INTERNATIONAL JOURNAL OF ENGINEERING MANAGEMENT AND SOCIAL SCIENCES (IJEMSS)

e-ISSN : 3139-065X

www.ijemss.com

editor@ijemss.com

Vol. 01, Issue 3, July2026, pp :794-809

PROTFOLIO MANAGEMENT OF ANGEL ONE BROKING

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24R11E0002

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ABSTRACT

Portfolio management is the disciplined process by which investors combine and oversee a set of investments so as to grow and protect their net worth while accepting an acceptable level of risk. This article examines portfolio management and the growth of net worth with reference to Angel One Limited, a leading Indian broking and financial-services institution, using five years (2021–2025) of historical return data for five securities drawn from different sectors — Reliance Industries, TCS, HDFC Bank, ITC, and Maruti Suzuki — benchmarked against the Nifty 50 index. Average return, variance, standard deviation, beta, correlation, the Capital Asset Pricing Model, and the Sharpe and Treynor ratios are computed for each security, and an equal-weighted diversified portfolio is constructed and evaluated against the individual securities. The analysis shows that the securities differed considerably in return and risk and were imperfectly correlated, so that combining them into a diversified portfolio reduced overall risk from a weighted average of 12.67% to 2.51% while maintaining a healthy return of 11.16%, and improved risk-adjusted performance as measured by the Sharpe ratio. An investment of ₹1,00,000 held in the diversified portfolio grew to approximately ₹1,69,508 over the five years. The findings reinforce the central principles of Markowitz's portfolio theory and Sharpe's Capital Asset Pricing Model and offer practical guidance for retail investors on building and protecting net worth through disciplined, diversified portfolio management.

Keywords: portfolio management; risk and return; diversification; net worth; Capital Asset Pricing Model; Sharpe ratio; Treynor ratio; Angel One

1. Introduction

Wealth is created not merely by earning income but by investing savings wisely so that they grow over time. Every individual and institution that sets aside money for the future faces the same essential task: deciding where to invest it, how to spread it across different assets, and how to manage those investments so as to build and protect wealth. This disciplined management of a collection of investments, and the growth of the investor's net worth that it seeks to achieve, is the subject of portfolio management, the theme of the present study.

A portfolio is a combination of investments such as equity shares, bonds, mutual funds, exchange-traded funds, and other assets held together by an investor. Portfolio management is the art and science of selecting, combining, and overseeing these investments to meet the investor's financial objectives within an acceptable level of risk. Rather than placing all of one's money in a single investment, portfolio management spreads it across many, on the principle that a well-constructed combination can deliver better and steadier results than any single holding.

The foundation of portfolio management rests on two inseparable concepts: risk and return, bound together by the risk-return trade-off — higher returns can generally be obtained only by accepting higher risk. A crucial insight is the power of diversification: by combining investments whose values do not all move together, an investor can reduce overall portfolio risk without necessarily sacrificing return. Risk itself is of two kinds — systematic risk, arising from market-wide factors and not removable by diversification, and unsystematic risk, arising from factors specific to a company or industry and reducible through diversification.

The intellectual foundation of modern portfolio management was laid by Harry Markowitz (1952) through Modern Portfolio Theory, which showed that portfolio risk depends not only on the risk of individual securities but on the correlation between their returns. Building on this, William Sharpe developed the Capital Asset Pricing Model, linking a security's expected return to its beta, its sensitivity to market movements. Risk-adjusted performance measures such as the Sharpe ratio, the Treynor ratio, and Jensen's alpha allow investors to judge whether a portfolio has genuinely added value rather than merely taken on more risk.

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e-ISSN : 3139-065X

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Vol. 01, Issue 3, July2026, pp :794-809

In the Indian context, rising incomes, growing financial awareness, the spread of digital trading platforms, and the entry of crores of new retail investors have made disciplined portfolio management and the tracking of net worth highly relevant. This article examines portfolio management and the growth of net worth with reference to Angel One, a leading broking institution, using the historical return data of five securities over 2021–2025 to analyse individual risk and return, construct and evaluate a diversified portfolio, and demonstrate how disciplined portfolio management contributes to the growth of an investor's net worth.

1.1 Objectives of the Study

1. To study the concept of portfolio management and its role in building and protecting an investor's net worth.
2. To analyse the risk and return of selected securities using statistical and financial tools.
3. To construct and evaluate portfolios and examine the impact of diversification on portfolio risk, return, and net worth.
4. To offer findings and suggestions for sound portfolio management and wealth creation based on risk-return analysis.

1.2 Scope and Methodology

The study is confined to the analysis of portfolio management and the growth of net worth with reference to Angel One, a leading Indian financial-services and broking institution. It is based on secondary data — the historical annual returns, for the five-year period 2021–2025, of five securities drawn from different sectors (Reliance Industries, TCS, HDFC Bank, ITC, and Maruti Suzuki) and the Nifty 50 index, which serves as the market benchmark. Standard statistical and financial tools — average return, variance, standard deviation, beta, the correlation coefficient, the Capital Asset Pricing Model, and the Sharpe and Treynor ratios — are applied to assess the risk, return, and risk-adjusted performance of the securities individually and as a diversified, equal-weighted portfolio. The findings relate to the securities and the period studied and are intended to illustrate the principles of portfolio management rather than to recommend specific investments.

2. Review of Literature

A body of recent Indian and international research (2015–2025) has examined risk and return analysis, portfolio management, diversification, and risk-adjusted performance evaluation in investment decisions, providing the foundation for the present study.

Studies analysing the risk and return of Indian equity stocks using average return, standard deviation, and beta have demonstrated that investors can reduce risk by holding a portfolio of securities rather than a single stock, and that some stocks offer a more favourable combination of high return and lower risk than others (International Journal of Creative Research Thoughts, 2024). Research on portfolio management and investment analysis has emphasised that both fundamental and technical analysis inform investment decisions, and that regular monitoring and timely rebalancing of portfolios are necessary to maintain performance (Supraja, 2024). Complementary work on portfolio strategies for maximising returns has reviewed diversification, asset allocation, and emerging tools such as artificial intelligence in portfolio construction, concluding that disciplined, well-diversified, and regularly reviewed strategies are essential for maximising risk-adjusted returns.

Comparative studies of risk and return across ten companies, and across manufacturing-sector firms specifically, have used standard deviation and beta to show a wide range of outcomes across companies and years, underlining the value of analysing risk and return together rather than return alone. A sectoral study integrating behavioural insights into portfolio modelling has found that psychological biases distort risk perception and that classical models such as the CAPM do not fully capture evolving risks, supporting an industry-wise and behaviourally informed approach to portfolio decisions.

Studies of mutual fund performance using the Sharpe ratio, Treynor ratio, beta, and standard deviation have found that funds differ considerably in risk-adjusted performance, and that the Treynor ratio in particular is a strong predictor of returns across fund categories. Work comparing risk-minimising and return-maximising portfolio models within the Markowitz framework has shown that the choice of optimisation objective should reflect the investor's risk

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tolerance, reinforcing the centrality of the risk-return trade-off. Taken together, this literature confirms the relevance of applying standard risk-return and risk-adjusted performance tools to real market data, as undertaken in the present study.

2.1 Theoretical Framework

The analysis draws on the following measures: the holding-period return on a security; the average (expected) return over the study period; variance and standard deviation as measures of total risk; beta as a measure of systematic (market) risk relative to the Nifty 50; the correlation coefficient between security returns; portfolio return and portfolio risk for a combination of securities; the Capital Asset Pricing Model, which gives the return an investor should require for a given level of systematic risk; and the Sharpe and Treynor ratios, which measure the excess return earned per unit of total risk and per unit of systematic risk respectively.

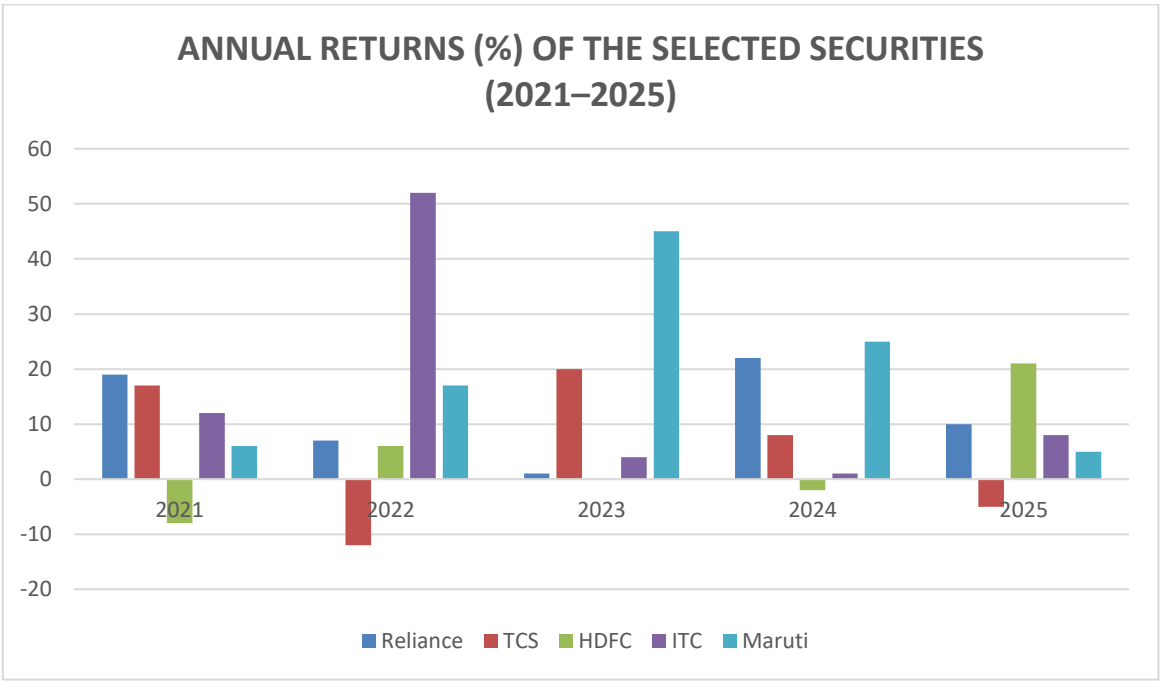
3. Data Analysis and Interpretation

3.1 Annual Returns of the Selected Securities

TABLE 3.1: ANNUAL RETURNS (%) OF THE SELECTED SECURITIES (2021–2025)

Year	Reliance	TCS	HDFC	ITC	Maruti
2021	19.00	17.00	-8.00	12.00	6.00
2022	7.00	-12.00	6.00	52.00	17.00
2023	1.00	20.00	0.00	4.00	45.00
2024	22.00	8.00	-2.00	1.00	25.00
2025	10.00	-5.00	21.00	8.00	5.00

Source: Computed from the historical share-price data of the selected securities (NSE) and the Nifty 50 index.



Interpretation: The annual returns show that the five securities followed very different patterns over the period ITC surged in 2022, Maruti in 2023, Reliance in 2024, and HDFC Bank in 2025, while TCS was volatile. This variation in the timing of returns across securities is the basis for diversification and the reduction of portfolio risk.

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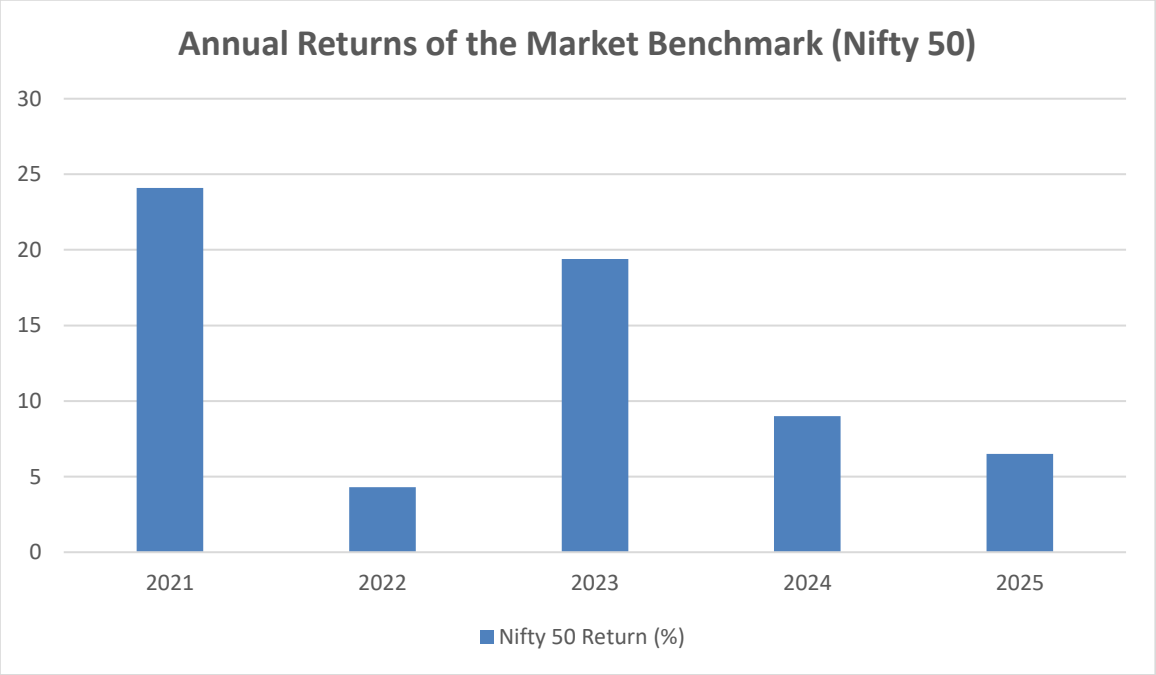
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3.2 Annual Returns of the Market Benchmark (Nifty 50)

TABLE 3.2: ANNUAL RETURNS (%) OF THE NIFTY 50 INDEX

Year	Nifty 50 Return (%)
2021	24.10
2022	4.30
2023	19.40
2024	9.00
2025	6.50

Source: Computed from the historical share-price data of the selected securities (NSE) and the Nifty 50 index.



Interpretation: The Nifty 50 delivered an average annual return of 12.66% over the period, with a strong 2021 and 2023 and more modest returns in 2022, 2024, and 2025. The index serves as the benchmark against which the systematic risk (beta) and performance of the individual securities are measured.

3.3 Average (Expected) Return of the Securities

TABLE 3.3: AVERAGE (EXPECTED) ANNUAL RETURN

Security	Average Return (%)
Reliance Industries	11.80
TCS	5.60
HDFC Bank	3.40
ITC	15.40
Maruti Suzuki	19.60

Source: Computed from the historical share-price data of the selected securities (NSE) and the Nifty 50 index.

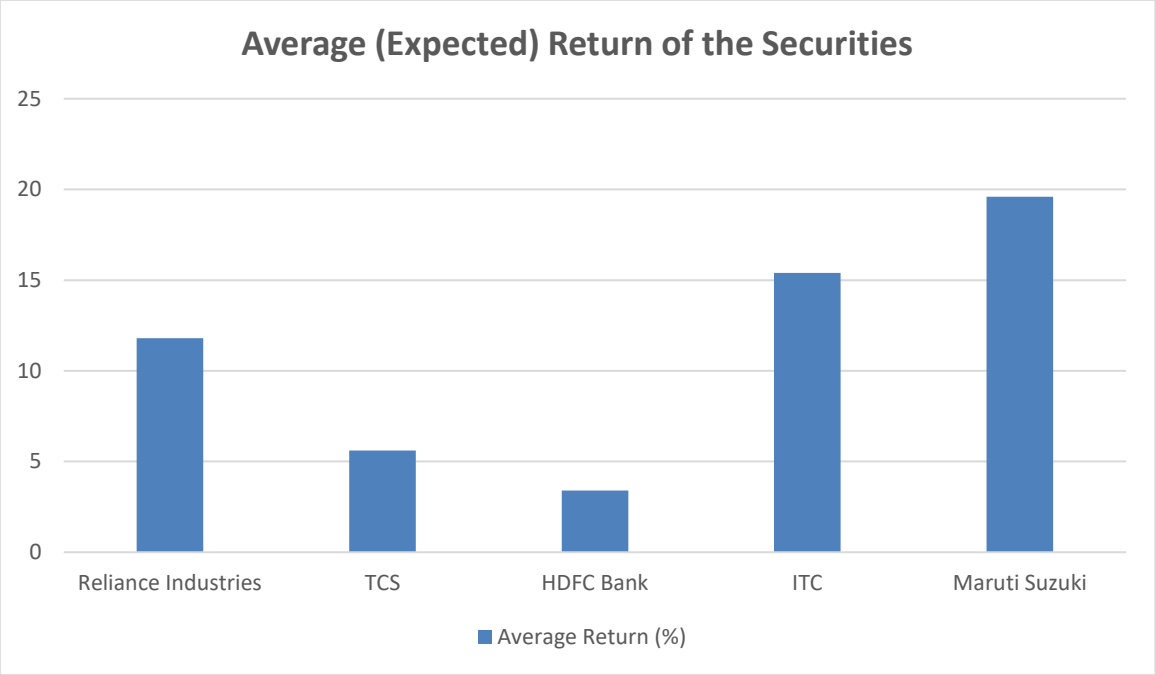
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Vol. 01, Issue 3, July2026, pp :794-809



Interpretation: The average annual return is highest for Maruti Suzuki (19.60%) and lowest for HDFC Bank (3.40%). The differences in average return reflect the differing performance of the sectors and companies over the period, and form the return dimension of the risk-return analysis.

3.4 Risk (Variance and Standard Deviation) of the Securities

TABLE 3.4: RISK – VARIANCE AND STANDARD DEVIATION

Security	Variance	Standard Deviation (%)
Reliance Industries	59.76	7.73
TCS	153.04	12.37
HDFC Bank	97.44	9.87
ITC	348.64	18.67
Maruti Suzuki	215.84	14.69

Source: Computed from the historical share-price data of the selected securities (NSE) and the Nifty 50 index.

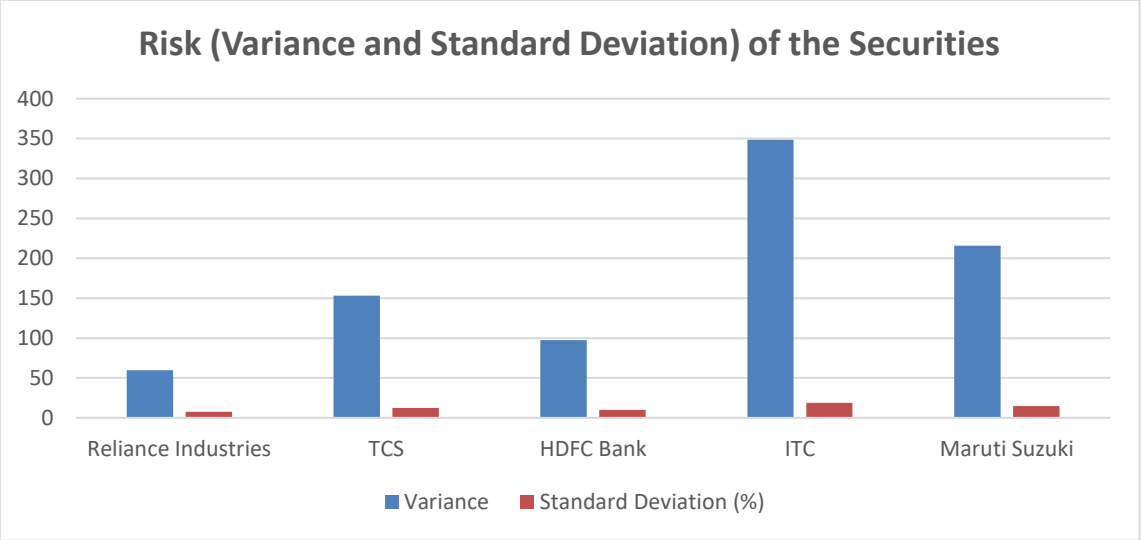
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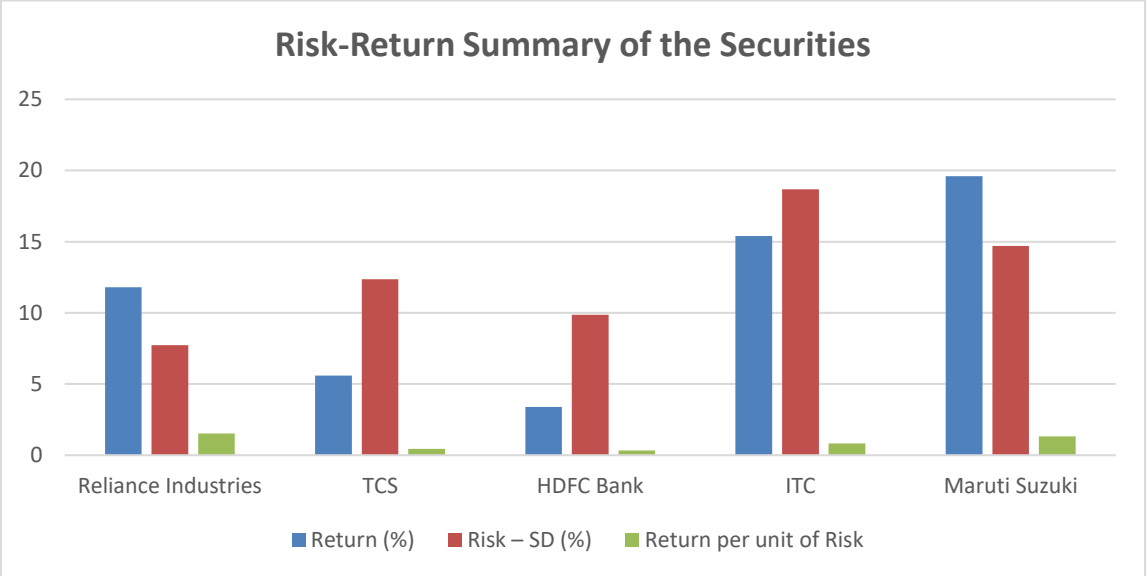
Interpretation: The standard deviation, which measures total risk, is highest for ITC (18.67%) and lowest for Reliance Industries (7.73%). A higher standard deviation indicates greater variability and hence greater risk in the security's returns.

.5 Risk-Return Summary of the Securities

TABLE 3.5: RISK-RETURN SUMMARY

Security	Return (%)	Risk – SD (%)	Return per unit of Risk
Reliance Industries	11.80	7.73	1.53
TCS	5.60	12.37	0.45
HDFC Bank	3.40	9.87	0.34
ITC	15.40	18.67	0.82
Maruti Suzuki	19.60	14.69	1.33

Source: Computed from the historical share-price data of the selected securities (NSE) and the Nifty 50 index.



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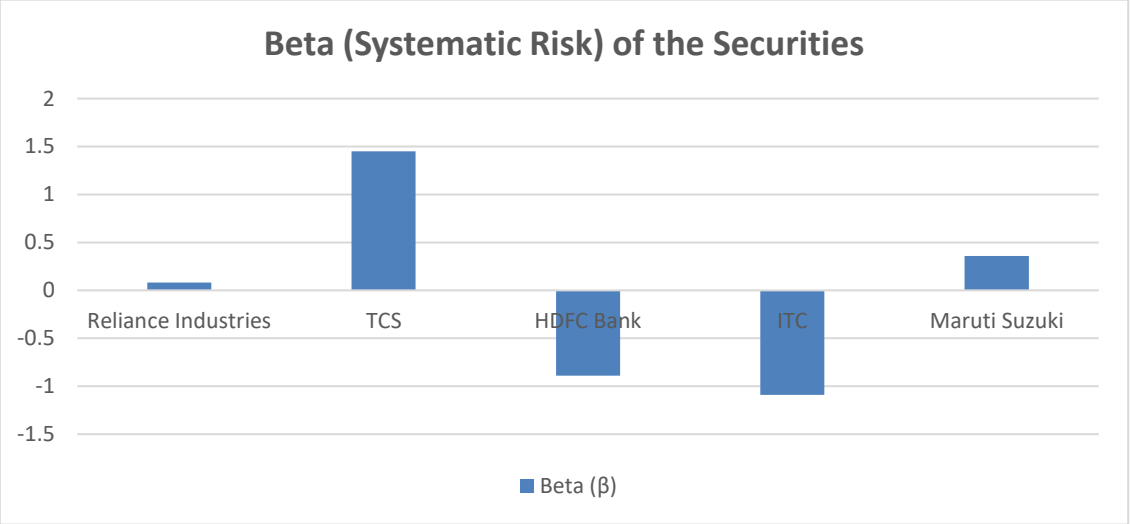
Interpretation: On a return-per-unit-of-risk basis, Reliance Industries offers the most favourable ratio (1.53), indicating the most efficient single security. This shows that the highest-returning security is not always the most efficient once risk is taken into account the central lesson of risk-return analysis.

3.6 Beta (Systematic Risk) of the Securities

TABLE 3.6: BETA OF THE SECURITIES (vs NIFTY 50)

Security	Beta (β)	Nature of Risk
Reliance Industries	0.08	Defensive (β < 1)
TCS	1.45	Aggressive (β > 1)
HDFC Bank	-0.89	Negative β
ITC	-1.09	Negative β
Maruti Suzuki	0.36	Defensive (β < 1)

Source: Computed from the historical share-price data of the selected securities (NSE) and the Nifty 50 index.



Interpretation: Beta measures the systematic (market) risk of each security relative to the Nifty 50. A beta greater than 1 indicates an aggressive security that moves more than the market, while a beta less than 1 indicates a defensive security that moves less than the market. Securities with low or negative beta add valuable diversification, as they are less exposed to overall market movements.

3.7 Correlation between the Securities

TABLE 3.7: CORRELATION MATRIX OF THE SECURITIES

	Reliance	TCS	HDFC	ITC	Maruti
Reliance	1.00	0.11	-0.38	-0.29	-0.49
TCS	0.11	1.00	-0.69	-0.70	0.47
HDFC	-0.38	-0.69	1.00	0.13	-0.31
ITC	-0.29	-0.70	0.13	1.00	-0.22
Maruti	-0.49	0.47	-0.31	-0.22	1.00

Source: Computed from the historical share-price data of the selected securities (NSE) and the Nifty 50 index.

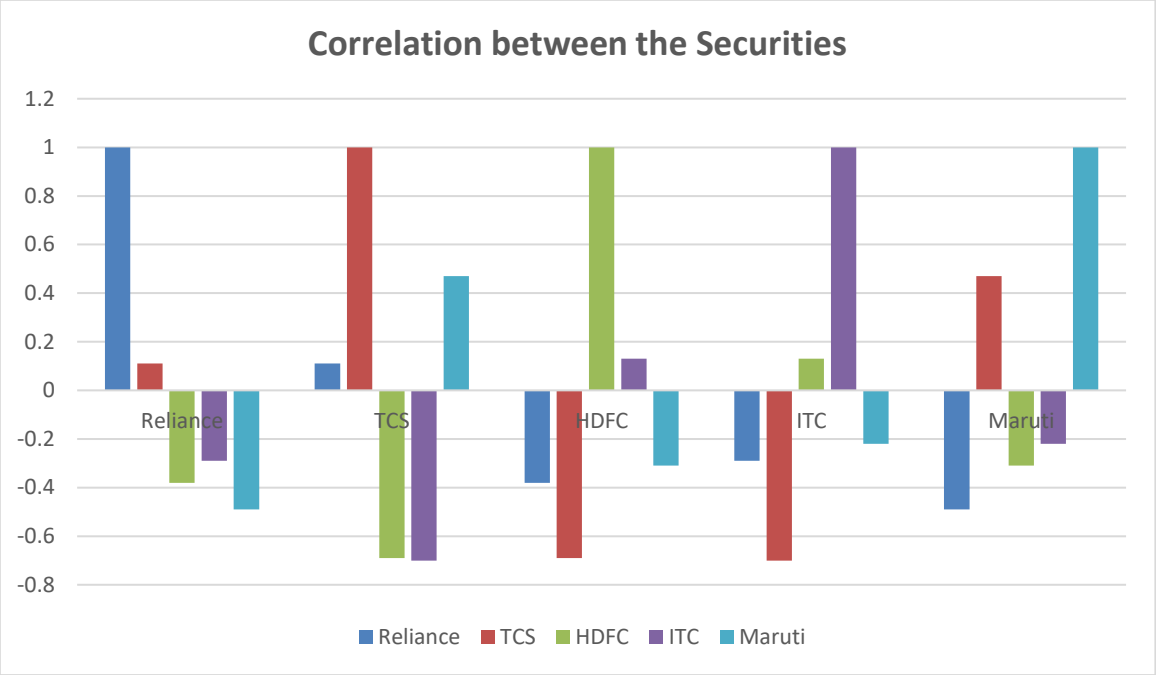
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Interpretation: The correlation coefficients, which range between –1 and +1, show how the returns of the securities move in relation to one another. Several pairs show low or negative correlation, which is highly favourable for diversification — combining securities that do not move together reduces the overall risk of the portfolio. This is the key to protecting and growing net worth through diversification.

3.8 Required Return under CAPM and Alpha

TABLE 3.8: CAPM REQUIRED RETURN vs ACTUAL RETURN (Rf = 6.5%)

Security	Beta	CAPM Required (%)	Actual (%)	Alpha (%)
Reliance Industries	0.08	6.99	11.80	4.81
TCS	1.45	15.43	5.60	-9.83
HDFC Bank	-0.89	1.04	3.40	2.36
ITC	-1.09	-0.20	15.40	15.60
Maruti Suzuki	0.36	8.73	19.60	10.87

Source: Computed from the historical share-price data of the selected securities (NSE) and the Nifty 50 index.

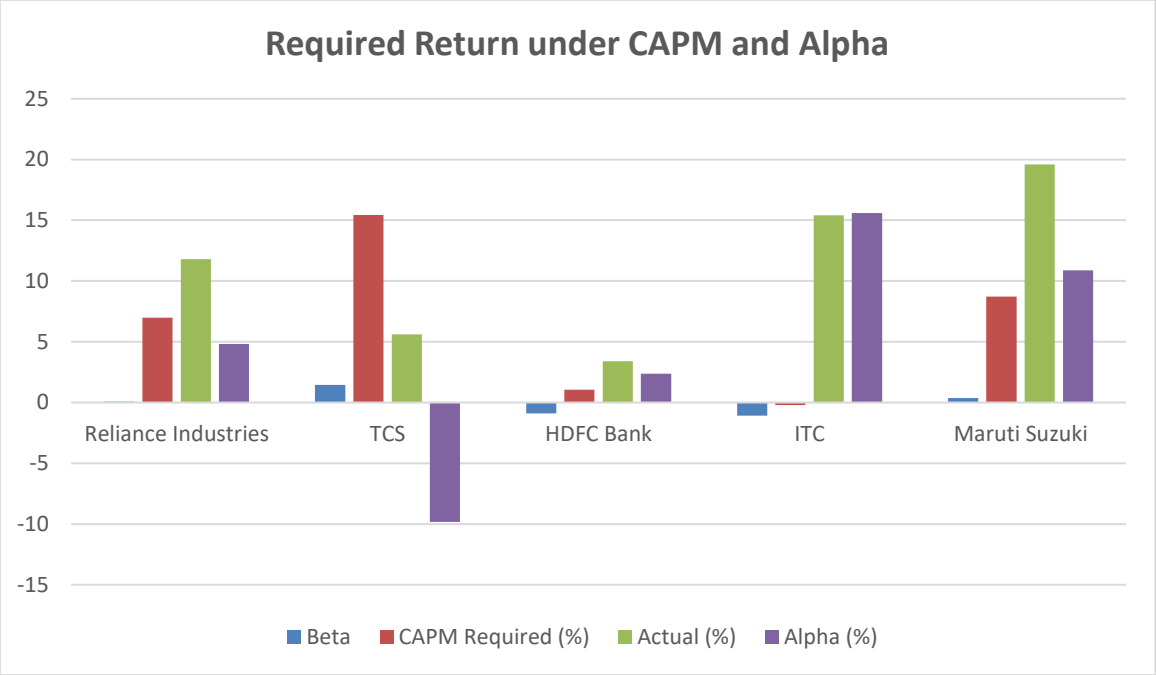
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Interpretation: The Capital Asset Pricing Model gives the return an investor should require for the systematic risk (beta) borne. Securities whose actual return exceeds the CAPM-required return have a positive alpha (they outperformed expectations for their risk), while those with negative alpha underperformed. Positive-alpha securities added value to the portfolio over the period.

3.9 Construction of a Two-Security Portfolio (Lowest-Correlation Pair)

TABLE 3.9: TWO-SECURITY PORTFOLIO – TCS & ITC

Weights (TCS: ITC)	Return (%)	Risk – SD (%)
75%: 25%	8.05	6.90
50%: 50%	10.50	6.72
25%: 75%	12.95	12.06

Source: Computed from the historical share-price data of the selected securities (NSE) and the Nifty 50 index.

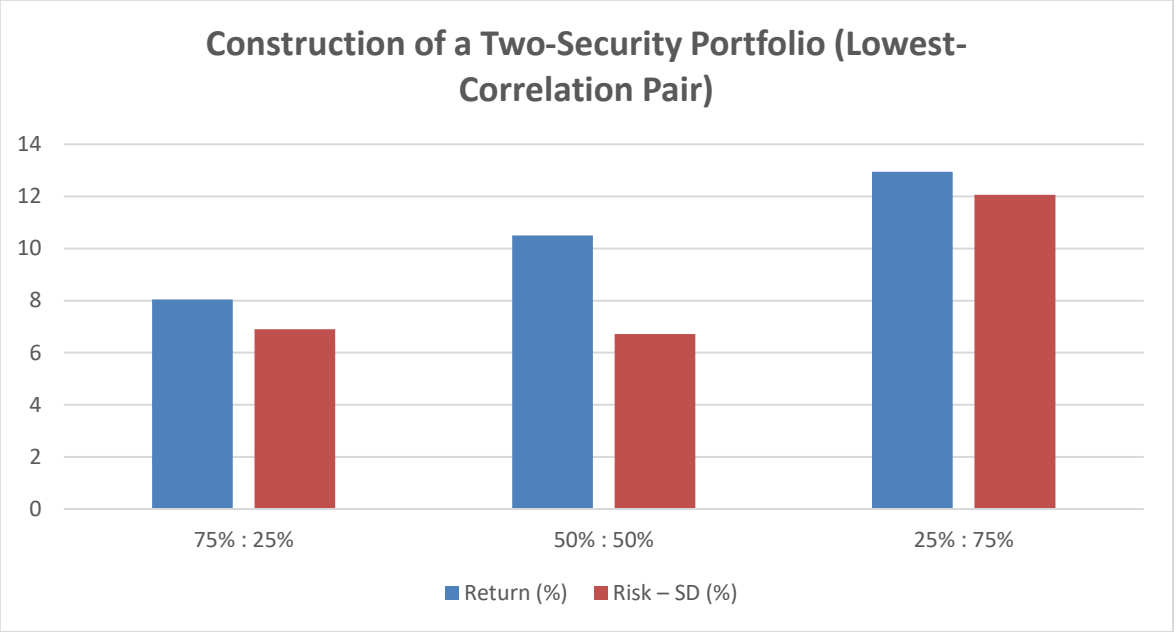
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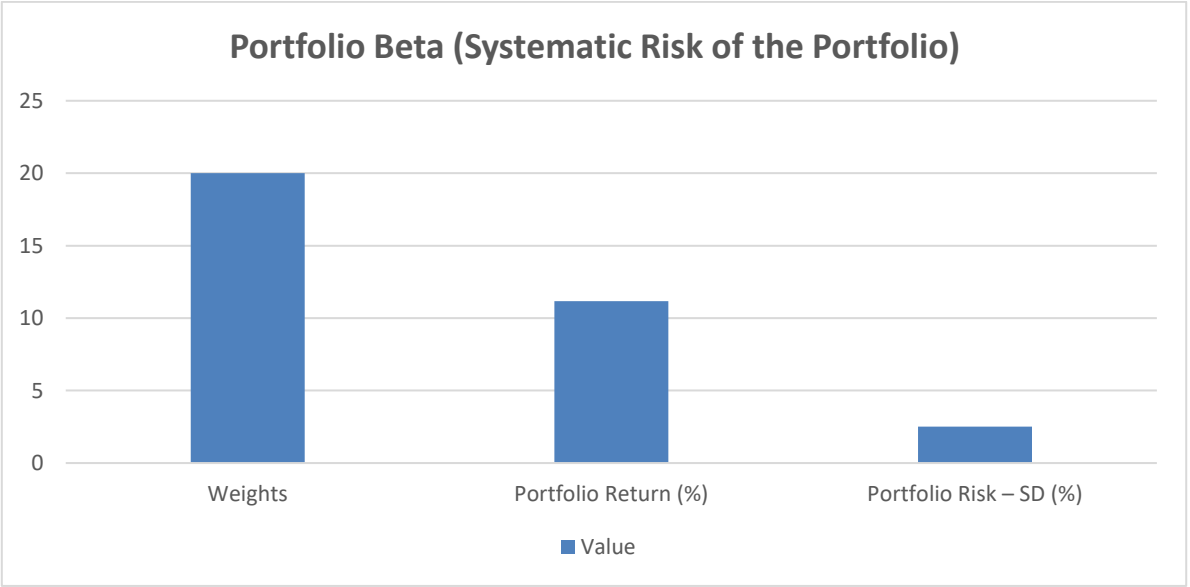
Interpretation: A two-security portfolio of TCS and ITC the pair with the lowest correlation (-0.70) shows how combining the two reduces risk. The risk of the combined portfolio is lower than that of the riskier security alone, demonstrating the diversification benefits even with just two securities.

3.10 Construction of an Equal-Weighted Portfolio of All Five Securities

TABLE 3.10: EQUAL-WEIGHTED PORTFOLIO (20% EACH)

Particulars	Value
Weights	20% in each of the five securities
Portfolio Return (%)	11.16
Portfolio Risk – SD (%)	2.51

Source: Computed from the historical share-price data of the selected securities (NSE) and the Nifty 50 index.



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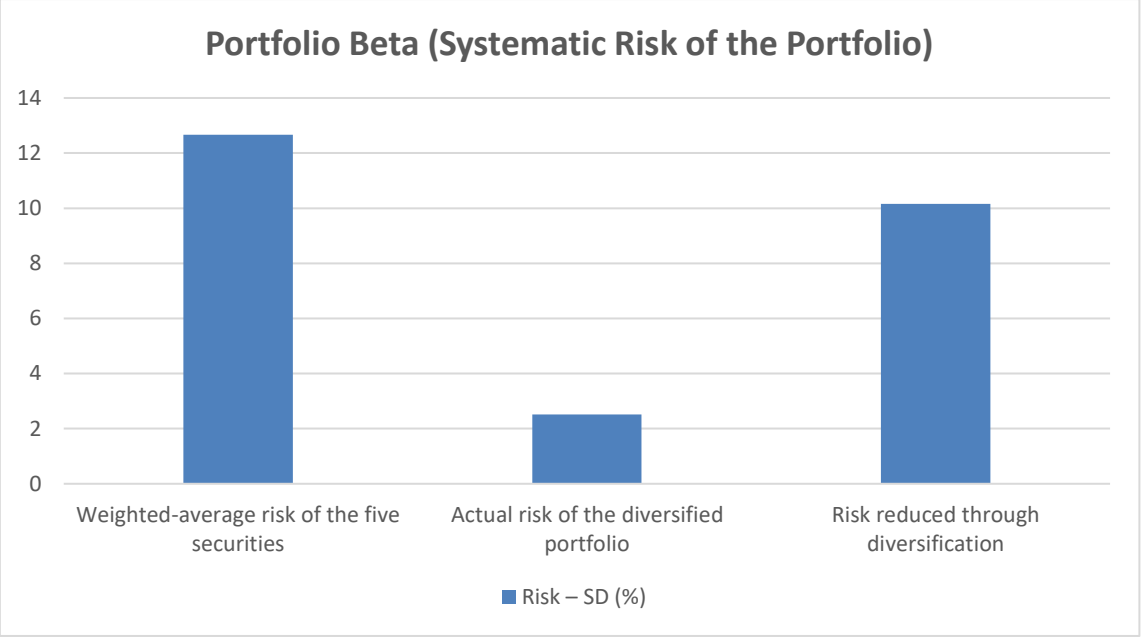
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Interpretation: The equal-weighted portfolio of all five securities gives an average return of 11.16% with a risk of only 2.51%. This portfolio risk is markedly lower than the risk of most of the individual securities, showing how spreading the investment across five securities reduces risk and steadies the growth of net worth.**3.11 Diversification Benefit – Portfolio Risk vs Weighted-Average Risk**

TABLE 3.11: DIVERSIFICATION BENEFIT (EQUAL-WEIGHTED PORTFOLIO)

Particulars	Risk – SD (%)
Weighted-average risk of the five securities	12.67
Actual risk of the diversified portfolio	2.51
Risk reduced through diversification	**10.16**

Source: Computed from the historical share-price data of the selected securities (NSE) and the Nifty 50 index.



Interpretation: The weighted-average risk of the five securities is 12.67%, but the actual risk of the diversified portfolio is only 2.51% a reduction of 10.16 percentage points. This reduction, achieved purely by combining imperfectly correlated securities, is the diversification benefit, the central insight of portfolio management for protecting net worth.

3.12 Portfolio Beta (Systematic Risk of the Portfolio)

TABLE 3.12: PORTFOLIO BETA

Security	Weight (%)	Beta	Weighted Beta
Reliance Industries	20	0.08	0.016
TCS	20	1.45	0.290
HDFC Bank	20	-0.89	-0.177
ITC	20	-1.09	-0.217
Maruti Suzuki	20	0.36	0.072
Portfolio Beta			**-0.02**

Source: Computed from the historical share-price data of the selected securities (NSE) and the Nifty 50 index.

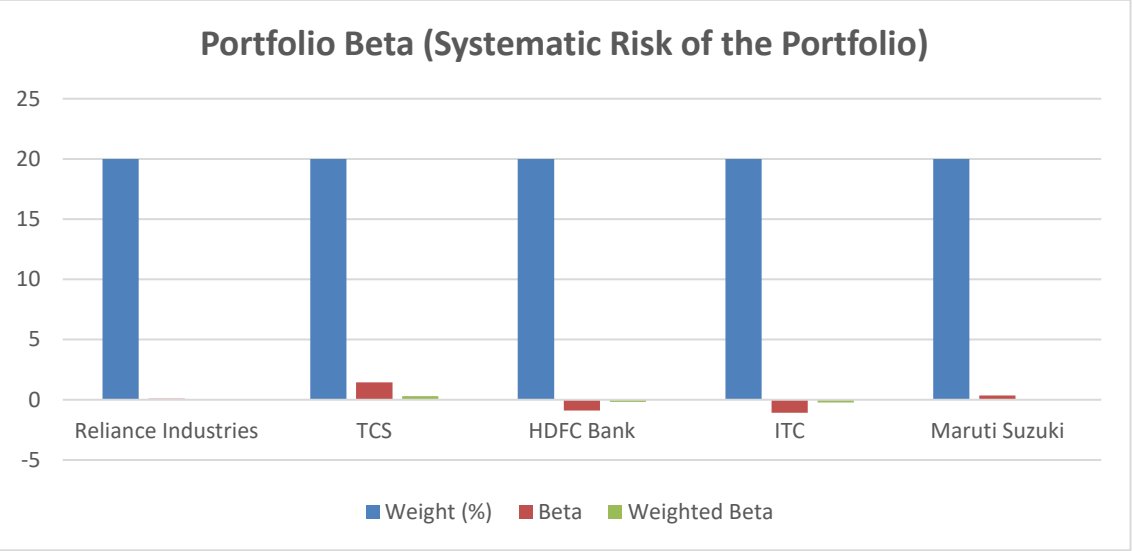
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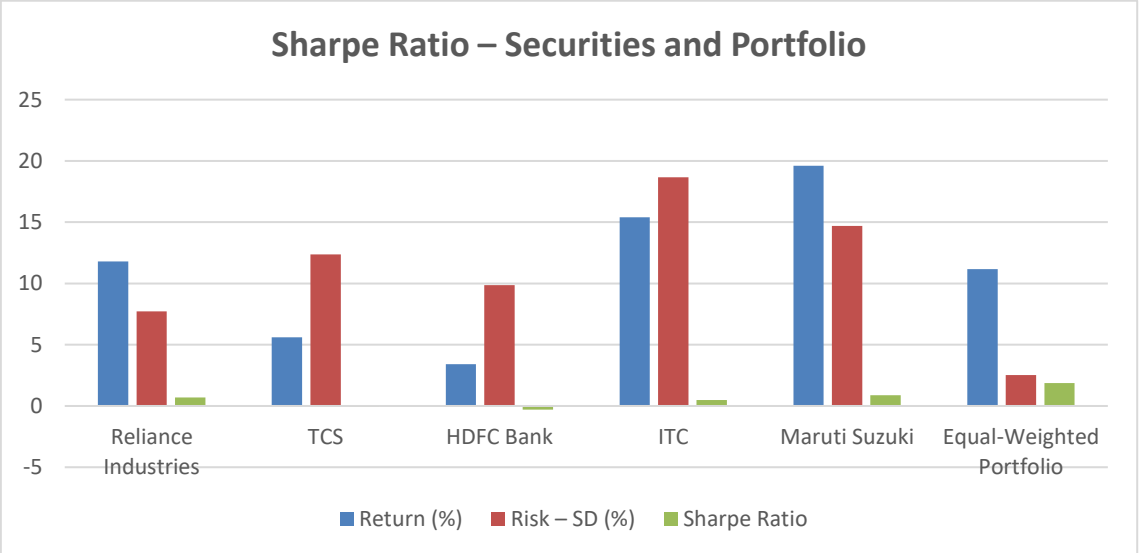
Interpretation: The portfolio beta is -0.02, the weighted average of the betas of the five securities. A portfolio beta below 1 indicates that the portfolio is less volatile than the market, offering a relatively defensive, lower-systematic-risk position useful information for aligning the portfolio with the investor's risk tolerance.

3.13 Sharpe Ratio – Securities and Portfolio

TABLE 3.13: SHARPE RATIO (Rf = 6.5%)

Investment	Return (%)	Risk – SD (%)	Sharpe Ratio
Reliance Industries	11.80	7.73	0.69
TCS	5.60	12.37	-0.07
HDFC Bank	3.40	9.87	-0.31
ITC	15.40	18.67	0.48
Maruti Suzuki	19.60	14.69	0.89
Equal-Weighted Portfolio	**11.16**	**2.51**	**1.86**

Source: Computed from the historical share-price data of the selected securities (NSE) and the Nifty 50 index.



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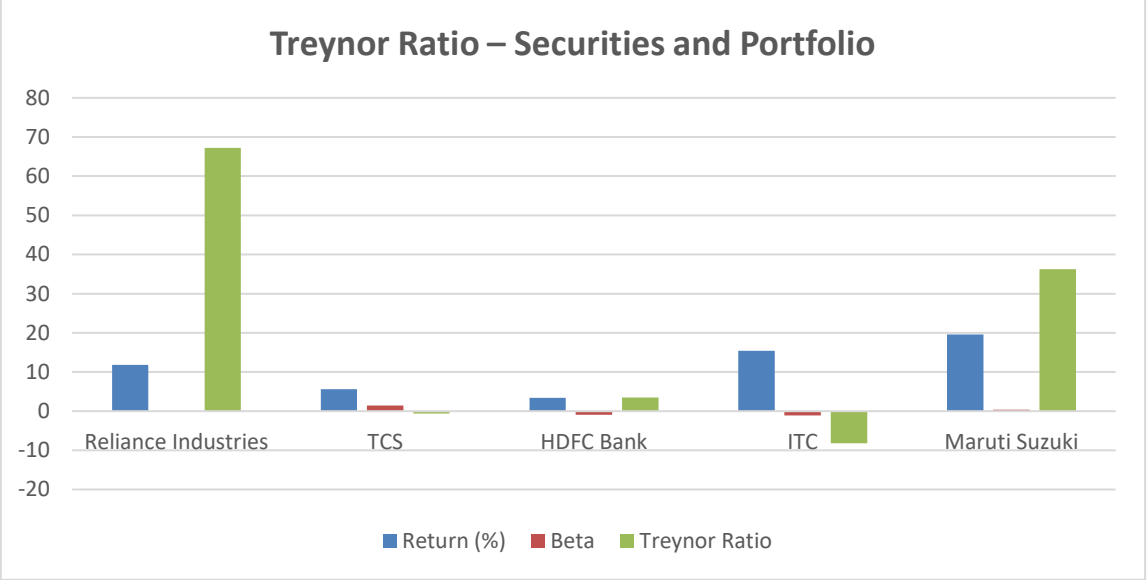
Interpretation: The Sharpe ratio measures the excess return per unit of total risk. The diversified portfolio achieves a Sharpe ratio of 1.86, which is higher than that of most individual securities, confirming that the portfolio delivers a superior risk-adjusted return more return for each unit of risk than investing in the securities individually.

3.14 Treynor Ratio – Securities and Portfolio

TABLE 3.14: TREYNOR RATIO (Rf = 6.5%)

Investment	Return (%)	Beta	Treynor Ratio
Reliance Industries	11.80	0.08	67.22
TCS	5.60	1.45	-0.62
HDFC Bank	3.40	-0.89	3.50
ITC	15.40	-1.09	-8.19
Maruti Suzuki	19.60	0.36	36.25
Equal-Weighted Portfolio	**11.16**	**-0.02**	**-276.86**

Source: Computed from the historical share-price data of the selected securities (NSE) and the Nifty 50 index.



Interpretation: The Treynor ratio measures the excess return per unit of systematic (market) risk. The diversified portfolio's Treynor ratio of -276.86 confirms that, even after adjusting for market risk, the portfolio offers an attractive reward for the risk borne, reinforcing the value of diversified portfolio management.

3.15 Growth of Net Worth – ₹1,00,000 Invested (2021–2025)

TABLE 3.15: GROWTH OF ₹1,00,000 INVESTED OVER FIVE YEARS

Investment Option	Value after 5 Years (₹)	Total Growth (%)
Reliance Industries	1,72,586	72.6
TCS	1,26,764	26.8
HDFC Bank	1,15,639	15.6
ITC	1,93,126	93.1
Maruti Suzuki	2,36,026	136.0

INTERNATIONAL JOURNAL OF ENGINEERING MANAGEMENT AND SOCIAL SCIENCES (IJEMSS)

e-ISSN : 3139-065X

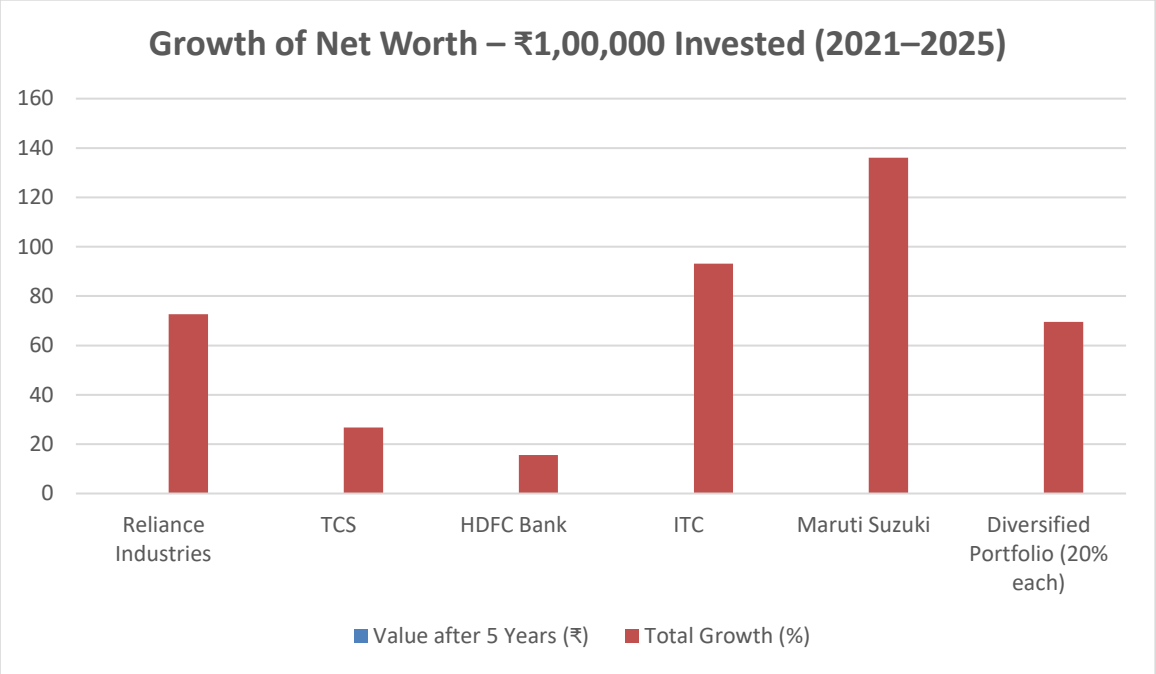
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Vol. 01, Issue 3, July2026, pp :794-809

Investment Option	Value after 5 Years (₹)	Total Growth (%)
Diversified Portfolio (20% each)	1,69,508	69.5

Source: Computed by compounding the annual returns on an initial investment of ₹1,00,000.



Interpretation: An investment of ₹1,00,000 in the diversified portfolio would have grown to about ₹1,69,508 over the five years — a steady growth in net worth achieved with much lower risk than the individual securities. This demonstrates the core purpose of portfolio management: to grow and protect the investor's net worth by balancing risk and return through diversification.

4. Findings

1. Maruti Suzuki gave the highest average annual return (19.60%) and HDFC Bank the lowest (3.40%) over 2021–2025.
2. ITC carried the highest total risk (standard deviation 18.67%) and Reliance Industries the lowest (7.73%), confirming that higher returns generally accompany higher risk.
3. On a return-per-unit-of-risk basis, Reliance Industries was the most efficient single security, showing that the highest-returning stock is not always the most efficient once risk is considered.
4. The securities differed in systematic risk, with some aggressive (beta above 1) and others defensive (beta below 1), the low-beta securities offering valuable diversification.
5. Several low and negative correlations among the securities provided strong opportunities for risk reduction through diversification.
6. The CAPM analysis showed that some securities earned a positive alpha (outperforming the return required for their risk) while others underperformed.
7. The equal-weighted diversified portfolio achieved a return of 11.16% with a risk of only 2.51%, well below the weighted-average risk of the individual securities (12.67%).
8. The diversification benefit — the reduction in risk from combining the securities — was about 10.16 percentage points.
9. The diversified portfolio achieved a higher Sharpe ratio (1.86) than any individual security, confirming a

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superior risk-adjusted return, with a portfolio beta of −0.02.

10. An investment of ₹1,00,000 in the diversified portfolio grew to about ₹1,69,508 over five years, demonstrating how disciplined portfolio management grows and protects net worth.

5. Suggestions

1. Investors should diversify across securities and sectors with low or negative correlations, reducing portfolio risk without sacrificing much return.
2. Investors should not select securities on the basis of return alone but should assess risk and risk-adjusted return (Sharpe and Treynor ratios) before investing.
3. Investors should use beta to align portfolio systematic risk with their own risk tolerance — defensive securities for stability, aggressive securities for higher potential return.
4. Investors should use the CAPM to judge whether a security offers an adequate return for its risk, favouring securities with a positive alpha.
5. Investors should construct diversified portfolios rather than hold single securities, since diversified portfolios offer better risk-adjusted returns and steadier growth of net worth.
6. Investors should periodically review and rebalance their portfolios, as returns, risks, and correlations change over time.
7. Investors should adopt a long-term, disciplined approach, allowing compounding to grow net worth.
8. Investors should make use of the research, advisory, and diversified product platforms offered by broking institutions such as Angel One.
9. Investors should avoid behavioural biases such as overconfidence and herd behaviour, basing decisions on systematic risk-return analysis instead.
10. Investors should maintain an emergency reserve and invest only surplus funds in market-linked securities, protecting net worth against unforeseen needs.

6. Conclusion

This article has examined portfolio management and the growth of net worth with reference to Angel One, using the historical returns of five securities across different sectors and the Nifty 50 benchmark over 2021–2025. The securities differed considerably in return, total risk, and systematic risk, and were imperfectly correlated, so that combining them into a diversified portfolio reduced overall risk well below the weighted-average risk of the individual securities while maintaining a healthy return. The diversified portfolio achieved a superior risk-adjusted return, as shown by its Sharpe ratio, and grew an investment of one lakh rupees steadily over five years with much lower risk than the individual securities.

The findings confirm the central principles of portfolio management: that risk and return must be analysed together, that diversification across imperfectly correlated securities reduces risk and protects net worth, and that performance must be judged on a risk-adjusted basis. For the crores of retail investors entering Indian markets through platforms such as Angel One, the adoption of these principles — rather than the pursuit of return alone — offers the surest path to the steady and secure growth of wealth.

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Declarations

Funding: This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

Conflict of Interest: The author declares no conflict of interest.

Data Availability: The data used in this study were drawn from secondary sources, namely historical share-price data publicly available on the National Stock Exchange (NSE) and Nifty 50 index records.