The point of being *listed*

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One of our treasured books in Perspective's library is a yellowed and dog-eared original copy of Volume 1 of the JSE Stock Exchange Handbook of 1979. This 348-page book cost R3 in 1979 – compared to R232 for the 264-page Issue 3 of 2020 – implying a cost inflation rate, *unadjusted* for having significantly fewer pages, of 11.1% per year.

In 1979 there was 538 listed companies on the JSE, following 48 delistings in 1977 and 1978. Of those 538 listed companies, only 45 are recognizable as being listed on the JSE today – and a number of these are only hanging on by the tips of their fingernails.

In terms of its original design, dating to the early part of the 17th century, a stock exchange "*provided companies with the facility to raise capital for **expansion** through selling shares to the investing public*"

Fortunately, there are a number of listed businesses led by people with a deep knowledge of and respect for the 'rules' of being listed, and the memory of how to play by these rules in the best interest of long-term per-share stakeholder value creation. We *really* like these.

Unfortunately, several listed companies in 2020 are issuing equity capital purely for things such as reducing debt, propping up failed investor schemes, paying egregious portfolio management fees, and golden handshakes to departing and arriving executives. We dislike these.

After all, what would really be the point of being listed if there was no intention to know or play by the rules? Considering the graveyards and tombstones of listed history, the evidence suggests such companies will sooner or later end up departing the playing field.

My bottom line is if they cannot stand the heat, they should get out of the kitchen.

Our work continues…

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