

中央外部的的大切太空的 医阿太洛尔氏病检查 中海心理中语

A.P. SHAH INSTITUTE OF TECHNOLOGY

Department of Computer Science and Engineering Data Science



Semester: VIII

Subject : ALFB .

Academic Year: 2024 -25

FINANCIAL RETURNS:

Financial returns refers to the gain or loss made on an inventment over a specific period of time, expressed as a percentage of the initial investment.

Financial relums can be categorized into two main types:-

* Absolute Return

* Relative Relum

Absolute Return:

The absolute return is the actual gain or loss made by an invertment over a certain period of time.

Formula:

Abrolute Return = Ending Value - Beginning Value Beginning Value

Example:

-Tit you invested \$1000 in a stock, and ofter 1 year the value increased to \$1200, the absolute return would be?

Absolute Return = 1200 - 1000 ×100 = 20%

This means you made a 20% return on your inventment over the year.

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Relative Return :-		

Relative return refers to the performance of an investment compared to a benchmark or a market index. This allows investors to assess how well an asset performs relative to the broader market or a specific sector.

Formula:

Relative Relum: - Relum of the Asset - Benchmark Relum

Example:

It your invertment returned 15% and the benchmark returned 10% Your relative neturn would be:

Relative Relum = 15% - 10% = 5%

This means your asset outperformed the benchmark. by 5%.

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CAPITAL ASSET PRICING MODEL (CAPM):

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