**SVKM’s Narsee Monjee College of Commerce & Economics (Autonomous)**

**2024-25**

**SYBCOM ECONOMICS**

**Semester IV**

**PORTFOLIO MANAGEMENT**

**‘Developing a Sample Investment Portfolio for an Individual’**

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**1. Interview and Data Collection**

**Interviewee Details:**

* Name: Jigna Dedhia
* Occupation: 5D Therapist
* Age Group: 40-45 years
* Financial Literacy Level: Moderate

**Questionnaire and Responses:**

1. What are your immediate financial priorities, and what are your financial objectives for the future?

*Response:* “My immediate priority is to save for a down payment on a house in the next 3 years. In the long term, I want to secure my retirement and save for my child's education.”

1. How would you describe your risk tolerance when it comes to investments (low, moderate, high)?

*Response:* “Moderate”

1. What types of investments do you currently hold (e.g., stocks, bonds, mutual funds, real estate)?

*Response:* “I have investments in mutual funds, a fixed deposit, and a small amount in gold ETFs.”

1. How often do you review and adjust your investment strategy or portfolio?

*Response:* “Annually”

1. What factors influence your investment decisions the most (e.g., market trends, personal research, financial advisor recommendations)?

*Response:* “I mainly rely on financial advisor recommendations and sometimes follow market trends.”

1. How comfortable are you with making investments in newer or riskier markets, such as cryptocurrencies or startups?

*Response:* “Uncomfortable”

1. Do you have any specific financial concerns or challenges that you're currently working to address (e.g., debt, retirement planning, taxes)?

*Response:* “I want to ensure I have enough savings for my child's education and a secure retirement.”

**Geo tagged picture**



**2. Risk Tolerance Assessment**

Based on Mrs. Dedhia’s responses, her risk tolerance is assessed as Moderate. She is open to taking some risks to achieve higher returns but prefers a balanced investment strategy to minimize potential losses. This aligns with her goals of saving for a house, her child's education, and retirement.

**3. Investment Goal Setting**

* Short-Term Goals (0-3 years):
  + Down Payment on House: Save ₹10,00,000 in the next 3 years.
* Medium-Term Goals (3-15 years):
  + Child’s Education: Accumulate ₹20,00,000 in the next 10 years.
* Long-Term Goals (15+ years):
  + Retirement Planning: Build a retirement corpus of ₹1,50,00,000.

**Existing Portfolio Analysis and Expected Annual Returns**

| Asset Class | Investment (₹) | Allocation (%) | Average Return (%) | Expected Annual Return (₹) |
| --- | --- | --- | --- | --- |
| Mutual Funds (Equity-Oriented) | 3,00,000 | 55% | 12% | 36,000 |
| Fixed Deposit (Debt) | 2,00,000 | 36% | 6% | 12,000 |
| Gold ETFs | 50,000 | 9% | 8% | 4,000 |
| Total Investment | 5,50,000 | 100% |  | 52,000 |

**Total Expected Annual Return:**

* ₹36,000 + ₹12,000 + ₹4,000 = ₹52,000

**Overall Portfolio Return:**

52000/550000 \* 100 = 9.45%

**5. Revised Portfolio Construction**

Considering Mrs. Dedhia’s moderate risk tolerance and financial goals, the following revised asset allocation is suggested:

**Revised Portfolio**

| **Asset Class** | **Allocation (%)** | **Amount (₹)** | **Expected Annual Return (%)** | **Expected Annual Return (₹)** |
| --- | --- | --- | --- | --- |
| Equity Mutual Funds | 50% | 3,50,000 | 12% | 42,000 |
| Debt Instruments | 25% | 1,75,000 | 7% | 12,250 |
| Gold ETFs | 10% | 70,000 | 8% | 5,600 |
| Real Estate REITs | 10% | 70,000 | 9% | 6,300 |
| Cash and Equivalents | 5% | 35,000 | 4% | 1,400 |
| **Total** | **100%** | **7,00,000** |  | **67,550** |

**Expected Returns Calculation**

* Equity Mutual Funds: ₹3,50,000 × 12% = ₹42,000
* Debt Instruments: ₹1,75,000 × 7% = ₹12,250
* Gold ETFs: ₹70,000 × 8% = ₹5,600
* Real Estate REITs: ₹70,000 × 9% = ₹6,300
* Cash and Equivalents: ₹35,000 × 4% = ₹1,400
* Total Expected Annual Return**:** ₹42,000 + ₹12,250 + ₹5,600 + ₹6,300 + ₹1,400 = ₹67,550

**Percentage Return on Total Portfolio:** 67,550/7,00,000 \* 100 = 9.65%

**Rationale for Asset Allocation**

1. Equity Mutual Funds (50%): Long-term growth potential suitable for retirement and education goals. Balanced exposure for moderate risk tolerance.
2. Debt Instruments (25%): Capital protection and stable income, aligning with moderate risk tolerance.
3. Gold ETFs (10%): Hedge against inflation and portfolio diversification.
4. Real Estate REITs (10%): Exposure to real estate without high capital requirements, offering rental income and capital appreciation.
5. Cash and Equivalents (5%): Liquidity for emergencies and short-term financial needs.

**8. Summary and Recommendations**

* The revised portfolio balances growth potential with stability, aligning with Mrs. Dedhia’s moderate risk tolerance.
* By slightly reducing equity exposure and increasing debt and gold allocations, the portfolio is better suited for her medium and long-term goals.
* Periodic review and adjustments are recommended to stay aligned with changing market conditions and personal financial goals.

**9. Appendices**







