International Research Journal of Social Sciences ISSN 2319–3565
Vol. **7(5),** 50-53, May **(2018)** *Int. Res. J. Social Sci.*

Short Review Paper

The art of managing your portfolio

M. Madhuri Devi[1] and Neha Verma[2*]
[1]Dept. of Commerce, Bhilai Mahila Mahavidyalaya, Bhilai, CG, India
[2]Pt. Ravishankar Shukla University, Raipur, CG, India
nehav.nv27@gmail.com

Available online at: www.isca.in, www.isca.me
Received 28th March 2018, revised 20th April 2018, accepted 13th May 2018

Abstract

In the modern competitive era of development it is difficult for the investors to fix up their full savings in a single agreement pertaining the risk associated at one time. They want to invest in a group of securities is called Portfolio. The process of management by which an organization focuses its only resources on the development of new products and operational enhancements. A substantial body of knowledge has been developed on various approaches to projects, IT (Information Technology) and application portfolio management. When portfolio is created risk is reduced without renounce return portfolio management deals with the theory and practice of optimum combining securities into portfolio and analytical aspects has a better chance of success. This study aims that how the portfolio decisions are made and how it is managed. The result indicate that how people facing challenges in managing the portfolio This qualitative approach allows for a comparison of theory and Practice and through the findings, seek to develop a better understanding. It is an approach or set of standard best practices for planning, managing and executing work through the project to deliver the end product or services. The purpose of this paper is improvement of technology concept understanding traditional electronic stock traders examining the impact of capital market development on capital market development. The cultural understanding IT concept and applying on this will increase stock market efficiency. This Paper follows an exploratory research approach by investigating the practices of project portfolio management and further focusing only towards professional services organization and more specifically on projects that include and an IT component.

Keywords: Portfolio management, IT (information technology), securities, capital market, stock market.

Introduction

The art of managing portfolio refers to the logical selection of the investment mix with considerations of policies and micro and macro market circumstances that meet the three tier management of via objective of investment related allocations of the assets as well as maintaining the balance of risk associated with the performance[1].

Bonds, its interest rates and the related duration originates the portfolio management. Evaluation is the first procedural element of the portfolio management and the evaluation for investors has two fronts i.e. *objectives* and *constraints.*

Objectives for investors are typically of two parameters. First objective is in terms of returns and the Second objective is in the terms of risk and the risk which associated with what is the ability to take the risk and what is the willingness to take the risk[2]. Return is a function depending upon risk so as the tolerance of risk is determined using ability and willingness to take risk than the upcoming return also will be determined.

After that from constraints point of view fives perspectives should be considered that are liquidity, legal, unique circumstances, taxes and time horizons.

Than the market view in terms of how it is from the micro and macro perspective at the point of time. IPS are developed and the allocation of the asset takes place i.e. what proportion has to be invested in the equity, bonds and the commodity. Than the performance will be measured that the objectives and the constraints are taken care of and are the market capital market are in line with the originally focused points or not[3].

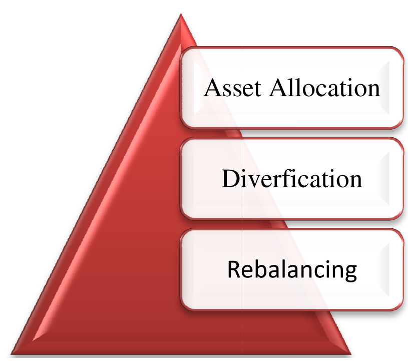


Figure-1: Key Elements of Portfolio Management.

Literature Review: i. Elton and Gruber 1997 in their studies revealed that modern portfolio management is highly based upon the theories of the investments[4]. ii. Inuiguchi and Ramik stated that the selection of the portfolio solutions are correlated with the comparative programming and application of the portfolio selection models[5]. iii. Huang reviewed reveled definitions of risk in varied prospects for the selection of the portfolio in the investment mix choosing among several alternatives[6]. iv. Metaxiotis and Liagkouras discussed in his work how the portfolio is managed with the modern era of competitive global horizons so that the investors will derive their benefits through investment upon several assets[7]. v. Narcyz R. and Heinz Roland, in his research "Contemporary project portfolio management" revealed that how the Australian competency standard of managing portfolio reflects on returns of newly developed investment mixes[8]. vi. Elton E. Gruber M. Brown S. Tzmann W. in his research paper focused the point of resource limitation and effective allocation of the assets in the forms of bonds and other investment securities with their return considerations[9].

Objective of the research paper: i. Maintaining convenience to the investors by revealing the better patterns of investment using portfolio management. ii. Getting the new investors aware of portfolio management effectively. iii. Revealing the importance of portfolio in realistic academic area of management.

Methodology

The fundamental of portfolio work shows the deal between risk and return on investment[1]. A commercial transaction in to a real transaction which includes[1] fixed assets such as land and production facilities. Share many whose value is supposed to high over time. Therefore it guarantees the deal to receive the benefit under stated condition like stock and bond.

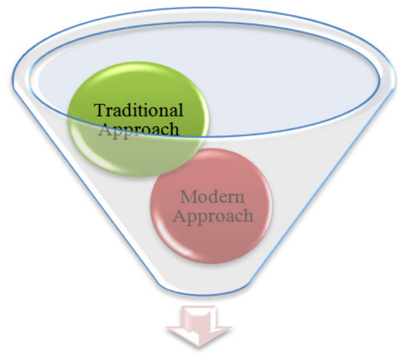
The two things[1] that distinguish securities are time and risk. The investment[1] to the initial value of investment in gain or loss is defined by the interest rate or rate of return. An investment always have some risk which can be classified in two types systematic and unsystematic. The higher return is demand by the investors when they give higher risk[10].

Results and discussion

While analyzing of the modern management of portfolio it has been discovered that the pattern of return and movement of the securities is in a specific designed trend only so it can be determined and accordingly strategy will be formed.

Traditional Approach: This approach consists of two main points: i. The objectives of the portfolio, ii. The securities to be included in the portfolio.

There are 6 perspectives of the constraints that are: i. Analysis of constraints including sub perspectives as (Income, Liquidity and safety), ii. Determination of the objectives which tends to answer what is the main aim of the portfolio and how it can be achieved basically it is (state of income level, income level growth, capital management), iii. Selection of portfolio it focuses on the meeting the needs of the objectives to be achieved which will prove beneficial from the investors point of view regarding its investment. iv. Risk and investment an investor will never expect the higher degree of the risk association for the more amount of return also this is specified by the traditional approach of the portfolio construction[11]. v. Diversification After the determination of several parameters of the risk the diversification of the securities is to be done in order to minimize the uncertain and unsystematic risk.



Approaches to portfolio construction
Figure-2: Portfolio Approaches.

Modern approach: Unlike the traditional approach of the portfolio management the newly developed approach does not only specified upto certain points only but it uses the modern management functions in the management of portfolio also to meet the need of investor as well as application of the fundamentals of "problem of choice" which is basic problem of the economy in which one has to decide to apply the limited resources to satisfy the unlimited wants whit considerations of the alternatives of the resources and adding factor of risk and return also with it.

In the step of asset allocation the investor or its portfolio manager has to choose such a securities mix which not only satisfy the ROI need of the investor but also take care of the degree of the risk that the investor is capable and willing also to face.

Role of portfolio management in Modern competitive Business era: In this globalized world of business and commerce every investors tends to seek such an investment in which the factor of risk can be minimized and the factor of return can be maximize, portfolio is such an aspect by which we can maintain the two. i. Investment is less of risk due to systematic and diversified management of the securities. ii. Risk factors can be minimized by calculation and application of strategic and tactical manner. iii. Proper allocation of limited resources is possible intake of investors. iv. Shift in the securities as per need is available option. v. It has opened a varied platform for professional job carrier of modern managers. vi. The new horizons of convenient investment are getting directed through portfolio management.

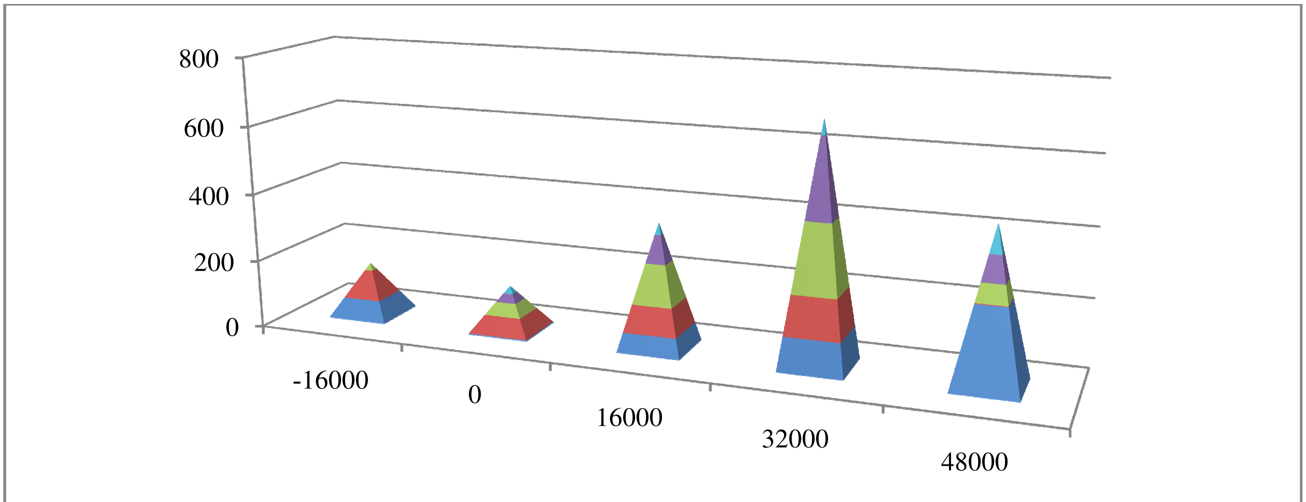


Figure-3: Indian portfolio investment trend[12].

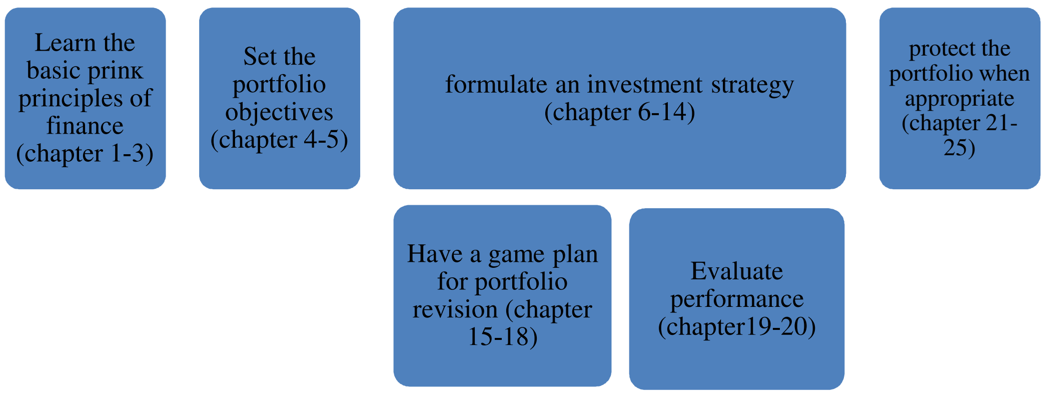


Figure-4: Portfolio management process[13].

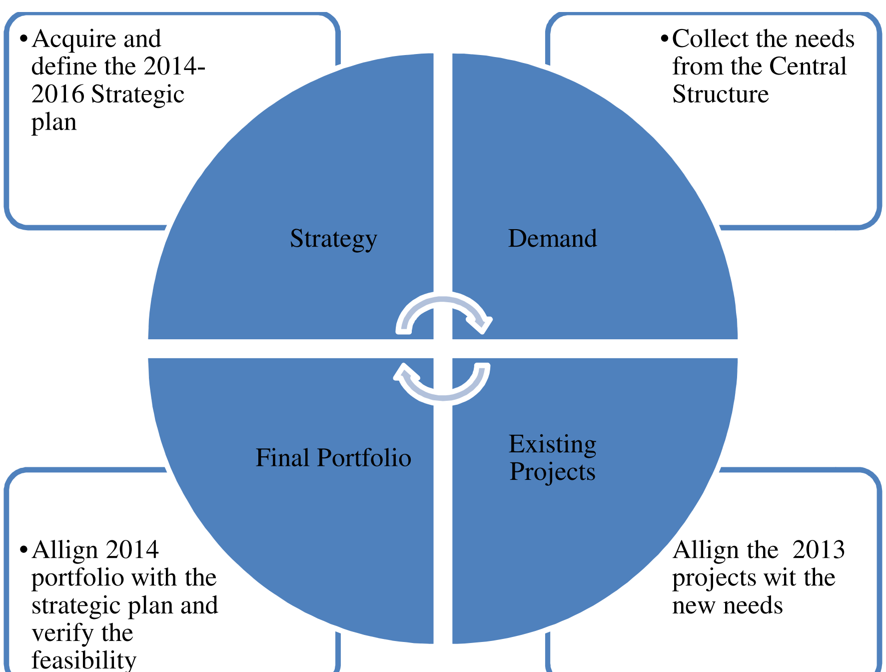


Figure-5: Periodical development in PPM[14].

Firstly the strategic techniques are acquired in 2014, as well as the needs of central structures are determined after it. New considerations of the investors needs are taken into consideration and feasible studies are conducted in the same to determine benefits of the projects.

Conclusion

The mechanics of active portfolio management based upon the motivation that an investor attempts to outperform a benchmark[1]. The investment strategy which affected the conclusion of a strategic long-term investment opportunity set and conduction strategic short term allocation. In each quarter from 1992 to 2011 the model was applied. The Return and covariance estimates depends on assets allocation. To ensure the research objective were identified conclusion with each question and the overall presented in the following[1] based on the findings[15].

Does the mean variance portfolio model conduct asset allocation in the portfolio management?

The conducting tactical assets allocation the portfolio model was applied. The model is deference with three constraints: no short selling, no financial gearing and a maximum level of systematic risk force to market level[1]. The model conducted asset allocation with regards to the optimization of the information ratio. In market it has seen that stock market increases correlation and hence their covariance towards other market.

References

1. Hossein Razaie Dolat Abadi (2013). International Journal of Academic Research in Accounting. *Finance and Management Sciences*, 3(1), 382-390.

2. Security Analysis 2017 (http://www.encyclopedia.com) accessed on 15January 2018

3. Bahrami A. (2008). The impact of information and communication technology development on stock market (Iran's study case). Ma thesis, University of Isfahan (in Persian).

4. Elton and Gurber (1997). International Journal of economics development. 1 *International Journal In multidisciplinary and academic research*, September 2013(ISSN 2278 5973), 2(5)

5. Hilsted Christian Johan (2010). Active Portfolio Management and portfolio construction implementing an investment strategy. master Thesis fall 2012 cand.merc. applied economics and finance Copenhagen business school.

6. Huang (2009). Brown South Western College publication 7th edition Investment Analysis and selection portfolio Management.

7. Metaxiotis and Liagkouras (2012). Security analysis and portfolio management. New Age International (P) Limited Publishers 2011 edition.

8. Narcyz R. and Heinz Roland (2009). Stock reaction and portfolio management to information technology investment. 883-894.

9. Elton E., Gruber M., Brown S. and Tzmann W. (2011). Modern portfolio and investment Analysis. Eighth Edition John Wiley & Sons.

10. Managing the portfolio (2017). (http://www.portfolio management.com) accessed on 28 December 2017 Vikas 2011 edition Security analysis and portfolio management publishing house Pvt. ltd.

11. Ngassam Ch. and Gani A. (2002). Portfolio management and analysis Global Portfolio Optimization. *Financial Analysis Journal*, 48(5), 28-43.

12. Information and communication technology development on stock market (2017) (http://www.govsec.com) accessed on 15 December 2017

13. Portfolio and investment analysis 2017 (http://www. investopedia.com) accessed on 10 January 2018.

14. Statsoft (2017). Management of portfolio 2017. (http://www.statistica.com) accessed on 10 January 2018.