

Instruments of investment

Abstract

The purpose of my thesis is to analyse various facilities, in which people can invest their capital. The thesis is composed of several parts, each of them dealing with different aspects of investment instruments and of investment.

The first part is introductory and describes basic issues of investment.

The second part is concerned with valuation of investment facilities. For this valuation uses three indicators: future value, present value and internal rate of return. For valuation of security uses standard deviation and this relates to expected value of rate of return.

The third part characterizes the most used instruments of investment: bonds, stocks, money market instruments, derivatives and collective investment funds and the fourth part focuses on diversification of risks by the help of asset allocation in the investment portfolio.

At the present time is the world in the financial crisis, which has the influence on investment too. Financial crisis is the topic of the fifth part. Notwithstanding uncertainty we can suppose, that the growing tendency on the stock markets already starts. The prices of bonds went down and therefore they have now better rate of return. Prices of industrial commodities probably still go down, but in a few months they should grow up again. But by gold is it another. Gold is a target of investors in the time uncertainty and the present value of gold can be only the speculative bubble. Investment in residential real property is not profitable at the present time, because their prices go down. But another types of real property can be lucrative.

In the last part is the case study, which demonstrates on the three different investors, how we can compile our portfolio in line with our requirements, relation to risk, investment time and with market situation.

Klíčová slova: nástroje investování, finanční krize, portfolio

Keywords: instruments of investment, financial crisis, portfolio