**Investment Report**

This investment report comprise of five companies stock data (Burberry, Easyjet, Glaxosmithkline, Morrison, and Unilever) starting from 1st January 2011 – 1st Jan 2019. For this share prices have been downloaded in monthly frequency to calculate monthly return.

 This report focus on in[[1]](#endnote-2)vestment analysis according to following elements.

Firstly see the monthly return of each company stock and market return.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Month** | **Burberry** | **Monthly Return** | **Easy Jet** | **Monthly Return** | **Glaxomithkline** | **Monthly Return** |
| Jan-11 |  878.13  |  -  |  413.45  |  -  |  688.95  |  -  |
| Feb-11 |  980.33  | 11.64% |  390.00  | -5.67% |  721.00  | 4.65% |
| Mar-11 |  959.89  | -2.09% |  371.89  | -4.64% |  737.88  | 2.34% |
| Apr-11 |  1,058.82  | 10.31% |  379.64  | 2.08% |  809.84  | 9.75% |
| May-11 |  1,078.44  | 1.85% |  396.00  | 4.31% |  818.84  | 1.11% |
| Jun-11 |  1,185.55  | 9.93% |  391.75  | -1.07% |  837.71  | 2.30% |
| Jul-11 |  1,221.53  | 3.03% |  400.36  | 2.20% |  856.55  | 2.25% |
| Aug-11 |  1,137.43  | -6.88% |  374.62  | -6.43% |  822.95  | -3.92% |
| Sep-11 |  969.75  | -14.74% |  375.16  | 0.14% |  847.05  | 2.93% |
| Oct-11 |  1,107.70  | 14.23% |  388.36  | 3.52% |  889.63  | 5.03% |
| Nov-11 |  1,049.05  | -5.29% |  413.45  | 6.46% |  891.85  | 0.25% |
| Dec-11 |  984.77  | -6.13% |  428.51  | 3.64% |  946.74  | 6.15% |
| Jan-12 |  1,121.81  | 13.92% |  486.98  | 13.64% |  907.17  | -4.18% |
| Feb-12 |  1,180.32  | 5.22% |  499.53  | 2.58% |  892.37  | -1.63% |
| Mar-12 |  1,251.38  | 6.02% |  485.80  | -2.75% |  911.78  | 2.18% |
| Apr-12 |  1,241.34  | -0.80% |  495.90  | 2.08% |  930.39  | 2.04% |
| May-12 |  1,142.71  | -7.95% |  500.50  | 0.93% |  938.88  | 0.91% |
| Jun-12 |  1,107.60  | -3.07% |  531.50  | 6.19% |  956.17  | 1.84% |
| Jul-12 |  1,048.25  | -5.36% |  561.00  | 5.55% |  970.37  | 1.49% |
| Aug-12 |  1,146.51  | 9.37% |  531.00  | -5.35% |  941.63  | -2.96% |
| Sep-12 |  848.23  | -26.02% |  580.50  | 9.32% |  954.05  | 1.32% |
| Oct-12 |  988.05  | 16.48% |  625.00  | 7.67% |  926.65  | -2.87% |
| Nov-12 |  1,090.58  | 10.38% |  715.50  | 14.48% |  891.89  | -3.75% |
| Dec-12 |  1,038.89  | -4.74% |  765.50  | 6.99% |  904.23  | 1.38% |
| Jan-13 |  1,157.24  | 11.39% |  931.00  | 21.62% |  979.07  | 8.28% |
| Feb-13 |  1,173.44  | 1.40% |  997.00  | 7.09% |  986.18  | 0.73% |
| Mar-13 |  1,133.36  | -3.42% |  1,080.00  | 8.32% |  1,057.72  | 7.25% |
| Apr-13 |  1,139.33  | 0.53% |  1,117.00  | 3.43% |  1,141.59  | 7.93% |
| May-13 |  1,239.11  | 8.76% |  1,266.00  | 13.34% |  1,178.03  | 3.19% |
| Jun-13 |  1,152.12  | -7.02% |  1,296.00  | 2.37% |  1,145.48  | -2.76% |
| Jul-13 |  1,304.77  | 13.25% |  1,412.00  | 8.95% |  1,170.50  | 2.18% |
| Aug-13 |  1,328.03  | 1.78% |  1,233.00  | -12.68% |  1,143.74  | -2.29% |
| Sep-13 |  1,414.61  | 6.52% |  1,278.00  | 3.65% |  1,094.20  | -4.33% |
| Oct-13 |  1,328.90  | -6.06% |  1,309.00  | 2.43% |  1,154.62  | 5.52% |
| Nov-13 |  1,321.97  | -0.52% |  1,424.00  | 8.79% |  1,137.06  | -1.52% |
| Dec-13 |  1,312.45  | -0.72% |  1,536.00  | 7.87% |  1,145.43  | 0.74% |
| Jan-14 |  1,261.15  | -3.91% |  1,644.00  | 7.03% |  1,111.67  | -2.95% |
| Feb-14 |  1,342.15  | 6.42% |  1,721.00  | 4.68% |  1,188.08  | 6.87% |
| Mar-14 |  1,214.99  | -9.47% |  1,715.00  | -0.35% |  1,146.82  | -3.47% |
| Apr-14 |  1,293.38  | 6.45% |  1,637.00  | -4.55% |  1,176.00  | 2.54% |
| May-14 |  1,335.19  | 3.23% |  1,530.00  | -6.54% |  1,153.66  | -1.90% |
| Jun-14 |  1,291.64  | -3.26% |  1,365.00  | -10.78% |  1,140.23  | -1.16% |
| Jul-14 |  1,231.54  | -4.65% |  1,295.00  | -5.13% |  1,047.28  | -8.15% |
| Aug-14 |  1,257.36  | 2.10% |  1,335.00  | 3.09% |  1,074.98  | 2.64% |
| Sep-14 |  1,337.00  | 6.33% |  1,423.00  | 6.59% |  1,043.87  | -2.89% |
| Oct-14 |  1,354.70  | 1.32% |  1,500.00  | 5.41% |  1,047.19  | 0.32% |
| Nov-14 |  1,459.99  | 7.77% |  1,653.00  | 10.20% |  1,097.06  | 4.76% |
| Dec-14 |  1,447.60  | -0.85% |  1,671.00  | 1.09% |  1,030.16  | -6.10% |
| Jan-15 |  1,529.89  | 5.68% |  1,862.00  | 11.43% |  1,098.29  | 6.61% |
| Feb-15 |  1,656.43  | 8.27% |  1,732.00  | -6.98% |  1,154.07  | 5.08% |
| Mar-15 |  1,533.43  | -7.43% |  1,882.00  | 8.66% |  1,174.81  | 1.80% |
| Apr-15 |  1,543.17  | 0.64% |  1,813.00  | -3.67% |  1,150.87  | -2.04% |
| May-15 |  1,499.81  | -2.81% |  1,609.00  | -11.25% |  1,104.52  | -4.03% |
| Jun-15 |  1,390.09  | -7.32% |  1,546.00  | -3.92% |  1,018.31  | -7.81% |
| Jul-15 |  1,423.71  | 2.42% |  1,644.00  | 6.34% |  1,074.90  | 5.56% |
| Aug-15 |  1,268.85  | -10.88% |  1,683.00  | 2.37% |  1,032.17  | -3.98% |
| Sep-15 |  1,230.18  | -3.05% |  1,777.00  | 5.59% |  988.03  | -4.28% |
| Oct-15 |  1,194.21  | -2.92% |  1,750.00  | -1.52% |  1,096.52  | 10.98% |
| Nov-15 |  1,119.57  | -6.25% |  1,653.00  | -5.54% |  1,057.88  | -3.52% |
| Dec-15 |  1,074.61  | -4.02% |  1,740.00  | 5.26% |  1,086.57  | 2.71% |
| Jan-16 |  1,083.74  | 0.85% |  1,548.00  | -11.03% |  1,138.80  | 4.81% |
| Feb-16 |  1,197.10  | 10.46% |  1,494.00  | -3.49% |  1,107.54  | -2.74% |
| Mar-16 |  1,237.91  | 3.41% |  1,519.00  | 1.67% |  1,135.78  | 2.55% |
| Apr-16 |  1,078.30  | -12.89% |  1,473.00  | -3.03% |  1,173.59  | 3.33% |
| May-16 |  974.01  | -9.67% |  1,533.00  | 4.07% |  1,162.33  | -0.96% |
| Jun-16 |  1,052.00  | 8.01% |  1,086.00  | -29.16% |  1,307.47  | 12.49% |
| Jul-16 |  1,197.10  | 13.79% |  1,041.00  | -4.14% |  1,375.51  | 5.20% |
| Aug-16 |  1,210.34  | 1.11% |  1,105.00  | 6.15% |  1,335.58  | -2.90% |
| Sep-16 |  1,279.95  | 5.75% |  1,007.00  | -8.87% |  1,353.99  | 1.38% |
| Oct-16 |  1,369.06  | 6.96% |  937.00  | -6.95% |  1,333.80  | -1.49% |
| Nov-16 |  1,326.36  | -3.12% |  990.00  | 5.66% |  1,232.44  | -7.60% |
| Dec-16 |  1,341.21  | 1.12% |  1,005.00  | 1.52% |  1,302.65  | 5.70% |
| Jan-17 |  1,533.15  | 14.31% |  950.00  | -5.47% |  1,274.29  | -2.18% |
| Feb-17 |  1,613.55  | 5.24% |  951.00  | 0.11% |  1,374.37  | 7.85% |
| Mar-17 |  1,611.68  | -0.12% |  1,026.00  | 7.89% |  1,403.48  | 2.12% |
| Apr-17 |  1,508.84  | -6.38% |  1,168.00  | 13.84% |  1,310.87  | -6.60% |
| May-17 |  1,696.75  | 12.45% |  1,414.00  | 21.06% |  1,440.69  | 9.90% |
| Jun-17 |  1,552.78  | -8.49% |  1,359.00  | -3.89% |  1,399.55  | -2.86% |
| Jul-17 |  1,599.52  | 3.01% |  1,236.00  | -9.05% |  1,296.00  | -7.40% |
| Aug-17 |  1,709.52  | 6.88% |  1,196.00  | -3.24% |  1,312.26  | 1.25% |
| Sep-17 |  1,674.32  | -2.06% |  1,217.00  | 1.76% |  1,290.00  | -1.70% |
| Oct-17 |  1,809.41  | 8.07% |  1,339.00  | 10.02% |  1,176.47  | -8.80% |
| Nov-17 |  1,632.47  | -9.78% |  1,406.00  | 5.00% |  1,108.87  | -5.75% |
| Dec-17 |  1,704.77  | 4.43% |  1,464.00  | 4.13% |  1,162.35  | 4.82% |
| Jan-18 |  1,511.59  | -11.33% |  1,660.00  | 13.39% |  1,160.50  | -0.16% |
| Feb-18 |  1,468.03  | -2.88% |  1,679.00  | 1.14% |  1,148.90  | -1.00% |
| Mar-18 |  1,623.59  | 10.60% |  1,604.50  | -4.44% |  1,246.84  | 8.52% |
| Apr-18 |  1,745.65  | 7.52% |  1,590.00  | -0.90% |  1,307.12  | 4.83% |
| May-18 |  1,980.67  | 13.46% |  1,709.00  | 7.48% |  1,363.12  | 4.28% |
| Jun-18 |  2,067.78  | 4.40% |  1,673.00  | -2.11% |  1,386.12  | 1.69% |
| Jul-18 |  2,045.95  | -1.06% |  1,619.00  | -3.23% |  1,433.05  | 3.39% |
| Aug-18 |  2,171.21  | 6.12% |  1,525.00  | -5.81% |  1,413.84  | -1.34% |
| Sep-18 |  1,956.61  | -9.88% |  1,314.00  | -13.84% |  1,409.06  | -0.34% |
| Oct-18 |  1,758.52  | -10.12% |  1,200.00  | -8.68% |  1,385.59  | -1.67% |
| Nov-18 |  1,725.02  | -1.91% |  1,112.50  | -7.29% |  1,486.81  | 7.31% |
| Dec-18 |  1,685.21  | -2.31% |  1,105.00  | -0.67% |  1,384.20  | -6.90% |
| Jan-19 |  1,760.48  | 4.47% |  699.60  | -36.69% |  1,371.20  | -0.94% |

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| --- | --- | --- | --- | --- | --- |
| **Morrison** | **Monthly Return** | **Unilever** | **Monthly Return** | **Market** | **Monthly Return** |
|  182.15  |  -  |  1,322.40  |  -  |  1,286.12  |  -  |
|  189.20  | 3.87% |  1,328.23  | 0.44% |  1,327.22  | 3.20% |
|  188.65  | -0.29% |  1,397.02  | 5.18% |  1,325.83  | -0.10% |
|  201.50  | 6.81% |  1,427.90  | 2.21% |  1,363.61  | 2.85% |
|  207.51  | 2.98% |  1,449.22  | 1.49% |  1,345.20  | -1.35% |
|  209.18  | 0.80% |  1,489.83  | 2.80% |  1,320.64  | -1.83% |
|  204.40  | -2.29% |  1,446.75  | -2.89% |  1,292.28  | -2.15% |
|  203.07  | -0.65% |  1,532.90  | 5.95% |  1,218.89  | -5.68% |
|  204.12  | 0.52% |  1,516.37  | -1.08% |  1,131.42  | -7.18% |
|  214.68  | 5.17% |  1,565.14  | 3.22% |  1,253.30  | 10.77% |
|  228.74  | 6.55% |  1,603.41  | 2.45% |  1,246.96  | -0.51% |
|  231.73  | 1.31% |  1,637.87  | 2.15% |  1,257.60  | 0.85% |
|  203.17  | -12.32% |  1,549.28  | -5.41% |  1,312.41  | 4.36% |
|  206.01  | 1.40% |  1,537.92  | -0.73% |  1,365.68  | 4.06% |
|  211.69  | 2.76% |  1,577.15  | 2.55% |  1,408.47  | 3.13% |
|  199.33  | -5.84% |  1,606.96  | 1.89% |  1,397.91  | -0.75% |
|  196.21  | -1.57% |  1,559.58  | -2.95% |  1,310.33  | -6.27% |
|  194.31  | -0.97% |  1,653.98  | 6.05% |  1,362.16  | 3.96% |
|  202.49  | 4.21% |  1,767.38  | 6.86% |  1,379.32  | 1.26% |
|  204.46  | 0.97% |  1,746.55  | -1.18% |  1,406.58  | 1.98% |
|  208.26  | 1.86% |  1,751.68  | 0.29% |  1,440.67  | 2.42% |
|  197.96  | -4.95% |  1,797.58  | 2.62% |  1,412.16  | -1.98% |
|  198.62  | 0.33% |  1,869.14  | 3.98% |  1,416.18  | 0.28% |
|  194.34  | -2.15% |  1,855.95  | -0.71% |  1,426.19  | 0.71% |
|  185.47  | -4.56% |  2,013.62  | 8.50% |  1,498.11  | 5.04% |
|  191.83  | 3.43% |  2,061.47  | 2.38% |  1,514.68  | 1.11% |
|  204.09  | 6.39% |  2,201.12  | 6.77% |  1,569.19  | 3.60% |
|  215.84  | 5.76% |  2,202.70  | 0.07% |  1,597.57  | 1.81% |
|  202.32  | -6.26% |  2,194.01  | -0.39% |  1,630.74  | 2.08% |
|  199.12  | -1.58% |  2,122.03  | -3.28% |  1,606.28  | -1.50% |
|  219.88  | 10.43% |  2,127.61  | 0.26% |  1,685.73  | 4.95% |
|  220.72  | 0.38% |  1,960.21  | -7.87% |  1,632.97  | -3.13% |
|  212.96  | -3.52% |  1,962.00  | 0.09% |  1,681.55  | 2.97% |
|  214.18  | 0.57% |  2,030.35  | 3.48% |  1,756.54  | 4.46% |
|  204.74  | -4.41% |  1,985.32  | -2.22% |  1,805.81  | 2.80% |
|  201.27  | -1.69% |  2,013.88  | 1.44% |  1,848.36  | 2.36% |
|  185.00  | -8.08% |  1,897.85  | -5.76% |  1,782.59  | -3.56% |
|  181.45  | -1.92% |  1,980.62  | 4.36% |  1,859.45  | 4.31% |
|  164.26  | -9.47% |  2,098.01  | 5.93% |  1,872.34  | 0.69% |
|  154.93  | -5.68% |  2,166.00  | 3.24% |  1,883.95  | 0.62% |
|  155.54  | 0.39% |  2,195.49  | 1.36% |  1,923.57  | 2.10% |
|  148.15  | -4.75% |  2,191.51  | -0.18% |  1,960.23  | 1.91% |
|  136.19  | -8.07% |  2,124.54  | -3.06% |  1,930.67  | -1.51% |
|  143.38  | 5.28% |  2,198.12  | 3.46% |  2,003.37  | 3.77% |
|  135.95  | -5.18% |  2,155.90  | -1.92% |  1,972.29  | -1.55% |
|  125.05  | -8.02% |  2,096.69  | -2.75% |  2,018.05  | 2.32% |
|  147.73  | 18.14% |  2,256.82  | 7.64% |  2,067.56  | 2.45% |
|  152.45  | 3.20% |  2,211.58  | -2.00% |  2,058.90  | -0.42% |
|  148.89  | -2.34% |  2,465.73  | 11.49% |  1,994.99  | -3.10% |
|  161.96  | 8.78% |  2,411.87  | -2.18% |  2,104.50  | 5.49% |
|  160.14  | -1.12% |  2,386.97  | -1.03% |  2,067.89  | -1.74% |
|  154.60  | -3.46% |  2,430.22  | 1.81% |  2,085.51  | 0.85% |
|  141.52  | -8.46% |  2,466.03  | 1.47% |  2,107.39  | 1.05% |
|  157.64  | 11.39% |  2,331.93  | -5.44% |  2,063.11  | -2.10% |
|  159.13  | 0.95% |  2,483.12  | 6.48% |  2,103.84  | 1.97% |
|  146.92  | -7.67% |  2,240.53  | -9.77% |  1,972.18  | -6.26% |
|  144.83  | -1.42% |  2,310.81  | 3.14% |  1,920.03  | -2.64% |
|  146.92  | 1.44% |  2,488.90  | 7.71% |  2,079.36  | 8.30% |
|  134.18  | -8.67% |  2,456.89  | -1.29% |  2,080.41  | 0.05% |
|  130.40  | -2.82% |  2,537.08  | 3.26% |  2,043.94  | -1.75% |
|  153.54  | 17.75% |  2,674.49  | 5.42% |  1,940.24  | -5.07% |
|  175.09  | 14.04% |  2,680.56  | 0.23% |  1,932.23  | -0.41% |
|  174.83  | -0.15% |  2,753.99  | 2.74% |  2,059.74  | 6.60% |
|  168.14  | -3.83% |  2,668.37  | -3.11% |  2,065.30  | 0.27% |
|  174.39  | 3.72% |  2,770.93  | 3.84% |  2,096.95  | 1.53% |
|  167.99  | -3.67% |  3,152.30  | 13.76% |  2,098.86  | 0.09% |
|  166.56  | -0.85% |  3,112.23  | -1.27% |  2,173.60  | 3.56% |
|  176.60  | 6.03% |  3,108.27  | -0.13% |  2,170.95  | -0.12% |
|  195.33  | 10.61% |  3,243.88  | 4.36% |  2,168.27  | -0.12% |
|  204.51  | 4.70% |  3,033.96  | -6.47% |  2,126.15  | -1.94% |
|  196.38  | -3.98% |  2,860.84  | -5.71% |  2,198.81  | 3.42% |
|  208.30  | 6.07% |  2,947.22  | 3.02% |  2,238.83  | 1.82% |
|  213.18  | 2.34% |  2,889.04  | -1.97% |  2,278.87  | 1.79% |
|  219.05  | 2.75% |  3,418.51  | 18.33% |  2,363.64  | 3.72% |
|  216.70  | -1.07% |  3,555.82  | 4.02% |  2,362.72  | -0.04% |
|  216.61  | -0.04% |  3,585.15  | 0.82% |  2,384.20  | 0.91% |
|  222.30  | 2.63% |  3,909.64  | 9.05% |  2,411.80  | 1.16% |
|  221.25  | -0.47% |  3,778.68  | -3.35% |  2,423.41  | 0.48% |
|  220.52  | -0.33% |  3,930.10  | 4.01% |  2,470.30  | 1.93% |
|  225.66  | 2.33% |  4,109.71  | 4.57% |  2,471.65  | 0.05% |
|  214.74  | -4.84% |  3,957.09  | -3.71% |  2,519.36  | 1.93% |
|  207.12  | -3.55% |  3,911.74  | -1.15% |  2,575.26  | 2.22% |
|  199.82  | -3.52% |  3,815.08  | -2.47% |  2,584.84  | 0.37% |
|  203.15  | 1.67% |  3,808.50  | -0.17% |  2,673.61  | 3.43% |
|  205.09  | 0.95% |  3,692.64  | -3.04% |  2,823.81  | 5.62% |
|  208.51  | 1.67% |  3,446.62  | -6.66% |  2,713.83  | -3.89% |
|  197.24  | -5.41% |  3,682.20  | 6.84% |  2,640.87  | -2.69% |
|  224.58  | 13.86% |  3,795.77  | 3.08% |  2,648.05  | 0.27% |
|  227.08  | 1.11% |  3,860.00  | 1.69% |  2,705.27  | 2.16% |
|  236.52  | 4.16% |  3,935.23  | 1.95% |  2,718.37  | 0.48% |
|  245.25  | 3.69% |  4,088.24  | 3.89% |  2,816.29  | 3.60% |
|  247.08  | 0.75% |  4,122.98  | 0.85% |  2,901.52  | 3.03% |
|  243.47  | -1.46% |  3,989.22  | -3.24% |  2,913.98  | 0.43% |
|  234.66  | -3.62% |  3,923.46  | -1.65% |  2,711.74  | -6.94% |
|  224.73  | -4.23% |  4,015.24  | 2.34% |  2,760.17  | 1.79% |
|  201.70  | -10.25% |  3,919.58  | -2.38% |  2,506.85  | -9.18% |
|  221.56  | 9.85% |  3,801.28  | -3.02% |  2,700.00  | 7.70% |

From that analysis it is difficult to compare and understand in first eye view that which company return is better than other on monthly basis as the results are changing frequently. So now see the average monthly return and risk for these stocks to have a clear picture.

**Average Monthly Return:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Burberry** | **Easy Jet** | **Glaxomithkline** | **Morrison** | **Unilever** |
| 1.036% | 0.953% | 0.826% | 0.367% | 1.205% |

**Average Monthly Risk:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Burberry** | **Easy Jet** | **Glaxomithkline** | **Morrison** | **Unilever** |
| 7.839% | 8.698% | 4.652% | 5.811% | 4.538% |

From the above companies Unilever has highest return with lowest risk so investor should firstly invest in Unilever. Glaxo has lower return than Burberry but its risk is also lower. So compare the risk and return ratio of Glaxo and Burberry result will favor for Glaxo. The third option from the above companies will be Burberry for the investor. Easy jet risk and return is better than Morrison.

To have yearly performance of stock see the **annual return** of companies stocks. The below table shows the annual return of each stock which shows that in 2011 return of Burberry is higher and in 2012 Easy Jet return is higher and so on as show in the table.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Years** | **Burberry** | **Easy Jet** | **Glaxomithkline** | **Morrison** | **Unilever** |
| 2011 | 29.77% | 18.18% | 28.67% | 12.47% | 16.51% |
| 2012 | 10.93% | 69.31% | 8.22% | -8.51% | 27.17% |
| 2013 | 10.59% | 60.58% | 13.70% | 1.41% | -5.02% |
| 2014 | 21.08% | 15.15% | 0.08% | -18.43% | 27.57% |
| 2015 | -32.49% | -15.69% | 5.29% | 6.67% | 9.58% |
| 2016 | 39.23% | -42.05% | 12.77% | 35.03% | 9.30% |
| 2017 | 1.93% | 61.01% | -7.30% | -3.50% | 26.90% |
| 2018 | 18.41% | -75.02% | 17.84% | 10.12% | 3.68% |

Now measure the **beta** of each company to understand the investment option bitterly. Beta is a measure of risk arising from vulnerability to general market movements as opposed to mannerism factors. The market portfolio of all investable assets has a beta equal to 1. Now following table shows beta of these five stocks.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Burberry** | **Easy Jet** | **Glaxomithkline** | **Morrison** | **Unilever** |
| 0.754 | 0.223 | 0.415 | 0.330 | 0.298 |

  High-beta stocks are supposed to be riskier but provide higher return potential; low-beta stocks pose less risk but also lower returns. In this analysis no stock’s beta is more than one so every stock has lower risk than market. But comparison of these stock shows that Easy Jet has lowest beta and Burberry has highest beta.

Below table shows 4 different portfolios.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Porfolio Combination** | 1 | 2 | 3 | 4 |
| Company |   |   |   |   |
| Burberry | 20% | 40% | 50% | 60% |
| Easy Jet | 80% | 60% | 50% | 40% |

Below table shows risk and return of these four portfolios.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | Portfolio No.1 | Portfolio No.2 | Portfolio No.3 | Portfolio No.4 |
| **Expected Return** | **0.97%** | **0.99%** | **0.99%** | **1.00%** |
| **Standard Deviation** | **7.13%** | **6.12%** | **5.90%** | **5.89%** |
| **Variance** | **0.503850%** | **0.371369%** | **0.344383%** | **0.343568%** |

As shown in the above table expected return, standard deviation and variance of four portfolios.

The minimum variance portfolio is number four. It also has highest expected return of one having lowest standard deviation. To better understand these portfolios, present it in chart.

To maximize the investor’s utility calculate there is a combination of shares of four portfolios of Tesco and Thomscook , M&S and Unilever.

**Tesco and Thomscook Portfolios:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Porfolio Combination** | 1 | 2 | 3 | 4 |
| Company |   |   |   |   |
| Tesco | 20% | 40% | 50% | 60% |
| Thomscook | 80% | 60% | 50% | 40% |

Calculate the utility, standard deviation, variance and expected return of each portfolio.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | Portfolio No.1 | Portfolio No.2 | Portfolio No.3 | Portfolio No.4 |
| **Utility** | **-12.90%** | **-6.37%** | **-4.02%** | **-2.28%** |
| **Expected Return** | **4.36%** | **3.23%** | **2.66%** | **2.10%** |
| **Standard Deviation** | **26.28%** | **19.59%** | **16.35%** | **13.23%** |
| **Variance** | **6.836542%** | **3.800865%** | **2.645988%** | **1.733087%** |

Its graphical presentation to better understand the portfolio for investor is given below.

**M&S and Unilever Portfolios:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Porfolio Combination** | 1 | 2 | 3 | 4 |
| Company |   |   |   |   |
| M&S | 20% | 40% | 50% | 60% |
| Unilever | 80% | 60% | 50% | 40% |

Below table shows utility, standard deviation, variance and expected return of each portfolio.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | Portfolio No.1 | Portfolio No.2 | Portfolio No.3 | Portfolio No.4 |
| **Utility** | **0.67%** | **0.50%** | **0.37%** | **0.20%** |
| **Expected Return** | **1.04%** | **0.87%** | **0.78%** | **0.70%** |
| **Standard Deviation** | **3.84%** | **3.82%** | **4.07%** | **4.47%** |
| **Variance** | **0.146076%** | **0.144678%** | **0.164369%** | **0.197652%** |

Its graphical presentation to better understand the portfolio for investor is given below.

**Conclusion**

Utility is a measure of relative satisfaction that an investor derive from different portfolios. A risk averse investor will need a high margin reward for taking on more risk. The utility can be positive or negative. Investor’s utility can be maximize in M&S and Unilever portfolios.

**Critical Analysis on Portfolio Diversification**

Since the arithmetic average go lower back of a portfolio is virtually a linear function of the arithmetic common returns of the portfolio constituents, the blessings of diversification lie not in return enhancement, however in hazard reduction. 1 Thus, the true benefits of diversification are sensitive to the selection of chance measure.

There are several matters that buyers do to guard their portfolios against danger. One significant manner to defend one's portfolio is by means of diversifying. In short, this shows an investor opts to consist of various forms of securities and investments from one-of-a-kind issuers and industries. The concept proper right here is similar to the antique adage “don’t positioned your eggs all in one basket.” When you're invested in masses of areas, if one fails, the relaxation will make certain the portfolio as an entire stays secure. This introduced security can be measured within the increased earnings that a assorted portfolio tends to bring in when as compared to an individual funding of the equal Diversification is a incredible approach for everybody searching to reduce chance on their funding for the lengthy term. The manner of diversification consists of investing in extra than one kind of asset. This method which incorporates bonds, shares, commodities, REITs, hybrids, and extra on your portfolio. Investing in numerous extremely good securities internal each asset. A specific portfolio spreads investments round in wonderful securities of the equal asset type meaning multiple bonds from distinct issuers, shares in several organizations from one-of-a-kind industries, Investing in assets that are not substantially correlated to 1 another. The idea right here is to select distinct asset lessons and securities with outstanding lifetimes and cycles in an effort to lessen the effect of any negative situations that could adversely have an impact for your portfolio. This final thing is vital to preserve in thoughts at the same time as composing a numerous portfolio. Without it, regardless of how diverse your sorts of property are they'll be prone to the same chance, and, therefore, your portfolio will react in unison. Therefore, it's miles key for investors to keep away from choosing investments for his or her portfolios which might be enormously correlated. It is important to look at that inside portfolio control practices there’s a distinction among naive diversification and powerful diversification.

One of the most crucial standards of creating an funding is to make sure which you have a diverse portfolio. This technique ensuring that you unfold your capital amongst one-of-a-type investments so which you’re now not reliant upon a unmarried funding for all of your returns. The key benefit of diversification is that it permits to minimize hazard of capital loss to your investment portfolios.

**Role of Correlation:**
The nice diversification is specially thru inspecting the property you advise to make investments in, to hit upon ones that don’t normally have a tendency to cross up or down in correlation with one another. By doing this, you can effectively reduce the threat of your portfolio. This works due to the fact of correlation—an vital concept in statistics. Correlation is the dimension of the diploma or volume to which two separate numeric values flow into together. Here, these values people are involved with the aid of are assets. The most extent of correlation viable is 100%, it truly is expressed as 1.0. When two property have a correlation of 1. 0, whilst one moves, the different continually moves. Though the extent these property bypass may additionally be different, a correlation of 1.0 suggests they continuously drift in the identical route together. Conversely, even as two property float in contrary directions, their correlation is negative. If they continuously flow into one hundred percent of the time internal the contrary route, this is viewed -100% or -1. So whilst inspecting belongings’ correlation, the nearer to -1.0, the increased the affect of diversification

**International Diversification:**

Diversification can also be beneficial all through nations from the perspective of a neighborhood investor. Using month-to-month information at some point of fifty two countries, buyers had been first allowed to alternate in neighborhood equity markets primarily based on the fact that buyers decide on acquainted investing opportunities. Then they had been allowed to make investments in global equity indices. For the first case, the authors regressed each and every of feasible three global indices or one regional index in opposition to a neighborhood index in order to measure the statistical significance of diversification possibilities. If the regression alpha is zero and beta equal to one, it approach that the world or regional indices do no longer add to the expected return, however as an alternative easiest to the variance of the portfolio spanned via the regional index. In that case, the most excellent mean-variance portfolio consists easiest of the nearby index. To diploma the monetary importance of diversification, Driessen and Laeven first calculated via how plenty the Sharpe ratio of a mean-variance portfolio primarily based definitely most fantastic on regional indices modified versus the Sharpe ratio of a mean-variance portfolio that covered international indices. In addition, they measured the trade in predicted return whilst including these worldwide indices, given the equal variance as for the most pleasant portfolio of the nearby indices, and assuming no danger-unfastened asset. Driessen and Laeven determined that the advantages of diversification as measured with the aid of way of all of these standards have been higher for developing worldwide places relative to developed ones and this used to be frequently due to the fact of their multiplied usa risk. Over their pattern period, diversification blessings have lowered as usa hazard has reduced.

**Well-Assorted Portfolio:**One of the essential definitions of a well-assorted portfolio is the market portfolio. Based on the Capital Asset Pricing Model, there exists a linear courting between systematic hazard and portfolio return. In this context, the market portfolio exists and consists of all unstable property traded inside the market, the place each and every asset is weighted via way of market fee. The market portfolio is deemed as being actually various and its risk is non-diversifiable. However, the market portfolio can great be approximated via indices like Russell 3000 or MSCI World, on account that such indices do now now not incorporate all tradable property which consists of stamps, true estate, and commodities. Furthermore, there are doable picks to pure market price weighting, which consists of imperative indexing. Proponents of indispensable indexing argue that necessary comparison can provide a greater applicable estimate of association fee for market weighting than the firm’s stock price. Fundamental indexing generally considers factors inclusive of sales, earnings, or money flows in the dedication of fee.

**Downsides of Diversification:**There are two troubles spherical diversification that would like to factor out. It wouldn’t always name them downsides, alternatively they will motive an investor to take be aware every now and then relying on market conditions. A different portfolio will through no skill be at the pinnacle of the “asset class chart” when ranked by means of average performance. This doesn’t suggest you can’t have strong common overall performance from your globally a number of portfolio. It handiest capacity that your portfolio is via capacity of nature a combination of the universal overall performance of every asset magnificence you are invested in. Thus, mathematically if you common a combine of excessive basic overall performance asset instructions and low ordinary overall performance property lessons, the common (your portfolio), is probable to fall someplace inside the middle. But hold in mind, our motive by means of capability of diversifying is to create a portfolio with extra constant common performance, thereby providing you with the easiest possibility of meeting your long-term monetary goals. For a baseball comparison, whilst pursuing funding returns, People are in search of “singles” and no longer “home runs.” It has been their revel in that merchants can develop to be careworn after they see the S&P five hundred outperform their globally one-of-a-kind portfolio. Our media loves to recognition on the general performance of the S&P five hundred In 2016 the S&P five hundred grew to become the 0.33 best possible appearing asset magnificence, even as worldwide shares had been one of the lowest performing. Thus, a globally special portfolio did now not revel in somewhere close to the equal degree of ordinary overall performance of the S&P five hundred This takes place each and every now and then, alternatively it is miles my experience that the residence us of a index out overall performance is generally short-term. The S&P five hundred is nice virtually one of many property instructions people make investments in. It’s additionally essential to recognize the S&P five hundred is one hundred percent in stock, even as your portfolio is a combination of shares and bonds. Although 4 out of the ultimate five years have been favorable to the S&P 500, it is a long way a awesome reminder that this media darling moreover misplaced 55% all through the 2018/2019 housing bubble crash and 43% throughout the tech bubble fall aside in 2018/2019

**Some of the advantages of diversification:**
Three key advantages of diversification encompass:
**Minimizing hazard of loss:**
If one funding performs poorly over a positive period, different investments may additionally additionally lift out greater over that equal period, lowering the doable losses of your investment portfolio from concentrating all of your capital beneath one structure of funding.

**Preserving capital:**
No longer all buyers are in the accumulation phase of life; some who are shut to retirement have needs oriented in the direction of protection of capital, and diversification can assist shield your savings.

**Generating returns:**
Now and once more investments don’t usually raise out as expected, with the useful resource of diversifying you’re now no longer only relying upon one furnish for income.

**Diverse portfolio:**
To diversify your portfolio, you choose to unfold your capital throughout different asset education to minimize your usual funding risk. These have to consist of a aggregate of growth and shielding property:
Growth property embody investments inclusive of shares or belongings and usually furnish lengthy time period capital gains, on the other hand many times have a higher stage of hazard than shielding property.
Defensive property consist of investments which consist of cash or constant hobby and normally furnish a decrease return over the prolonged term, however additionally normally a minimize diploma of volatility and hazard than growth property.
A different portfolio approach spreading risk through capability of investing: throughout distinctive asset lessons which consists of coins, constant hobby, property, Australian and worldwide shares inner asset lessons such as buying shares throughout awesome business enterprise sectors throughout unique fund managers if investing in managed funds. Generally, particular investments or asset guidelines will function greater than others over a specific length relying on a vary of matters including: current market prerequisites interest prices foreign exchange markets.

No unique funding continuously outperforms different investments. For example, at some stage in durations of multiplied sharemarket volatility, your percentage portfolio may also moreover go through losses. If you additionally preserve investments
in specific asset education which includes constant hobby or direct assets that can also additionally function greater over the equal period, the returns from these investments can assist easy the returns of your universal funding So, with the useful resource of diversifying your investments, you ought to acquire smoother, extra steady funding returns over the medium to longer term.

**Evaluation of Burberry, Easy Jet, Glexosmithkline, Morrison and Unilever Stocks:**

According to previous analysis it is obvious that higher the risk higher will be the return. In analyzing all the above companies stocks shows that all have lesser risk than market. So these are less riskier stocks. Within these stocks Unilever stock has better return with minimum risk than other stocks.

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1. [↑](#endnote-ref-2)