

QUES-6) PART 1:-

ACKNOWLEDGMENT:

It was great working on this project about probability and stats. On behalf of our group, I would like to give credit to Surbhi Ma’am for teaching and clearing our concepts and being able to help us do the application through this project. It was pretty interesting to calculate all the values with the given data provided on stocks.

ON the basis of the expected returns of the given six investors with both individual and combined portfolios we can draw a comparison and analyse which investor has a valuable portfolio.

**NOTE:- SHARE PRICE DATA USED FOR CALCULATIONS IS “ADJOINT CLOSE”**

**BY ANALYSING THE EXPECTED RETURNS WE HAVE CONCLUDED THAT:**

**HDFC & ONGC**(0.00188%)**> ONGC**(0.00180%)**> HDFC**(0.00044%)**> ONGC & SPJ**(-0.00023%)**>**

**HDFC & SPJ**(-0.00133%)**> SPJ**(-0.0015%)

As you can see the combined portfolio of **HDFC&ONGC** gives the highest return which clearly indicates the best of two asset investments.

It shows diversification plays an important role and how it provides higher returns.

EFFECTS OF INVESTING IN SINGLE ASSET PORTFOLIOS:-

· Limited price to be paid for owning only one investment.

· Complete control of what you are invested in, and when you make or withdraw that investment.

· Ability to know and understand the company better.

· Lack of diversification.

· More risk than a double asset portfolio

EFFECTS OF INVESTING IN DOUBLE ASSET PORTFOLIOS:-

·Diversification of portfolio

· Risk reduction.

· Price would be a bit higher since investment is in two companies/assets.

· Better for long-term investment.

· Even if one asset performs poorly the other one can compensate for it.

**THE HIGHEST EARNER:-**

Investor D has gained the diversification benefit since it allow him/her to have a taste of both companies and minimises the risk of loss to overall portfolio.

D’s investment has given him/her highest returns compared to others which is a huge benefit of investing in double asset portfolios. Looking at A’s choice for going for single asset portfolio of **HDFC** which is quite close to D’s returns, A couldnt get the benefit like D’s portfolio. D has been exposed to more opportunities for return. Furthermore, it has reduced volatility and D can hold on to the investment for long term as well.

**DIVERSIFICATION BENEFITS:-**

* Reduces the impact of market volatility.
* Reduces the time spent in monitoring the portfolio.
* Helps seek advantage of different investment instruments.
* Helps achieve long-term investment plans.
* Helps avail of the benefit of compounding of interest.
* Helps keep the capital safe.

**QUES-6)PART 2:**

Our Group members are **Roshan Mehta(ROLLno.-46**) & **Kunal Gupta(Rollno.-22)**

We contacted each other through calls and whatsapp to discuss the division of work and how we wanted to frame our project.

TASK’s containing question **1,2,3,5** were done by Kunal Gupta using needed formulas and calculations.

TASK’s containing question **4,6** were done by Roshan Mehta by using sharpe ratio and analyzing the portfolios and values given.

We talked through meets and Kunal shared the drive link for the Excel sheet and we decided to sit down and complete the project together. It was quite fun analyzing the stock prices and getting out returns and learning about how diversifying your portfolio has so many benefits and we learnt a lot through this project. In no way anyone’s contribution in completing the project was less or more than any other member. Doing the project together helped us enhance our team work skills and we could also interact besides the lectures.

THANK YOU.