


INVESTMENT ANALYSIS

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INVESTMENT

Investment is the process of sacrificing something now for the prospect of gaining something later. It is considered as economic activity which involves creation of assets or exchange of assets with profit motive. The funds may be converted into monetary assets or claim on future money for a return. Every investor expects the two major objectives while doing investment i.e. **RISK & RETURN.** The investment is 90% psychological and 10% logical but it should be the other way around. A normal investor is just concerned about the return aspect and he invests accordingly where there is very less risk. There are different alternatives of investments or we can say there are many financial assets where investor can invest according to his needs and objectives and can earn good return at minimal risk.

OBJECTIVES OF INVESTMENTS

While investing their money, the investor must have some definite objective, preferences and constraints in their mind. These investments must also offer optimum facilities and advantages to investor. The objectives are as follows:

- Safety
- Liquidity
- Regularity and Stability of income
- Stability of purchasing power
- Capital Appreciation
- Tax benefits
- Legality
- Tangibility
- Concealibility

TOOLS FOR INVESTMENT

INVESTMENT ALTERNATIVES

- Direct investment
  - Fixed Principal securities
    - Cash
    - Saving bank a/c
    - Saving certificates
    - Govt. bonds
    - Corporate bonds
    - Corporate Deb
  - Variable securities
    - Equity
    - Preference shares
    - Convertible debentures & preference shares
  - Non security investment
    - Real estate
    - Mortgages
    - Commodities
    - Business venture
    - Art Antique
    - Other Variables
- Indirect investment
  - Pension fund
  - UTI
  - Insuran-e
  - Provide-nt fund
  - Invest-ment co.

GOLDEN RULE

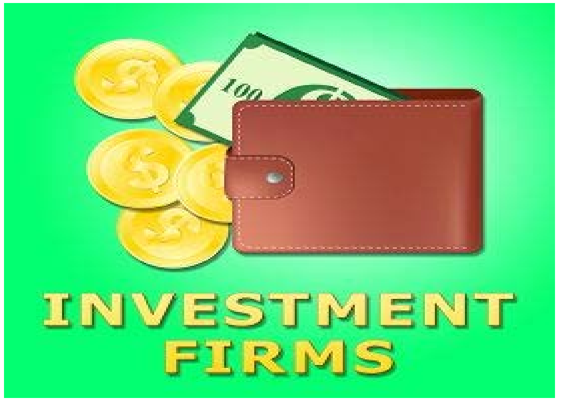
There always certain rules for investing in financial assets or we can say that our investment strategy should be well planned and coordinated i.e. whatever money we have it should be fully utilized after taking into consideration the two important aspects – RISK & RETURN. We should never put all our investment in one particular asset i.e. **NEVER PUT ALL EGGS IN ONE BASKET**

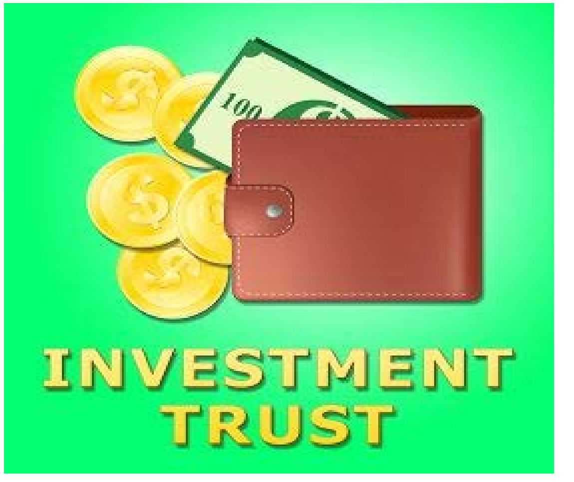
INVESTMENT STRATEGIES

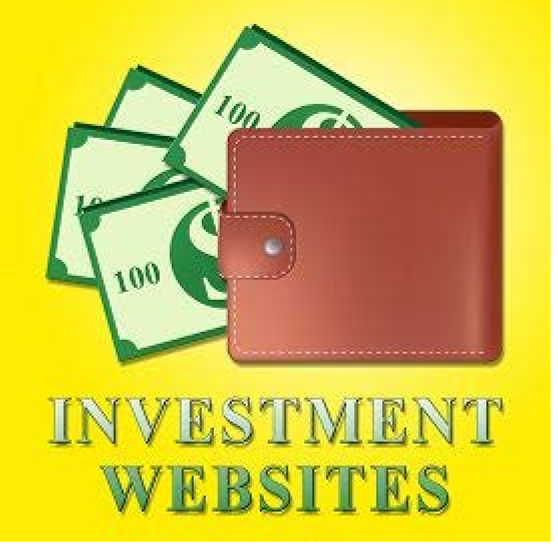
Investment strategy is set of rules, behaviour or procedures which guides the investor to plan his portfolio according to his needs and preferences. It is formulated on the basis of investor's objective or we can say according to capital appreciation expectation or for gaining regular income and on the basis of risk tolerance. The investment strategy should be for the period between 3 to 5 years as we can hold the securities up to that extent and after continuous monitoring can switch over to any other security. The common strateg

- Passive strategies
- Active strategies
- Buy and hold strategies
- Top down or Bottom up strategie
- Contarian strategies
- Dividend strategies

SOURCES OF INVESTMENT INFORMATION







PROCESS OF INVESTMENT DECISION

The investment process involves five stages:

- Defining investment policy
- Investment analysis
- Valuation of securities
- Portfolio construction
- Portfolio evaluation and revision

SCOPE OF INVESTMENT MANAGEMENT

Investment management is the process of managing money may be in any form active or passive, explicit or implicit, controlling risk tolerance and many other factors. The following is the scope of investment management:

- Identification of investor’s requirement
- Formulation of investment policy and strategy
- Execution of strategy
- Monitoring of portfolio

CONCLUSION

For many investors there may not be an absolute advantage to any single approach to investing over a long period of time. Instead of implementing one approach, investor always strive for best possible alternative which provides growth and value investing at a minimum level of risk. This kind of approach provides gain throughout in the general market situation. Although different investors have different strategies through out the investment process yet each one strives for the best return potential at a given level of capital available with them. The main objective is to have best alternative of investment.


THANK
YOU