



A Study On Why Portfolio Evaluation Is Important For Investment Decision?

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ABSTRACT:

This research aims are to understand why portfolio evaluation is important for making investment decision, how deep they generally go for selecting particular company for investment and how portfolio evaluation helped them for taking right decision which alternatively comes into expected profit. The primary data which is collected through questionnaire shows different thoughts of every investor and how they diversify their portfolio. The recommendations help in improving the knowledge of the current investor as well as beginners who wanted to invest and providing information the concept of portfolio investment so that they can make investment related decision. Findings helped to know the limitations where questionnaire reached to limited people and perception of different people towards investment.

KEYWORD: Diversify, perception, strategies, current investor, portfolio evaluation

INTRODUCTION:

Portfolio evaluating refers to the evaluation of the performance of the investment portfolio. It is essentially the process of comparing the return earned on a portfolio with the return earned on one or more other portfolio or on a benchmark portfolio.

The process of evaluating a portfolio's performance with the goal of understanding the key source of return. Evaluation of portfolio performance is considered to be the last stage of investment process, which helps the investor for making correct decision related investment by observing the portfolio.

It can say that it helps to know the strengths and weaknesses. Investment decision is based on availability of money and information on the economy, industry and the company and the share price ruling and expectations of the market and of the companies in questions. Portfolio evaluation direct the investor, where to diversify their money so at there is risk in one sector then investor can recover that loss in another investment.

Investor and investment managers need timely and accurate information on the performance of their investment portfolios. Performance evaluation provides such information. Without it, investors and investment managers would find it increasingly difficult to meet stakeholders' current and future needs in the very competitive investment management industry.

OBJECTIVE:

1. To understand why portfolio evaluation is important for taking investment decisions.
2. To understand the young investor's psychology for doing investment.

HYPOTHESES:

Alternate hypothesis: Portfolio evaluation is done by investors for minimizing risk without any reduction in return.

Alternate hypothesis: Investor applies many strategies for making investment decisions.

LITERATURE REVIEW:

As per Chirag Mehta, 2016 found out the investor has to maintain a portfolio of diversified sector stocks rather than investing in a single sector of different stocks.

People who are investing in them mostly depend on the advice of their friends' relatives and financial advisors.

METHODOLOGY:

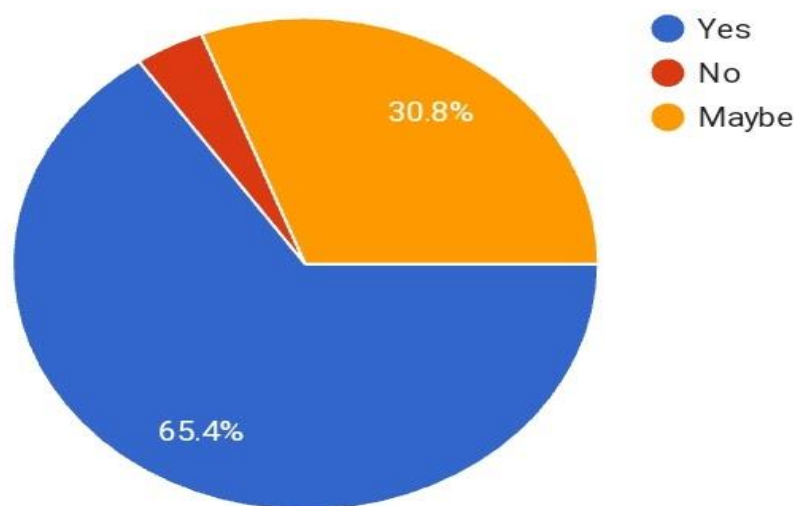
- ❖ This research includes the data source from primary data and secondary data.
- ❖ Descriptive design has been used where questionnaire is prepared through Google form and research is carried on the basis of 26 respondents on a random basis.
- ❖ Research aims at exploring the investors' behavior factors between the young age group of 20-35.

DATA INTERPRETATION AND ANALYSIS

More than 65% of respondents know that portfolio evaluation is how much important as well as they applied it, which turns a benefit to them. Where more than 30% of respondents don't have an idea about the concept of portfolio evaluation.

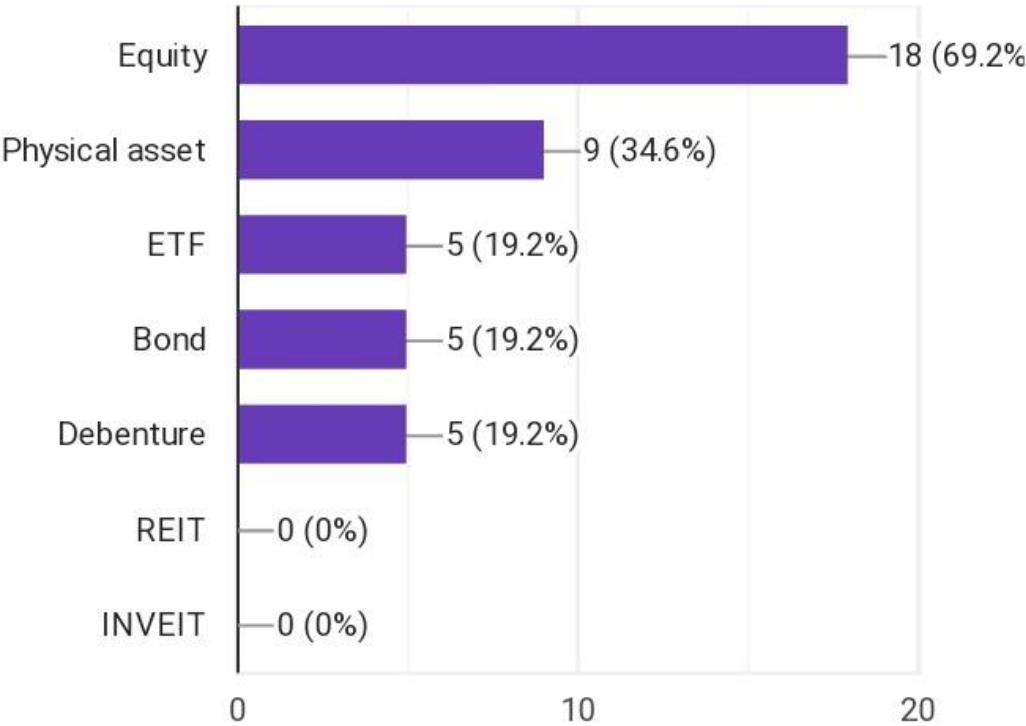
Do you think portfolio evaluation is needed for taking investment decision ?

26 responses



Where do you diversify your investment?

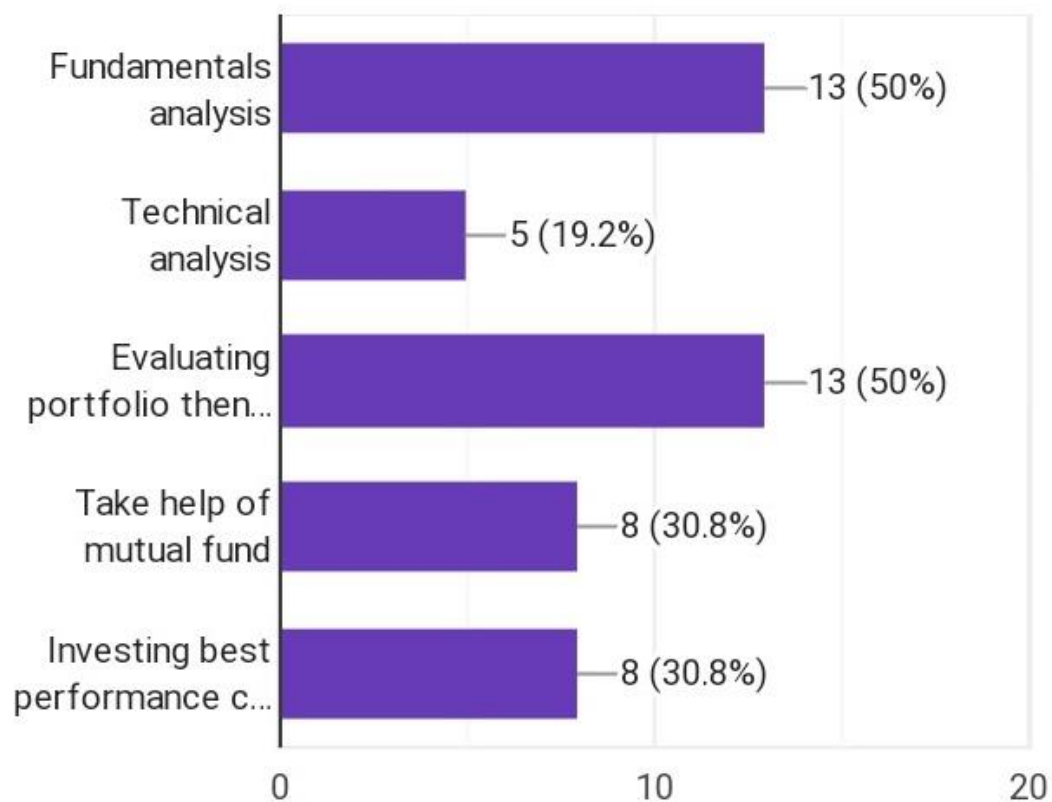
26 responses



According to the survey, respondent prefer to diversify their money like in equity, physical asset, ETF, bond, debenture etc., for recovering their loss by doing investment in other sectors, and it endorse the first hypotheses which says Portfolio evaluation helps to diversify the money in different sectors which alternatively minimize the risk.

What do you do for making investment decision?

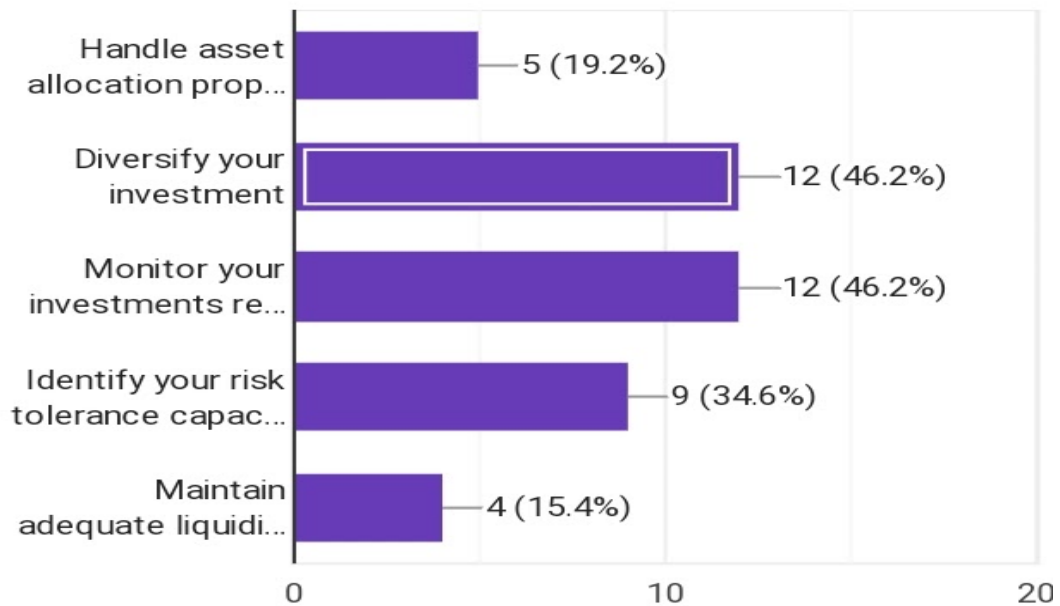
26 responses



This survey shows investor uses these strategies rather than depending on single strategy, even in these strategies fundamental and evaluation of portfolio plays important role for making investment related decision. This diagram supports the second hypotheses which says Investor applies many strategies for making investment decision.

How do you minimise the risk while making investment decision and after investment,?

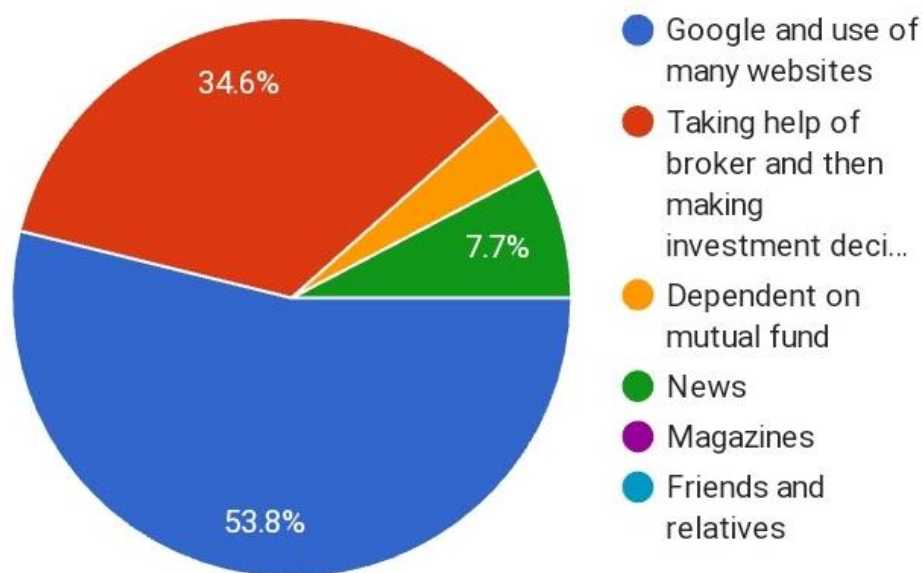
26 responses



On the basis of portfolio evaluation investor diversify their money as well as identify risk tolerance capacity, hence This survey shows why portfolio evaluation play's important role for making investment decision.

From where do you collect information for making investment related decision?

26 responses



This survey shows investor generally prefer to collect information from internet and take help of broker for making investment related decision, where literature review shows investor are mostly dependent on friend and relatives.

SUGGESTION:

For evaluation of portfolio, the investor shall keep in mind the secured average returns, average or below average as compared to the market situation. Selection of proper securities is the first requirement.

There are some content about which investor need to know, like REIT and INVEIT

CONCLUSION

This research helped me to understand the concept of portfolio evaluation

It also helped me to understand different perception of young investor towards investment.

Through this research I have learnt market is important concept and investor need to follow Market.

I have seen young investor are curious to learn more about market.

Which shows investment sector will play significant role boosting our Indian economy.

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