

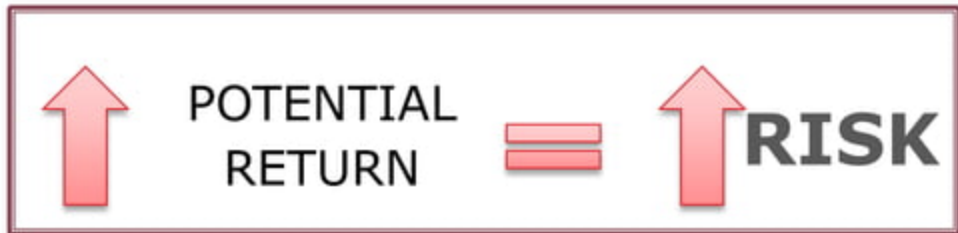
## **Saving and investment**

**Once an appropriate amount of  
liquid assets are reached**



**Recommend refocusing  
goals from saving to  
investing**

# Risk



**Risk-** uncertainty regarding the outcome of a situation or event.

**Investment Risk-** possibility that an investment will fail to pay the expected return or fail to pay a return at all

**All investment tools carry some level of risk**

# Investment v/s Speculation

## ▶ Risk

Normally risk involved in investments either loss of profit or lower profit than expected.

Speculation is a baseless guess and may result in a very high profits or high loss. The risk in case of speculation is very high.

## ▶ Capital gain

The motive of investment is achievement of appreciation.

The motive of speculation is achievement of profits through price changes.

## ▶ Time

If securities are purchased and investor does not expect an immediate return on it and waits for long term benefit, it is termed as investment.

If a person expects immediate returns on his investment and dispose of the in a short period, it is known as speculation.

# Investment tools

## ▶ **Money market securities**

### ▶ Stocks

- Primary and secondary stock markets
- Primary market: a market where newly issued securities are traded  
Initial public offering (IPO): the first offering of a firm's stock to the public
- Secondary market: a market where existing stocks are traded.

### ▶ **Types of stock investors**

- Institutional investors: professionals who are responsible for investing the money of a financial institution on behalf of their clients
- Portfolio managers: employees of financial institutions who make investment decisions