividend payment over common shareholders, then go for **non-cumulative preference shares**.



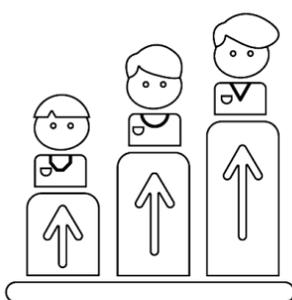
2. WANT TO OWN A SHARE IN THE COMPANY AFTER WATCHING YEARS OF SUCCESS

If you are looking to own a share in a company before that you want to track the performance of the management, then opt for **redeemable preference shares**. But if you are only looking for a regular fixed income higher than any fixed income instruments like FD's then opt for **non-redeemable preference shares**.



3. WANT TO PARTICIPATE IN DECISION-MAKING PROCESS OF THE BUSINESS

If you want to participate in some decision-making in some special situation of the business, like distribution of remaining profit from the distribution of dividends or in a situation of liquidation of the business: then **participating preference shares** are for you. However, **non-participating preference shareholders** enjoy a regular stream of dividend income.



Investment in a preference share will not only grow your wealth but you will also enjoy the fixed regular income.

Next time when you plan to buy a share don't forget to consider a preference share for your portfolio in order to get the benefit of both equity and debt instrument

