

A STUDY ON PORTFOLIO MANAGEMENT IN MUTUAL FUND

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ABSTRACT:

Portfolio Management in Mutual Fund is one such advisory service that has yet to gain traction with investors. Although Mutual Funds is not a new concept, it does need to be done in an organized manner. Today, we can get this service from insurance providers, mutual fund agents, tax consultants, equity brokers, Chartered Accountants, and so on. Different agents offer a variety of services and products. A financial adviser, on the other hand, is a service provider who helps people choose the right funds to achieve their goals. Keeping all of this in mind, Portfolio Management is accomplished through a process. This includes a Investment Strategies, Create A Mutual Fund Portfolio, Reviewing Your Mutual Fund Portfolio implementing an appropriate strategy in order to achieve goals, and reviewing and updating the plan on a regular basis. This report covers all types of Mutual funds and how portfolio is managed by fund manager and clients on their own. In survey of 77 peoples by using structured questionnaire. We have collected the data by using primary method of collection the data. Then I analysed the collected data by using tabular or graphical forms. We know the trends of mutual funds, the investor's perception towards investment in mutual funds through broker, advisor or self in the role. This study helps to know about the investor's mind set while investing, the role of mutual funds and the trends of this products in India.

Keywords: *Portfolio Management, Mutual Funds, Taxation, AUM, Equity, Debt, Role of Investment, Behaviour of Investor.*

INTRODUCTION

Mutual funds are an excellent way to diversify your portfolio and reach your financial objectives by investing in a variety of asset classes. You can choose from a range of schemes depending on your financial objectives. Long-term objectives, such as retirement or your children's education, can benefit from a strong equity-linked allocation. Similarly, fixed income funds can help you achieve short-term goals like buying a car or building an emergency fund. Whatever your financial objectives are, there is a mutual fund that can help you achieve them. All you have to do is invest on a regular basis. A mutual fund is a financial intermediary that allows a group of investors to pool their funds in order to achieve a certain investing goal. A systematic investment plan and a disciplined attitude to investing can be transformative. The key to portfolio management is to have a well-defined mutual fund investing strategy that you

stick to. The world's most successful money managers are successful because they have money management discipline and a plan. You'll evaluate your portfolio mix and make some twists using this mutual fund investment plan from time to time.

Investment Strategies for Managing a Portfolio of Mutual Funds. (Fund Manager) The Wing-It Strategy.

This is the most frequent mutual fund investment technique, particularly among first-time investors. A wing-it strategy refers to investing randomly, little by little, with no set plan or framework in place. You may find it difficult to make selections that appropriately reflect you're investing goals if you don't have a plan in place. Because of its lack of consistency, most experts feel that this method is the least effective.

Market Timing Strategy The ability to get into and out of sectors, assets, or markets at the proper time is referred to as market timing. In a perfect world, the ability to time the market would allow you to buy low and sell high at all times.

Buy-and-Hold Investment Strategy. This is, without a doubt, the most generally recommended investment plan. This technique entails purchasing investments and holding them for a lengthy period of time, regardless of whether the markets are rising or falling. According to conventional opinion, if you use a buy- and-hold strategy and ride out the market's ups and downs, your gains will eventually balance your losses.

Warren Buffett, the billionaire and famed investor, has stated that this method is appropriate for long-term investors.

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The Bottom Line. The key to portfolio management is to have a well-defined mutual fund investing strategy that you stick to. The world's most successful money managers are successful because they have money management discipline and a plan. Perhaps Warren Buffett stated it best: "To invest successfully for a lifetime, you don't need a superhuman IQ, exceptional business insight, or insider knowledge. A good logical foundation for making judgments is required, as is the ability to restrain emotions from corroding that framework."

MUTUAL FUND A mutual fund is a financial intermediary that allows a group of investors to pool their funds in order to achieve a certain investing goal. A certified fund manager is hired, and he or she is in charge of investing the pooled funds in certain securities and asset classes (usually stocks or bonds). When we invest in mutual fund, we buy a share (unit portion) of the mutual fund. Securities and Exchange Board of India (SEBI) Regulations of 1996 govern the mutual fund industry, however they are updated on a regular basis. Association of Mutual Funds in India (AMFI) monitor the mutual funds and provides useful knowledge and insights regarding.

Average Assets under Management (AAUM) is 38, 88,960 crore in April 2022. In May 2014, the industry's AUM cross the 10 trillion (10 lakh crore) mark for the first time, in less than three years, the AUM had grown more than dual, passing the 20 trillion (twenty lakh crore) mark for the first time in August 2017. In moth of Nov 2020, AUM beat 30 trillion (30 lakh crores) for the first time. As of April 30, 2022, the Industry AUM was 38.04 trillion rupees (38.04 lakh crores).

Mutual funds come in a variety of shapes and sizes

Equity Funds These mutual funds invest the majority of their assets in stock of various companies. The majority of money in equity funds invested in stock of various corporations. These funds are then your allies. If you want to go on a mountain peak trek, you must be willing to risk a few scratches at the very least. The same may be said about mutual funds that invest in stocks. They can provide you with high long- term profits if you are ready to accept a small risk. If you can do it, you will be able to outperform inflation in the long run.

Debt Funds. These mutual funds that primarily invest in fixed-income instruments such as government bonds, corporate bonds, and debentures. A fixed-income or debt security is an investment that pays a fixed return on the principle invested on a regular basis. Debt securities include bonds, debentures, G-Secs, and money market securities.

Hybrid. Hybrid funds invest in a mix of stocks and fixed-income assets, as the name suggests. Balanced funds are designed to provide both growth and consistent income, thus they invest in both equities and fixed income assets in the proportions specified in their offer documents. The investor may desire to diversify his risk by investing in a variety of industries.as a measure of asset size, income, or growth as a result, the fund strikes a balance between various assets.

Solution Oriented These mutual funds differ slightly from the previous three. These plans are created to achieve a specific purpose, such as retirement planning or funding for children's education. These mutual funds invest in stocks with specific theme & specifically

designed. Generally, these mutual funds come with lock in period. Retirement Fund, Children Fund.

Fund of Funds. These funds assemble a mutual fund portfolio. To gain exposure to the domestic and world-wide markets, or theme-based funds, investment in other funds is made.

Review of Literature

Sharma et al. (2021) has examine the mutual fund business has responded to the Indian financial market quite quickly over the past ten years due to the fact that it offers investors more attractive solutions. Data from the Association of Mutual Fund India show that as of 30 September 2020, the Indian mutual fund industry's Asset under Management (AUM) was Rs. 26.85 trillion. As of September 30, 2010, the mutual fund industry in India has an AUM of Rs. 6.57 trillion. This inquiry aimed to assess and analyse the performance of a sample of debt, equity, and hybrid fund schemes as well as to determine how risk- return relationships and market volatility related to the sampled mutual fund schemes. The information was taken from the many official websites and fund factsheets. This analysis came to the conclusion that the majority of the funds chosen for the inquiry performed averagely or below average according to CRISIL Rank. Manda Et Al. (2021) says that the Indian mutual fund sector has changed into a competitive market as a result of an increase in the number of fund companies entering the asset management business. For investors, an increase in the number of schemes means more options (and confusion), while for fund managers, it means increased pressure to outperform benchmark indices. To determine the statistical correlations between the

variables, the correlation research approach is applied to scheme variables such as expense ratio, assets under management (AUM), and monthly returns of a select group of Indian midcap schemes for the period of January 2016 to 2021. Three of the midcap schemes were chosen for this analysis after being grouped into clusters. The results of this study can help fund managers and asset management firms (AMCs) manage their programmes more effectively by adjusting expenses and increasing investor returns. Mini (2020) has examined "A Study on The Awareness of Mutual Funds Investment in India." The choice of investment depends on the investors' ability to accept risk and their degree of income. "Mutual funds are a growing investment strategy with amazing potential because they have a variety of contributing options with average returns and low risk. However, it has very little regard for the people that live in our country. Numerous people have been forced to avoid or perhaps give up on such a method of investment due to the unclear information on the subject. The goal of this inquiry is to better understand the amount of awareness that mutual funds have among the Indian community and to suggest better ways to spread that awareness. Tripathi & Dr. Japee, (2020) has examined "Performance Evaluation of Selected Equity Mutual Funds in India" was looked into. The focus of this inquiry, which administers the value shared funds made available for investment by the various AMC firms in India, was primarily on the presentation of selected equities (large cap, mid cap, and small company) open-end mutual fund plans in terms of a risk-return relationship. The primary goal of this

exploratory work is to examine the financial performance of selected open-end mutual fund plans using factual benchmarks like Sharpe ratio, standard deviation, and Jensen's alpha and beta. The researcher concluded that in a market that was incredibly uncertain, 10 out of 15 funds performed well. The analyst discovered that before investing, investors take the fund's risk ratios into account. Investors will be greatly assisted by the findings of this exploration study in making their further investment decisions. Kumar et al. (2020) has been done to look into the state of mutual fund investing in Uttarakhand. The inquiry makes an effort to look into and assess how mutual funds operate in Uttarakhand. It also makes an effort to identify the advantages and disadvantages of using mutual funds as the foundation for an investing strategy. It also aims to investigate mutual fund investors' preferences and behavioural traits. This analysis attempts to derive logical conclusions by demonstrating the relationship between demographic and social development characteristics such as financial inclusion, literacy, and occupation on investments. Rahatgi, Kavidayal, Mishra, Singh, & Dixit, (2020) had the study was on approving the return- and risk-based mutual fund selection methodologies used in India. "Paper evaluated the concept that all mutual fund plans are determined based on the most significant net resource and placement. By calculating the assets' monthly returns, these mutual fund plans' positioning is approved. For this analysis, experts used data from a variety of sources, including the Yippee Fund, online value research, the RBI, the NSE, and others. After this examination, experts will try to help investors discern

and pick the mutual funds carefully for their portfolios because all mutual fund conspiracies, even those with higher positioning, might not perform well in the short term. Kapoor, A. (2019) looked at the general recent trends in the Indian mutual fund market. They discovered that total investor accounts climbed to over \$502 billion in December 2016 and that only 1% of those accounts belonged to institutions, leaving the other 99% to private investors. They also discovered that 81% of investors invested in equities funds. They also noted that 25% of investors are located in B-15, whereas 75% of investors are located in T-15. The investment in mutual funds expanded with a discernible growth rate, but when compared to the investment of industrialized nations, it was observed to be less, thus a sizable market is waiting for potential investors in the Indian financial sector, they discovered. Portfolios and return calculations. R. Manjunatha, Rajesh R J, Chandrashekarappa U (2019) goal of this study was to analyse investors' investment strategies toward mutual funds by examining their knowledge about and attitudes toward mutual fund investing. Research is done to determine investor knowledge and investing preferences. Consider the fund characteristics that influence your choice of mutual fund. Data analysis and response gathering.

Research Methodology

This report is based on both primary and secondary data. Primary data is important because it provides current trends and reliable results. It can be thought of as a science that studies how scientific research is conducted. One of the most important applications of research methodology is that it aids in the identification of problems, the

collection and analysis of data, and the interpretation of data in an authentic manner. Secondary data is information that has been gathered from primary sources and made easily accessible to researchers for use in their own research. It is a type of data that has already been gathered.

Data collection sources

Primary Data Primary data is data that is collected directly from the source without the use of any existing sources. Researcher used primary source in the form of questionnaire and forwarded to the investors who invest in Mutual Funds.

Secondary information the researcher gathered information for the research from the company's web pages and websites, as well as some relevant information from articles and journals. Researcher also used various research papers as the source.

Methodology The population or universe shows the complete cluster of units under consideration. The researchers completed this part of the research methodology by using the primary method (questionnaires) for collecting the data to know investors investment avenues in Mutual Fund and their portfolio management. The sample size for the primary data collected was 77 respondents, with people ranging in age from 18-25 showing greater participation and contribution.

The random sampling method from probability sampling was used to collect information for primary data collection. Data collection and analysis tools are defined as a set of charts, maps, and charts designed to collect, interpret, and present data from a variety of applications and industries.

Data Analysis & Presentation

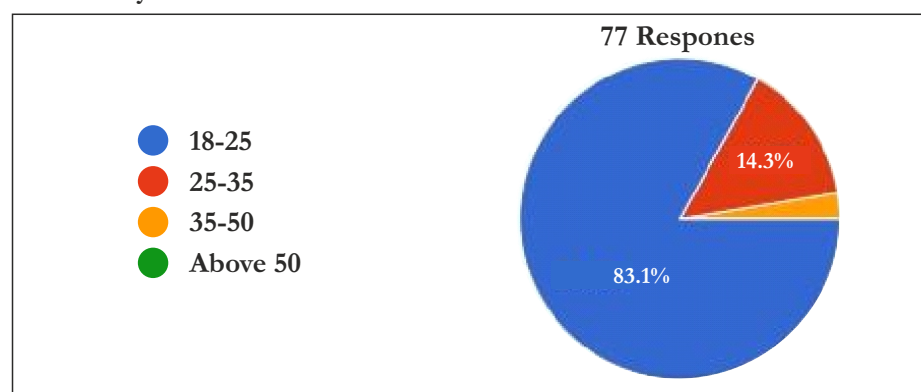


Chart 1-Age wise respondents

From the above chart we can understand that the data collected on the sample survey that 83.1% are age group of 18-25 years, 14.3% are of age group 25-35 and 2.6% are of age 35-50 of age group. Here we can see that maximum people who have filled the questionnaire are of 18-25 age group. By this we can see that they are highly respondent. At this age, you can take the greatest risk and increase your investment over a longer period of time. In the thirties, family responsibilities increase and the willingness to take risks gradually diminishes with age.

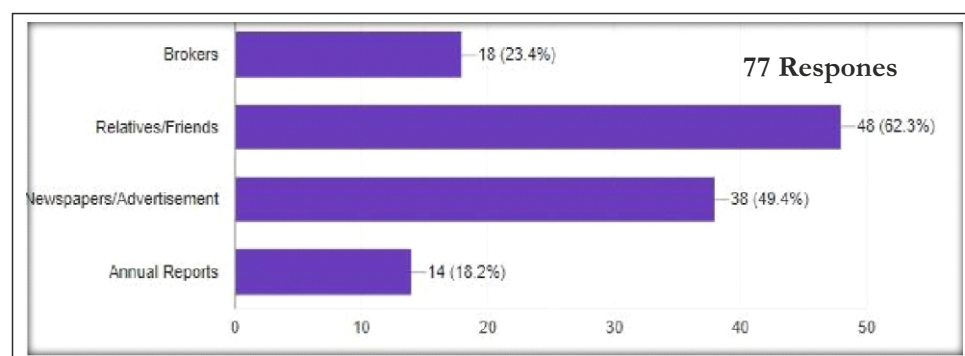


Chart 2 -Respondents get Source Information

From the above chart we can understand that 62.3% get the information from the relatives and friends, 49.4% people get information from Newspapers/Advertisement, 18.2% Annual Reports and 23.4% get information from Brokers. Here we can see that maximum people have got information through Friends and relatives as they are highly connected with them and we can spread awareness about financial product by friends and relatives they are the first one whom people trust.

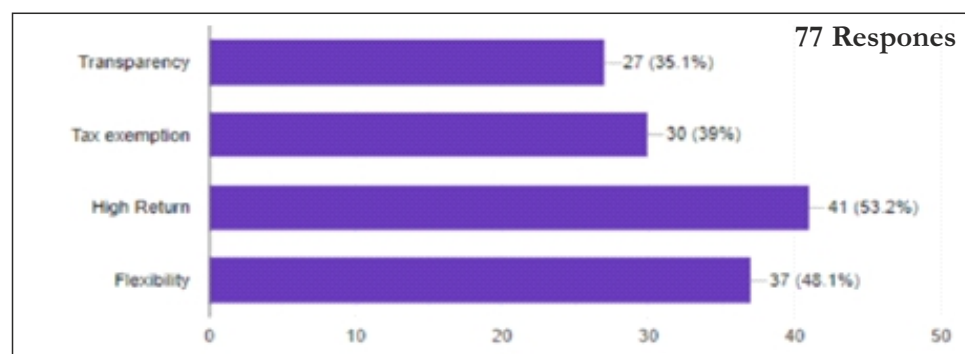


Chart 3-Reasons for investing

From the above chart we can understand that the data collected out of the sample survey that 35.1% people reason to invest in Mutual fund is Transparency 39% people are for Tax exemption 53.2% are for high return and 48.1% people are for Flexibility. Here we can see that maximum people buy the mutual funds for high return and safe investing for their future goals every people want to get good return from their investment to get financial freedom to beat inflation and get some assets.

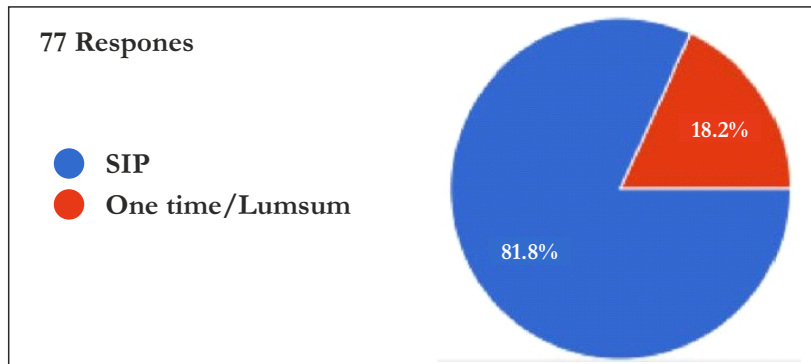


Chart 4-Preferred mode of investment

From the above chart we can understand that the data collected out of the sample survey that 81.8% people prefer the SIP mode and only 18.2% people go with the Onetime/Lump sum way of investing. Here we can see that maximum people buy the mutual funds in SIP form it helps them to invest money every month in some portion by SIP people do have burden of investing huge amount can invest in less amount also and have advantage in low market and high market.

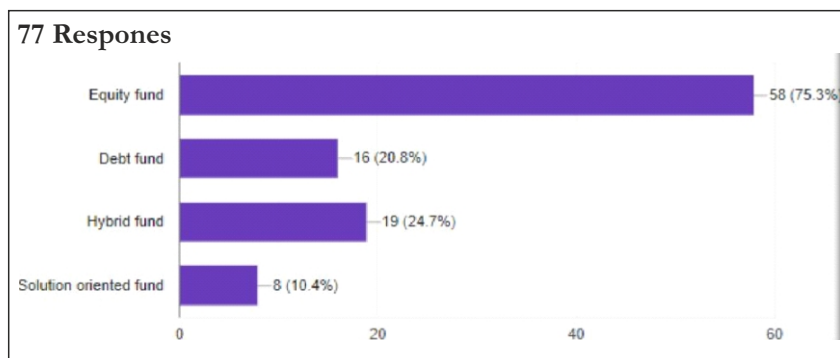


Chart 5- Scheme invested in

From the above chart we can understand that the data collected out of the sample survey that 75.3% people like to invest in equity funds 20.8% people prefer Debt fund 24.7% person invest in Hybrid funds and 10.4% people prefer Solution oriented funds. Here we can see that maximum people buy the mutual funds on Equity oriented as they want to some risk and think there is high possibility to get good return and people know the market plays a got role in equity.

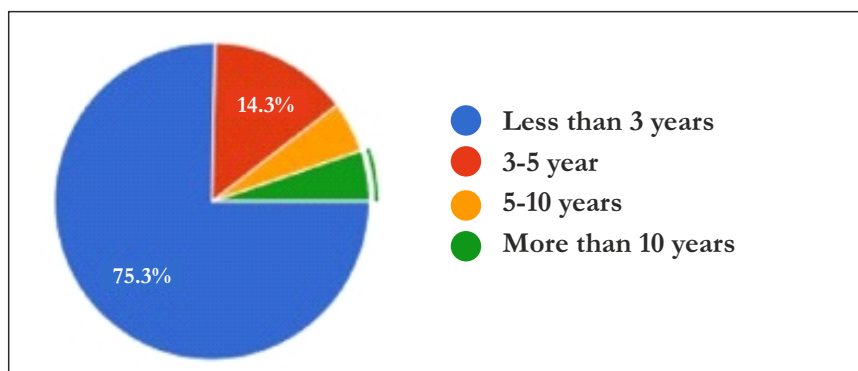


Chart 6-Experience of investment

From the above chart we can understand that the data collected out of the sample survey that 75.3% people have experience less than 3 years 14.3% people have experience between 3-5 years 5.2% people have experience between 5-10 years and 5.2% people have more than 10 years of experience. Here we can see that maximum people buy the mutual funds have less than then 3 year of experience they are new in market it shows that in past few years' mutual fund industry is growing rapidly.

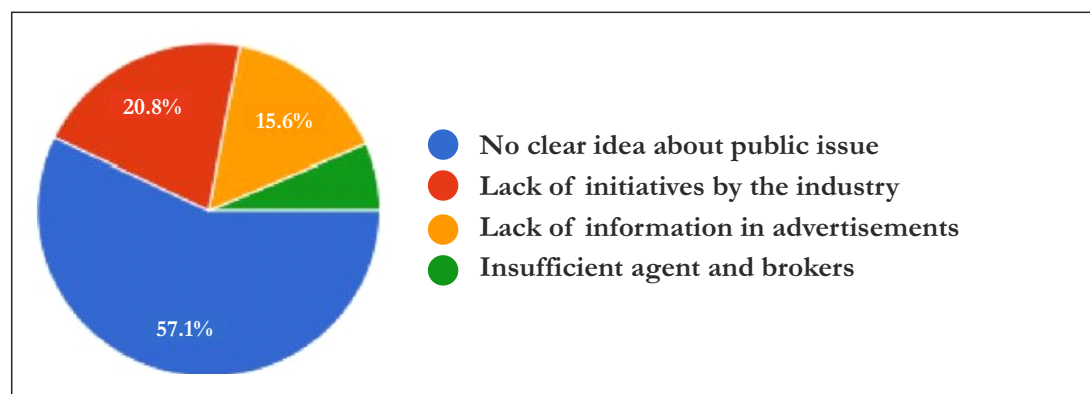
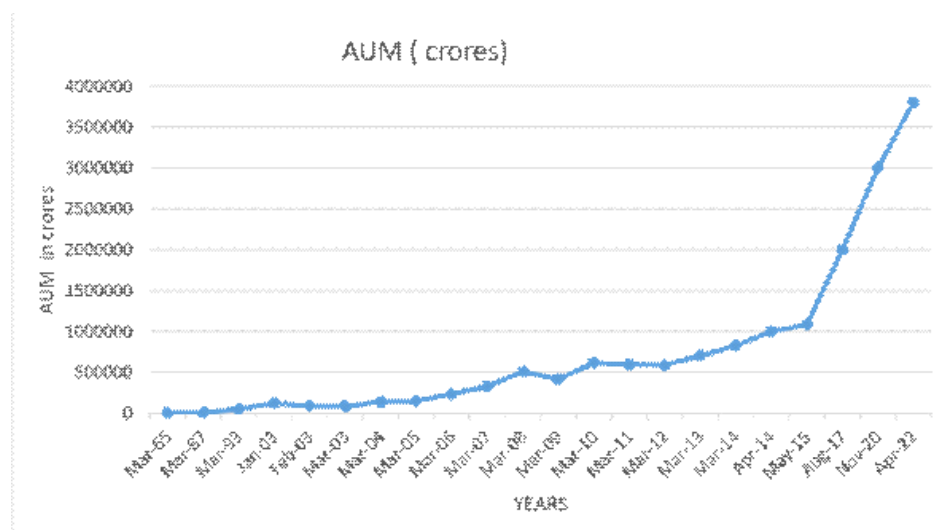


Chart 7-Problems while investing in mutual funds

From the above chart we can understand that the data collected out of the sample survey that 57.1% people have No clear idea about public issue 20.8% people face problem of Lack of initiatives by the industry 15.6% have problem due to Lack of information in advertisements and 6.5% do not see Insufficient agent and brokers. Here we can see that maximum people have No clear idea about public issue that's why they face problem they want the information on public issues and get clear idea about the funds.



correlated with its past. NAV, but the impact decreased with increasing time lag. Investors agreed that investing in Mutual funds is less risky compared to stocks. Mutual funds were more suitable for small Investors who were otherwise hesitant to enter the capital market. Fund managers believed That mutual funds had the ability to withstand market fluctuations and recognized that Investing in mutual funds was much better in terms of returns than depositing money in Banks. Brokers felt that the risk and return characteristics of Indian mutual funds were not in Line with their stated objectives. Currently, Indian mutual funds are one of the top 15 countries in terms of AUM and are Expected to grow to USD 500-600 billion by 2015 as more global players plan to set up asset Management houses in India. The mutual fund industry has huge growth potential in the Indian environment. To really carve out a niche for mutual funds, there is a need to take back A dispassionate view of the mutual fund industry as interest rate cuts, support provided by Budgets, high risk options and better returns have already paved the way for long shifts Play mutual funds in India. Second, the environment is becoming more and more favorable for him Mutual funds due top active role played by SEBI and AMFI through various rules and Regulations. Although mutual funds are steadily growing, only five percent of households Invest in mutual funds, so there is still a long way to go. The level of penetration is also not very deep for the industry has not reached rural India where incomes are on the rise. It is expected that mutual funds could see a five- to six-fold growth in the next seven to eight Years as the industry has become a major player globally, attracting a larger portion of Household

savings. The Indian mutual fund industry has clear growth prospects ahead with a highly diversified unexplored market including the rural segment with high savings potential and the Ever-increasing propensity of rural people to save. Hence, it becomes imperative to find new Attractive risk-free schemes to support these segments so that they can enter the mutual fund Industry with confidence.

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