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Investment 🎉

Risk 🚩

Systematic Risk

- Market risk
  - Change in the attitude of investors
- Interest Rate Risk
  - When new investment with high interest rate enters the market
- Purchase Power Risk
  - Inflation

Unsystematic Risk

- Business Risk
  - External
    - Government Policies
    - Competitors' strategies
    - Unforeseen market condition
  - Internal
    - Inefficiency of management
    - Labor problem
    - Raw materials problems
- Financial Risk
  - Imbalance in Debt-Equity Ratio
- Default or Insolvency Risk
  - Bankruptcy

Measurement of Risk & Return 🖊

- Standard Deviation
  - Measures the historical volatility of an investment, that is, the difference between actual returns and average (expected) returns
    More deviation, more volatile
    Less deviation, less volatile
- Beta
  - Measure the volatility of an investment in relation to overall market
    Market Beta = 1
    Security greater than 1, more volatile
    Security smaller than 1 , less volatile

Return ⭐

- Realized Return
  - Interest/Dividend
  - Capital gain/loss
- Expected Return