Types of Bonds:

1. Fixed-rate bonds:

- pay consistent interest amounts until maturity
- bondholders earn predictable and guaranteed returns regardless of the prevailing market conditions.
- For example, An investor purchased a ten-year fixed-rate government bond of Rs. 1000, issued on 20th April 2013 which offers a coupon rate of 7.5%. The investor will get a fixed interest of Rs. 75, annually every April, till 20th April 2023.

2. Floating-rate bonds:

- do not pay fixed returns each period
- interest rates vary, depending on the set benchmark, during the tenure.
- For example, an investor purchased an 8-year floating rate bond issued in 2015. The bond pays interest of 40 points higher than the prevailing National Savings Certificate interest rate. This means the NSC interest rate is the benchmark and any fluctuation in it directly affects the coupon payment of this bond.

3. Zero-coupon bonds:

- do not pay periodic coupons during their tenure
- these bonds are issued at a discount and repayable at the par value. The difference is the yield for investors.

- These companies continue to become stronger.
- Each company finds a market for itself and develops its own strategies to sell and maintain its position in the market.
- The competition among the surviving companies brings about improved products at lower prices.
- Companies in the expansion stage of an industry are quite attractive for investment purposes.

❈ Stagnation stage

- In this stage the growth of the industry stabilizes.
- The ability of the industry to grow appears to have been lost.
- Sales may be increasing but at a slower rate than that experienced by competitive industries or by the overall economy.
- The transition of an industry from the expansion stages to stagnation stages is very slow.
- Important reason for this transition is change in social habits and development of improved technology.
- Ex: the black and white television industry in India provides s a good example of an industry which passed from the expansion stages to stagnation stage.

❈ Decay stage

- Decay stage occurs when the products of the industry are no longer in demand.

- In options trading world, the term refers to the difference between the options strike price and the market value of the underlying asset.
- However, the most well-known usage occurs in the security analysis, where intrinsic value is the perceived value of a security (which may vary form it market value)
- When an asset's market price is below its intrinsic value, it may be a smart investment.

Price to book value ratio:

- compare a firm's market to book value by dividing price per share by book value per share (BVPS)
- As assets book value is equal to its carrying value on the B/S and companies calculate its netting the asset against its accumulated depreciation.
- Book value is also the NAV of a company calculated as total assets- intangible assets (patents, goodwill) and liabilities.
- For the initial outlay of an investment, Book value may be net or gross of expenses such as trading costs, sales turnover and service charges.

Distinguish between:

BASIS FOR COMPARISON	FUNDAMENTAL ANALYSIS	TECHNICAL ANALYSIS
Meaning	Fundamental Analysis is a practice of analyzing securities by	Technical analysis is a method of determining the