ASSIGNMENT-15

Define stock split with example.

A stock split is a corporate action in which a company divides its existing shows the number of whates outstanding. This is typically done to wake share is more that atturough the number of share share the overall market Capitlahizations and the total value of each shareholders in verticent semain the some immediately after the split.

Example 1:2 for 1 stock split:-

In a 2 for 1 stock uplit, every existing share is dividend into two shares.

Before the aptit! You own 100 share at \$ 80 per showe.

200 share at I 40 per share.

potal Investment value remains the sames 100 share x4 80 : 18,000 before the split. 200 share x 4 80 : 48,000 After the split.

Example 2: 3 for 1 stock uplits

In a 3 for a 1 stock april , each southing share is dividend into three shares.

Before the split! You own so shares

at \$ 150 per share.

After the uplit! You will have 150 than

Swall the overall market

Esto martiple stone

at \$ 50 per share

Total muestment value remains unchanged.

50 share x \$150 = \$ 7500 bypre split

150 share x \$50 = \$ 7500 bypre split

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so should be the per short.

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