



Investigative BUSINESS Report

(A Final Requirement in BMATH2: Mathematics of Investment)

Group:	B
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Grade:	

Business' Profile:



Company Name:	Philippine Investment Funds Association
Company Description:	<p>History of the Investment Company Association of the Philippines (ICAP)</p> <p>In 1995, the ADB, with the support of the AIM, held a regional seminar to further develop the awareness on mutual funds in the Philippines . In the same year, the Investment Company Association of the Philippines (ICAP) was organized by five member funds. ICAP's conceptualization had very noble intentions. The association has positioned itself in the mainstream of the Philippine mutual fund industry with the prime objective of ensuring its success. Behind it were experienced, well known personalities: Mr. Arthur B. Sokolow, identified as the perennial mutual fund player, and Mr. Roberto Lorayes, previous Chairman of the Philippine Stock Exchange. It did not take long for government regulators and the private sector to recognize the ICAP as the association of Philippine investment companies.</p> <p>In 1998, the ICAP successfully lobbied to eliminate double taxation making it more profitable for mutual fund shareholders. This also gave the mutual funds an edge over the banks' common trust funds, thus paving the way for stronger market acceptance.</p> <p>In the new millennium, mutual funds have grown at a pace which will make the industry a formidable one to deal with in the near future. The industry has helped in maintaining investor confidence despite the prolonged Asian crisis. It has minimized capital flight and has brought new perspectives in terms of the investment and savings maturity in the country. Given the need for the country to compete in the global markets, mutual funds will certainly serve as a vital ingredient for current and future national development</p>
Our Mission:	<p>Contribute to nation building through the effective mobilization of long-term savings by increasing the citizenry's awareness regarding investments.</p> <p>Protect the interests of the investing public and make them more knowledgeable about their investment options and risk tolerance.</p> <p>Partner with government by assisting, coordinating and cooperating with relevant regulatory agencies, led by the Securities and Exchange Commission.</p> <p>Foster the growth of the Philippine Mutual Fund Industry through the institution of standards of excellence in the operations of Philippine investment companies.</p>

CEO	Gabriel Aaron S Sta. Maria

Client's Profile:

Client Name:	Naz Abraham Simundo
Client Description:	A fish vendor in the antipolo public market with 2 children and a wife
Address:	Brgy san isidro Antipolo
Birth date:	April 17 1983
Birth Place	Antipolo

Jackpot Millionaire

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1. Statement of the Problem

A man who recently won the jackpot prize in a lottery amounting to P120,850,090.00. There will be a 10% tax deduction, and then he is planning to invest 30% of the remaining into a certain bank. Bank X is offering 10% compounded annually in 10 years. Bank Y offers 20% compounded monthly in 5 years, and Bank Z offers is 15% compounded quarterly in 7 years. What is the best option you could provide for this type client? How much will he gain in each of the offers? How much do you think will he receive every payment period in each of the offers?

1.1 Objectives

This Business report aims to:

- ❖ Provide the best offer to the man where in he will gain more profit when investing his money; and
- ❖ Know which bank will give him more profit?

1.1.1 Methodology

1. Client's Concerns

A. Client would like to know what bank will give him more profit For his money

2. Resolutions

a. Definition of Payment Scheme

It is given that the money that will be invested is only partial of the original lottery amount, thus the client wants to know which bank will give him more profit. After reviewing each of the bank offers we strongly recommend to choose the offer that will give more profit to the investor

Finding the compound amount and compound interest will let us know which bank will give the man more profit?

b. Computation

A man who recently won the jackpot prize in a lottery amounting to P120,850,090.00. There will be a 10% tax deduction, and then he is planning to invest 30% of the remaining into a certain bank.

$$P = \text{P}120,850,090.00$$

$$\text{Tax deduction} = 10\%$$

$$\text{Invested money} = 30\%$$

$$\text{P}120,850,090.00 \times .10 = \text{P}108,765,081 - \text{Value of the money with tax deducted}$$

$$\text{P}108,765,081 \times .30 = \text{P}32,629,524.3 - \text{The money that will be invested}$$

Case I:

Bank X is offering 10% compounded annually in 10 years

$$P = \text{P}32,629,524.3$$

$$i = j/m$$

$$n = tm$$

$$j = 10\% = .10$$

$$i = 0.10/1$$

$$n = (10)(1)$$

$$m = 1$$

$$i = 0.1$$

$$n = 10$$

$$t = 10$$

$$i=? (0.1)$$

$$n=? (10)$$

$$S= P(1+i)^n$$

$$= 32,629,524.3 (1+0.1)^{10}$$

$$=32,629,524.3 (1.1)^{10}$$

$$=32,629,524.3(2.59374246)$$

$$S=P84,622,582.63$$

$$I= S-P$$

$$I= P84,632,582.63 - P32,629,524.3$$

$$I= P52,003,058.33$$

Case II

Bank Y is offering 20% compounded monthly in 5 years

$$P = P32,629,524.3$$

$$i = j/m$$

$$n = tm$$

$$j = 20\%$$

$$i = 0.20/12$$

$$n = (5)(12)$$

$$m = 12$$

$$i = 0.0166666666$$

$$n = 60$$

$$t = 5$$

$$i = 0.016666666$$

$$n = 60$$

$$S = P(1+i)^n$$

$$S = 32,629,524.3(1 + 0.016666666)$$

$$S = 32,629,524.3(1.016666666)$$

$$S = 32,629,524.3(2.695970033)$$

$$S = 87,968,219.71$$

$$I = S - P$$

$$I = 87,968,219.71 - 32,629,524.3$$

$$I = 55,338,695.41$$

Case III

Bank Z is offering 15% compounded quarterly in 7 years

$$P = P32,629,524.3$$

$$i = j/m$$

$$n = tm$$

$$j = 0.15$$

$$i = 0.15/4$$

$$n = (7)(4)$$

$$m = 4$$

$$i = 0.0375$$

$$n = 28$$

$$t = 7$$

$$i = 0.0375$$

$$n = 28$$

$$S = P(1 + i)^n$$

$$S = 32,629,524.3(1 + 0.0375)$$

$$S = 32,629,524.3(1.0375)$$

$$S = 32,629,524.3(2.803283048)$$

$$S = 91,469,792.33$$

$$I = S - P$$

$$I = 91,469,792.33 - 32,629,524.3 = 58,840,268.03$$

IV. Conclusion

We therefore conclude that each bank gave a good offer to Mr. Simundo for bank X in 10 years they will give P52,003,058.33 profit to Mr. Simundo, for Bank Y In 5 years P55,338,695.41 Profit and Bank Z in 7 Years P58 ,840,268.03

A. Bank X

Bank X is offering 10% compounded annually in 10 years after that **P84,622,582.63** will be the total money and the interest will be **P52,003,038.33**

B. Bank Y

Bank Y is offering 20% compounded monthly in 5 years after that **P87,968,219.71** will be the total money and the interest will be **P55,338,695.41**

C. Bank Z

Bank Z is offering 15% compounded quarterly in 7 years after that **P91,469,792.33** will be the total money and the interest will be **P58,840,268.03**

Bank name	Final Value	Interest
Bank X	P84,622,582.63	P52,003,058.33
Bank Y	P87,968,219.71	P55,338,695.41
Bank Z	P91,469,792.33	P58 ,840,268.03

V. Recommendation

After thorough investigation, Our company strongly recommends these:

- ❖ We recommend that Mr. Simundo choose bank Y because they offered the shortest term for a high interest
- ❖ In addition to we highly recommend this to put the client's satisfaction among others

❖ These are the possible gain from the banks 52,003,058.33 interest from Bank X, 55,338,695.41 from Bank Y, and 58,840,268.03 from Bank Z