

- Advantage of LT over ST debt is that once loan is agreed, company can be confident it will not be taken away
- ST debt needs to be refinanced at regular intervals
- Through diversification, investors can avoid risk and create their own risk portfolio
- Many companies regard diversification as a risk reduction exercise
- Volatility is a good indicator of risk in assessing any financial investment, as a 'guaranteed' level of return represents a low risk to the investor
 - If a company diversifies into launch and growth products, the associated risk will increase from the perception of the investor- increased return demanded

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