ANALYSIS OF PORTFOLIO MANAGEMENT IN CORPORATE COMPANIES

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ABSTRACT
As part of corporate strategy, Corporate Portfolio Management (CPM) is at the heart of it. Simple matrices and other tools for managing the company's portfolio should not be the only way to use CPM. It includes strategic decisions made at the corporate level, like starting new businesses, allocating scarce resources to different business units, or getting rid of value-destroying divisions that don't add value to the whole company. This means that CPM should be very important to executives and investors, as well as strategic management experts. A recent study of the top multi-business companies in the world shows that top management thinks CPM is very important and relevant.
Keyword: Portfolio, Investment Style, Risk analysis

Introduction
Portfolio management is a systematic way to make sure that you reach your financial goal, according to the plan you made. It takes a lot of work to build and manage different types of financial investments and securities. Managing a portfolio is thought of as a well-planned and organized management for the benefit of the investors. This is what it takes to run a portfolio: accurate forecasting and good planning if you want to keep investing for a long time. This method is sure to give the investors good returns on their money. Portfolio management is a regular thing to do and making changes to the investment portfolio is important. This is true for any kind of investment portfolio, including stocks, bonds, gold, real estate and insurance, pension funds but it doesn't matter what kind. As a portfolio manager, you have to keep an eye on and adjust your portfolio from time to time. The main goal is to invest all the money that you have in the right way. Risk tolerance varies from person to person, and this is built to meet the needs of the individual investors. People sometimes keep their money in government bonds for safety. Diversified investment is needed to lessen the risk of the Portfolio investments. People also say that most investment portfolios are set up so that they can enjoy a good retirement. For safety reasons, many investments and assets are bought in a variety of types and sizes. This helps to lower the risk and make money. For this reason, financial advisors or portfolio managers offer portfolio management services to people who need them.

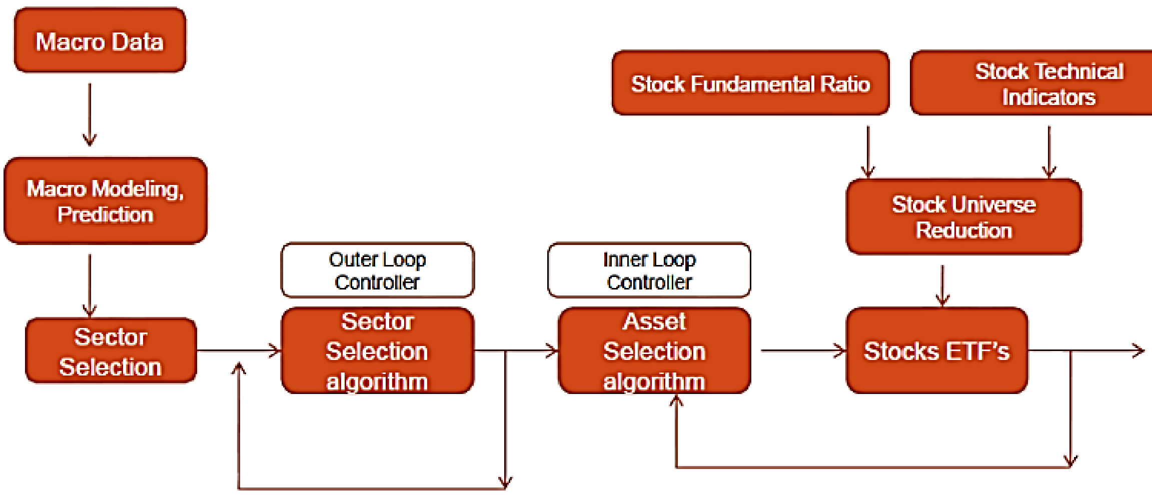

Figure 1: Integrated Hierarchical Portfolio management (Source compiled by Researcher)

Classification of portfolio
If you look at the portfolio, it's classified into (i) The Aggressive Portfolio (ii) The Defensive Portfolio (iii) The Income Portfolio (iv)The Speculative Portfolio (v) the Hybrid Portfolio. These are the types of portfolios: All of this shows how the investors are going to spend their money.

The Aggressive portfolio- This type of portfolio has a lot of risky investments in it. Investors think that if they take on a lot of risks, they will get a lot of money back. A high-risk investment shows a lot of changes in the stock market and a lot of growth. To build this kind of portfolio, you need to know a lot about money, and because you've done this before, you can handle the risk. This type of portfolio is good for investors who don't have to take care of their families and want to make a lot of money quickly.

The Defensive Portfolio- This type of portfolio doesn't have any investments that are very risky. Investors take a calculated risk with a lot of safety. This is how it works: People who want to invest do research on investments before they do so. They watch how the company works on a daily basis. This company is a regular service provider and there is a lot of demand for their goods. When they invest, they get back the money.

The Income Portfolio- For people who want to make money on a regular basis, this type of portfolio is right for them. This is a great portfolio for people who are retired. People who own shares in the company get capital gains when they make money. This can also be a good source of investment in the long run. It's not risky to invest in real estate, and it also has a good chance of giving you a good return every few months.

The Speculative Portfolio- This type of portfolio is based on a lot of risks. You must be financially smart and have up-to-date market information to build this kind of portfolio. People make investments based on rumour's to make a lot of investments in a short time. This is almost like gambling. For investors to make money through the portfolio, they should be skilled.

The Hybrid Portfolio- This type of portfolio is made up of a lot of different types of investments, like stocks and bonds. This type of portfolio gives you a lot of different types of investments and a lot of investments to make. There are government and private bonds, mixed equity shares, Bank fixed deposits, Postal investments like gold and silver jewellery, and more. This is called a "fixed income pattern."

Review of Literature

Stick (2011) To generate portfolio abnormal returns for use in hypothesis testing, the resulting company abnormal returns were added cross-sectionally in event-time. To gain some understanding of the effects of merger activity, capital structure changes, and greenmail announcements on shareholder wealth, evidence from earlier studies is first reviewed. Wilson (2011) The economic and financial performance and survival of buyouts supported by private equity (PE) in the UK during the years preceding and including the most recent global recession are examined in this research. The recessionary era starting in 2007 is considered in the analysis of performance.

Nazarova (2015) studied the growth of the company through the Mergers and Acquisitions (M&A) process can have a negative effect on how analysts, investors, and business organizations view it. This is known as value destruction. Because each diversified corporate structure (the diversified company) is a distinct phenomenon, this issue is still pertinent today. Therefore, the issue of value creation or destruction and the market's view of their corporate conception must be investigated within the framework of the individual approach for the diversified companies growing through the M&A strategy. In this study, the Unilever Group's M&A strategy is analysed, and problems with determining what makes a diversified business valuable are also discussed.

Al-shibori (2010) The paper connects empirical corporate finance problems with investment analysis in this way. The findings show that the intended measures work as intended; however, the market's assessment of the firm's potential for raising additional capital may also account for the negative connection between returns and leverage. Khan (2021) Through opportunities for diversification, stock markets play a critical role in fostering economic processes and growth. Due to numerous industry specifics like those in the food, auto assembly, fertilizer, and textile industries, among others, buying financial instruments, particularly stocks in today's volatile market, is a backbreaking task for investors.

Alcock (2013) In the study "Canonical vine copulas in the modern world of portfolio management: are they worth it?" Said that the goal of every investor is to get a steady amount of money out of their investment portfolio so that it can help them in times of need. This is only a way to save for the future. It doesn't matter how little money they make on their investment because they are still happy. But the investor thinks that the money they should get should last for a long time and come often.

Gabriela (2013), in the study While making an investment portfolio, it's important to find out about the current state of the capital market and what kind of financial instrument is being used in it. This means that you're going to do specific types of analysis, like technical and fundamental analysis. Technical analysis is needed to find out how the financial instrument has worked in the past and how much money the investors think they will make by investing in a certain option in the future. The main part of fundamental analysis is to look at the financial instruments in the current situation. It looks at the current rate and risk of the instrument from the point of view of the investors. At the start of making the portfolio, investments with less risk should be chosen.

Kumar (2009) According to the research, management cannot assume that merely pursuing mergers and acquisitions will result in the creation of synergy and an increase in profits. Abraham (2012) in their study "Determinants of university working students' Financial Literacy at the University of Cape Coast, Ghana," found that men are very good at making daily financial decisions, like whether to invest or spend investment on things like food and clothes. This is because they have had a lot of experience and are old enough to learn about money. The mother should be financially literate so that she can teach her child to be financially literate. This is important when teaching students about financial literacy.

Luc (2012) in their study "Financial Literacy and Financial Planning in France" found that for people to make good decisions about diversification, inflation, or compounding of interest, they need to be financially literate. Women, young adults, and people who aren't very financially literate have more problems. It was also found that people who know a lot about money will make their financial budget or plan and work with it. Through practice, they get the right experience and handle their money in the right way. Because they can predict the outcome of their financial plan for a longer time, they can figure out how their plan will work out. This will make them want to keep doing this in the future, too.

Research Methodology

When a researcher does research, he or she finds out facts about a specific problem by following a scientific and systematic process. Before presenting the research study, it is important to decide on the research method. To do research on a problem, the researcher has to plan out a number of steps. This way, one can work on the problem in a logical way. Research Methodology is based on the size of the sample, which is the group of people chosen for the research activity, as well as how the researcher makes decisions while he or she is doing the research.

Sources of Data

A lot of secondary sources are being used to get data. A lot of data was gathered from both inside the company and outside sources, and the sources are listed below.

Materials like monthly fact sheets, research reports, etc. provided by asset management companies, Data on the website of national and international journals.

Data Analysis

Data analysis has been planned to compare returns and their comparison through the measurement of central tendency through the mean, and variation through the SD. This is how the data will be used (Standard Deviation). There are also clues about why a company did well or not well compared to its peers based on its investment philosophy, sector-wise allocation, weighting, and top 10 stock holdings. A comparison of the portfolio's performance with that of the BSE and Nifty over the last six months, one year, two years, three years, five years, and since it was started is also planned.

It has been planned to use Beta, which is a measure of how sensitive a portfolio is to market changes, and performance indices like Sharpe's Index to look at the risk and reward of a portfolio. Standard deviation and extra return are used to figure out how much money you get for each unit of risk. In this case, Jenson's Alpha (It is the amount by which a portfolio has done better than its benchmark, taking into account how much the portfolio is exposed to market risk, Beta) and other tools would be used to look at the data and make inferences from it.

People look at how much money they made over a certain amount of time in the last month of the financial year and how well they did compare to their peers who made the same amount over the same time. Some examples: 3 or 6 months, one year, two years, and so on. In fact, sheets that the company has released show how much money and how well they did.

The information that is unique to a client is only told to the client and not made available to the public. A model customer who has been invested in a scheme since it was set up is the person whom the AMCs show in their data on returns. According to the specific portfolio construction characteristics of each individual client, the returns they get may be different. This is because of the individual client's mandates, the time of entry into a portfolio offered for PMS, the extra money they put in, and if they make withdrawals. It's important to note that the returns below one year are real, but the returns above one year are annualized, which is called the Compound

Annual Growth Rate (CAGR). Unless it's specifically said, the data on the returns of AMCs usually include the costs and fees the AMC charges, unless it's specifically said otherwise.

Analysis

Duration	Portfolio	Nifty	BSE
Three Months	-10.5%	-3.9%	-6.1%
Six Months	-2.0%	2.3%	4.5%
One year	4.6%	9.9%	10.9%
Two years	15.3%	13.9%	15.8%
Three years	7.8%	5.9%	6.8%
Five years	16.0%	13.1%	13.9%
Since Inception date	14.9%	13.9%	14.5%

Table 1: Investment style and sector allocation of absolute freedom portfolio in the last month

The tabulated data for the financial year ending March shows that the Absolute Freedom Portfolio lost money in the first three months, six months, and a total of nine months. It also lost money compared to the benchmark index.

Direct investment in BSE 200 and Nifty Index shares also returns less than if you buy them yourself. Nifty Index Shares have had better returns over the last two years, but they haven't been as good. People who invest in the stock market for three years and more make more money than the BSE 200 index and Nifty index. Two-thirds of the portfolio is in large-cap stocks and one-third in mid-cap stocks. It's spread out across a wide range of industries, with a lot of focus on the financial sector.

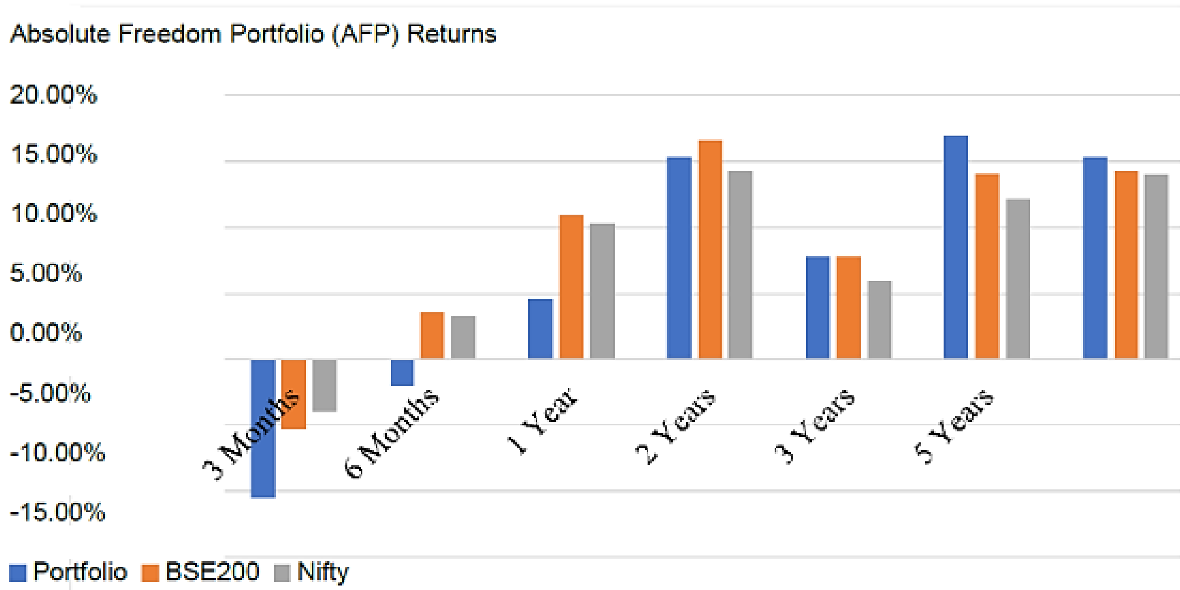

Figure 2: Absolute Freedom Portfolio (AFP) Returns in the Last Month (Source compiled by the researcher)

Interpretation

It has become more profitable to invest over time. By the third year, direct investment in Nifty Index Shares had outperformed direct investment in the benchmark BSE 200 shares, but it was still behind. Absolute Freedom Portfolio (AFP) has had good returns over the last five years and since it started. This shows that the PMS has a lot of potential and that investors can make more investments than they would if they invested directly in the benchmark stocks.

Large-cap stocks make up about two-thirds of the portfolio. This helps keep the portfolio stable. When an industry or sector slows down, having a good amount of diversification can help protect you from the negative effects. Thus, it can be said that the help of a qualified expert portfolio manager can help people make more money in the equity market.

Duration	Portfolio	Nifty	Nifty 500
Three months	-10.2%	-3.9%	-5.9%
Six months	-0.9%	3.3%	3.6%
One year	4.9%	9.9%	10.5%
Two years	18.4%	13.9%	16.5%
Three years	10.3%	5.9%	14.9%
Since Inception Date	19.9%	10.9%	14.9%

Table 2: Returns, Investment Style, and Sector Allocation of High Conviction Portfolio (HCP) in the last month.

Analysis
The High Conviction Portfolio's financial year shows negative returns and is less than the benchmark index in the first three months, six months, and one year, as shown in the table.

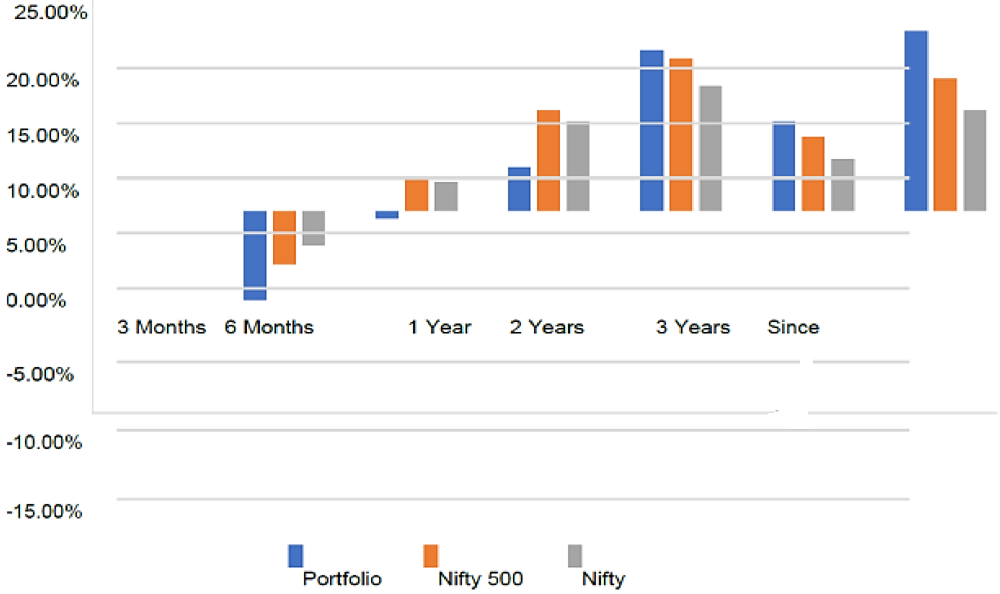

Figure 3: High conviction Portfolio (HCP) Returns in the Last Month

It has been two years since the returns of the Nifty 500 and the Nifty Index Shares have been better than they were. In the third and fourth years, the Nifty 500 index and the Nifty index haven't been able to keep up with the growth of the company. As a comparison to both the Nifty 500 and the Nifty index, the High Conviction Portfolio has made a lot of money in the four years it has been around. The style of investment shows that there is almost 50 percent risk in large cap and 41 percent risk in mid-cap, which is about right. The investment is spread out across a wide range of industries, with a lot of investment going into financial services.

Interpretation
It is usually true that as the time horizon of an investment grows, the returns also grow. This can be seen in the chart, where the returns of the portfolio for three years and more have surpassed the benchmark of the Nifty 500 Index and the Nifty 100 Index.

The sum of the percentages of investment invested in each investment style and each sector shows that the balance amount is cash that portfolio managers might keep for investment at a better time in the market. A look at the investment style shows that the Portfolio is less risky because it has a lot more money invested in large-cap companies and very little in small-cap companies. Judgment diversification across different sectors also reduces the risk and giving more money to well-performing financial sectors will help the company grow.

Analysis of Risks of the Portfolios

Analysis of the returns of a portfolio of a PMS could give an idea of how much money invested in equity through the PMS route would grow. However, this must be backed up by an analysis of the risks that come with that. This can be done by looking at the capital market, the risk-free rate of return and the risk premium of the market, and so on. They use Standard Deviation and Beta to measure the volatility of returns, and Sharpe Ratio and Sharpe Ratio to figure out how risky a market is.

It was used because the Sharpe ratio is a better analysis to look at things than Alpha, which is used in other types of analysis. It's because Sharpe Ratios are more useful because the standard deviation of a fund's return is measured in absolute terms, not relative to an index. Jenson's Alpha, on the other hand, is only useful if a fund's R-squared is high, which the case with the standard deviation isn't. It is also easier to compare the portfolios with the standard deviation-based Sharpe ratio than with Beta-based Alpha.

Findings

A minimum investment of at least 25 lakhs is required to use the Portfolio Management Service (PMS) offered by Asset Management Companies (AMC). This is because of SEBI regulations.

Investment in large-cap stocks makes the portfolio more stable. Investment in mid-and small-cap stocks has made more money, but it has also been more volatile. Absolute Freedom Portfolio and High Conviction Portfolio both use large caps to make small and mid-cap stocks less risky, so this is how they work.

The Portfolio Management Services offered by different Asset Management Companies (AMC) invest in equity based on the risk-taking interest of the person who wants to use them. A less risk-taking investor should invest in Absolute Freedom Portfolio, an investor who is willing to take some risk should invest in High Conviction Portfolio, and a more risk-taking investor should invest in Emerging India Portfolio in corporate.

When an industry or sector slows down, having a good amount of diversification can help protect you from the negative effects.

They all have a negative return up to six months, then it gets better up to one month. There are more good returns if you invest for at least three years or more. Direct investment in benchmark scrips doesn't give you as good an investment.

Conclusion

Effective Corporate Portfolio Management should mean that only money should be spent on change programs that are meant to help the business run better and make money. Also, Corporate Portfolio Management should make sure that all the company's projects are done together and in an integrated way, which increases the returns, reduces the risk of failure, and reduces the costs. Senior executives who show good corporate governance by setting up a system of internal control over change programs (CPM) would also show that they are doing a good job. Important thought should also be given to how the one-time task of setting up a Corporate Portfolio Management environment in an organization should be done.

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