**UNIT 3 ASSIGNMENT: ARTICLE REVIEW**

**GF599: Graduate Capstone in Finance\_peregrine**

**01/12/2015**

The article discusses the investment mechanism and processes which was being followed all over and it also addresses the techniques of portfolio management at that level. The main feature which the article introduced was with regard to the classification of the investors into the dumb and smart categories. According to that classification, it could be seen that there had been various degree and extent of changes which the overall process had brought and a study of the impact of investment of these two categories of investors was taken into account. The overall analysis of the portfolio investments and the related discussions has resulted into the discussion which helped in understanding of the overall process and had also helped in the understanding of how portfolio perform. The article had made detailed analysis of the investment of these people and has also considered the investments which these different classes of investors had made. On the basis of the overall investment analysis and the nature of the investments made, some conclusions have also been drawn for the investment mechanism.

On the basis of the discussion and the overall analysis of the key forms of the investments made by the two groups of investors, it was seen that the investments made by the smart group of investors was mainly drawn on the basis of some known source of information and the source of information for the dumb group of investors was done mainly on the basis of behavioural responses and some physiological expectations. While the smart group focused on logical reasoning and the logical responses for the investment, the dumb group made their discussion on the basis of some preconceived notions.

On the final analysis of the actual results of the investments and the net impact of the transactions it was thus observed that the reason for such changes and the overall impact of the transactions and the diverse investments made by the two groups, it was seen that the actual results of the investments were quite diverse. While the return achieved by the smart group of investors was relatively high, the return by the dumb group was even below the benchmark level. The actual return which the investments had yield had resulted into the overall response of the two investment processes. It had been seen that as a result of the two investment sources there have been various diverse group of challenges and the various diverse group of responses for the two classes. There had also been various impact of the changes which had occurred as a result of the poor investments made by the two concerns.

It has been the requirement of the investors to ensure that the actual investments made are as per the process and as per the requirement so that the returns received are in line with the expectations. However since the investments of the dumb group of investors were made on the basis of notional understanding of the subject matter the inconsistencies of the market had impacted the investments made and hence the net return of the investment had not been proper. It has been the endeavour to ensure that the net income and the results of the investments is positive for the concern.

The overall changes in the investments and the portfolio of the different classes of investors would actually help in understanding of the new areas and dimensions of operations and would help in understanding of the key forms of business. It is clear that the management and the organisation must form a proper understanding of the key investment tools and it is only then that a valid response on the overall investment mechanism can be developed and thus there can be proper system for the development of the investment objectives and realisation of the same. There are changes on the investment process from time to time, and it needs to be developed adequately to ensure proper compliance of the investment returns as well.

**References**

1. Gowthorpe, C. (2008). Financial analysis. Oxford: CIMA.
2. Helfert, E. (1987). Techniques of financial analysis. Homewood, Ill.: Irwin.
3. Rees, B. (1995). Financial analysis. London: Prentice Hall.
4. Rodgers, P. (2008). Financial analysis. Oxford: CIMA.