

A Study on the Investment Analysis Techniques Used by Investors

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ABSTRACT - This article "A STUDY ON INVESTMENT ANALYSIS " gives a concise thought in regards to the different venture choices that are accessible in the money related Markets of India. As heaps of speculation alternatives like Banks, Fixed Deposits, Government securities, Stock Market, Real home, Gold and the Mutual assets are accessible in market which makes the regular financial specialist progressively befuddled. Speculation alternative have their own benefits and disadvantages. In this report these Investment Analysis Techniques are examined in detail. Prior to putting the assets into something, the financial specialists should remember the factors that can be wellbeing, liquidity, returns, section/leave boundaries and content advantages and so forth. We have to go through each and every venture alternative on previously mentioned premise and afterward put away cash. Today the financial specialists are confronting an excess of disarray in dissecting the various venture choices available and afterward choosing the best reasonable one. What's more, for that we likewise need to evaluate the different Investment Analysis Techniques that are utilized to survey the speculation alternatives.

Keywords: speculation, investment analysis, government securities.

I. INTRODUCTION

Investment is the introduction of assigning resources, , with the expectation of receiving a return or benefit. You can place assets into endeavours, for instance, using money to start a business, or in assets, purchasing land so as to exchange it later at a progressively significant value. Value appreciation of the asset is the primary motive of investment. However external conditions are also predominant in determination of the worth of an asset. Danger and return go and in hand and is inseparable but strategic planning can make a balance between the two, while increasingly significant yields are commonly associated by higher risk. At the outset, formation of a portfolio can result in hedging of risk, still, with products and subsidiaries by and large viewed as among the most hazardous ventures. One can likewise put resources into something as everyday as land or land, while those with a preference for the recondite - and profound pockets - could put resources into compelling artwork and collectibles. The profits produced by a benefit rely upon the sort of supremacy. For example, numerous stocks deliver quarterly profits, bonds for the most part pay intrigue each quarter, and land gives rental pay. In numerous purviews, various sorts of salary are charged at various rates. Danger and return desires can shift generally inside a similar resource class. For instance, a blue chip that exchanges on the New York Stock Exchange will have an altogether different dangerous return profile from a smaller scale top that exchanges on a little trade. In Investment, hazard and return are cut out of the same cloth; okay by and large methods low anticipated returns, while more significant yields are generally joined by higher hazard. Hazard and return desires can change generally inside a similar

resource class; a blue-chip that exchanges on the NYSE and a smaller scale top that exchanges over-the-counter will have altogether different hazard bring profiles back. The kind of profits produced relies upon the benefit; numerous stocks deliver quarterly profits, while bonds pay intrigue each quarter and land gives rental salary. In the case of purchasing a security qualifies as contributing or hypothesis relies upon three elements - the measure of hazard taken, the holding time frame, and the wellspring of profits.

OBJECTIVE OF THE STUDY

The objective of this study is to analyze the various investment analysis techniques and the various parameters considered by an investor before going for an investment decision. The evaluation of the different alternatives will help them to do the selection of the most appropriate avenue.

II. RESEARCH METHODOLOGY

For the purpose of the study data and informations are collected by exploring the various secondary sources like the websites, books, and magazines. A comprehensive study has been undertaken to understand the various criteria's to be considered by an investor in order to take a wise investment decision.

TYPES OF FINANCIAL ASSETS

While the universe of ventures is a huge one, here are the most well-known kinds of instruments are:

•Stocks

Stocks may be the most well known and simple type on investment. When you purchase the stocks, you are

actually buying the ownership share in a publicly organization. There are many famous and huge investment companies in the country which offer their stocks or shares to the public meaning you are one of the owners of that company. Brokers usually sell the stocks to the Investors.

•Bonds

When you buy bonds, you are basically lending money to the company. Generally, it is a business or a government company. Government issue municipal bonds whereas the companies issue Corporate bonds. After the bonds matures or its date expires, you earn the principal you spent plus the determined rate of interest on the bonds

•Mutual Funds

A Mutual Fund is a gathering of numerous Investors' cash that is put extensively in a no. of Companies. Common Funds can be effectively managed in a common pool. The funds are managed by professional fund managers who decide the several alternatives of investment based on technical and fundamental analysis. A Passively managed fund simply track the major stock market index. Some Mutual Funds only invest in stocks; others are only in bonds, and some in a mixture of the two.

•Retirement plans

There are different sorts of retirement plans. These aren't the different classification of Investment, as such, yet the vehicle for making venture, including buying stocks, securities and assets. You won't pay the taxes on the money until you pull back it in retirement schemes, when you will apparently be in a lower taxable category. The hazard of investment is as same as though one venturing into assets beyond the retirement plan.

•Options

An Option is to some extent the most confused approach to purchase any stock. At the point when we purchase an option, we're actually buying the right to purchase or sell an a stock at a specific price at a given time. The danger of the choice is that the stock will diminish its worth. On the off chance that the stock declines from its original value than we will lose cash. Options are profoundly best in class assets, and we should get endorsement to take part in the options market.

•Crypto currencies

Digital forms of money are a genuinely new speculation choice. Bitcoin is the most popular digital money, yet there are endless others. Cryptographic forms of money are computerized monetary standards that don't have any administration backing. We can purchase and sell on digital currencies trade. These monetary standards regularly have wild variances, making them an unsafe venture.

• Certificate Of Deposit

Certificates of store are speculations made in banks or credit associations as a drawn out investment account. A COD works especially similarly a bond does. The financial specialist advances a bank a rule sum, on which the bank pays premium. Like a bond, the speculator gathers the guideline and intrigue when the COD develops. Endorsements of store have generally been a basically hazard free, guaranteed (they are safeguarded by the FDIC), long haul venture opportunity. CODs are, in any case, vulnerable to loan fee changes (in factor financing cost CODs), and swelling. Since numerous CODs are ventures made over numerous years, the inborn estimation of the rule in addition to intrigue may not surpass the estimation of the head upon development because of expansion and poor financing costs. In spite of this, most declarations of store are a safe, steady, long haul venture opportunity.

III. INVESTMENT STYLES

•**Active versus Passive Investing** - The objective of dynamic contributing is to "beat the file" by effectively dealing with the speculation portfolio. Detached contributing, then again, advocates an aloof methodology, for example, purchasing a record support, in inferred acknowledgment of the way that it is hard to beat the market reliably. While there are props and cons to the two methodologies, as a general rule, hardly any reserve directors beat their benchmarks reliably enough to legitimize the greater expenses of dynamic administration.

•**Growth versus Value** - Growth financial specialists want to put resources into high-development organizations, which regularly have higher valuation proportions, for example, Price-Earnings (P/E) than esteem organizations. Worth organizations have altogether bring down PE's and higher profit yields than development organizations since they might be undesirable with speculators, either incidentally or for a delayed time frame.

CLASSES OF INVESTMENTS

1. Proprietorship Investments

Proprietorship ventures, as the name plainly proposes, are resources that are bought and claimed by the financial specialist. Instances of this sort of venture incorporate stocks, land properties, and bullion, among others. Financing a business is additionally a sort of possession venture.

2. Loaning Investments

At the point when you put resources into loaning instruments, you're basically carrying on like the bank. Corporate securities, government securities, and even bank accounts are on the whole instances of loaning speculations. The cash you park in an investment account

is essentially an advance that you give the bank. This cash is utilized by the bank to support the credits it offers out to its clients.

3. Money Equivalents

These are speculations that are exceptionally fluid and can without much of a stretch be changed over into money. Currency instruments, for example, are magnificent instances of money counterparts. Money counterparts for the most part offer low returns, yet correspondingly, the hazard related with them is additionally immaterial. Before you choose to put your income in any of the numerous speculation plans accessible in India, it's basic to comprehend the explanations for contributing. While the individual destinations of speculation may differ starting with one financial specialist then onto the next, the general objectives of putting away cash might be any of the accompanying reasons.

IV. TECHNIQUES OF INVESTING

•precautionary motive

Capital conservation is one of the essential reasons individuals put away their cash. A few speculations help guard hard-earned cash from being disintegrated with time. By stopping your assets in these instruments or plans, you can guarantee that you don't outlast your investment funds. Fixed stores, government securities, and even a normal bank account can help guard your cash. In spite of the fact that the arrival on speculation might be lower here, the goal of capital safeguarding is handily met.

• Growth of funds

Another basic target of putting away cash is to guarantee that it develops into a sizable corpus after some time. Capital thankfulness is commonly a drawn out objective that assists individuals with making sure about their money related future. To bring in the cash you acquire develop into riches, you have to consider speculation choices that offer a noteworthy profit for the underlying sum contributed. The absolute best speculations to accomplish development incorporate land, common assets, products, and value. The hazard related with these choices might be high, yet the arrival is additionally commonly noteworthy.

•To ensure regularity of Income

Ventures can likewise assist you with procuring a consistent wellspring of auxiliary (or essential) pay. Instances of such speculations incorporate fixed stores that pay out standard premium or supplies of organizations that deliver financial specialists profits reliably. Pay creating ventures can assist you with paying for your regular costs after you've resigned. Then again, they can likewise go about as amazing wellsprings of beneficial salary during your working

a very long time by giving you extra cash to meet costs like school costs or EMIs.

•To Minimize the Burden of Tax

Beside capital development or conservation, financial specialists additionally have another convincing motivating force to think about specific ventures. This inspiration comes as tax reductions offered by the Income Tax Act, 1961. Putting resources into alternatives, for example, Unit Linked Insurance Plans (ULIPs), Public Provident Fund (PPF), and Equity Linked Savings Schemes (ELSS) can be deducted from your absolute salary. This has the impact of diminishing your available salary, along these lines cutting down your duty obligation.

•To save up for Retirement

Setting something aside for retirement is a need. It's fundamental to have a retirement support you can count on in your brilliant years, since you will be unable to keep working until the end of time. Furthermore, it is out of line to rely upon your youngsters to help you sometime down the road, especially on the off chance that they have offspring of their own to raise. By putting away the cash you procure during your working a very long time in the correct venture choices, you can permit your assets to develop enough to continue you after you've resigned.

•To Meet Financial Goals

Contributing can likewise assist you with accomplishing your present moment and long haul money related objectives without an excess of stress or inconvenience. Some speculation alternatives, for example, accompany short lock-in periods and high liquidity. These speculations are perfect instruments to stop your assets in on the off chance that you wish to set something aside for transient targets like subsidizing home upgrades or making a backup stash. Other venture choices that accompany a more extended lock-in period are ideal for putting something aside for long haul objectives.

V. RISKS OF INVESTING

Market risk: is a systematic risk that arises due to the presence of market of market related parameters. The value of an investment may rise or fall due to the fluctuations in the market which are a continuous phenomenon. The risk linked to the securities as equity risk, interest rate risk and currency risk which arises due to the fluctuations in the exchange rate. The economic conditions in a country are responsible for this risk.

Liquidity risk: the danger of being not able to sell your venture at a reasonable cost and get the cash out at whatever point required. To sell the venture, we may need to acknowledge a lower cost.

Concentration risk – the danger of misfortune is in light of the fact that at times our entire investment is blocked in a single venture. At the point when you enhance your venture, we spread the hazard over various sorts of speculations, businesses, and geographic areas.

Credit risk the hazard that organisation issued the bond will run into budgetary challenges and won't have the option to pay the regular interests or redeem the principal amount on maturity. Hence the financial stability of the bond/debenture issuing organisation is to be confirmed before the investment decision.

Reinvestment risk: the danger of misfortune from reinvesting capital or at a lower financing cost. Reinvestment hazard will likewise apply if the bond matures and you need to reinvest this amount at a lower rate of interest than the market rate.

Inflation rate – the danger of misfortune in the declination in the purchasing power due to the fall in the value of money as a result of rise in inflation with the passage of time. The same amount of money will fetch few goods and services.

Horizon risk – the hazard that the speculation skyline might be abbreviated due to an unanticipated occasion, for instance, the loss of job. This may drive us to sell the ventures that were relied upon to hold for long haul. On the off chance that we should sell when the market is down, we may lose cash.

Longevity risk – the danger of outlasting the investment funds. This hazard is especially pertinent for individuals who have resigned or are approaching retirement.

Foreign investment risks: the danger of misfortune when putting resources into foreign markets. At the point when we purchase outside ventures, for ex. If we make some investment in developing markets, then we will be exposed to the risk of a foreign country and not of home country.

FACTORS TO BE CONSIDERED BEFORE AN INVESTMENT DECISION

1. Set Financial Goals

Right off the bat, we should know for to what extent does we need our cash back. Prior to contributing, we should know our motivation and the probable time later on we may require the assets. Think about another speculation, in the event that we are probably going to require our venture returned inside a couple of years. The securities exchange with its instability gives no confirmation that the entirety of our capital will be accessible when we need it. Recollect that the development of our portfolio relies on three associated factors:

- The capital you contribute
- The measure of net yearly income on your capital

- The number of years or time of your venture

In a perfect world, to get the best yield conceivable one should begin sparing when he can and spare however much as could be expected. This ought to be predictable with our hazard reasoning.

2. Take Informed Decisions

We should not and should not take value venture choices in a rush. Proper research ought to consistently be embraced before putting resources into stocks. Be that as it may, that is once in a while done. Financial specialists by and large pass by the business they have a place with, or a well known organization. Notwithstanding, this isn't the correct method of placing one's cash into the financial exchange. Thoroughly consider your turn. Take a gander at the long haul. Continuously track on an objective situated methodology. We may mirror that recovering our cash is a decent choice, yet it may not be.

3. Understand Your Risk Tolerance

Perhaps the greatest snag looked by value speculators, is a poor comprehension of their hazard resilience. The least complex meaning of hazard resilience is a quality of psyche of how much hazard we are happy to take, as for our speculations including danger to the chief sum contributed. Hazard resistance is a psychological attribute that is hereditarily based, yet sequentially affected by training, income, and riches.

4. Control Your Emotions

The greatest boundary to financial exchange benefits is absence of capacity to control one's feelings and settle on sensible choices. Numerous financial specialists have been losing cash in securities exchanges because of their absence of capacity to control feelings, over all dread and avarice. For the time being, the costs of organizations uncover the consolidated feelings of the whole speculation network. When a lion's share of speculators are stressed over an organization, its stock cost is probably going to decrease and when a greater part feel positive about the organization's future, its stock value will in general ascent. The others focus to be remembered before contributing are as per the following:

- a. Portfolio Diversification
- b. Avoid Borrowing Money to Invest
- c. Avoid Herd Mentality
- d. Timing the Share Market
- e. Have Realistic Expectations
- f. Follow a Disciplined Investment Approach
- g. Periodically Monitor Your Investment

COMPANY'S PERFORMANCE:

It is an exceptionally pivotal thing before putting resources into any organization's offer market, we ought to consistently think about the various organizations

portfolios and at exactly that point take the choices in regards to purchasing the offers

VI. FINDINGS OF THE STUDY

As commonly observed, the risk adverse investors mostly prefer to make investment in risk free assets, which yields a fixed rate of return in contrast to the risk taking investors who venture into risky arena and choose assets that yield a higher rate of return and may at times also be rewarded with a risk premium. They desire additional return in lieu of additional risk. On the other hand, the mindset of the individuals, market conditions, age parameters, income level and the risk absorbing capabilities also have a significant impact on the decisions.

VII. CONCLUSION

Value capital is a high hazard high prize, changeless wellspring of long haul money for corporate undertakings and present moment gaining for investors. The speculators, who want to share the hazard, return and control related with responsibility for would put resources into value capital. Today, the Indian Equity Market is one of the most innovatively created on the planet and is comparable to other created showcases abroad. The presentation of on-line exchanging framework, dematerialization, boycott of the badla framework, and presentation of moving settlement have encouraged snappy exchanging and settlements which lead to bigger volumes. It's practically difficult to anticipate the moves of the securities exchange, yet in the midst of the unconventionality, the advantages of putting resources into the stocks stay unaltered. What has changed or needs to change is the contributing one's perception of the securities exchange and its related dangers. Notwithstanding putting a portion of the accessible money into investments. Putting resources into stocks is a well tattered way to bring in cash work more diligently, however one needs to do the examination of the different sources accessible to us. Each speculation accompanies hazard, so we have to comprehend the degree of hazard we can endure before placing the cash in one spot. It might be keen to work with a monetary counsellor to guarantee rehearsing brilliant speculation procedures that will assist in improving the odds of risky ventures. The mystery of rich and celebrated individuals is that they all have different wellsprings. Also, securities exchange is one of the most significant sources. For getting rich we need to bring in the cash work for you, not the other way around. Over a long period of time, stock market has given the best returns among all the assets. For Example, 10,000 invested in Wipro in 1980 would be worth 500 crores today. While we do nothing and our investment was making money for us. Most of the people in India (even the world) would advise to stay away from stock markets because they think that it is dangerous, and we will end up losing money. Yes, it is dangerous if we don't know

anything about how the stock markets works what Nifty is, or what is Sensex. If we don't know anything about stock markets and are not even planning to know, then it is better not to invest directly in stock markets, invest through mutual funds. But if we are ready to explore the stock market, start by reading some books. Stock market will be very fruitful if we have right set of knowledge and intelligence.

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