

INVESTMENT ALTERNATIVES

Choices Galore

OUTLINE

- **Non-marketable Financial Assets**
- **Money Market Instruments**
- **Bonds or Fixed Income Securities**
- **Equity Shares**
- **Mutual Fund Schemes**
- **Financial Derivatives**
- **Life Insurance**
- **Real Estate**
- **Precious Objects**

NON-MARKETABLE FINANCIAL ASSETS

- **BANK DEPOSITS**
- **POST OFFICE TIME DEPOSITS (POTDs)**
- **MONTHLY INCOME SCHEME OF THE POST OFFICE (MISPO)**
- **KISAN VIKAS PATRA (KVP)**
- **NATIONAL SAVINGS CERTIFICATE**
- **COMPANY DEPOSITS**
- **EMPLOYEES PROVIDENT FUND SCHEME**
- **PUBLIC PROVIDENT FUND SCHEME**

MONEY MARKET

INSTRUMENTS

- **TREASURY BILLS**
- **CERTIFICATES OF DEPOSITS**
- **COMMERCIAL PAPER**
- **REPOS**

BONDS OR FIXED INCOME SECURITIES

- **Government Securities**
- **Savings Bonds**
- **Private Sector Debentures**
- **PSU Bonds**
- **Preference Shares**

EQUITY SHARES

- **TERMINOLOGY**
- **RIGHTS OF EQUITY SHAREHOLDERS**
- **STOCK MARKET CLASSIFICATION OF EQUITY SHARES**
- **PETER LYNCH'S CLASSIFICATION**

CLASSIFICATION OF EQUITY SHARES

- BLUE-CHIP SHARES
- GROWTH SHARES
- INCOME SHARES
- CYCLICAL SHARES
- DEFENSIVE SHARES
- SPECULATIVE SHARES

PETER LYNCH'S CLASSIFICATION OF COMPANIES

- SLOW GROWERS
- STALWARTS
- FAST GROWERS
- CYCLICALS
- TURNAROUNDS
- ASSET PLAYS

MUTUAL FUND SCHEMES

- **Equity Schemes**
- **Balanced Schemes**
- **Debt Schemes**
- **Regulation**
- **Pros and Cons**

FINANCIAL DERIVATIVES

A derivative is an instruments whose value depends on the value of some underlying asset.

Futures A futures contract is an agreement between two parties to exchange an asset for cash at a predetermined future date for a price that is specified today.

Options An option gives its owner the right to buy or sell an underlying asset on or before a given date at a predetermined price.

INSURANCE POLICIES

- **Endowment Assurance**
- **Money Back Plan**
- **Whole Life Assurance**
- **Unit Linked Plan**
- **Term Assurance**
- **Immediate Annuity**
- **Deferred Annuity**

REAL ESTATE

- **Residential House**
- **Sources of Housing Finance**
- **Features of Housing Loans**
- **Guidelines for Buying a Flat**
- **Commercial Property**
- **Agricultural Land**
- **Suburban Land**
- **Time Share in a Holiday Resort**

PRECIOUS OBJECTS

- **Gold and Silver**
- **Precious Stones**
- **Art Objects**

SUMMING UP

- **The bewildering range of investment alternatives fall into two broad categories, viz., financial assets and real assets.**
- **A good portion of the financial assets of individual investors is held in the form of non-marketable financial assets such as bank deposits.**
- **debt instruments which have a maturity of less than one year at the time of issue are called money market instruments.**
- **Bonds or debenture represent long-term debt instruments.**
- **Preference shares represent a hybrid security**
- **Equity shares represent ownership capital**

- **A mutual fund represents a vehicle for collective investment. Mutual fund schemes are broadly classified as equity schemes, balanced schemes, and debt schemes.**
- **Futures and options are the two most important financial derivatives.**
- **Endowment assurance policy, money back policy, whole life policy, unit linked plan, and term policy are popular life insurance policies in India**
- **As a category, real estate is an attractive investment proposition.**
- **Precious objects are items that are generally small in size but highly valuable in monetary terms.**