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Influence of portfolio strategies of select investments companies in India

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Abstract
Portfolio Management Strategies refers to the approaches that are applied for the efficient portfolio management in order to generate the highest possible returns at lowest possible risks. The objectives of this service are to help the unknown investors with the expertise of professionals in investment Portfolio Management. Some choices involve a trade-off between risk and return. It explains how portfolio hedges risk in investment and gives optimum return to a given amount of risk. It deals with the different investment decisions made by different people and focuses on element of risk in detail while investing in securities. It also gives an in depth analysis of portfolio creation, selection, revision and evaluation. This shows different ways of analysis of securities, different theories of portfolio management for effective and efficient portfolio construction.

Keywords: portfolio management, risk and return, theories of portfolio

Introduction
Investments are a significant aspect in the profitability of the investment firms. The investment performance of the fund assets is the most imperative factor in determining whether the fund will be able to deliver on the retirement benefits or whether there will be a sufficient amount hoarded for an adequate replacement of income. Investment strategy is the way a manager goes about analysing, buying, and selling stocks. Portfolio management is a highly deficient area globally and locally. By possessing several assets, certain types of risk in particular specific risk can be reduced. The assets in the portfolio could include stocks, bonds, options, warrants, gold certificates, real estate, futures contracts, production facilities, or any other item that is expected to retain its value. Holding a portfolio is part of an investment and risk-limiting strategy called diversification. Portfolio management includes deciding what assets to contain in the portfolio, given the goals of the portfolio owner and changing economic conditions. Selection involves deciding what assets to purchase, how numerous to purchase, when to purchase them, and what assets to divest. Some investors are more risk averse than others. Mutual funds have developed particular techniques to optimize their portfolio holdings. These decisions always involve some sort of performance measurement, most typically expected return on the portfolio, and the risk associated with this return. Typically the expected returns from portfolios, comprised of different asset bundles are compared. The unique goals and circumstances of the investor must also be considered.
Leverage Strategy: Leverage is a way to increase the purchasing power, which can increase the potential profit while also increasing the potential risk. Typically, investors will do this either using margin, which is essentially borrowing money from Scot trade, or by buying option contracts.

Leveraging using margin: Stock traders can leverage their position using a margin account. When using margin, stock traders are actually borrowing against the stock that they are purchasing. Leverage can dramatically increase gains, but at the same time put at greater risk on downward movements of the stock.

Yield spread strategies: The yield spread or "credit spread" is the difference between the quoted rates of return on two different investments, usually of different credit quality.
It is a compound of yield and spread.

Review of Literature

Anand Bansal, examine the impact of market opening to FIIs, on Indian stock market behaviour using stock market data related to Bombay Stock Exchange, for both before and after the FIIs policy announcement day. An empirical examination has been conducted to assess the impact of the market opening on the returns and volatility of stock return. We found that while there is no significant changes in the Indian stock market average returns, volatility is significantly reduced after India unlocked its stock market to foreign investors

Sunil, examine the influence of foreign institutional investments in explaining the short and long run relationship of the Indian equity market with the main developed equity markets of the US and the UK and concluded that the rapid growth in the flow of the foreign portfolio investments is leading to greater integration of the Indian equity market with the main developed markets and this may have significant implications for asset pricing and international portfolio diversification benefits.

Kulwant Rai, determinants of foreign institutional investments (FII) in India, By using monthly data, they found that FII inflow depends on stock market returns, inflation rates (both domestic and foreign), and ex-ante risk. In terms of magnitude, the impact of stock market returns and the ex-ante risk turned out to be the major determinants of FII inflow. Accroding to them stabilizing stock market volatility and minimizing the ex-ante risk would help to attract more FII, an inflow of which has a positive impact on the real economy.

Objectives

- To determine the effects of portfolio management strategies on financial performance of Investment Companies.

Research design

Data source

The study is empirical and analytical in nature. Both primary and secondary data are used in the study. Primary data is gathered from the management through a well-structured Questionnaire method. The secondary data were obtained from CMIE Database, websites of BSE and NSE, Money control, Companies website. Other required data was sourced from Books, Journals, and Thesis.

Sampling

The study comprises secondary data of 5 investment companies in India listed in BSE and NSE. The primary data will be collected from the management people to know the various management strategies used to attract the investors to invest in that particular company. The 5 companies are being selected on the basis of the Total Asset value of the company

Significance of the study

The study is benefitted for policy makers, management, individual investors, academicians etc. The study will give a glimpse of how portfolio management can be harnessed by policy makers to achieve both the millennium development goals and also vision 2030 which is a critical blue print for the economic growth and development in India. It will enable the management to identify the key factors to consider in the use of portfolio management information in achieving optimum profitability and also guide them in the wise utilization of Investment advice and so the risk can be minimized.

Conclusion

The study is benefitted for policy makers, management, individual investors, academicians etc. The study will give a glimpse of how portfolio management can be harnessed by policy makers to achieve both the millennium development goals and also vision 2030 which is a critical blue print for the economic growth and development in India. It will enable the management to identify the key factors to consider in the use of portfolio management information in achieving optimum profitability and also guide them in the wise utilization of Investment advice and so the risk can be minimized.

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