

# Report on our customers' investment

6 investors from our firm have the following portfolio: -

1) Investor A - Made an investment in shares of **HDFC**. This investment had an **expected return of 0.0391%** and the returns had a **low variance of 0.000194959**.

2) Investor B – Made an investment in the shares **ONGC LTD**. This investment had an **expected return 0.14913%** and the returns had a **variance of 0.000523469**

3) Investor C- Made an investment in the shares of **Spicejet Limited**. The investment had an **expected return of -0.1716 %** and the returns had a variance of **0.0006684**

4) Investor D-Made an investment in the shares of **HDFC and ONGC LTD**. This portfolio had an **expected return of 0.094097%** and the returns had a **low variance of 0.000213797**. The correlation in the prices of the shares of HDFC & ONGC LTD. was 0.6215751. This positive correlation indicates that when the share price of one company goes up, the other company's share price also goes up and this also follows when the share price dips.

5) Investor E-Made an investment in the shares of **ONGC LTD and Spicejet LTD**. The portfolio had an **expected return of -0.1716%** and the **variance of the return on the investment was 0.00035319**. There is positive correlation between the share prices of these two companies. Therefore, when the share price of one company goes up, the other company's share price also goes up and this also follows when the share price falls.

6) Investor F- Made an investment in the shares of **HDFC and Spicejet LTD**. This investment portfolio had an **expected return of -0.06625133%** and the **variance on the return was 0.000254161**. The share prices of HDFC and Spicejet LTD are negatively correlated i.e., if the share price of one company goes up, the share price of the other company falls and vice-versa.

Among the investors who invested in the shares of only one company, the investors A and B got better returns on their share whereas Investor C who invested in the shares of Spicejet Limited got a negative expected return on the investment indicating a financial loss.

When the Sharpe ratio was calculated on the investment of A, B and C it was observed that investor B who invested in the shares of ONGC LTD made the highest return per risk.

On the other hand, the investors D, E and F diversified their portfolios by making investments in the shares of two different companies.

By comparing the 6 portfolios, it was observed that investors A, B & C were more prone to risk than the investors D, E & F. As their entire financial gain or loss depended on the returns made by the shares of a single company, they could not hedge themselves from the risk of low returns. On the other hand, the investors who diversified their portfolio comparatively experienced better results and the variance on their returns was lower than the variance on the returns of the investor A, B & C.

Diversified portfolio minimized the overall risk associated with the portfolio & the overall impact of market volatility came down. Owning investment across different funds ensures that industry specific and enterprise specific risks are low.

Diversification is the practice of spreading your investments around so that your exposure to any one type of asset is limited. One way to balance risk and reward in your investment portfolio is to diversify your shares by investing in different companies which was well practiced by investor D.

**Investor D** who invested in stock HDFC and ONGC has achieved **diversification benefits**. By investing in 2 good companies Investor D created a better portfolio than all the other investors which resulted in a higher **return of 0.094097%**.

**2) Our group consists of Suhani Kulkarni and Tisha Kothari. We started the project by mutually dividing the project into two equal parts. Amongst which, three tasks were done by Suhani and 3 were done by Tisha.**

**Task 1, 3 & 5 (Part 1 and 2) were done by Suhani and task 2,4 & 5 (part 3) were done by Tisha. The task 6 was done by the both of us.**

**We completed the project in the duration of three days. We were always willing to help each other and often made ourselves available to demonstrate our learning to our partner. We were extremely well mannered and treated each other with dignity and respect. As a result, we always felt free to approach about any problems we had.**

**We always believed that individual commitment to a group makes a team work.**