

## A Study on Portfolio Management at Angel Broking Ltd

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### ABSTRACT

portfolio management is the process of managing money. portfolio managers rely to varying degrees on portfolio analytics for identifying investment opportunities, keeping portfolios aligned with investment objectives and monitoring portfolio risk and performance.

**KEYWORDS:** *Techniques to calculate risk, variance, standard deviation, correlation co-efficient, return on portfolio, risk of portfolio*

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### INTRODUCTION

Portfolio management means selecting the right investment policy for the individuals in terms of minimize risk and maximum return.

The term portfolio refers to any collection of financial assets such as stocks, bonds and cash. It is generally accepted that a portfolio is designed according to the investors risk, time frame and investment objective.

#### Company profile:

Angel broking is an Indian stockbroker firm established in 1987 by Dinesh thakkar. The company is a member of Bombay stock exchange, national stock exchange. It is a depository participant with central depository services limited. The company has more than 8500 sub-brokers and franchisee outlets in more than 900 cities across India.

The company's services include online stock broking, depository services, commodity trading and investment advisory services. Personal loans and insurance are also delivered by this company. In 2006, angel broking also started its portfolio management services, IPOs business and mutual funds and distribution arm.

#### Need of the study:

- The evaluation of portfolio is to be done in terms of targets set for risk and return.
- The portfolio is reviewed and adjusted from time to time in tune with the market conditions.
- The changes in the portfolio are to be affected to meet the changing conditions.
- **Objectives of the study:**
- To analyze the return of scripts on Reliance, Wipro, ITC.
- To study the risk of the scripts on Reliance, Wipro, ITC.
- To know the co-relation co-efficient between Reliance and Wipro, Wipro and ITC, Reliance and ITC.

#### Scope of the study:

- This study covers the calculation of risk, return on securities in order to find out at what percentage of funds should be invested among scripts.

#### Research methodology:

- The study has been made using secondary data.
- The data was collected from the annual reports of the organization.
- Website : www. Angel stock broking.com

**Limitations of the study:**

- The study is limited to Reliance, Wipro and ITC.
- Construction of portfolio is restricted to Reliance, Wipro and ITC.
- The portfolio is constructed only five years from 2016 - 2017 to 2020 - 2021.

**Tools and techniques:**

- Standard deviation
- Co-variance
- Co-relation co-efficient
- Return on portfolio
- Risk of portfolio

**Data Analysis and Interpretation:**

**Reliance Industries:**

Year	Beginning year	Ending year	Dividend	returns	Average returns	D	D*D
2016-2017	490.45	629.36	11	30.56	36.1	-5.54	30.69
2017-2018	680.88	891.35	6	31.79	36.1	4.31	18.76
2018-2019	884.56	1350.45	6.5	53.40	36.1	17.30	299.39
2019-2020	1378.78	1020.77	6.5	-25.49	36.1	-61.59	3793.32
2020-2021	1070.3	2029.3	7	90.25	36.1	54.15	2932.22
							<b>7074.396</b>
		Standard deviation	37.61		Variance	1414.87	

$$\text{Return} = \frac{\text{Dividend} + (\text{Ending Price} - \text{Beginning Price})}{\text{Beginning Price}}$$

$$\text{Standard deviation} = \frac{\sum D^2}{n}$$

**WIPRO Company:**

Year	Beginning year	Ending year	Dividend	Return	Average return	D	D*D
2016-2017	206.08	192.47	1	6.1	24.92	11.02	962.24
2017-2018	184.22	213.47	2	16.9	24.92	8.02	64.32
2018-2019	207.11	254.80	1	23.5	24.92	-1.42	2.01
2019-2020	294.80	183.50	1	17.4	24.92	62.34	3881.78
2020-2021	177.75	403.90	1	127.7	24.92	102.78	10563.7
							<b>15476.09</b>
		S.D	55.63		variance	3095.21	

**ITC:**

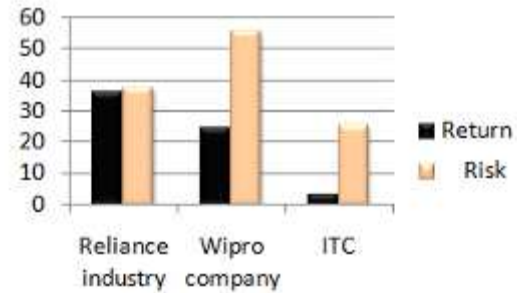
Year	Beginning year	Ending year	Dividend	Return	Average return	D	D*D
2016-2017	216.63	283.30	8.5	33.31	3.56	29.74	884.94
2017-2018	278.00	255.50	4.75	-6.3	3.56	-9.86	97.25
2018-2019	276.20	298.20	5.15	9.8	3.56	6.23	38.91
2019-2020	304.40	175.50	5.75	-40.4	3.56	-43.96	1932.65
2020-2021	182.05	210.90	10.15	21.4	3.56	17.83	318.19
							<b>3271.96</b>
		S.D	25.58		variance	654.39	

$$\text{Varinace} = \frac{\sum D^2}{n}$$

**Table showing return and risk of individual scrips:**

Company name	Return	Risk
Reliance	36.1	37.61
Wipro	24.92	55.63
ITC	3.56	25.58

**Graph:**



**Interpretation:**

- The Wipro company has 55.63% of risk and 24.92% of returns and it is providing highest risk among the three scrips.

**Calculation of co-relation between Reliance and Wipro:**

Year	D1	D2	D1*D2
2016-2017	-5.54	-31.02	171.85
2017-2018	-4.31	-8.02	34.56
2018-2019	17.30	-1.42	-24.57
2019-2020	-61.59	-62.32	3838.28
2020-2021	54.15	102.78	5565.53
			<b>9585.67</b>

$$\text{covariance} = \frac{\sum D1D2}{n}$$

$$\text{correlation coefficient} = \frac{\text{covariance}}{\sigma_a \sigma_b}$$

- Co-variance – 1917.13
- Co-relation co-efficient – 0.916
- Return on portfolio – 30.5
- Risk on portfolio – 14.16

**Calculation of co-relation between Reliance and ITC:**

Year	D1	D2	D1*D2
2016-2017	-5.54	29.74	-164.98
2017-2018	-4.31	-9.86	42.50
2018-2019	17.30	6.23	107.93
2019-2020	-61.59	-43.96	2707.62
2020-2021	54.15	17.83	965.92

- Co-variance – **731.801**
- Co-relation co-efficient- **23.176**
- Return on portfolio – **19.8**
- Risk on portfolio- **3.27**

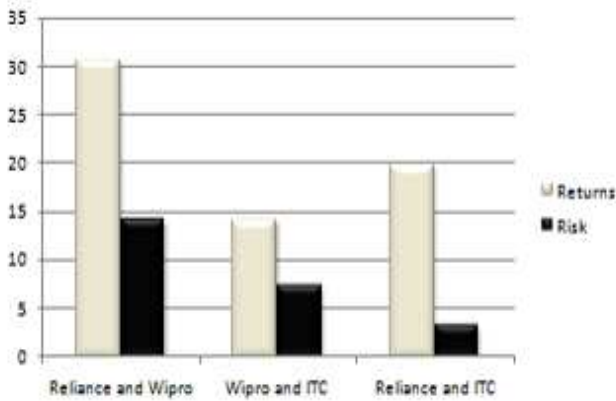
**Return of portfolio =  $W1r1 + W2r2$**

**Risk of portfolio =  $\sqrt{\sigma_1^2 * W_1^2 + \sigma_2^2 * W_2^2 + 2\rho\sigma_1\sigma_2W_1W_2}$**

**Table showing Return and Risk of various portfolio's:**

Company name	Return	Risk
Reliance and Wipro	30.5	14.16
Wipro and ITC	14.2	7.28
Reliance and ITC	19.8	3.27

**Graph:**



**Interpretation:**

- Reliance and Wipro company is providing 30.5% return and 14.16% risk and this portfolio provides highest returns other than two portfolios .

**Findings:**

- Reliance have a return of 36.1 % and risk of 37.61 %. Wipro has a return of 24.92 % and risk of 55.63 % by combining these two the co-relation co-efficient is **0.916**. The return of portfolio for their pair is 30.5 and risk is 14.16 .
- Reliance have a return of 36.1 % and risk of 37.61 %. ITC has a return of 3.56 and risk of 25.58 and by combining these two the co-relation co-efficient is **23.176** . The return of portfolio for their pair is 19.8 and risk is 3.27.
- Wipro have a return of 24.92 % and risk of 55.63 % . ITC has a return of 3.56 and risk of 25.58 and by combining these two the co-relation co-efficient is **0.522**. The return of portfolio for their pair is 14.2 and risk is 3.27.

**Suggestion:**

- It can be suggested that the portfolio with Reliance and Wipro has high returns and low risk, when compared with other portfolios.

**Conclusion:**

- The present project work has been undertaken to study the investment opportunities available to investors.
- The avenues are different for different types of investors. It is very important to know the risk associated with investment.
- A portfolio is set of securities with returns associated with the risk of various securities. The entire project work is done to identify the better portfolio and results are satisfactory.