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# Study of Financial Sector & Portfolio Management

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## ABSTRACT

Over last few years Indian Financial sector is growing at a rate of 15%. Investing in the Indian financial market provide a great opportunity for investment and generating returns for an individual who would like to invest as per the financial investment preference and risk bearing capacity of the investor. As it is often said, Markets are subjected to risk parameters which is often defined as a, **Higher the risk, higher the returns whereas lower the risk, lower the returns**. This paper looks at the risk and return analysis with the tools like returns, risk parameters, Sharpe ratio, etc. The paper also looks at the best possible investment avenue in the period defined. One of the objectives of this paper is that investor need to know about the risk and return associated with the investment avenue. In this paper, the stocks and mutual funds which are selected on the basis of AMFI & CRISIL REPORT respectively.

As it is often said," Do not put all eggs into one basket". The main intent or the objective of the paper is to understand how the portfolio manager as well as individual diversifies the portfolio using risk-return analysis tool.

***Keywords:*** *Age-wise Investment, Financial Planning, Risk Profiling, Portfolio Management, Performance Evaluation*

## INTRODUCTION

India has a diversified financial sector undergoing rapid expansion, both in terms of strong growth of existing financial services firms and new entities entering the market. The sector comprises commercial banks, insurance companies, non-banking financial companies, co- operatives, pension

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funds, mutual funds, and other smaller financial entities.

Before managing the portfolio, it is important to understand about what Risk & Return Analysis is and how the performance of any asset class and other investment avenue can be evaluated based on this analysis.

***Risk Profiling:***

A risk profile is an evaluation of individual's willingness and ability to take risk. A risk profile is important for determining a proper investment allocation for a portfolio. There are 3 kinds of risk:

1. High risk – they are the one who is willing to accept high risk
2. Medium risk – they are mostly the people who take average risk and try to balance out their risk.
3. Low risk – This kind of people is not willing to accept risk at all.

***Returns:***

Every investment is done with an aim to earn returns. None of the investor invests money for not gaining returns. Returns can be both negative and positive based on various factors.

***Risk and return analysis:***

In investing, both risk and return are highly correlated. Increased potential returns usually go hand-in-hand with increased risk. Thus, it can be said that risk and returns are in direct proportion i.e. higher the risk, Higher the returns.

Therefore, based on the risk-taking capacity of an individual the investments are diversified, and a creation of portfolio takes place which mitigates risk and provides high returns.

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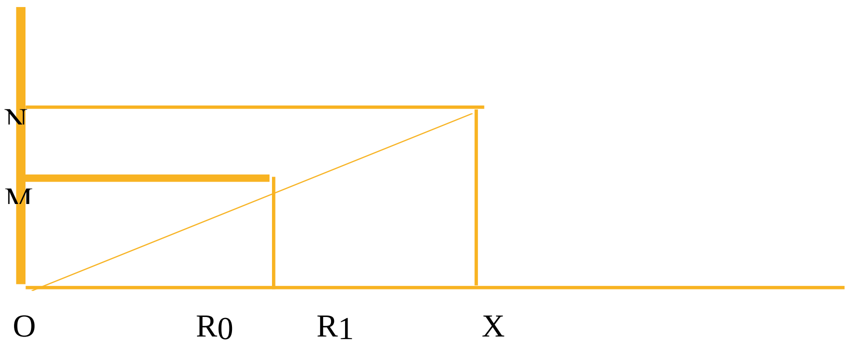



In the above figure, at R0 the reward is only OM. If investor take higher risk the reward will increase to ON. But if reward is desirable, risk is undesirable. Hence, the investor who wants to take risk taken is to be only R0 but return to be ON he has to plan his investments in portfolio. This is what in essence is called portfolio management.

***Portfolio Management*:**

Now, the question arises that where to invest in financial markets in order to maximize profit by minimizing risks?

Here Portfolio management comes into picture, as it is the art and science of making decisions about the investment mix which minimizes risk by diversifying the investments as per requirement. .

Investors can construct portfolios aligned to investment strategies by following a systematic approach. Here are some essential steps for taking such an approach:

> Step 1: Determining the Appropriate Asset Allocation for an individual Step 2: Determining the Appropriate Asset Allocation for an individual Step 3: Reassessing Portfolio Weightings
> Step 4: Rebalancing Strategically

***Ideal Asset Allocation:***

Though there are thumb rules, such as:

- If one subtracts one's age from 80, the difference is the desired percentage allocation to equities in a portfolio;
- One should keep aside about 5-15% of their stockpile for gold and cash.
- One may conclude that the balance investments should be in debt

The asset allocation should be based on individual needs. Here are a few things to keep in mind when determining the asset allocation of their portfolio:

- Age
- Willingness to take risk
- Ability to take risk
- Goal and its time period to goal.

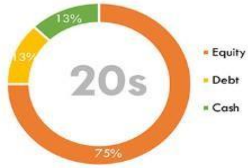
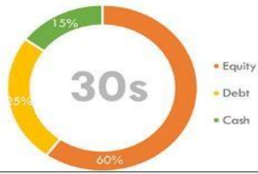
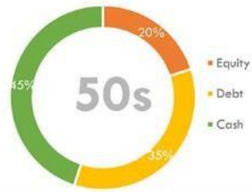
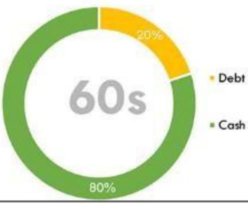
***Age-Wise Investment and Financial Planning:***

Investment planning is not a one-time exercise. It is continuous and evolving. Investment strategy should be in sync with one's risk profile, which changes with age.

**Young investors** typically have a higher risk appetite and should adopt an aggressive investment strategy.

**Middle-aged investors** should have a balanced approach with a moderate investment strategy.

**Retired investors or those nearing retirement** should adopt a conservative strategy.

| Age | Key responsibilities | Risk appetite | Risk profile | Exposure to asset classes |
|---|---|---|---|---|
| 20s | Starting point of one's career, wherein money is spent on a fancy lifestyle and, probably, for repaying the education loan | Very high | Very aggressive |  |
| 30s | Career is on course, so focus is on meeting key financial goals of life such as buying a house, getting married etc. | High | Aggressive |  |
| 40s | Crucial family responsibilities such as taking care of the dependent parents, fund children's education, etc. | Medium | Moderately aggressive |  |
| 50s | Pre-retirement stage, wherein the individual is approaching retirement and an investment plan needs to be in place | Low | Moderate |  |
| 60s | Retired life, wherein the individual may no longer derive regular income from a profession / business, which calls for a robust financial plan to maintain a satisfactory lifestyle and meet exigencies | Very Low | Conservative |  |

Iyiola Omisore, Munirat Yusuf & Nwufo Christopher (2013), in this article researcher have reviewed ``Modern Portfolio Analysis" and outlined some important topics for further research. It also discusses on certain issues such as, the history and future of portfolio theory, the key inputs necessary to perform portfolio optimization, specific problems in applying portfolio theory to financial institutions, and the methods for evaluating how well portfolios are managed. Peter, Samuel Muli & Muema (Sept. 2017), the purpose was to investigate the factors affecting investment decisions in portfolio management for the listed companies and market participants in Nairobi securities exchange. Kapoor (Nov. 2014), the purpose of this paper is to discuss the about the portfolio management and its objectives, importance. Also it talks about the portfolio investment process and various methods and approaches used to create a portfolio. R.V. Naveenan (Feb. 2019), This article helps to understand the basic concepts of portfolio management services and also helps to evaluate and compare the risk and returns of various PMS of Reliance Nippon Asset Management Co. Ltd. Soni, K. J. Somaiya Institute of Management Studies (2017), this paper shows positive relationship between risk and return of individual asset classes and state that diversified portfolio helps in minimizing the risks.Tokat, Ph.D. Wicas, Ph.D. Kinniry, This paper reviews several aspects of the asset allocation debate. It also emphasizes on point that instead of believeing on active managers to select portfolio, an investor should focus on effective asset allocation choice, diversified portfolio, and market timing to generate returns by minimizing risks. Dr. Nalini, This paper states that to make wise decisions in investment, there is need of knowledge on security analysis and portfolio management. This study is aimed at creating awareness in the minds of investors regarding the utility of Sharpe's Single Index Model in portfolio construction. Brennana, Schwartz, & Lagnadod (1997), This paper analyses the portfolio problem of an investor who can invest in bonds, stock, and cash when there is time variation in expected returns on the asset classes.Carter and Howard E. Van Auken, This research paper focuses on two major objectives. The first is to present the findings of a survey of investment man- agers concerning their current practices in the areas of securities analysis and portfolio management. The second is to identify changes in these practices that may have occurred as a result of the October 1987 stock market crash. Markowitz, this paper talks about the process of portfolio selection and various models of portfolio selection.Multi-Asset Solutions Research Papers, This paper explains in detail what strategic asset allocation is and what its importance is. Eychenne, Marinetti, & Roncalli, The authors believe that to implement strategic asset allocation, we must determine risk and return expectations for the various asset classes. Goel Sweta, Mani Mukta, The paper focuses on predicting future performance of Mutual Funds on the basis of past performance which is helpful for an investor to make decisions. Rowland, ACAS Frank S. Conde, ACAS, This paper discusses about the issues that arise when using dynamic financial models to assist in the management of a property/casualty insurer’s investment portfolio. It also debates that selection of portfolio on the basis of financial analysis is not always helpful.

## OBJECTIVES

1. To understand the concept of Risk & Return Analysis.
2. To study various aspects under portfolio management and help investors to maximize profit by minimizing risks based on their risk profile.
3. To understand financial Markets and compare various asset classes and investments avenues available in the market for the period of 5yrs i.e. 1$^{st}$ April 2014 to 31$^{st}$ Mar 2019 and also constructing a portfolio based on this analysis.

## METHODOLOGY OF THE PROJECT

This paper is on Study of financial sector & Portfolio management. The aim of this paper is to study portfolio management by assessing needs and risk profile of the clients & also explain what all things an individual need to keep in mind while making his/her portfolio and how he/she can evaluate the performance of its portfolio by using various tools and parameters such as Std. Deviation, Returns, Sharpe Ratio, Expense Ratio, etc. Also some small case studies are used to show various portfolios based on risk profile.

## DATA ANALYSIS & INTERPRETATION

Further-more, Risk and Return Analysis with respect to Various Asset classes, there are certain common asset classes and investment avenues which the paper is taking into consideration looking at the quantum and likelihood of an Indian Investor.

- Stock Market (Equity)
- Deposits (Debts)
- Gold
- Mutual Funds

***Stock Market*:**
Stock Market or Equity market as asset class is an avenue of investment where investment is made in the Company's shares. There are 3 categories including Large Cap Stocks, Mid Cap Stocks, and Small Cap Stocks.

**Table 1: Equity Stocks**

| Sector | Companiy Name | Parameters | | |
|---|---|---|---|---|
| | | Standard Deviation* | Beta* | Average Returns* |
| Large Cap Stocks | Tata Consulting Services | 0.093991191 | 0.8551 | 0.39% |
| | Reliance Industries | 0.103815955 | 1.3811 | 1.28% |
| | HDFC Bank | 0.04812138 | 0.8551 | 2.12% |
| | S&P BSE Large Cap | 0.040016462 | 1.0000 | 1.01% |
| | | | | |
| Mid Cap Stocks | Torrent Pharamaceuticals | 0.075056959 | 0.7123 | 2.36% |
| | Hindustan Aeronautics | 0.095637442 | 1.5371 | -3.36% |
| | ACC Ltd. | 0.07211424 | 0.9814 | 0.68% |
| | S&P BSE Mid Cap | 0.050396567 | 1.0000 | 1.40% |
| | | | | |
| Small Cap Stocks | V Guard Industries | 0.165098112 | 1.0300 | 1.47% |
| | Mahanagar Gas ltd. | 0.083415367 | 0.6045 | 2.60% |
| | Dilip Buildcon Ltd. | 0.194720313 | 2.0288 | 5.07% |
| | S&P BSE Small Cap | 0.060993697 | 1.0000 | 1.37% |
| **Source: All the data in * mark is calculated based on montly 5Yr data ( From Apr 14 to Mar 19).** | | | | |

- Large cap stocks refers to the stocks of the company which has market capitalisation of more than \$10 billion or INR 10000 crore and above.
- Standard Deviation shows the volatility of stocks. Here it can be observed that HDFC Bank is as volatile as its index whereas Dilip

Buildcon Ltd has high standard deviation of 0.0178 which makes it more volatile than other stocks.

- Here, it is seen that Beta value of all stocks is positive it indicates that all stocks are moving in the same direction in which market is moving. Higher the Beta, Higher the risk and if beta is equal to one it directly corelates with the market trend.

***Corporate Deposits:***

Corporate Deposits are the deposits schemes on which an investor earns certain n amount. Of interest provided by the various companies for a fixed tenure. Generally it is seen that top rated deposits by Crisil HDFC average return of 7% to 8%.

***Gold:***

Gold is a highly liquid and yet scarce asset. It is becoming more popular from investment perspective. Since 2001, Investment demand for gold worldwide has grown, on average, 15% per year. It plays fundamental role in a portfolio by diversifying and mitigating losses and also acting as a source of long-term returns. Today, Gold is not only purchased physically but it is also traded electronically through ETFs i.e. Exchange Traded Funds.

***Mutual Funds:***

A mutual fund is a professionally managed investment fund that pools money from many investors to purchase securities.

**Equity Fund:** The most popular equity fund is ELSS (Equity Linked Saving Scheme) where 98% to 100% of investments are made into equity segment and has tax benefits.

**Table 2.1: Equity Mutual Funds**

| Parameters | Top Performers | | | Bottom Performers | | Category Return |
|---|---|---|---|---|---|---|
| | Canara Robeco Tax Saving Fund | Mirae Asset Tax Saver Fund | Taurus Taxsheild Fund | Baroda ELSS 96 Fund | BOI AXA Tax Advantage Fund | |
| Standard Deviation* | 66.0869911 | 8.594799325 | 158.3804998 | 31.9137664 | 72.4151139 | - |
| R squared* | 0.00022864 | 0.013424493 | 0.00 | 0.00097444 | 0.00019118 | - |
| Beta* | 0.00022875 | 0.013326596 | 0.00 | 0.00096925 | 0.00019196 | - |
| Alpha* | 11.36% | -0.07% | 10.27% | 7.30% | 7.30% | - |
| Expected Return* | 0.00% | 0.07% | 0.00% | 0.01% | 0.01% | - |
| Actual Return 1Yr | 13.19% | 12.84% | 4.93% | -0.65% | -3.79% | 5.50% |
| 3Yr Return | 13.65% | 18.76% | 13.28% | 7.20% | 10.84% | 11.26% |
| 5Yr Return | 11.36% | | 10.27% | 7.31% | 10.11% | 10.98% |
| Sharpe Ratio* | 0.10% | 0.70% | -0.01% | -0.23% | -0.15% | - |

**Source: All the data in * mark is calculated based on montly 5Yr data of Mutual Fund's NAV ( From Apr 14 to Mar 19).**

- Standard Deviation shows the volatility of funds. Here it is seen that Taurus Taxsheild Fund more volatile whereas Mirae Asset Tax Saver Fund has lowest std. deviation of 8.59 which makes it less volatile than other funds.
- As Beta value of all funds is positive it indicates that all funds are moving in the same direction in which market is moving. As per Beta Mirae Asset Tax Saver Fund is taking high risk & generating higher return in long run.

<u>**Debt Fund**</u>: Debt Fund are mutual funds that invest in fixed income securities like bonds and Treasury Bills, Gilt funds, Monthly Income plans, Fixed Maturity Plans.

**Table 2.2: Debt Mutual Funds**

| Type | Companiy Name | Standard Deviation* | R squared* | Beta* | Alpha* | Expected Return* | Actual Return | | | YTM | Sharpe Ratio* |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | 1YR | 3YR | 5YR | | |
| Liquid funds | IDFC Cash Fund | 42925.71 | 0.000 | 0.000 | 7.57% | 0.000% | 7.26% | 6.99% | 7.57% | 6.86% | 0.000% |
| | Indiabulls Liquid Fund | 35668.14 | 0.000 | 0.000 | 7.69% | 0.000% | 7.36% | 7.12% | 7.69% | 6.59% | 0.000% |
| | Kotak Liquid Fund | 115993.4 | 0.000 | 0.000 | 7.60% | 0.000% | 7.37% | 7.05% | 7.60% | 6.84% | 0.000% |
| | Category Return | - | - | - | - | - | 6.89% | 11.26% | 10.98% | - | - |
| | | | | | | | | | | | |
| Ultra Short Term Funds | L&T Ultra Short Term Fund | 8.881311 | 0.013 | 0.013 | 7.81% | 0.074% | 7.91% | 7.42% | 7.88% | 7.15% | 0.120% |
| | Kotak Saving Fund | 8.462384 | 0.014 | 0.014 | 7.83% | 0.082% | 8.03% | 7.41% | 7.91% | 7.50% | 0.141% |
| | SBI Magnum Ultra short Duration Fund | 146880.4 | 0.014 | 0.000 | 7.79% | 0.000% | 8.24% | 7.37% | 7.79% | 7.35% | 0.000% |
| | Category Return | - | - | - | - | - | 5.87% | 6.44% | 7.25% | - | - |
| Short Term Funds | IDFC Bond Fund Short Term | 16.04433 | 0.004 | 0.004 | 7.77% | 0.019% | 9.04% | 7.18% | 7.79% | 7.50% | 0.137% |
| | L&T Short Term Bond Fund | 8.180731 | 0.015 | 0.015 | 7.76% | 0.072% | 8.72% | 7.24% | 7.83% | 7.35% | 0.230% |
| | Baroda Short Term Bond Fund | 5.58 | 0.032 | 0.032 | 8.25% | 0.155% | 8.46% | 8.02% | 8.40% | 8.46% | 0.291% |
| | Category Return | - | - | - | - | - | 4.88% | 5.98% | 6.95% | - | - |
| | | | | | | | | | | | |
| Mid Term Funds | IDFC Bond Fund Mid Term | 9.851446 | 0.010 | 0.010 | 7.92% | 0.047% | 9.51% | 7.30% | 7.97% | 7.63% | 0.271% |
| | Axis Strategic Bond Fund | 4.560779 | 0.048 | 0.048 | 8.40% | 0.217% | 6.25% | 7.57% | 8.62% | 9.27% | -0.129% |
| | HDFC Mid Term Debt Fund | 594.23 | 0.000 | 0.000 | 8.02% | 0.000% | 8.30% | 7.42% | 8.02% | 8.62% | 0.271% |
| | Category Return | - | - | - | - | - | 4.53% | 6.48% | 7.44% | - | - |
| | | | | | | | | | | | |
| Long Term Funds | IDFC Corporate Bond | 0.698039 | 2.044 | 2.036 | - | 8.429% | 8.66% | 7.60% | - | 7.53% | 2.607% |
| | L&T Trippie Ace Bond Fund | 46.60204 | 0.000 | 0.000 | 7.65% | 0.002% | 11.49% | 6.98% | 7.65% | 8.10% | 0.100% |
| | HDFC Corporate Bond Fund | 46.60204 | 0.000 | 0.000 | 8.59% | 0.002% | 9.93% | 8.06% | 8.59% | 7,86% | 0.066% |
| | Category Return | - | - | - | - | - | 4.14% | 5.66% | 6.86% | - | - |

**Source: All the data in * mark is calculated based on montly 5Yr data of Mutual Fund's NAV ( From Apr 14 to Mar 19).**

- Standard Deviation shows the volatility of funds. Here it can be seen that Liquid Funds are highly volatile and also has 0% risk as here the investment is made for the short period of time.
- As we can observe that IDFC Corporate Bond has higher risk with beta of 2.036 & thus, generating higher returns.

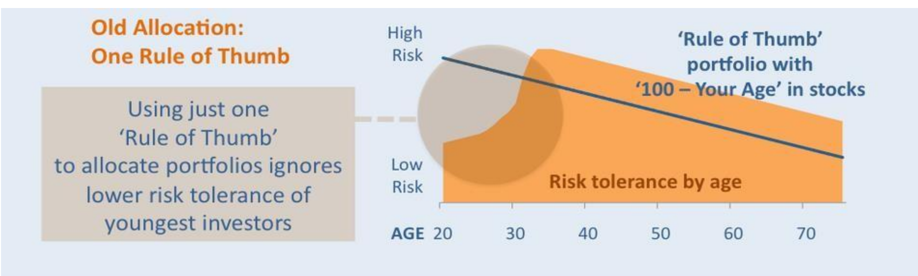
**Balanced Fund**: A balance fund is a mutual fund that contains both bond & stock component and sometimes a money market component in a single portfolio. There are two kinds of balanced/hybrid fund i.e. Aggressive fund (stock component is more than debt) and conservative funds (where debt component is equal or more than the stock component)

**Table 2.3: Hybrid Mutual Funds**

| Type | Companiy Name | Standard Deviation | R squared | Beta | Alpha | Expected Return | Actual Return | | | Sharpe Ratio |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | 1YR | 3YR | 5YR | |
| Aggressive Balanced Fund | Principal Hybrid Equity Fund | 180.5756 | 0.00 | 0.00 | 2.07% | 10.98% | 2.61% | 12.61% | 10.98% | -0.0002 |
| | Mirae Asset Hybrid Equity Fund | 4.078835 | 0.0598 | 0.06 | -110.09% | - | 8.02% | 13.07% | - | 0.00289 |
| | Canara Robeco Equity Hybrid | 510.1932 | 0.00 | 0.00 | 9.54% | 11.34% | 9.54% | 11.70% | 11.34% | 0.00 |
| | Category Return | - | - | | - | - | 5.50% | 9.69% | 9.77% | - |
| | | | | | | | | | | |
| Conservative Balanced Fund | ICICI Prudential Regular Saving | 29.33256 | 0.0011 | 0.001 | - | 0.01% | 8.51% | 10.12% | - | 0.00057 |
| | LIC MF Debt Hybrid Fund | 24.60078 | 0.0011 | 0.002 | - | 0.01% | 7.46% | 6.56% | - | 0.00025 |
| | BNP Paribas Conservative Hybrid Fund | 12.39839 | 0.0011 | 0.006 | - | 0.04% | 7.07% | 7.87% | - | 0.00019 |
| | Category Return | - | - | - | - | - | 5.50% | - | - | - |

Source: All the data in * mark is calculated based on montly 5Yr data of Mutual Fund's NAV ( From Apr 14 to Mar 19).

- Standard Deviation shows the volatility of funds. Here it can be seen that Mirae Asset Fund is less volatile but high Sharpe ratio resulting in better returns in long run.As it can been seen that LIC Debt Fund is comparatively not in position to generate return as its Sharpe ratio and Beta is comparatively slightly low.




**Source:** Research Affiliates, "What are we doing to our young investors?" Oct 2014, Carolyn Marsh, CFA

## CASE STUDIES:

### Case I:

Suppose Mr X who is 23yr old has recently completed his MBA and started working. Currently his marital status is unmarried, and he want to invest Rs. 480000/- for future. His risk profile is of High risk taker. What should be his investment portfolio?

**Table 3.1: Case I Portfolio**

| Product Name | Scheme Name | Weight | Invested Amt. | Return in % | Return in Amt. | Weighted Avg. |
|---|---|---|---|---|---|---|
| SAVINGS | - | 0.083333333 | 40000 | 3.50% | 1400 | 0.29% |
| FIXED DEPOSITS | HDFC BANK | 0.104166667 | 50000 | 7.50% | 3750 | 0.78% |
| MUTUAL FUND | MIRAE ASSET HYBRID EQUITY FUND | 0.25 | 120000 | 8.02% | 9624 | 2.01% |
| CORPORATE DEPOSITS | M&M FINANCIAL SERVICE LTD. | 0.166666667 | 80000 | 8.10% | 6480 | 1.35% |
| GOLD ETF | KOTAK GOLD ETF | 0.083333333 | 40000 | 11% | 4200 | 0.88% |
| TOTAL | | 0.6875 | **330000** | | **25454** | 1.06% |
| Stock Mrkt. | Dilip Buildcon | 0.104166667 | 50000 | 5.07% | **49508** | 0.53% |
| ELSS | MIRAE ASSET TAX SAVER FUND | 0.208333333 | 100000 | 12.84% | 12840 | 2.68% |
| | | | | | | |
| TOTAL | | | **480000** | | | **4.26%** |

**Table 3.**

### Case II:

Suppose Mr X who is 40yr old and is doing well his in career. He is married and want to invest Rs. 500000/- for future. His risk profile is of a moderate risk taker. What should be his investment portfolio?

**Table 3.2: Case II Portfolio**

| Product Name | Scheme Name | Weight | Invested Amt. | Return in % | Return in Amt. | Weighted Avg. |
|---|---|---|---|---|---|---|
| SAVINGS | - | 0.08 | 40000 | 3.50% | 1400 | 0.28% |
| FIXED DEPOSITS | HDFC BANK | 0.1 | 50000 | 7.50% | 3750 | 0.75% |
| MUTUAL FUND | MIRAE ASSET HYBRID EQUITY FUND | 0.3 | 150000 | 8.02% | 12030 | 2.41% |
| CORPORATE DEPOSITS | M&M FINANCIAL SERVICE LTD. | 0.18 | 90000 | 8.10% | 7290 | 1.46% |
| GOLD ETF | KOTAK GOLD ETF | 0.1 | 50000 | 11% | 5250 | 1.05% |
| **TOTAL** | | 0.76 | **380000** | | **29720** | 1.19% |
| Stock Mrkt. | Dilip Buildcon | 0.06 | 30000 | 5.07% | **58040** | 0.30% |
| ELSS | MIRAE ASSET TAX SAVER FUND | 0.18 | 90000 | 12.84% | 11556 | 2.31% |
| | | | | | | |
| **TOTAL** | | | **500000** | | | **3.80%** |

## Case III:

Suppose Mr X who is 55yr old, and he want to invest Rs. 700000/- for future. His risk profile is of an average risk taker. What should be his investment portfolio?

**Table 3.3: Case III Portfolio**

| Product Name | Scheme Name | Weight | Invested Amt. | Return in % | Return in Amt. | Weighted Avg. |
|---|---|---|---|---|---|---|
| SAVINGS | - | 0.142857143 | 100000 | 3.50% | 3500 | 0.50% |
| FIXED DEPOSITS | HDFC BANK | 0.285714286 | 200000 | 7.50% | 15000 | 2.14% |
| MUTUAL FUND | MIRAE ASSET HYBRID EQUITY FUND | 0.214285714 | 150000 | 8.02% | 12030 | 1.72% |
| CORPORATE DEPOSITS | M&M FINANCIAL SERVICE LTD. | 0.114285714 | 80000 | 8.10% | 6480 | 0.93% |
| GOLD ETF | KOTAK GOLD ETF | 0.071428571 | 50000 | 11% | 5250 | 0.75% |
| **TOTAL** | | 0.828571429 | **580000** | | **42260** | 1.21% |
| Stock Mrkt. | Torrent Pharmaceuticals | 0.042857143 | 30000 | 2.36% | **81020** | 0.10% |
| ELSS | MIRAE ASSET TAX SAVER FUND | 0.128571429 | 90000 | 12.84% | 11556 | 1.65% |
| | | | | | | |
| **TOTAL** | | | **700000** | | | **2.96%** |

## Case IV:

Suppose Mr X who is 66yr old retired person & want to invest Rs. 350000, His risk profile is very conservative. What should be his investment portfolio?

**Table 3.4: Case IV Portfolio**

| Product Name | Scheme Name | Weight | Invested Amt. | Return in % | Return in Amt. | Weighted Avg. |
|---|---|---|---|---|---|---|
| SAVINGS | - | 0.285714286 | 100000 | 3.50% | 3500 | 1.00% |
| FIXED DEPOSITS | HDFC BANK | 0.571428571 | 200000 | 7.50% | 15000 | 4.29% |
| MUTUAL FUND | Baroda Short term Fund | 0.142857143 | 50000 | 8.46% | 4230 | 1.21% |
| TOTAL | | | 350000 | | | 2.16% |

## CONCLUSION

- There are various asset classes and Investment Avenue available in India to invest money such as equity, debt, deposits, real estate, gold, etc. But today, if person feels that investing in direct equity can be risky than there is mutual fund through SIP as an option available. Also there is availability of Gold ETFs.

- In portfolio management, risk taking capacity of an individual plays a vital role.

- Portfolio management helps to diversify the portfolio and at the same time mitigates the overall risk and able to generate return base on the amount of risk taken.

- In debt market time horizon varies from instruments to instruments. Therefore, the portfolio should be periodically valued, and time horizon kept should be long term.

## LIMITATIONS

- The research is restricted to Indian Financial Sector.
- This study is limited to 3 top companies in all asset classes and investment avenues available.
- The risk-free return assumed to be 6.84% i.e. average return of 10Yr Treasury bond as on 5$^{th}$ July 2019
- Performance of asset classes and Investment Avenue has being analyzed by considering 1yr data i.e. from 1$^{st}$ Apr 2014 to 31$^{st}$ Mar 2015.
- There was a constraint regarding time allocation for the research study.

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