

# Portfolio assignment

Literature, Russian Literature



Portfolio stock analysis Introduction Portfolio analysis is an important concept to investors as it helps in evaluating the performance of a portfolio (Reilly and Brown 200). It is a tool used by investors in decision making. A rational investor will prefer maintaining a portfolio that has assets which give higher returns regardless of the risks involved. In this report, we will ascertain the performance of a portfolio consisting of five companies in NASDAQ. We want to analyze their share price performances from 20th September 2012 to 19th November 2012 and assess the impact of the share prices on the overall value of the portfolio. An economic analysis will also be carried out to determine the factors that have influenced greatly the share performance and as a result the value of the portfolio.

#### Performance analysis

The companies in the portfolio include Apple, MasterCard, Target Group, Eli Lilly & Company and Tesla Motors Inc. the share performance from 20th September 2012 to 19th November 2012 is on a weekly basis for all five companies. Appendix 1 shows a table showing the weekly share prices for the companies. Appendix 2 shows the value of the portfolio as at 19th November 2012.

#### Appendix 1

WEEKLY SHARE PRICES FROM 20th SEPT 2012 TO 19th NOV 2012

Date

APPLE (APPL)

MASTER CARD (MA)

Target Corp. (TGT)

Eli Lilly & Co. (LLY)

Tesla Motors, Inc. (TSLA)

19-Nov-12

565.73

478.68

63.01

47.03

32.92

12-Nov-12

527.68

464.59

62.14

45.91

31.84

5-Nov-12

547.06

464.66

61.66

46.99

30.32

31-Oct-12

574.18

469.45

62.35

48. 06

28. 92

22-Oct-12

601. 25

452. 98

63. 55

49. 7

27. 38

15-Oct-12

607. 07

470. 06

61. 87

52. 32

27. 74

8-Oct-12

626. 85

473. 36

61. 17

49. 94

27. 64

1-Oct-12

649. 62

475. 27

63. 81

47. 74

28. 89

24-Sep-12

664. 07

451. 19

63. 1

46. 93

29. 28

20-Sep-12

696. 91

459. 23

65. 06

46. 98

30. 02

Appendix 2

Portfolio Value as at 19th Nov 2012

Company

No. of shares

Share price(\$)

Value(\$)

Apple

9

565. 73

5091. 57

Master card

11

478. 68

5, 265. 48

Target

80

63. 01

5, 040. 8

Eli Lilly

85

47. 03

3, 997. 55

Tesla

185

32. 92

6, 090. 2

Total value

25, 485. 6

The initial value of the portfolio as at 20th September 2012 was at \$25, 000 and as at 19th November 2012, the value is \$25, 485. 6 as shows in appendix 2. This is increase of approximately 2 percent. Apple, Eli Lilly and Target have their closing share prices at a price lower than the initial prices. Master card and Tesla have shown a higher closing price than their initial prices. Share prices performances are influenced by the internal activities of

the company. Tesla anticipated increasing its revenue in the fourth quarter by 25 % since it was to introduce the S model in the market. This might be the reason why its share prices went up. Apple is facing competition from other companies such as Nokia. Nokia has partnered with Chinese company and it has grabbed most markets in china. MasterCard's 3rd quarter report shows that it had 7. 8% increase in operating earnings compared to the previous quarter. It also had introduced a share repurchase program in June and proved to be effective in the 3rd quarter. This might have triggered the increase in prices.

#### Economic analysis

GDP experiences periods of boom, recession or depression and so does share prices undergo through the same cyclical period. The correlation between GDP and share prices is very low (Reilly and Brown 2011). Investors are influenced by the returns they get from each dollar they invest in the company. If the GDP increases in the 4th quarter by 2%, there will be little or no change in the share price. The same case applies if the GDP is to increase by 4% or no growth is experienced. Share prices are therefore not influenced by GDP but by the internal activities of the company. GDP affects the value of the firm.

#### Conclusion

Looking at weekly share prices of the portfolio, there has been an upward and downward trend in prices for all companies. This is a normal trend in stock markets. The value of the portfolio has increased also. It is not wise to drop the stocks which have dropped in price (Reilly and Brown 250). It is recommendable for the investor to consider diversification by adding more

stocks in the portfolio.

**Work Cited**

Reilly, Frank, Brown, Keith. Investment Analysis and Portfolio Management.

Cengage learning, 2011, pg 200-500