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INVESTING IN SECURITIES FOR RAVANIN PESULA OY

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The purpose

The purpose of this thesis is to set an investment strategy in securities for Ravanin Pesula Oy. The scheme will be majorly used as a back plan to cover up emergency costs that arise for the company in cases such as technical costs and instant projects that need external funding from the parent owners, despite this it can in the long run be a major key backbone in supporting the entire organization's expenses. In other words, Ravanin is handling numerous projects and need cash as management reserve for contingency plan.

CONTENTS

1	INTRODUCTION.....	4
1.1	About Ravanin Pesula.....	5
1.2	Owners ,Management Team, Employee.....	5
1.3	Partners.....	6
1.4	Target group.....	6
1.5	Company History	7
1.5.1	Origin and changes date	7
1.5.2	Recent Activities and projects.....	7
1.6	Goals and mission.....	8
1.7	Purpose of this thesis	8
2	INVESTING	10
2.1	Stocks.....	10
2.2	Bonds.....	11
2.3	Index and mutual funds.....	12
2.4	Collectibles, Antiques &	13
2.5	Other investments.....	13
2.6	Benefits and Reasons for stock investments.....	15
3	PORTFOLIO MANAGEMENT.....	16
3.1	Strategic Asset Allocation.....	16
3.2	Aggressive or income investing	17
3.3	The shares portfolio.....	17
3.4	Stock screening.....	18
3.5	Fundamental analysis.....	19
3.6	Getting your time right.....	20
3.7	Monitoring progressing.....	21
3.8	Portfolio mistakes.....	21

4	INVESTMENT PHILOSOPHY.....	24
4.1	Predictable earnings.....	24
4.2	Company brand.....	25
4.3	Nature of business.....	27
4.4	Management Team.....	28
4.6	Growth Rate.....	29
4.6	Value investing.....	30
4.7	Good company cheap price.....	31
4.8	Research and development in relation to size.....	31
4.9	Corporate social responsibility.....	32
5	INDUSTRY AND MARKET EVALUATION.....	32
5.1	Attitude.....	33
5.2	Industry choice.....	35
6	SUGGESTED ENTERPRISE.....	36
6.1	Harju Elekter Group.....	36
6.2	Brokerage firms.....	39
4	CONCLUSION	41
	REFERENCES.....	42
	APPENDICES.....	43

1. INTRODUCTION

The major focus of this document is the prospect of three aspects of finance; financial accounting and management accounting and personal finance. Discussed below are these categories of finance:-

Financial accounting is that area of accounting which deals with the external operations of a business, the group concerned here are the stakeholders and owners of the companies. This can be a public or private owner.

Financial management too is the area, which deals with the internal operations of the business. These individuals are the managers, board of directors and other employees concerned with resource allocations and profits and budgets, costs and whether to invest or not.

Personal finance on the other hand are individuals or groups of people with financial objectives in risking their savings/assets for higher earnings in investment strategies.

In short the key engine in any organization is the management dealing with finance and analyzing risks for potential growth while the car won't run alone it needs gas (cash) and the funds can only come from owners' who consistently invest in securities; that is where financial accounting and personal finance jets in.

In the next chapters we are going to seriously explore the key financial drivers in other words, where the funds for running the organizations come from and how they are affected in the market when trading.

To begin with we have chosen some of the top Finnish industries and analyzed their financial statements and correct investment decisions an investor would choose.

1.1 About Ravanin Pesula

Ravanin Pesula Oy is a private laundry service company located in the Eastern side of Pori City, Finland.

The company serves as major site in Satakunta region and is ranked among the notable laundries in the country with its counterpart being in areas like Vantaa, Seinäjoki etc.

The major services offered by this prestigious company are:

- Laundry and maintenance services

This involves the sorting, drying and folding processes plus repair and maintenance of the machines.

- Rental textile and textile collection

Various laundry is put in groups and kinds in preserving order of customers basing on region and urgency.

- Collection customization

This consists of offloading of dirty laundry, to sorting into desired categories, washing and drying in various machines and data entry and packing to customers.

In the meantime replacement of old or non-washable laundry is carried out.

1.2 Owners ,management Team and employees

Ravanin is owned by two partner health centres in Pori with the major partner being Satakunnan Keskussairaala , 70% share and Porin Kaupunginsairaala , 30% share under the administration of Satakunta Municipality.

The company has 7 board members, who are responsible for creating the company vision and major decisions like evaluating the workings of the general manager.

In that case, Pekka Kauppinen, is the general manager responsible for the critical decisions in the day to day operations and ensuring the company is line with its mission, vision and values.

Pekka is assisted by one assistant manager, 3 assistant consultants and two supervisors.

The company has 30 employees of its own who are liable to the supervisors for advice and daily routine handling.

1.3 Partners

Ravanin has 5 major partners who can be summed as:-

- Seasons HR Management-Provides additional subcontracted workers.
- Sata-services- assists in emergency technical aid and machine maintenance.
- Laatu-Kuljetus-responsible for logistics e.g truck driver supply and delivery services.
- RTK Palvelu- in charge of sanitation and cleaning.
- Lassila & Tikanoja- aids in industrial cleaning and waste management processes.

1.4 Target group

The company's major customers are business centres in different areas e.g hospitals, hotel and restaurants, schools and kindergartens and others. They are majorly from regions such as Uusimaa, Satakunta and Pirkanmaa. At the moment it has about 40 customers in number totaled from these regions.

1.5 Financial report

The company generates an annual sales of an average of 12 million euros. In 2013, it ranked a sales income of 10 million euros and had a decline of 2 million euros in 2014.

Last year the company made about 80,000 euros in profit again a major decline over the past years. Addition information on the company finances can be found attached on the appendices.

1.6 Company History

1.6.1 Origin and changes to date

Ravanin Pesula was founded in 1981, in Ravanin ,Ulvila, the great old city of Satakunta.

In 1987, the company was transferred to Kartanonkuja , the Eastern part of Pori.

This major change was due to the constant growth in Pori as opposed to Ulvila, to increase the company's visibility, and acquired floor space for expansion. During this period the laundry was growing at a faster rate and needed needed a strategic location for advancement.

Over the last years, the company has been undergoing major changes in areas of operations.

This is listed in the next subheading.

1.6.2 Recent Activities and projects

Over the past few decades the company has been making drastic changes with ongoing projects aimed creating good corporate relation, improved living conditions and maximising profit. The below mentioned are notable activities which has been supporting the organization's mission of quality control, environment, corporate social responsibility and research and development.

- Employee education on safety measures training
- Employee work feedback and improvements
- Purchase of new machines/Replacements
- Installations-gas,air conditioners , industrial vacuums and sensors
- Expansion at hand
- Change of brand logo
- Competitor investigations, management field experience & research

In the continuous upbuilding especially in internal and external operations certain goals have been achieved this along side has been accompanied by unseen threats. The following are the results.:-

- Threats of customers shifting, due to increased costs at the time
- Some customers left
- Increased efficiency
- Time management
- Increased good workmanship correlation.

1.7 Goals and mission.

The major aim that Ravanin focuses is continuous expansion and their main mission is customer oriented. The key drivers to the aspects are issues on customer loyalty, management, retention and on the mission is working for a better world on both environmental terms and industry level. Therefore, the company heavily focuses, on corporate social responsibility (CSR) and adhering to international standards required at corporate level. Some of these issues are on such area dealings as with transparency, laws and human rights, ethical issues, long-term commitment with partners etc. This can then explain the organisation's expenditure on employee training on matters dealing with the environment and safety.

1.8 Purpose of this thesis

Ravanin Pesula over the last decades has been making great progress and the company has intensely been examining and making research in key business areas to increase its revenues. In the examination of the ongoing internal projects and best practises it has deployed can be seriously be said as to be of great value and more return on investment should be expected. Some of the key areas operation has shifted are discussed here.

Customer satisfaction being the leading in this areas, a feedback given over the years is that a majority of the customer are greatly impressed by the quality hygiene standards and on-time delivery. Most of the laundry also too are customized in the right order.

Feedback sessions have been conducted, efficiency and effectiveness has been encouraged on the employee side by the management and time management too has been stressed upon.

Employee motivation is also another thing of importance. A brief interview session was carried out and majority of the employees are satisfied with their working environment. The company too also comply with the employee rules and laws as required by the state.

Some of the things that has created this conducive working environment, is the management's concern for the employees welfare, health and hygiene.

Ravanin not only internally have the employees taken care of in the working environment, but has gone to the event of giving gifts for innovative and inventive employees and offering leisure activities like swimming pool tickets in nearby cities; Pori and Ulvila.

Every month employees do also give feedback to the management on some of the changes they have at requests e.g holidays, shift changes etc. This has absolutely promoted flexibility on the employee side.

Despite all this endeavours, the high cost of running the entire organisation is in continuous rise and the management is in the concern of curbing such costs. This has resulted in low returns and threats from some customers to look for competitors. The example of Satakunnan Hoitopiirii last year wanted to defect due to high laundry charges.

A close examination into the company's operation in the technical side shows a great growing concern in that, machine breakages has been a constant problem and stopping the production processes overtime and therefore high costs in maintenance and servicing. This in event has resulted in low efficiency, and poor time management on the side furthermore decreased employee morale on their side of work.

The question therefore arises here on what can be done to smoothen this process of operations, create the maximum performance and low costs while still maintaining high yields.

One would certainly argue that new machinery ought to be bought, that is certainly right but ideally is an expense, at the moment the company has two big washing machines and they cost

millions of euros, instant purchase is an increased liability and would not create a balance on the company's balance sheet, this is in mind of the installation charges and other technical hidden costs. In the long run that is the most advent thing to consider but while trying to create perfect operations and quality satisfaction at the moment, continuous servicing is great while the company is saving on the little profits gotten and ploughing them back.

That being said, it is quite clear therefore, the internal operations side of the company is great and the moment and a little focus by the board and management on external source of income that would cover these costs and even in the future aid in financial emergencies ought to be plotted.

A study of McDonald's corporation reveals some of the company most vital secret that a majority of the world is unaware of.

2. INVESTING

In this case we shall discuss a little before getting into depth analysis how to buy or sell stock and bonds. In case the terms are new to you then it quite clear that one should differentiate between these two terms. Henceforth;

2.1 Stocks

When a company issues an individual a share price, it simply means the individual or organisation become a part-owner or shareholder of the company. This means that whatever the financial situation the company stands the shareholder takes same risks as the company. When losses occur or profits are made the shareholder suffers or enjoys these benefits.

Shares are issued from the company's capital or equity, (Graham, 1946). This is in line with accounting equation, when all the assets have been sold and liabilities paid, whatever that remains (equity) is what the shareholders enjoy.

Shares as sometimes know as stock, so one can be a stockholder/ shareholder all alike mean the same.

In becoming a shareholder the enjoyment of company benefits is regarded on what type of shares one purchases, which means shares can be :

Common stocks

These are the type of shares in which the owners have no rights and are only issued after preferred stocks, in the case of liquidity and they offer low dividend returns. This type of equity has earned an interest on its principal value over time (Geoff & Mahmoud, p.154). The value principal value or earnings vary depending on the business condition, which is the dividends while the interest is the common stock.

Preferred stocks

Just as the name suggests they have high dividend returns, owners have rights and are issued at first in terms of liquidity. This is sometimes referred to as a fixed financial instrument. In this way these types of stock may be likened to debt financial instruments like bonds as the amount earned is fixed while on the other hand, the equity is paid after creditors have been settled (Geoff & Mahmoud, p.154).

Therefore, we took thorough analysis into what shares are preferable.

In this report the major analysis is based on common stocks, as they are majorly bought and much easier for even young investors.

2.2 Bonds

These are loans given by a company or the government in general to the public for sale allowing them to buy in form of certificates. For example, let's say company A has a loan of 600,000€ to pay, it can decide to divide these loans and give them out for sale into 1,000€ bond certificates with an interest earning, say 8% return after a period of 2 years. The company will therefore issue these bonds to the public, therefore a total of 600 bond certificates.

In another simple explanation an instance when one takes a mortgage loan from a bank, the bank charges the individual with an interest of a certain period of time.

It is therefore quite good to note that bonds are safe investments since they offer safe guarantee.

The risk involved with bonds is that when inflation rates hit high they may not give nice returns.

In determining bonds or creating a bond if you are an owner of an enterprise issue is determined from the companies creditors or liabilities on the balance sheet and determining how much to give out, (Lynch & Rothchild, 1998). It is thus necessary set out principles or theory regarding the organisation's business situation. High bonds with high interests can sometimes mean high loans making it hard to pay.

Take for example, governments you may wonder why they issue out these bonds in terms of treasury bills or other form even though they are in a position to print out the cash and pay their creditors. The risk can be decreased in a currency potential buying power and high inflation rates, so continuously governments may keep making recurring loans.

2.3 Index and mutual funds

Mutual funds are just stocks too compounding, the difference now that you issue them out to a fund manager who takes care of your investment. These experts are trained in the field and usually give some nice returns (Lynch & Rothchild, 1998). This can be in the case you have not much time, or you are not into the game of full investment or with the fear of risking your cash. It is quite good to note then therefore, that sometimes these gurus too are defeated in the market by regular investors. And additional charge fee too, they take for their work, thus in taking in total all the costs the returns in funds can be of low value at times.

Index is just same as fund but now they have a fixed percent climb in value, in the case of compound interest, meaning they have average returns, not so much risks involved and not less returns, (Fisher, 1960). They take a middle ground. The returns therefore may not be of the expected returns taking into account the charges. Those who choose to take this type of

investment may be evaluating S&P 500 (standard and poor) industries but quite stable in the market.

2.4 Collectibles and antiques

Collectibles can be anything from antique cars to stamps, old coins, baseball cards, or Barbie dolls. When you invest your money in such things, you are hoping to sell them at a profit in the future. There are two reasons this might happen; things become more desirable as they get older, and people are willing to pay higher prices for them; and inflation robs cash of its buying power, which raises prices across the board.

The trouble with investing in things is they can get lost, stolen, warped, stained, ripped, or damaged by fire, water, wind, or in the case of antique furniture, termites. There is insurance for some of this, but insurance is expensive. Things in general lose value with wear and tear, although they also increase in value as they get older. That's the constant hope of collectors, that the age of the thing will raise its price more than the condition of the thing will lower it.

Collecting is a very specialized business, and successful collectors are experts not only in the items they collect, but also in the market and the prices. There's a lot to learn.

2.5 Other Investments

Real estate

Buying a house or an apartment is the most profitable purchase most people ever make. A house has two big advantages over other types of investments. You can live in it while you wait for the price to go up, and you buy it on borrowed money. Let's review the math.

Houses have a habit of increasing in value at the same rate as inflation. On that score, you're breaking even. But you don't pay for the house all at once. Typically, you pay 20 percent up front (the down payment), and a bank lends you the other 80 percent (the mortgage). You pay

interest on this mortgage for as long as it takes you to pay back the loan. That could be as long as fifteen or thirty years, depending on the deal you make with the bank.

While you are dwelling in the house, and there's no fear housing market decline, the way you might get scared out of stocks when the stock market has a market burst. The house increases in value, but you aren't paying any taxes on the gains. Let's say, you bought the house at 300,000 euros house that increases in value by 4 percent a year, after the first year it will be worth 312,000 euros more than what you paid for it. The cycle continues and until when you sell the house.

Money Market funds

Money market funds are realised by the maturity date or redemption time mostly for less than a year. Money markets are debt instruments offered by financial institutions. (Drake & Fabozzi, 2010, p. 26). Below are notable money market funds.

Treasury Bills, Certificates of Deposit and Eurodollar

The above are known as short-term investments issued by investor to the issuer. They pay back interest in short-time with fixed deposits and in most cases the money is insured against losses, fraud, bankruptcy or any other forms. These types of funds are mostly issued by commercial banks (Drake & Fabozzi, 2010, p.17). Treasury bills, have a short-term maturity date of about a month or six months. In most cases they have no interest rates but are discounted (meaning the investor buys them at a cheaper price and on maturity) then it regains the face value, the difference is the profit. Most T-bills are offered by governments e.g in the US it's the federal reserve or state.

In Certificates of Deposits (CDs), the investor is insured against losses, hence the joy of payback. The maturity period is around a year and with a fixed rate. CDs are sometimes referred to as promissory notes.

Eurodollar, is another type of CD but most traded in the use with foreign counterparts, that is, for instance, the USD is issued to internationally commercial institutions abroad as a deposit with

a fixed amount for a short period of time to be paid on an interest termed as LIBOR (London interbank offered rate). (Drake & Fabozzi, 2010, p. 17).

Another form of Eurodollar can repurchase agreement(repo) which vary a little as they are collateral loans i.e the issued loan is backed up by a fixed asset in the event of failure for payment at an agreed time.

Short-term investments demerit is that investors earn low rate of interest. The interest rate you get in a money-market account or can't fight inflation. Looking at it that way, a savings account may be a losing proposition.

Inflation is a term for of saying that prices of product are rising higher. When gas goes from €0.99 a gallon to \$1.00. Another fancy way of looking at inflation is to check the buying power of a country's currency, for instance if the inflation rate is 4% , then for every euro you own , you lose 4 cents.

Above all, short-term investments have some advantages e.g interest earned, money back guarantee and the money is insured against losses. Short-term investments have one big disadvantage. They pay you a low rate of interest. Sometimes, the interest rate you get in a money-market account or a savings account can't even keep up with inflation. Looking at it that way, a savings account may be a losing proposition.

2.6 Benefits and Reasons for stock investments

Chart showing securities in relation to inflation rates and rates of returns averages.

Europe and United States of America (USA)

Period	Stocks	Bonds	Bills	Gold	Inflation
1802-1998	7.0	3.5	2.9	-0.1	1.3
1802-1870	7.0	4.8	5.1	0.2	0.1
1871-1925	6.6	3.7	3.2	-0.8	0.6
1926-1998	7.4	2.2	0.7	0.2	3.1
1946-1998	7.8	1.3	0.6	-0.6	4.2

The charts above is a clear indication that in the previous years in securities history stocks have been outperforming all financial instruments with a better rate of return and even in the lowest financial times of economic downturn. For instance, in the period of 1926-1932, the world witnessed the greatest economic depression of which almost all markets were yet disclosed at that time, in 1929, stocks gave an annual rate of return of about 4% almost equivalent to bonds but still when the economy picks up, they have been substantially doing great with no minimum return of less than 7%.

3. PORTFOLIO MANAGEMENT

An investment portfolio is simply the tools techniques, strategy, tricks and tools an investor puts in place in a given investment. Therefore, portfolio management is how carefully these tools and strategies are deployed adhering to change in the financial instruments or market adjustments for the best possible investment outcome (Drake & Fabozzi, 2010).

3.1 Strategic Asset Allocation

In the beginning as noted earlier you must at least know what you intend to buy. In this case Ravanin is the event of purchasing shares of a certain company, thus it is essential to take the following key factors. What is the amount of taxes it is willing to pay? Are there taxation shields i.e the Roth IRA, 401K plans etc.? Which brokers to choose? What is the spread? Whether they are fixed charges or charges come after profit? It is quite clear to note that the above plans are not evasion techniques but means of protecting the company during long term investment when securities are on hold thus not reducing the amount of income for a certain period.

Some of the notable stockbroker with good discounts are Merrill Lynch, Charles Schwab, Nordea etc.

3.2 Aggressive or conservative investing

Asset placement is not a rigid process nor is the tool you use overtime in investing.

The question here arises which type of technique for investing is splendid and how it should employed to plough back favourable gains.

There is a higher risk in stock investing but it is quite good to note that never attempting at all ensures no security or income flow while in the bond market a sure guarantee of payment is valid but it is a fixed term (Graham & Dodd, 1949). The likability of getting money in buying shares and gaining and losing lies on fate, there the mode of diversification is necessary. In this case the Ravanin must spread the risk in both areas an advisable some would be 70-20-10 scale.

The strategy employed here is a 70% stock investment, 20% on bonds and 10% on funds in the market.this can be summed up as:-

- Adventurous; high risk investment.
- Balanced:-average rate returns (moderate risk investment).
- Cautions; Capital loss avoidance (very loss risk investment but not necessarily savings if so must be compounded quarterly).

3.3 The shares portfolio

In this case we have the assumption, that Ravanin has chosen to buy shares as number one choice basing on our previous find and records. Thus it is quite good to know how many should be placed in each shares portfolio and by what number and the facts behind such a choice.

The first thing therefore is to identify and own enough different shares.Remember that having different kinds of eggs in one basket is a good proof of security, as some will prove to be good while others won't. Each sub-portfolio as advised by most investors should have at least 15-20 different share types.

It is common sense too that the shares of each company do not perform same business e.g company A may be involved in oil business not necessarily company B must be in same industry may food and grocery business may be a good move.

The company may consider not buying too much shares that they won't be able to sell on a later date due to emergencies or market plunge. That would be an extra cost and wouldn't be wise investment (www.investopedia.com).

In this therefore having again good to have shares spread in different portfolio a closed balanced percentage equation would pay off e.g beverage, technology, manufacturing etc. but economic growth analysis of each aspect should be the determining factor in each model.

If the stock investment model is based on income, a suggestive portfolio with good dividend pay off is an added advantage.

3.4 Stock screening

The shares of a company as noted earlier is its equity portion or basically what the company possess therefore, it is right to say they are the value scope of any business.

Having said that not just buying great companies is a guarantee or an investment high returns but closely looking at what are its payoffs, finding them at the right price.

This will be looked at later in depth but always examining which are pretty cheap but have steady performance (www.investorchronicle.co.uk).

The major factor which is looked at later in depth in this concept of determining whether a share investment is undervalued, overvalued or fair is the Price per earnings ratios (PE ratios).

PEG ratio is another measurement which helps compare the PE ratio to the rate of predicted earnings growth (PE:PEG) (www.youtube.com/moneyweek).

The fund manager or broker is able thereafter to list and help Ravanin compare these companies in mind using a platform listing them with the most share value or those with relative potential earnings growth.

In this sense the idea behind screens stocks is to help the potential investor get those with the ideal characteristics which matches his/her portfolio style. The style helps reduce unseen risks as it give broad analysis as it filters out those with unlike qualities.

An example is that of Mark Zweig whose major focus is on companies with consistent and sustainable growth prospects. Ravanin's approach may be of that of Warren Buffett and his teacher Benjamin Graham whose major focus is particularly on value investing.

3.5 Fundamental analysis

Stock screening can be said as an overview or first technique of identifying great companies but an in depth analysis style is necessary before making any payments.

This can be equated to Warren's most famous quote 'Don't lose money.' Basically these are his rules of thumb before making any purchase (Buffett,1998).

The method here listed is to help Ravanin make a change to perfection of avoiding buying wasteful shares. In other words, cheap with quality does not mean it's great over time for long-term investment. This can be more like understanding the single firm to the whole industry and market area, its performance overtime too taken into consideration. This section focuses on the management, operations and company book records and progress.

The concept here required is understanding basic financial literacy and tools in making accurate interpretations in crunching the numbers. This can only be the preventive measure for investing reason why most professionals who invest for companies are generally considered speculators or gamblers as to making the company comparisons and numbers is a long tiring process(Graham,1949).

3.6 Getting your time right

Having the most attractive and accurate data, thus helps the investor make a move.

This can be easy compared in simple terms to an individual willing to make a man to a lady, he would just get all at once jump into her and start chatting, if he sure wants a lifetime partner.

Having heard of her, he would find all the necessary information about the girl, what her interests are, what she dislikes, where she goes, how she dresses etc.

Getting to know the facts, is the key element, hence followed by buying at the right time.

Anyone would therefore ask what time is it then the right time to lay your bat?

Once the share has been bought, it right to hold for a long period, this calls for patience especially in aggressive capital venture (www.investorchronicle.co.uk).

The market stage and state is not easy to detect but long term investment is not all about holding forever but about timing right, constant analysis of the business operations and uprooting stale investments.

Research studies show that if you lose 10 times in the market for more than 15 years, your portfolio is likely to perform poorly. It is therefore necessary to make changes in buying-holding-selling criteria.

The investor must understand that shares perform differently at given periods, some companies sell seasonal products while others are affected by geographical and economic trends (Graham, 1949).

If there is an anticipation for a market fall (bear), the investor must act defensive while in the event of rise in the market (bull market), much more sales can be done.

Predicting such scenarios is the only major problem to understand but majority of investors are always in a panic when market fall e.g in the 2008 economic depression majority of individuals and markets were selling shares not looking at the future in which in 2009, a bull market was experienced.

Theories that determine market trends in future predictions should therefore be well understood and interpreted.

3.7 Monitoring progressing

Common sense as they call it is the key fundamental aspect on any investment.

The in built portfolio should be understandable, easy to interpret, sensible but that alone is not a guarantee in survival due to business changes over time therefore, constant reviews and bug fixing is necessary, as Warren Buffett puts it “creating a moat”. Brokerage firms across the world give such kind of tools in portfolio management but for an intelligent investor further personal analysis will give better payoff than average investment. e.g. sharescope is an example of cheap and fair portfolio monitor. Portfolio management can be grouped into three major steps :-

- Underlying investment monitor
- Portfolio performance
- Re-equating/ rebalancing

The last mentioned style is vital of all the processes for it enables adjustments that meet asset allocation requirements e.g. long term low risk investments schemes or acquisition of new investments and its effect on the portfolio (www.investorchronicle.co.uk).

Most companies make changes overtime in strategy and business practises thus the investor must be critical on the company news and announcements and if they still match the portfolio criteria and the investors preference e.g. the company may switch from an insurance firm to a consulting company and that most probably won't match your arrangements, price changes, acquisitions. The portfolio could help in screening the brokerage firms and making comparisons to charges and values they give.

3.8 Portfolio mistakes

It is common knowledge that as the investor makes progress too many mistakes are placed but continuous repetition pays no benefit therefore, mistakes are as result of acting in fear or worry and not creating a strong ground(portfolio). The following are some of the known investment mistakes.

Lack of objectives

Most firms or individuals clearly lack goals and strategies of making the next move.

In other words they do not take in the calculated risks and returns or losses.

Risks here again is a broad extent and vary in scale from personal emotions to expectant returns and the factors contributing such. Creating a table in spreadsheet or any other form of writing will help in reviewing the portfolio.

Brokerage and companies owned by investors usually set questions annually to investors to analyze their stands and critical thoughts of their strategies (Graham, 1949).

The objectives laid aside hence should be reasonable to performance.

Late asset allocation reviews

Having the correct assets, best managers and foresight market timing is far better off than just picking up good stocks. This consistently lowers risks. This can be said to that some investors or investment companies do duly fall into envious attitude of partners or friends with much favourable portfolios and attractive instruments. Thus wasting time on making concentration and making adjustments in their own portfolios.

Unbalanced portfolio

Changes in performance is an indication that your share class will change drastically in future, thus it has lost the preceding portfolio you had set forth. A portfolio especially with improper goals, which is, the is an allocation of assets is not fully reviewed according to the investors potential and ability to handle risk is doomed to fail. Again, inconsistency in centralizing the assets can be dangerous as in time some stocks are lose value, while other show potential goals.

Constant portfolio change

At some points costs and charges may appear cheap and some investors lose focus and get indecisive hence losing what they had forth. This is also another mistake as noted, doing assignment in asset allocation is important, but when one is already satisfied with the strategy deployed, it should be enough to take time for recreation, this is because most financial institutions and individuals tend to fall for the panic of financial news which is always short-term thus this emotional imbalance is an improper of investment (Drake & Fabozzi, 2010).

Factoring out costs

If a keen interest in making comparison between payments and incomes i.e the charges and tax payments in relation to the total returns from investment it may appear that the investor is at the risk of losing cash.

Too much diversification

Frequent buys is not a guarantee of good returns without paying attention to returns and may be of risk in your portfolio thus it is necessary to screen and constantly analyse the shares you put in your basket.

Assets can be diversified in realistic order basing on how much the investor is willing to risk and no specific number but a bit more out of analytics and common sense should come into play.

Expected high returns.

Too much emphasis and over-analytic return result should be avoided. This is in the cause of saying most investors have high hopes of double returns, a bit more superstitious and not evident in real world. This explains reasons why most people go crazy in the stock market. It is essential to be watchful to keep emotions and balance and intelligence on the watch.

4 INVESTMENT PHILOSOPHY

The companies were chosen on the basis of their fundamental, technological, qualitative and quantitative analysis (Graham & Dodd, 1988).

In other words all the key area block of any business, profitability e.g. long run and short-run, solvency and liquidity were taken into account.

These areas looked at the base of each company, how strong they are and can stand their competitors, and if they can still stand firm in the market and what makes them do so in that case.

Another aspect is to survival and what key drivers they have that show promising returns and future sustainability.

Thus citing the above the philosophical major part employed dealt with:

- What companies to chose?
- How to choose those companies and specifically on what basis.
- What range of companies should a sound investor declare to invest in?
- What type of investment the investor would wish to take?

Confirming the above, it is clear then that the investor should keenly focus on following to get some good returns.

4.1 Predictable earnings

This part is essential as it both holds the economics and financial aspect of the firm, therefore it is necessary to begin and understand what aspects and concepts each does and affects any firm.

The economic concept will focus on on the previous and future business to be invested in evaluating it from the firm itself and industrial part. It is therefore necessary to take a keen interest in the demand and supply points. The market demand for the company's good or services is essential thus previous analysis on its performance will be of help in the how much quantity has been produced or provided and market price. The information provided by these firm's

history can a good projection of its future performance in the market and what position it holds so far (Graham & Dodd, 1988). Another issue can be the what are internal and external economies of scale the firm enjoys. e.g managerial, technical or monopoly or governmental support.

The economics will tell if the firm has chances of survival in the futures in the case of long-term investment or a short-life cycle; whether it can stand its competitors, continue with adequate supply or fall in the cases of depression. This is also an indicator of companies which are reliable and flexible in market trend (Graham & Dodd, 1988).

On the other hand, the financial aspect deals entirely with the returns on equity (ROE) invested, the sales turnover, the amount of cost incurred in areas such purchases of inventory employee benefits, sales returns etc.

Additionally, the profits made and losses incurred, if and what factors accounted for them.

The financial ratios are key figures in determining, take for instance the income ratio evaluating the profits versus expenses incurred can greatly show how the management handles cash as tool for investing. The above can be obtained from the income statements of the firms in questions, and other ratio analysis like equity ratio, asset ratio and many others can be compared to from the current financial standpoint and over decade in the event of getting to know future performance and swings and tides the company goes through.

In closing this section financial and economic aspect, Ravanin would wish to employ their equity it would be necessary to have adequate knowledge in these areas to aid in understanding the inside operation money management and the effect the economy has on the firm, whether it is reliable and stable in the market or industry of specialisation.

4.2 Company brand

The brand, is any company's pricing power. Major advertisements and promotions are done by many small businesses or large co-operations in the event of getting consumer attention. The results are also not good or still firms spend lot of cash in this section of marketing, the bottom line reason for failure is unknown and most brand manager are usually blamed.

That reason is getting out hand, the underlying secret to any business performance is nothing but the brand!

A company today may be set up with all the good tools sharpened and laid, aggressive marketing and sales skills but tremendously fail. On the hand, another of the same kind will be can be started and with little or no advertisements and promotion but create a whole revolution in a town, city or even the whole world. Little or no emphasis was laid on those other marketing concepts though necessary, but word of mouth played a major role even in this current world of technology based-marketing arena. The brand is the *pricing power* of any business, and all successful entrepreneurs know that. The business may not be great in service delivery, quality or highly priced but it will be liked by many consumers (Buffett, 1998).

A good example is Coca Cola, it has the best brand and everyone is attached to the firm even those who do not like Coke, they still identify it and thus by exchange in communication with their partners the message is conveyed and an interested buyer will soon be a customer.

Looking at the company's website it unappealing! The efforts created by the firm can not be erased from people's mind and many organisation would want to relate with the company either in competition; Pepsi or by collaboration just to get a market share.

Then for any prospective investor in this case Ravanin, a scan into the area of business brand is essential and with their brands, therefore it is a fact that the necessary knowledge for identify a good brand is key concept. Examples of what a good brand can be are:

- Memorable
- Provides an emotional appeal.
- Connects the customers to the company in question.
- Has a great logo and visual arts.
- Has no ambiguity.

Other world's leading companies which have strong brands are; Apple Inc.- which has high priced products but still with customers and the richest company so far in the US market.

Amazon is also a world leader in brands.

The emphasis on this chapter is therefore that Ravanin, can look for good companies in the stock market with good brands even though may not have the highest returns but they are able to overcome inflation in the cases of economic recessions.

4.3 Nature of business

Previously we mentioned Coca Cola being at world's top leader in brand, but have you ever thought of the business operations itself; the manufacturing to delivery to final consumers? It a simple and fast process. The making of Coke soda can be even be done by a simple teenager; even cooking is a complex process as long as one has the ingredients.

All the business concepts must be of great knowledge to any investor, in other terms every single simple steps must be of knowledge to owner of any businessperson. In the event of failing to know the inside-out of the firm one's interested in, the party cease to be an investor and is rather speculation or gambling (Lynch & Rothchild, 1994). A great number of crowd they are in the stock market and you can see how greatly the area affected by the fall or rise in market prices. The entire world's population is the majority in this part, reason? They invest in what they have no knowledge at all.

Peter Lynch, America's leading businessman and stock investor advises, 'before one invests in any company one must closely choose one that any fool can manage, because sooner or later, one will.'

Lynch is a great investment author and great teacher for start-ups interested in this field, he worked at Magellan Fund at Fidelity Investments. During his time as a fund manager the organisation rose to it greatest heights from an increased revenue of 18 Million to 20 Billion USD. Lynch advises on general or street knowledge, on investing in businesses on is familiar with or what a person or organisation uses daily in other words the loss of cash is greatly decreased. Many are those who invest in in groups of companies they don't know and when there is a market crash they entirely lose their life savings. Companies reinvesting have declined or declared bankrupt in the cases of failing to pay their creditor or those they own liabilities. This can be that they invested huge capital, remaining with little assets and great number in liabilities.

They also refocused so much in reinvesting forgetting value creation for their customers in the event of crashes they cannot shape their business (Lynch & Rothchild, 1994).

Take the example of the education sector, it is not a complex system to understand the school management projects and in the case of public ownership of which the government allows for trading in such a field, one would not be hesitant in investing, as long as it has some good returns on capital employed and dividends. In addition to that Ravanin can benefit a great deal in research and development (R&D) projects carried by an organisation like Satakunta University of Applied Sciences (SAMK). This type of investment may be classified as sponsorship and the information they will receive will be firsthand. Thus, Ravanin will be attuned to the current market trends and changes in organisational operations meeting the standards of each generation. Aside that graduates with interests ranging from technical, IT to leadership in management can be harnessed. This will surely promote a tremendous first growth.

4.4 Management Team

Any keen investor will generally show a whole lot of interest in the firm they are investing in take for example, if he has not invested in funds.

This therefore means that the investor, has direct connection with the organisation and generally wants to act as a real business owner evaluating the operation processes and until when the goods or services reach the final consumer.

Investors of such generally are large organisations or fast growing small businesses, in this case Ravanin for instance would be buying common stocks from the counter; having no direct connection with fund managers, financial institutions or banks.

The taking of this initiative is great work and would need an individual with strong financial background.

It is clear therefore, as to the wisdom of things that a fairly competitive firm or fast growing one the inside management would be personally investing their own personal assets in that organisation: in this case, cash. The management team is trusted by the investors or board to have

thorough knowledge of the organisation's operations and all other aspects, meaning they eventually may be predicting good ROI (Buffett, 1998).

The example of an excellent such firm is like Cargotec, Finland's leading company in handling customs at the ports. Cargotec management highly reinvests their own assets in the firm, take for instance Ilkka Herlin, the firm's manager is among the leading shareholder with over 2.2million shares. An indicator as such shows that the company is a market leader and that's why even major banks like Nordea are investors too. Cargotec shares are fairly affordable as indicated in the firm's page or on NASDAQ a share would cost an average of 30-36€.

More information of the shareholder and prices can be found in this link, <http://www.cargotec.com/en-global/investors/Pages/default.aspx>.

4.5 Growth Rate

Another important factor is consider the company growth, both by making a deep study on previous activities and using same features to forecasts its potential in surviving the industries. The entire market is tight and yearly, both large and small firms , offering similar products can be seen, the investor's role is to duly concerned on what the company has been doing for to withstand such threats, and what it is revealing to guarantee future growth. In the large economic sectors such as Germany, and the US, a study in most of the Listed companies by the Dow Jones Industrial Averages (DJIA) show a smooth curve flow and the Russell 2000 listed also seem to take the same growth trend, this is not to mean that there is no future potential growth but the idea is that market is crowded and the high competition between firms also leads to similar customer satisfaction and companies tend to be alike in all aspects (Lynch & Rothchild, 1994). In high growing economies like China, Chile and Brazil an examination into the companies in these areas and the market curves tend to show an up and down trend, a bit more inconsistent and the investor will likely find it difficult to project the future probabilities. Sometimes in the bull market the earnings will quite handsome and a big blow in the bear market unlike the former economies which have a steady in cash in flow.

4.6 Value investing

A more basic definition of this term is the purchase of company assets when the price of its shares is at its lowest means possible and selling at a favourable or maximum point.

The investors who is pertains to buy such a company will mostly, look on them at the edge of economic depressions, when majority of the market are selling, due to panics or lost of hope in the market, be it in the stock market, or real estate venture. This is also not to mean that anytime of buying a company undervalue is only in harsh economic times, the company may be doing some remodelling in its operations, adjusting the products or services, spending highly in education or training programs for future improvements or any other future beneficial projects, or simply merging or making acquisitions. This could be the best times to buy companies as usually, the share prices are very low and they seek more funds for operations (Graham & Dodd, 1988).

Ravanin's set on buying as many stocks are possible, in this opportunity will prove to be great when the company regains its standing in the market, the bull period arises and more profits can be gained in decades. The goal of the fund manager or financial officer, in this case is finding out over period whether the company has low debts and a high return on capital employed (ROCE). This is all essential as to mean that in the case where the debts are high and the company makes profit after reconstruction, it will again spend most of the revenue earned on paying loans and premiums, other interests borrowed. The lower the debts with good ROCE will prove to be high rate returns on its share price and even dividends to its shareholders.

The last key point in this area for the investor to keep in mind that increased earnings overtime is not assurance of constant high rate returns some enterprises have the habit of ploughing back the profits for internal operations, management fees and other expenditures. The investor may be keen on finding out how much is spent and what specific activities these could be, since some corporations are not efficient in the area pertaining costs.

4.7 Good company, cheap price

The above discussion was entirely based on what the company is worth and how much in real terms the asset value it owns both in book and market value.

Ravanin's concern, is the idea of purchasing or investing, as said by most investors as to 'invest in what you know' (Lynch & Rothschild, 2006). This does not entirely convey the idea behind the operations and simplicity in business production of the prospective investment but also overall performance as being a market leader in the industry or amongst the high performers as well as an indication of bargainable orders. This can be discussed in two terms, in the event of real estate investment, it can be so that the overall selling price is discounted but the property being bought will not cost the investor a huge cost in renovation and other repairs; the assumption is that the property is in good condition despite the market prices. In the same sense of buying shares or bonds, the investment institution or firm may be offering its shares at bargainable or lowest price possible to attract shareholders even though at its normal operations or at its peak performance, not only in times of crisis (Lynch & Rothschild, 2006).

4.8 Research and development in relation to size

Another key concept, in the interest of buying companies is the ability of the investor is to check and play a key role in which he/she is able to determine to what extent or degree is to determine, how the prospect is spending time on carrying out education. In the idea of doing so, it can be assumed that, the company will be able to survive in the future both facing technological and other fundamentals that corresponds to its future sustainability. Research is a show that the company is constantly feeding in new knowledge, while the developmental side is the application of that knowledge in the business operations (Graham & Dodd, 1988). The assumption is based on the fact that with such new fresh knowledge there will be future earnings and ability to survive even at the future economic downturns. The examples of areas of such interest is to find out, the developments in their products or services, competitive advantage, customer reviews and satisfaction. In the event the investor, is also interested in the

costs the company incurs annually on such projects and their impacts, which can be seen in the form of revenue earned after.

4.9 Corporate social responsibility

Investors vary with instance and character and those who dug deeply into any business would wish to understand the nature of the company and the society.

The relationship of a company to its stakeholders is generally termed as corporate social responsibility. Most investors are now interested what the business is giving back to the society in its area of participation. the business may be participating in environment development programs, providing charity donations, educating the community, health care program or any form of giving that match the business preference(Lynch & Rothschild, 2006). The company necessarily do not have to this independently can work together with locals hence improving the living standards.

Some investors are fearful when they have discovered fraud in connection with the society which cause hostility thus withdraw quickly their investments.

The investor may be interested to see what the business does in terms of crisis management and how it responds to its stakeholders.

5 INDUSTRY AND MARKET EVALUATION

On the market evaluation it is necessary to check in the sale part of the potential company at interest, the sales or turnover of the company , the operating margin and the cash inflow in the expense and income ratio, a ratio analysis can be of 1:2.

The firm(s) must all show great performance , not necessarily being the best , the latest or the hot deal in the arena but must show steady previous performance and a promising future to threats from competitors , in other words it must be average in all aspects.

The net profit shouldn't be the major consideration though great way of detecting dividends or returns but the operating margin should be worthwhile over a decade.

Low marginal profit show is an indication of efficiency levels and the reverse is true in nature. At the last part in the industrial average i.e most common Dow Jones Industrial Average (DJIA) can be an indicator of a particular industry performance over decade may be Ravanin's performance may of S&P 500. The DJIA is just an average of stocks in a particular industry. In conclusion the above, analysis on expenses incurred in (Lynch & Rothschild, 2006) e.g cash flow statements, Ravanin's concern may be of analysing the investing activities such as the research and development area, production activities and not only concentrating the earnings. An indication in CFS of absence in R&D especially is bad show of poor performance as the rate of growth in industries is rapid and thus the firm is under threat. If costs in operating activities are high, it is likely there will be low sales turnover but over in the future it will be of high benefits and thus investing in such a business at the time is beneficial thus it can be great to hold onto the stocks.

5.1 Attitude/Psychology

Some investors prefer to concentrate on the benefits the companies they are buying, for instance of what benefits they are to the society or how much returns they give back to the society. This brings into the question on corporate social responsibility of the firm. The firm may be of contribution to charity organisations, or giving supporting activities such as the education sectors, or also reinvesting to other firms hence leading to economic expansion. The assumption can be that it is benefiting individuals the skills hence reducing unemployment rate (Drake & Fabozzi, 2010). Ravanin is majorly concerned with environment control thus would be more attracted to firms which are supporting green energies and healthy environmental activities. It is quite clear to know that, some investors are likely to withdraw from firms involved in high risk investment but again causes such thing as pollution. Though at that point usually they are high returns and shareholders earn huge dividends, but the society at large is counting their losses, take an instance of Shell oil spillage of the the decade, it was never a great show. Therefore, mentioned, 'where there devastation there is opportunity', but of what benefit if there are no gains to the final consumers?

The second great part of this section is for potential investors like Ravanin, to take into account the matter of pitfalls which are likely to arise from outbursts or booms, some call it the crowd madness, where everyone is not keen and highly fixed on the profits. Most people or institutions in Wall Street for instance including professionals and traders are not investors but rather speculators and gamblers. This means that they majorly go with flow, for the sake of cash, investing is long-term process not generally short-term thing, henceforth the Wall Street craze of selling when stocks climb and buying while they lose value should be placed aside and sound judgment must be imposed (Graham & Dodd, 1988). Studies over the past have shown how such highs and lows have caused some fortunes and even lives, the scenario in 1915-1920 the living standard almost double in the US, most real estate investors had a great deal and those of consumer goods, but again 1929 fall was a fall, never been in history! Which made most people be fearful in investing stocks. Rather than the above mentioned analysis on the three major financial statements i.e balance sheet, profit and loss account and cash flow statement must be thoroughly analysed.

Another best example in the London scenarios in the 1700s where almost the whole town lost fortunes and the British government then banned stock buying and brokerage firms (Lynch & Rothschild, 2010).

One of the notable persons, who lost almost his entire savings was Sir Isaac Newton. He quoted 'I can surely calculate the motion of heavenly bodies but not madness of the people.' Finally, the recent fall was the Cisco Group and Solomon Trust Fund giving promising returns then later making a major crash. At the beginning investors received a fat pay but perished greatly, the dot com era.

This is not stressed to scare any investor around but teach them of valuable lessons.

It is not to be said, that the reverse is what to be done all the time as advised by Roth's in 1965, to sell when low and buy when high in terms of share decline but, what is important is to the ability to have the emotional strength of character when investing good and bad times. That well said steady investing is keyword, just do your assignments!

5.2 Industrial choice

In regards to what was previously mentioned above, a good company too must possess a stable sales curve in issuing out its statements, ragged or unstable curves is not so easy to evaluate thus for an investor it would be hard in predicting futures. This is necessary in the field of projection, statistical averages, demand and supply assumptions or forecasts.

The turnover ratio or graphs must show correlations not of major difference if measured for over a period of time, in the cases of fluctuations thorough analysis must be done on Income statements and finding out what are the causes of such if any.

Furthermore, if the research and developments have shown a positive impact on the past, it is likely to be true that the level production has been of improvement. Therefore better goods have been produced or better services provided. There is a likability of more earned profit. The products or services of the organisation should be checked into the question as to how related or diversified they are. Diversification is great but can be risky in business as it is likely to create disruption at times, the end customers may not be pleased with the results; low quality of product, low earnings (www.investorchronicle.com).

In general, high risks in investments is good if diversified to a certain range of products or services with similarity or closeness in final produce or services. The advantage is that high competition will arise and firms doing so are likely to create efficient goods and services to the consumers leading to high yields in sales and therefore, share. Firms are also likely to cooperate. Diversified products with no similarity is a risk to both the investor and firm invested in due to poor production and quality and quantity of produce, which therefore leads to low returns on investments (ROI).



6 SUGGESTED ENTERPRISE

6.1 Harju Elekter Group

The assumption in this section is placed to indicate that Ravanin is entirely purchasing securities from Forex market after carefully consideration, both internal and external review of the potential investment. The analysis should be principally based on the core areas of profitability and company standpoint in the industry ie. solvency, liquidity and profitability ratios. In this section, a selection was made, Harju Elekter Group, from Estonia showed a good progress from it financial books and consistent in growth (<http://www.harjuelekter.ee/en>).

Harju Elekter Group is a selection of numerous companies operating in the baltic region, Estonia, Finland, Sweden etc. comprising of junior companies like Harju Elekter Ab, Finnkumu, Satmatic, UAB Rofas, Harju Elekter Elektrotehnika and Harju Elekter Teletehnika.

The group mostly deal in electronic sector and electronics section in thing like semiconductors, electronic cables and other installations in the area.

Constant research is being carried out in these junior companies by the management and company engineers. The company has also good connection with higher educational institutions support them financially, and constantly acquire new employees from such college.

Ravanin has a whole a chance of benefiting not only direct profit in investment but obtaining well made and maintained devices such as Medium Voltage and Low Medium Voltage power equipment at good prices.

The company group has been showing a tremendous performance over the last decade and is constantly improving and maintaining an apt into the market.

The company's share price is currently at an average value of 2.54€ as 2013-2014 averages.

At the end of 2014 last year, the company's share price gradually dropped but has shown a great rise in the past 3-4 months the share price has picked up and shown a great rise, in the assumption that a buy made was made at those periods of September-October 2014 and sell of shares at this period a gradual rise of an estimated 22% return, as of buying at 2.54 share price and selling at 3.1 share price.

The below graph shows this relationship.



Another key component in the investors area is to examine the company's cash flow and profit. The relevant financial statements e.g the cash flow statements, in the operating expenses section show that the company there has been an increase decrease over the years in addition this too is relevant with the share prices. The group too discloses all its relevant financial reports as required by the financial standards and give a dividend plus to its shareholders. The below is a brief summary of the company's group shares and relevant financial information.

	2013	2014
Net Assets	70,830	71,071
Liabilities	8,682	7,252
Equity	62,148	63,819
Profits	389	717
Operating activities	523	266



6.2 Brokerage firms

The final part of the entire section and after making a major selection(s) as the example that was stated above is the inclusion of a brokerage firm(in the event stocks are not bought over the counter).

There are some essentials of a good brokerage firms and some of the things that make some outstanding can be summarized as in the following points. It is essential to keep them in mind due to the fact that a number of firms that have emerged with the internet era, constant fraud has been prevalent in this area of business. The following are some of the qualities that makes a broker tick.

Minimums

A good broker has an indicator of minimum charges on transactions made. Transaction range from the entry amount for account sign up, starting levels and amount withdrawn whether from a sale or a buy of a share. This should specially tell the prospect the amount chargeable by percentage.

Margins

These types of accounts allows the account user to use of the brokers deposit into their account upon the start of the trading and hence making cash based on increased share earning, a drop in the unit deposited will require the investor to add more cash to enable the transaction.

Most of firms have a margin range of 200\$-600\$.

Fee structures

The investor should be guided and given an outline of the fees he/she is accountable upon making transaction. The investor should be able to understand the spread (amount charged by each transaction), taxes paid and to which relevant authorities and any other charges that arise. This is in the hope of preventing too much cost and thus losing the revenue on the returned interest earning.

Withdrawals

An outline of the when is applicable to make withdrawals or close an account is due relevant. Some firms have restrictions and the investors can make withdrawals from his/her account anytime, meanwhile, the some have fixed terms and notice must be given and charges can be laid upon the account holder if unnecessary withdrawals are made. This is the same true on the number of times of which such kind of withdrawals can be made.

Education

Fresh starters on the investment field ought to be guided, and some brokerage firms do give this type of advice on asset allocation and to some extent this can be free and with time or even expertise guidance could give an extra charge. The investor however, should keep in mind that such cases are extra cost thus reducing the return on investment. Firms offering such education are as Merrill Lynch, Charles Schwab etc.

Tools and platform

Some firms offer free online platforms for trading for beginners where no deposits are required but users can trade using virtual money in their accounts before beginning to trade. These type of platforms offer a real time test as one is able to to choose desired companies and perfect and

adjust his/her own portfolio.

This helps in avoiding losing money or making huge and recurrent mistake which could be prevent that may have occurred from fear or hurrying without sound judgement.

4 CONCLUSION

In summary to the above essay, the reader whose deepest interest in investment has taken some key notes on some of the necessary steps and tips in choosing which way is a better form of increasing wealth. In this, stock and real estate investment has been a foregoing and best performing form of security over the centuries, though facing high risks, Ravanin is sure on its side of getting good returns to help in countering minor costs and this too can be in the long-run the best wealth vehicle and the company having the chance to owning several funds and companies acting as host-company.

The reminder is that, however, though these securities are a high form of great yield its not a guarantee of always beating the averages or outperforming the markets but sure way can be a concentration of long term investments, paying attention risk management strategies e.g portfolio balance and reviews and avoidance of crowd investment and arrival at independent and firm decision based on the investor's own findings and truth.

That is to constantly stick to one's own philosophy and attune to it, having sound intelligent judgements before and when investing. The investor however, should at all cost avoid such pitfalls as excessive income loss (Buffet, 2003) and influence from external sources such as the media or from allied industries. Investing is not as sure and secured science of winning but a mere focus and discipline in attitude.

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APPENDICES

Ravanin Pesula Oy

View closing information in other currency:

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CLOSING INFORMATION (X1000 EUR)

Closing information	2013/12	2012/12	2010/12
Turnover		3,988	4,648
Financial expenses	15	21	10
Earnings before taxes	214	342	-94
Total assets	2,581	2,842	1,743
Current assets	1,191	873	75
Current liabilities	703	908	623
Equity capital	1,556	1,405	1,054
- share capital	202	202	202
Employees (average)	67	74	59

FINANCIAL RATIOS

Fiscal year	2013/12	2012/12	2010/12
Solvency	60.3%	49.4%	60.5%
Turnover per employee		54	79
Profit as a percentage of turnover		8.6%	-2.0%
Return on assets (ROA)	8.9%	12.8%	-4.8%
Current ratio	169.4%	96.1%	12.0%
Return on equity (ROE)	13.8%	24.3%	-8.9%



