



Finance Portfolio Summaries

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## Section I

Indeed, the primary purpose of the investment is to create wealth for future use such as retirement. Individuals' investment for security reasons and comfort. However, investing is a challenging venture, dangerous and tedious. Accordingly, before investing in any business venture, it is important to assess the risks and rewards associated with the investment. In this regard, investment is for various reasons, these include:

To let the money, grow: people investment money as a way to allow make it grow. Most of the investments like bonds, stocks and certificates of deposit have returns on the money over a particular term. Therefore, this return allows the money to build hence creating wealth over time.

Reach one's financial goals: Actually, investment can be the best way to help an individual achieve significant financial goals (Mladjenovic, 2013). The return gained on investment may be used in various financial goals such as buying a home, starting up a business or purchase a car.

Important to note is that it is wise to invest in different companies so as to broaden the base in case of loss in one firm the other company may turn out to the savor. Also investing in more than one organization provides an individual with a chance to make a comparison on by looking at the graphs of each company's shares being sold and bought (Reisman, 2008). In this regard, my investment will be in two companies, Facebook and Google.

## Section II

The main reason for investing in these two businesses is to buy shares. The reason to invest in Facebook is that it an operating system that has become quite prevalent in people's lives.

On the other hand, Google has the potential to grow as compared to Facebook. Basing on the available resources, it reveals that Google has produced over \$150 billion regarding revenue. However, regardless of Google facing stiff competition from other online advertising companies the company remains one of the leading beneficiaries from a booming online advertisement industry. Additionally, with the firm's investment in dynamic, innovative technologies, like self-driving cars, alternative energy sources, outer space exploration among other, these projects are likely to have an economic value that can lead to incredible possibilities over time (Mladjenovic, 2013). As an investor in Google these projects make it more diversified hence offers more upside potential rather than downside risk to an investor.

Moreover, Google has unquestionable quality as it is one of the most valuable brands globally. The name Google is so powerful that many people use it for "Googling" information for online search. On top of that, Google has billions of searches start to add up, and every single search generates a small morsel of revenue to the firm since it trades ads against these results. The company has over 75% web search market and over 80% of the mobile search market. Furthermore, the internet keeps on growing since it is becoming an integral part of people's daily routine worldwide. Consequently, this is one of the main ingredients that makes Google as a secure investment as compared to companies. In fact, more than 80 percent of Google's earnings come from search.

The reason for investing in Google and not Facebook is that there is a very stiff competition in the social media space. Therefore, this competition leads to Facebook spending lots of money to counter the competition.

### Section III

Facebook has a high dependency on advertisement revenue, according to the existing income it shows that Facebook registers over 90% of its revenue from the ad. However, with the stiff competition from other social media the revenue may end up declining. As a result it can lead to a high risk of one losing their money in such an investment.

Investing in Google is safe and comfortable. This is shown by its ability to thrive through tough conditions. Google's dominance of search has led to the growth of the internet leading to maximization of earnings for the company. On top of that, Google has a formidable moat with the web, regardless of many competitors in the industry, Google can deliver better results as compared to those of its rivals at a faster speed. Google has also consolidated her marketplace share with Chrome browser and Android operating system, and it also remunerates Apple Company to make Google as the default search engine on Apple devices. In real life, I would invest in Google since it is safer and secure as compared to Facebook.

## References

Mladjenovic, P. (2013). *Stock Investing For Dummies*. Michigan: John Wiley & Sons.

Reisman, W. M. (2008). *The Reasons Requirement in International Investment Arbitration: Critical ...* New York: BRILL.

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