

## **A STUDY ON PORTFOLIO MANAGEMENT IN AXIS BANK**

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### **ABSTRACT**

Portfolio management involves the strategic allocation of financial assets to maximize returns and minimize risks in alignment with the investor's goals and risk appetite. Axis Bank, one of India's leading private sectors banks, offers comprehensive portfolio management services (PMS) to high-net-worth individuals (HNIs) and institutional clients through Axis Securities and Axis Asset Management Company. The bank's portfolio management framework focuses on tailored investment solutions, leveraging expert research, dynamic asset allocation strategies, and robust risk management practices. In summary, Axis Bank's portfolio management services aim to deliver superior risk-adjusted returns by combining financial expertise, market insights, and customer-centric solutions tailored to individual investment goals.

**Key Word:** Portfolio Management, Asset Allocation, Risk Management, Investment Goals, Risk Appetite, Axis Bank, High-Net-Worth Individuals (HNIs), Institutional Clients, Axis Securities, Axis Asset Management, Tailored Investment Solutions, Expert Research, Dynamic Strategies, Customer-Centric, Superior Returns, Financial Expertise, Market Insights, Risk-Adjusted Returns.

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### **INTRODUCTION**

Portfolio management is the structured process of aligning investments with financial goals while balancing risk and return. It involves selecting a diversified mix of assets—such as stocks, bonds, and mutual funds—based on the investor's profile, including risk tolerance, income, age, and investment horizon. The goal can range from capital appreciation to income generation or tax efficiency.

There are two main approaches: active management, which seeks to outperform the market through strategic trades, and passive management, which aims to mirror a benchmark index. A key principle is diversification, which helps reduce unsystematic risk and enhance performance potential.

The portfolio management process begins with careful planning—defining objectives, assessing risk tolerance, and creating an Investment Policy Statement (IPS) that guides strategy, preferences, and constraints. This process is essential in both personal and institutional finance to ensure effective and goal-aligned capital allocation.

### **REVIEW OF LITERATURE**

1. Portfolio management has evolved as a key aspect of investment and wealth-building strategies, especially for financial institutions like Axis Bank. The concept began with Harry Markowitz (1952), whose Modern Portfolio Theory (MPT) emphasized diversification as the best way to manage investment risk. According to Markowitz, investors can maximize returns by carefully choosing a mix of assets that do not move in perfect correlation.
2. William F. Sharpe (1964) expanded on this with the Capital Asset Pricing Model (CAPM), introducing the concept of beta (systematic risk) and the market risk premium. CAPM is still used by banks like Axis Bank to evaluate the risk and expected return of investment portfolios. Eugene Fama (1970) introduced the Efficient Market Hypothesis (EMH), which argues that markets incorporate all available information.
3. Benjamin Graham and David Dodd (1934), considered the fathers of value investing, emphasized fundamental analysis in their work *Security Analysis*. Their approach is used in many discretionary portfolio management services (PMS), where stock-picking is guided by a company's intrinsic value. Burton Malkiel (1973) supported passive investment in his classic *A Random Walk Down Wall Street*, reinforcing the use of low-cost index investing, a principle reflected in some of Axis Bank's investment strategies.

### **NEED FOR THE STUDY**

Optimal Asset Allocation helps diversify investments across asset classes (e.g., equity, bonds, real estates) to minimize risk. To growing investors awareness as more individual and institutions seek professional investment solutions, there is need to understand how portfolio management operates. Risk management identifies, measures, and mitigates various types of risks (market, credit, liquidity). Goal based planning is the tailors investment strategies to meet specific short-term or long-term goals (e.g. retirement, education, wealth creation). Tax efficiency is the helps in selecting investment avenues that reduce tax liability and enhance post-tax returns.

### **SCOPE OF THE STUDY**

Investors behaviour analysing the preferences, and expectations of investors. The portfolio management encompasses a wide range of activities aimed at maximizing returns while minimizing risk for investors. It involves the strategic selection, allocation, and management of various financial assets such as stock, bond, mutual funds, and alternative investments. Portfolio management consider an investor's financial goals, risk tolerance, and time horizon to create a balanced and diversified investment strategy.

### **OBJECTIVES OF THE STUDY**

- To analyse the investment patterns of the selected companies.
- To know the risk and return of the selected banking portfolio.
- To understand the portfolio which offers the maximum returns and minimum risk.
- To manage and mitigate financial risks through diversification, asset allocation, and continuous monitoring.
- To manage portfolios in a way that optimizes post-tax returns for clients

## DATA SOURCE AND METHODOLOGY

### Primary Data:

- Primary data means data collected by directly.
- Surveys, Interviews, Case study.

### Secondary Data:

- Secondary data means data collected by the some other person earlier.
- Publications of the government, websites of the companies, written books, journal articles, internal records etc
- The data collection from various sources like censuses, government publications, internal record of the organization, reports, books, journals articles, so on.

## LIMITATIONS

- Cost of Portfolio management services can be expensive, with fees charged by the manager.
- Investing in the market carries inherent risks, and even with professional management, there are no guarantees of returns.
- Limited Control In discretionary portfolio management, the investor may have limited control over investment decisions.
- Dependence on Manager is the performance of the portfolio depends on the skills and expertise of the portfolio manager.
- Market Volatility in Portfolio management cannot eliminate market risks, and investments can be affected by market fluctuations.

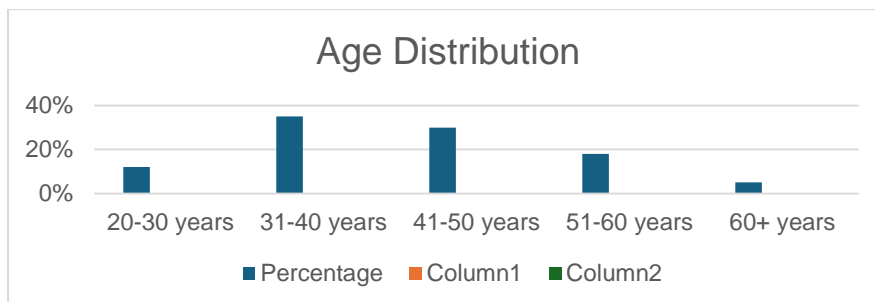
## DATA ANALYSIS & INTERPRETATION

### 1. Demographic Respondents

**Table 1.1 Showing the age to Respondents**

| Age Group   | Percentage |
|-------------|------------|
| 20-30 years | 12%        |
| 31-40 years | 35%        |
| 41-50 years | 30%        |
| 51-60 years | 18%        |
| 61+ years   | 5%         |

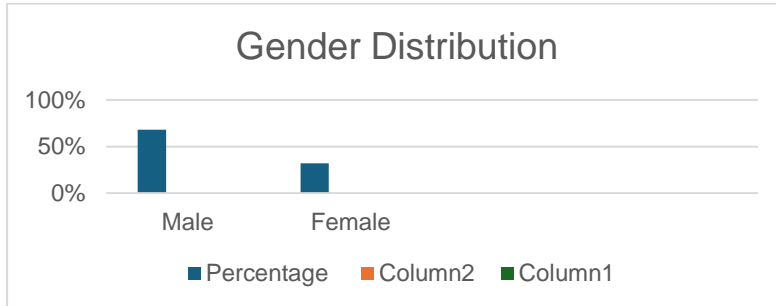
**Figure:1.1 Showing the age to Repondents**



**Interpretation:** The highest concentration 65% less between 31-50 years, indicating portfolio services are fevered by mid-career professionals aiming for wealth building and retirement.

**Table: 1.2 Showing the Gender to Respondents**

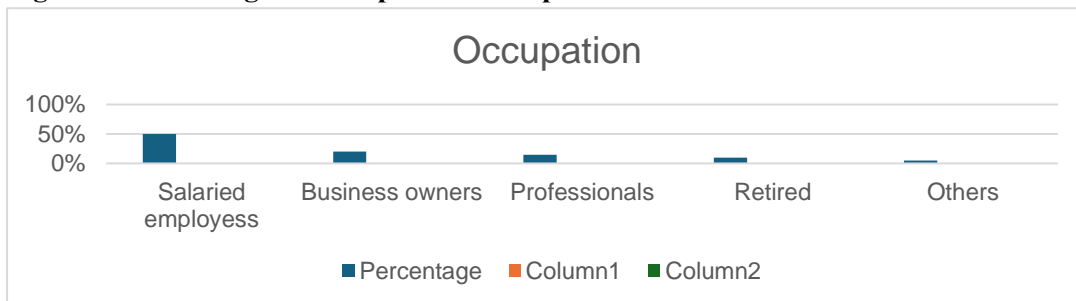
| Gender | Percentage |
|--------|------------|
| Male   | 68%        |
| Female | 32%        |
| Total  | 100%       |

**Figure: 1.2 Showing the Gender to Respondents**

**Interpretation:** A clear gender gap is observed, though female participation at 32% is notable, showing growing financial awareness among women.

**Table 1.3 Showing the Occupation to Respondents**

| Occupation             | Percentage |
|------------------------|------------|
| Salaried Employees     | 50%        |
| Business Owners        | 20%        |
| Professionals          | 15%        |
| Retired                | 10%        |
| Others (students, etc) | 5%         |

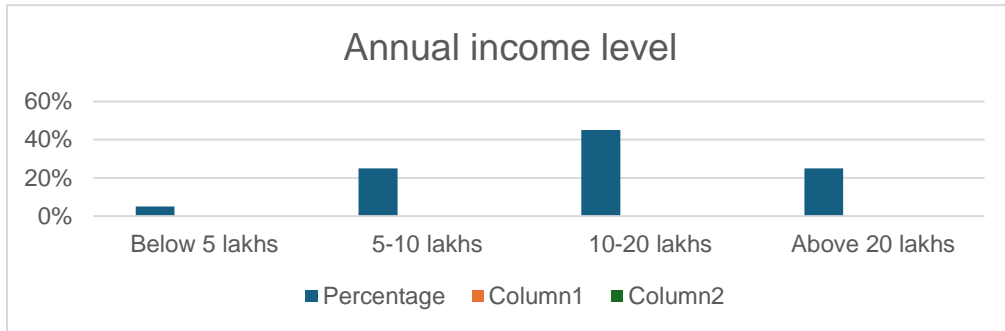
**Figure: 1.3 Showing the Occupation to Respondents**

**Interpretation:** Salaried professionals (50%) use portfolio services the most, followed by business owners, underscoring its appeal to those with consistent revenue streams and long-term ambitions.

**Table: 1.4 Showing the Annual income level to Respondents**

| Income Level (INR) | Percentage |
|--------------------|------------|
| Below 5 lakhs      | 5%         |
| 5-10 lakhs         | 25%        |
| 10-20 lakhs        | 45%        |
| Above 20 lakhs     | 25%        |

**Figure: 1.4 Showing the Annual income level to Respondents**



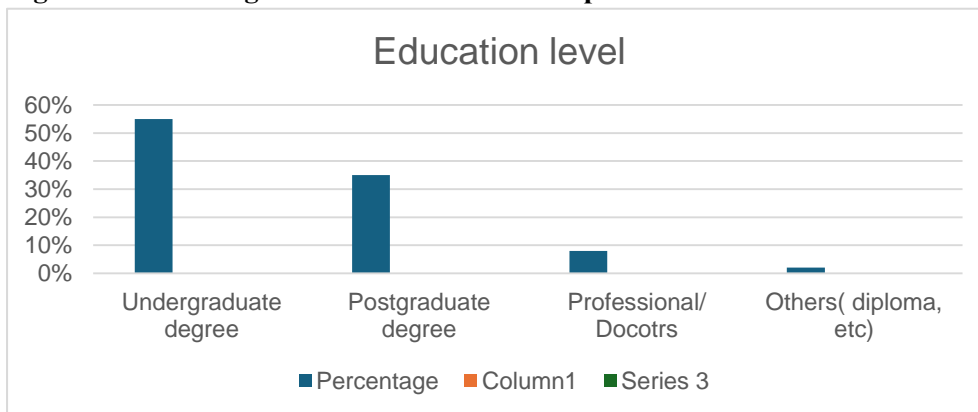
**Interpretation:**

The majority (70%) make more than 10 lakhs a year, suggesting that upper-middle-class to upper-class individuals employ portfolio management extensively.

**Table: 1.5 Showing the education level to Respondents**

| Education Level         | Percentage |
|-------------------------|------------|
| Undergraduation Degree  | 55%        |
| Postgraduate Degree     | 35%        |
| Professional/Doctoreate | 8%         |
| Other (Diploma,etc.)    | 2%         |

**Figure: 1.5 Showing the education level to Respondents**

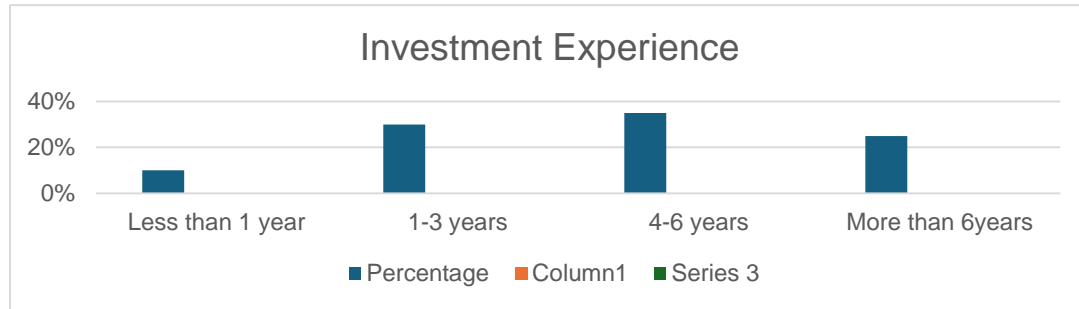


**Interpretation:** 90% respondents are graduates or higher, showing a positive correlation between education level and investment awareness.

**Table: 1.6 Showing the investment experience to Respondents**

| Year of Experience | Percentage |
|--------------------|------------|
| Less than 1 year   | 10%        |
| 1-3 years          | 30%        |
| 4-6 years          | 35%        |
| More than 6 years  | 25%        |

**Figure: 1.6 Showing the investment experience to Respondents**

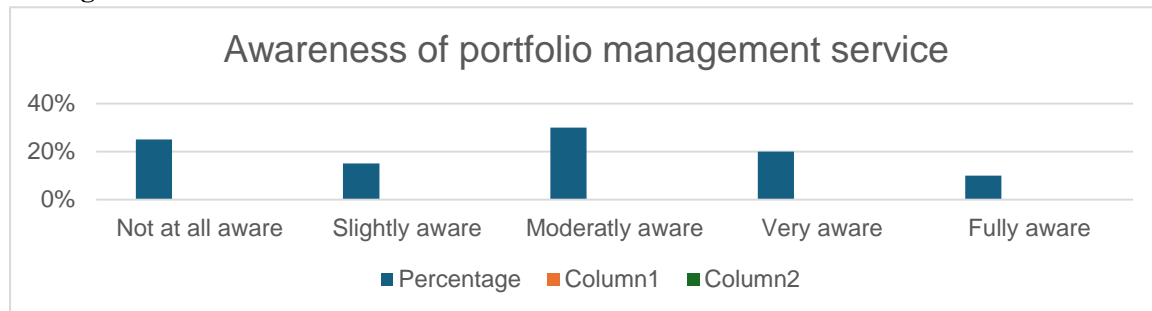


**Interpretation:** Given that many customers have moderate experience (4-6 years), sophisticated yet understandable portfolio alternatives and advisory services are necessary.

**Table: 2. Showing the how many people are aware that AXIS Bank offers portfolio management services?**

| Response         | Percentage |
|------------------|------------|
| Not at all aware | 25%        |
| Slightly Aware   | 15%        |
| Moderately aware | 30%        |
| Very aware       | 20%        |
| Fully aware      | 10%        |

**Figure:2. Showing the how many people are aware that AXIS Bank offers portfolio management services?**

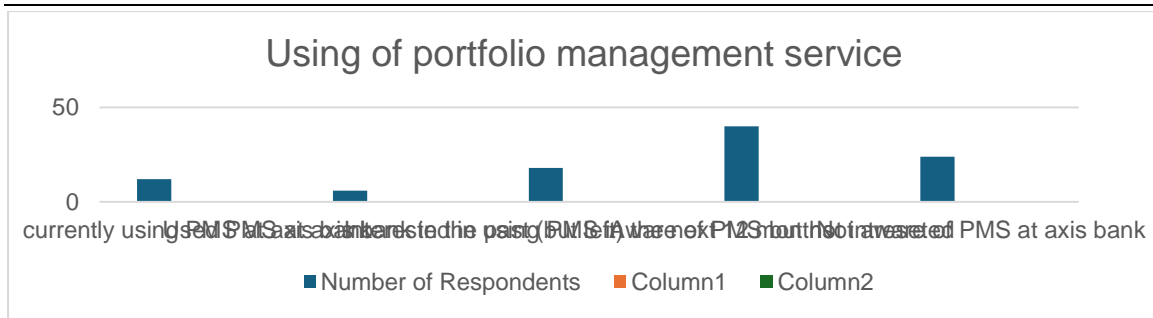


**Interpretation:** Fully aware (4&5): 30% of respondents, and moderately aware (3): 30% of respondents, and Low awareness (1&2): 40% of respondents.

**Table: 3. Showing the how many people are using portfolio management services in AXIS Bank?**

| Response Types   | Number of Respondents |
|--|-----------------------|
| Currently using Portfolio Management Service at Axis Bank              | 12                    |
| Used Portfolio management service at Axis Bank in the past (but left)  | 6                     |
| Interested in using Portfolio Management service in the next 12 months | 18                    |
| Aware of Portfolio Management service but not interested               | 40                    |
| Not aware of Portfolio Management service at Axis Bank                 | 24                    |

**Figure: 3. Showing the how many people are using portfolio management services in AXIS Bank?**

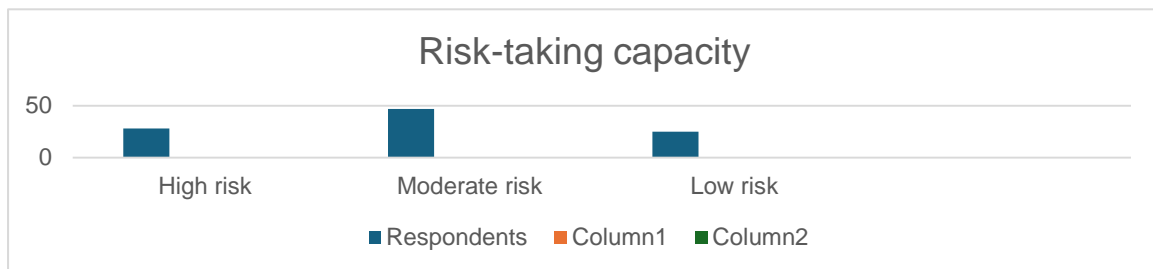


**Interpretation:** According to the data table, portfolio management services at Axis Bank are a specialized service with little utilization now (12%), but they have a significant chance of growing (18%) if problems with awareness (24% ignorant) and satisfaction (6% previous customers) are resolved.

**Table: 4. Showing the how much risk-taking capacity do individuals starting their portfolio accounts have?**

| Risk Profile  | Respondents |
|---------------|-------------|
| High Risk     | 28          |
| Moderate Risk | 47          |
| Low Risk      | 25          |
| Total         | 100         |

**Figure: 4. Showing the how much risk-taking capacity do individuals starting their portfolio accounts have?**

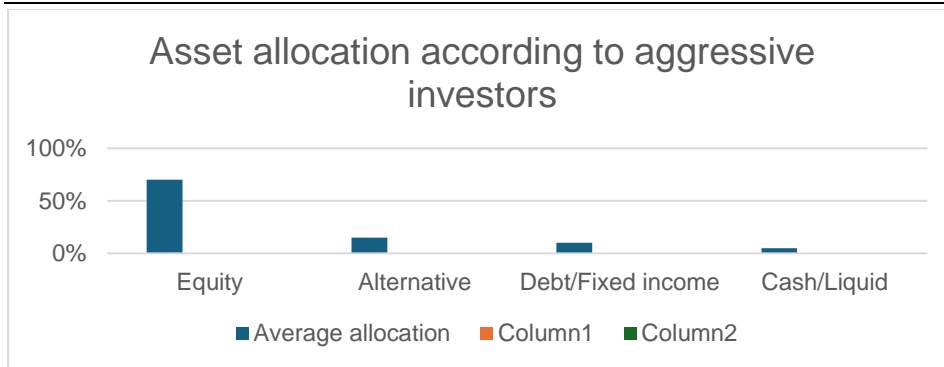


**Interpretation:** Most new Axis PMS clients (47%) prefer a balanced approach, seeking steady growth with moderate risk. Axis Bank also serves a significant segment of high-risk investors (28%) who favour aggressive, return-focused strategies, and a smaller portion (25%) of low-risk clients prioritizing capital preservation through safer investments. The bank's diverse PMS offerings cater well to this varied risk appetite.

**Table: 5. Showing the Percentage of Asset Allocation According to the Aggressive Investors ?**

| Asset Class       | Average Allocation |
|-------------------|--------------------|
| Equity            | 70%                |
| Alternative       | 15%                |
| Debt/Fixed income | 10%                |
| Cash/ Liquid      | 5%                 |

**Figure: 5. Showing the Percentage of Asset Allocation According to the Aggressive Investors ?**

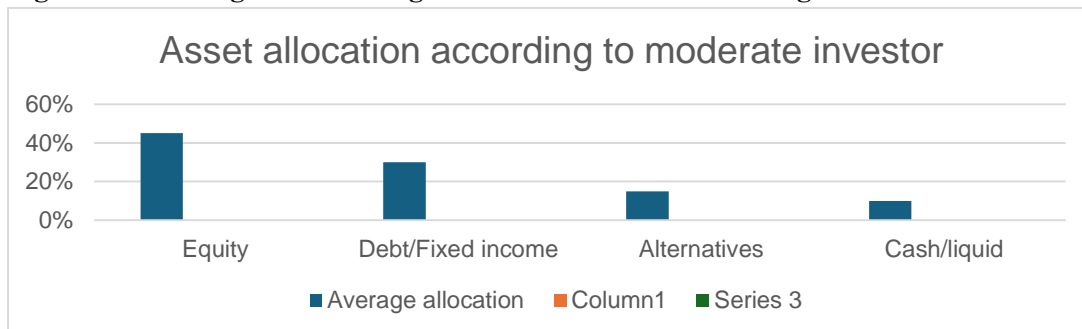


**Interpretation:** Growth is a top priority for Axis Bank's aggressive PMS investors, who have a 70% equity allocation, a high-risk tolerance, and faith in market returns. Interest in diversity and cutting-edge assets is shown by a 15% allocation to alternatives. A low emphasis on capital preservation and a strong tolerance for market volatility are reflected in the low exposure to debt (10%) and liquidity (5%).

**Table: 6. Showing the Percentage of Asset Allocation According to the Moderate Investors?**

| Asset Class       | Average Allocation |
|-------------------|--------------------|
| Equity            | 45%                |
| Debt/Fixed income | 30%                |
| Alternatives      | 15%                |
| Cash/Liquid       | 10%                |

**Figure: 6. Showing the Percentage of Asset Allocation According to the Moderate Investors?**

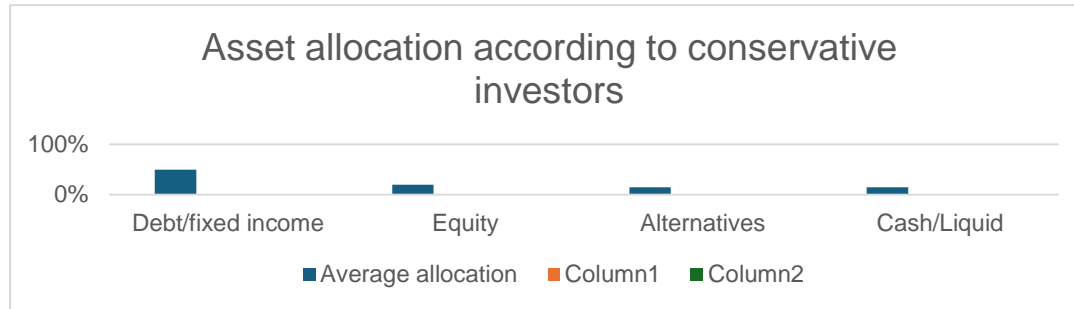


**Interpretation:** At Axis Bank, moderate investors pursue a balanced strategy of 45% in stocks and 30% in debt, with the goals of consistent growth and capital preservation. A focus on risk reduction and diversification is evident in the combined 45% debt and alternatives. They provide more stability during downturns, even though their portfolios could only achieve modest profits in boom markets.

**Table: 7. Showing the Percentage of Asset Allocation According to the Conservative Investors?**

| Asset Class       | Average Allocation |
|-------------------|--------------------|
| Debt/Fixed income | 50%                |
| Equity            | 20%                |
| Alternative       | 15%                |
| Cash/Liquid       | 15%                |
| Total             | 100%               |

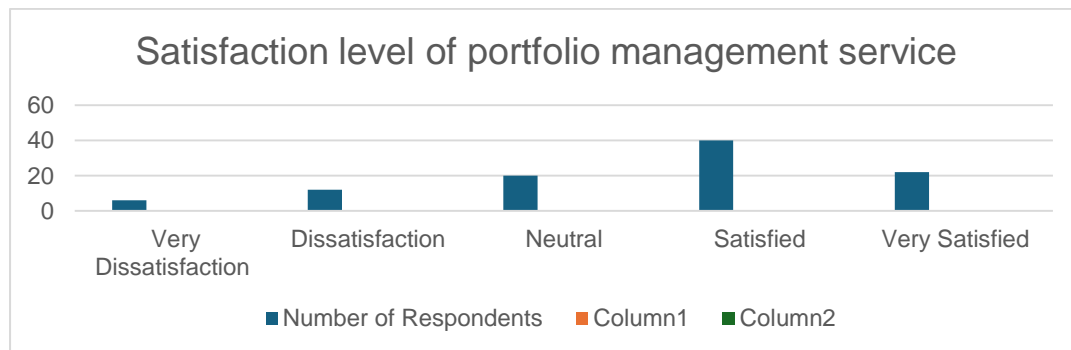


**Figure: 7. Showing the Percentage of Asset Allocation According to the Conservative Investors?**

**Interpretation:** A conservative investor profile that prioritizes capital preservation is reflected in the portfolio. Stability and low risk are shown with a 50% debt allocation. A conservative attitude to market volatility is demonstrated by the 20% equity exposure, which is usually in defensive sectors, hybrid funds, or blue-chip companies. But even with a conservative plan, the 30% allocation to non-debt assets (equity + alternatives) shows that diversification is important.

**Table: 8. Showing the how satisfied are you with the portfolio management services you have received?**

| Satisfaction Level   | Number of Respondents |
|----------------------|-----------------------|
| Very Dissatisfaction | 6                     |
| Dissatisfaction      | 12                    |
| Neutral              | 20                    |
| Satisfied            | 40                    |
| Very satisfied       | 22                    |

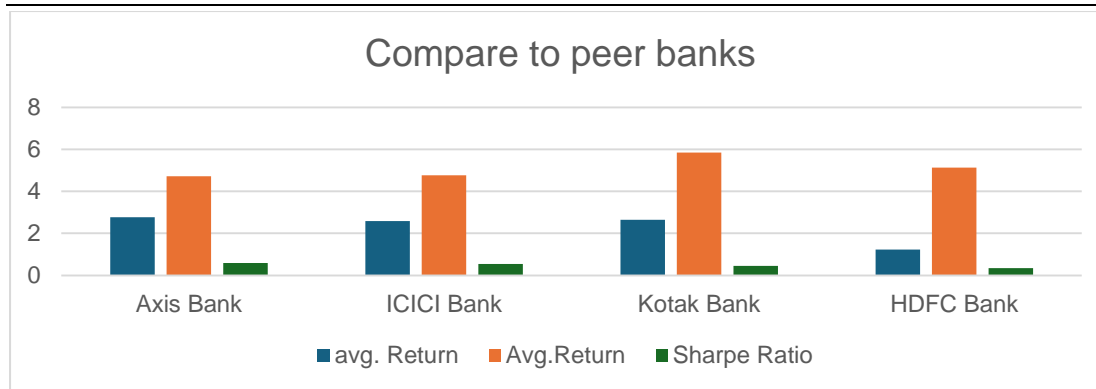
**Figure: 8. Showing the how satisfied are you with the portfolio management services you have received?**

**Interpretation:** With a mean score of 3.6 and "Satisfied" as the most often selected response, overall satisfaction is moderately positive. While a sizable majority (62%) indicate high levels of satisfaction, 18% express discontent, indicating room for growth. The 20% of neutral answers raise the possibility of insufficient awareness or disengagement.

**Table: 9. Showing the how does AXIS Bank portfolio management compare to peer banks?**

| Bank       | Average Return (%) | Average Risk (%) | Sharpe Ratio |
|------------|--------------------|------------------|--------------|
| Axis Bank  | 2.77               | 4.72             | 0.59         |
| ICICI Bank | 2.58               | 4.77             | 0.54         |
| Kotak Bank | 2.64               | 5.85             | 0.45         |
| HDFC Bank  | 1.23               | 5.13             | lower        |

**Figure: 9. Showing the how does AXIS Bank portfolio management compare to peer banks?**

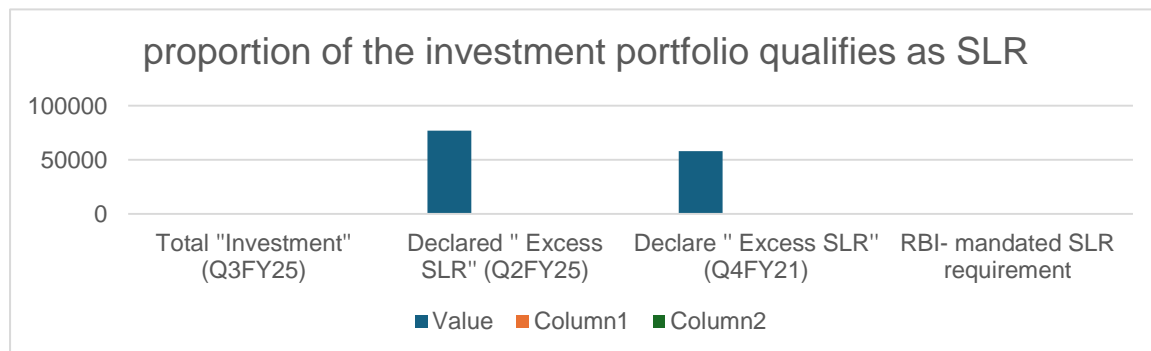


**Interpretation:** For investors who are risk averse, Axis provides steady returns with minimal volatility and exhibits good risk-adjusted performance. However, because of its lower NIM and cost metrics, it is less profitable and efficient than its counterparts. Comparable, but with superior asset coverage, is ICICI. With a high NIM but greater return volatility, Kotak stands out. While HDFC leads in asset quality and efficiency, it lags in risk-adjusted measures and overall returns.

**Table: 10. Showing the What proportion of the investment portfolio qualifies as SLR?**  
**Investment**

| Metric                         | Value                        |
|--------------------------------|------------------------------|
| Total 'Investment' (Q3FY25)    | 4 trillion                   |
| Declared "Excess SLR" (Q2FY25) | 76,769 crores                |
| Declared "Excess SLR (Q4FY21)  | 57,915 crores                |
| RBI- mandated SLR requirement  | ~18% of deposits/liabilities |

**Figure: 10. Showing the What proportion of the investment portfolio qualifies as SLR?**  
**Investment**



**Interpretation:** The public's perception of SLR exposure is reasonably accurate; over half of them estimate it properly. Additionally, several responders acknowledge that banks keep excess SLR on hand as a liquidity buffer. There is a knowledge gap about regulatory requirements, nevertheless, as almost 25% of respondents underestimated SLR levels.

## FINDINGS

- Demographics & Investor Profile, Age: 65% aged 31–50 (mid-career professionals) Gender: 68% male, 32% female, Occupation: 50% salaried; rest business owners/professionals, Income: 70% earn ₹10L+ annually, Education: 90% are graduates or higher, Experience: Majority have 4–6 years of investment experience
- Awareness & Usage of Axis PMS 12% currently use Axis PMS 40% aware but not interested; 24% unaware 18% show interest in using Axis PMS in next year

- Risk Appetite 47% moderate risk, 28% high risk, 25% low risk Asset mix aligns with risk: Aggressive: 70% equity Moderate: 30% debt Conservative: 50% debt
- Performance Metrics Returns: 1Y +31.88%, 3Y CAGR +23.69%, 5Y CAGR +11.79%, Sharpe Ratio: 0.59 (outperforms peers)
- Customer Satisfaction 62% satisfied or very satisfied 18% dissatisfied (service gaps noted)
- Investment Preferences Equity (55%) most preferred, followed by gold/commodities (20%) 30% hold stocks for 5–7 years Key priorities: long-term returns (78%), brand trust (65%), risk management (48%)

## **SUGGESTIONS**

- Enhance Awareness Campaigns Boost digital and branch marketing on PMS benefits and performance.
- Segmented Offerings by Risk Profile High-risk: Thematic/small-cap portfolios Moderate-risk: Balanced hybrid portfolios Low-risk: Debt/capital-protection schemes
- Simplify Onboarding & Educate Clients Streamline onboarding and offer investor education on PMS and long-term strategies.
- Address Client Dissatisfaction Investigate issues (communication, performance, transparency) and improve advisor feedback loops.
- Boost Digital Engagement Use dashboards, reviews, and goal tracking to engage long-term investors.
- Leverage Brand Trust Highlight Axis's track record, compliance, and ESG focus to strengthen client loyalty.

## **CONCLUSION**

This study highlights Axis Bank's strategic and client-focused approach to portfolio management, grounded in financial theory and tailored to diverse investor risk profiles. The bank effectively serves a predominantly well-educated, high-income, mid-career clientele with moderate to high risk tolerance, yet faces a clear gap in awareness and adoption of its Portfolio Management Services (PMS), with only 12% usage. Despite this, strong performance metrics, high customer satisfaction, and rising interest signal growth potential. To fully capitalize on this, Axis must enhance investor education, digital engagement, and service personalization. Overall, the study underscores the vital role of portfolio management in wealth creation and the need to align offerings with evolving investor needs.

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