EVALUATING PORTFOLIO AND MAKING INVESTMENT DECISIONS

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ABSTRACT

"The process of evaluating portfolios and making investing decisions involves analyzing a variety of factors, including asset allocation, risk tolerance, investment goals, and market conditions. In order to make informed decisions, investors must conduct thorough research and analysis, consider their personal financial situation and goals, and stay up-to-date with the latest market trends and economic developments. Additionally, investors must be prepared to adjust their portfolios as needed in response to changing market conditions and their own evolving financial circumstances."

KEYWORDS

Portfolio Analysis, Investment Decision, Technical Analysis

INTRODUCTION

An investment is a financial commitment to one or more assets that will be held for some time in the future. Nearly everyone has some form of wealth, ranging from the value of their labor at work to financial assets and tangible assets.

For the purposes of this discussion, the term "investment" refers to an asset that is kept for personal wealth growth. Before devising a strategy with the amount of investable wealth at his disposal, the investor will need to determine his goals.

Money and capital markets operate under these regulations and established procedures and are subsequently governed by a legally established authority. Securities or financial instruments, on the other hand, are the subject of purchase and sale. Lastly, a slew of intermediaries makes up the mechanism that speeds up transfers from one owner to another.

Before deciding whether to purchase the company's shares, a common investor must examine the Balance Sheet and Annual Report, as well as its quarterly and half-yearly results. This is called fundamental analysis, and after it is completed, making decisions becomes more scientific and rational.

LITERATURE REVIEW

1) Hans landstrom (1995)- In his article "pilot concentrate on the venture dynamic way of behaving of casual financial backers" the writer depicts the dynamic measures utilized by casual financial backers and examine the impacts speculation systems have on the penchant to acknowledge or dismiss new venture proposition. The finding indicates that, in comparison to diversified investors, informal investors employing a specialization strategy appear to receive fewer investment proposals and to be more likely to accept new investment proposals. Investors may perceive this as evidence of the evaluation process's uncertainty.

2) Benjamin Toblas Peylo (2012): In his article titled "Synthesis of Modern Portfolio Theory and Sustainable Investment," he proposes a framework for a synthesis of conventional and sustainable portfolio selection. The framework is based on the theories of MCDM and was established conceptually and empirically with the help of the benchmark. The outcome shows that the general benefit of the utilization of structure, other observational trial of the portfolio hypothesis.

3) In his study titled "Empirical Evaluation of Objective Investment Decision Rules," published in 1976, Serge Matulich claims that the validity of decision rules for portfolio selection and management was evaluated using an investment decision model that made use of objective decision rules. making effective use of the rules and market data applied to samples When risk-return comparisons were made with a market benchmark that consisted of a buy-and-hold portfolio, the starting date for each portfolio was different.

4) Lambovska Maya, Marchen Angel (2011): The authors of this paper present a new fuzzy approach for evaluating investment portfolios. They view the approach as a sub-phase of the management process of these portfolios. The methodologies characterize the common and deferred impacts among the huge factors of the speculation portfolio.

5) Firman Hidayai (2017)- The examination says regarding portfolio recreation by the general valuation proportion draws near; price earnings ratio (PER), price book value (PBV), and price earnings growth (PEG) using both active and passive strategies are all examples. The portfolios were developed in light of the yearly monetary report this exploration give the portfolio built by low PER proportion, low Stake proportion, and medium Stake proportion, which continually conveys the return in business sectors. As a result, relative valuation ratio approaches can be used to determine the portfolio simulation.

6) "A review of investment decision making and portfolio management research" by David H. Bailey and Marcos Lopez de Prado This article provides a comprehensive analysis of research on portfolio management and investment decision making. The authors investigate the various approaches to portfolio construction, the application of risk management strategies, and the function that behavioral biases play in the making of investment decisions.

7) "Investment decision making behavioral perspective" by H. Kent Baker and Victor Ricciardi examines the impact of behavioral biases on investment decision-making.

OBJECTIVES

1. **Assessing Portfolio Performance:** Evaluating portfolio performance helps investors to determine the effectiveness of their investment strategy. It helps investors to identify the areas where they need to improve their investment decisions.
2. **Risk Management:** Evaluating a portfolio helps investors to identify the risks involved in their investment. It helps them to manage the risk by diversifying their portfolio or making other necessary changes**.**
3. **Asset Allocation:** Evaluating a portfolio helps investors to determine the right asset allocation that aligns with their investment goals and risk appetite.
4. **Rebalancing:** Evaluating a portfolio helps investors to identify whether their portfolio is over or underweighted in certain assets. It enables them to rebalance their portfolio by selling overvalued assets and buying undervalued assets.
5. **Investment Decision Making:** Evaluating a portfolio helps investors to make informed investment decisions by identifying the strengths and weaknesses of their portfolio. It enables investors to allocate their capital effectively and achieve their investment goals.

RESEARCH METHODOLOGY

DATA COLLECTION

To know about Evaluating Portfolio and Making Investment Decisions. The study is analyzed with the help of primary data. The primary data were collected through questionnaire.

Primary Data

The survey is utilized to gather the primary data in the study since it is an analytical study to identify areas for development based on the skills needed for the recruitment team. Primary data is information that has been gathered directly from an individual with the intention of aiding the study.

Primary source of data:

Questionnaire technique.

QUESTIONNAIRE- Survey among the students.

Sampling Technique

Simple Sampling

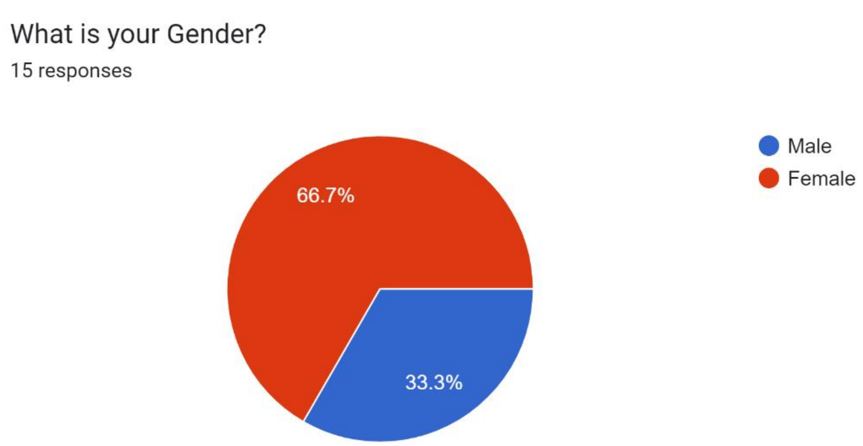
In research studies on Evaluating the Portfolio and making Investment Decision, researchers often use different sampling techniques to select participants for their studies. One simple method is random sampling, where participants are selected randomly from a larger population of individuals who meet the study's criteria. The choice of sampling technique depends on the research question, population of interest, and available resources. It is important for researchers to carefully consider the strengths and limitations of each method before selecting the most appropriate sampling technique for their study.

Sample Size

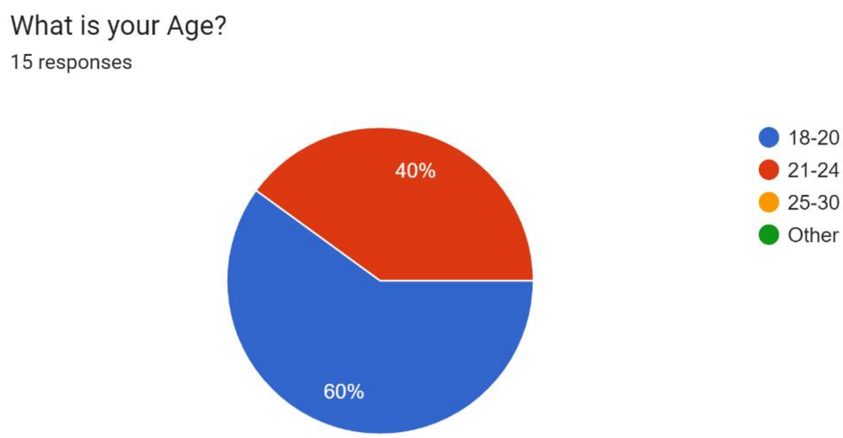
Data is collected from 15 students, who are studying. Whole research and interpretation are based on their responses only.

DATA ANALYSIS & INTERPRETATION

GENDER:



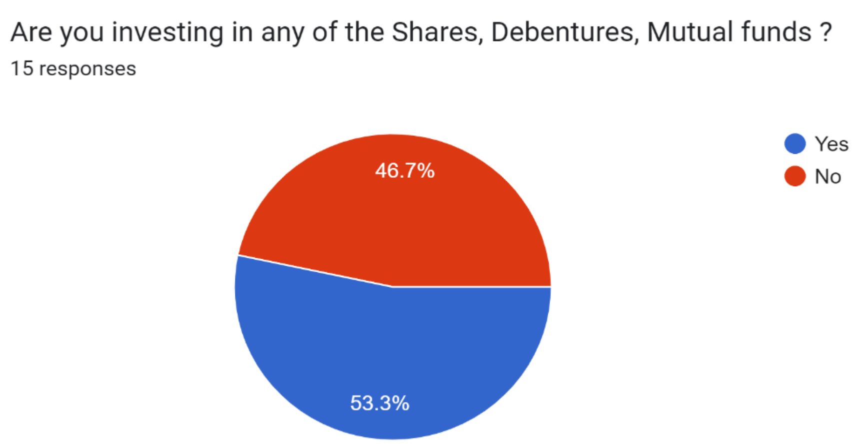
15 responses have been collected from the students out of which 33.3% are female and 66.7% are males. Hence, more males have responded to the questionnaire.



AGE:

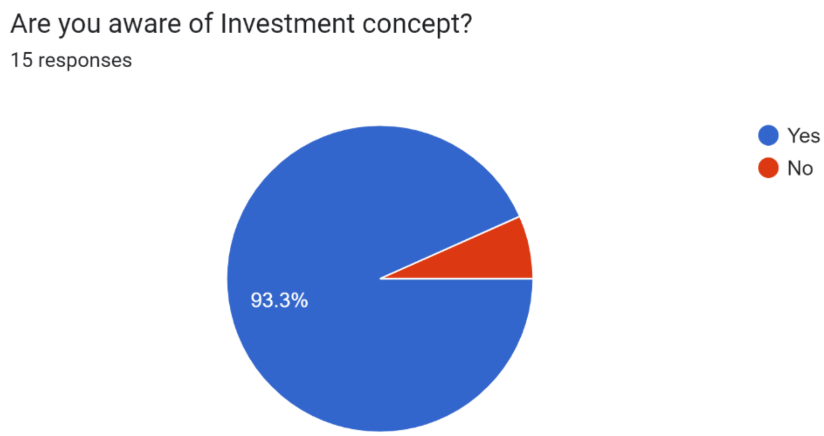
15 responses have been collected from the students out of which 60% are of 18-20 ages 40% are of 21-24 ages.

SHARES, DEBENTURES OR MUTUAL FUND:



15 responses have been collected from the students out of which 46.7% says No and 53.3% says Yes.

AWARENESS:



15 responses have been collected from the students out of which 93.3% says Yes and 6.7% says No.

LIMITATIONS OF THE STUDY:

1. **Market uncertainty**: One of the primary limitations of evaluating a portfolio and making investment decisions is the uncertainty of the market. The market can be volatile, and it is difficult to predict the future performance of securities.
2. **Incomplete information:** Investors may not have access to all the information they need to make informed investment decisions. Information about companies, industries, and market trends can be difficult to obtain, which can limit the ability to make sound investment decisions.
3. **Overreliance on historical data:** Historical data can be used to predict future trends, but it may not always be an accurate indicator of future performance. Changes in the economy, geopolitical events, and other factors can affect the market in unexpected ways.
4. **Behavioral biases:** Investors may be influenced by psychological biases, such as overconfidence, loss aversion, and herd mentality. These biases can cloud judgment and lead to irrational investment decisions.
5. **Lack of diversification:** Investing in a limited number of securities can increase risk and lead to poor portfolio performance. Diversification is essential to managing risk and achieving long-term investment goals.

CONCLUSION:

1. Market risk is less when compare to another portfolio.

2. If the investor is not risking tolerant person and short-term perspective it's good to invest in large companies' securities.

3. To develop a portfolio if investment opportunity, form needs to monitoring risk, assessing market trend, and trying new things on a small basis of experiment.

4. Firms should keep option open under the conditions of uncertainty and irreversibility and develop a portfolio of investment opportunity.

5. Portfolio management is an effective management for organization an investor to manage their options through various kind of approach.

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