

Research on the Matching Perspective of Investment Fund Portfolio and Investment Strategy

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Abstract: With the continuous improvement and development of China's securities market, institutional investors represented by securities investment funds gradually began to play a more and more important role. As an institutional investor, securities investment fund plays an increasingly prominent role in China's securities market. The investment strategy adopted by the fund and the performance of various investment strategies have gradually attracted the attention of theoretical circles and investors. The investment strategy of securities investment fund has become the key factor to determine the performance of securities investment fund. Economic development is the basis for the determination of market investment strategy, the stock market environment is the premise for the selection of market investment strategy, the interest game between institutional investors is the driving force for the transformation of market investment strategy, and irrational speculation and the formation and bursting of foam are the catalysts for the replacement of market investment strategy. This paper studies the matching between the construction and adjustment of China's securities investment fund portfolio and its investment strategy. This paper studies the investment strategy and its effect of China's securities investment funds from an empirical perspective, summarizes the defects and causes of China's open-end fund investment strategy, and puts forward some suggestions to standardize China's open-end fund investment strategy.

1. Introduction

China's economic construction is in full swing, and China's economic system reform is developing in the direction of vertical deepening [1]. As the focus of economic system reform, financial market is not only related to the stability and healthy development of national macroeconomic operation, but also related to the success or failure of socialist construction [2]. In the domestic and foreign securities markets, securities investment funds have become an important market force. They play a very important role in stabilizing the market, advocating correct investment ideas and promoting the governance of listed companies. They have also become an indispensable investment tool for individuals or other investment institutions [3]. Securities investment fund refers to a collective securities investment method of sharing interests and risks, that is, by issuing fund units, centralizing investors' funds, trusteeship by the fund custodian, management and use of funds by the fund manager, appropriately diversifying the raised funds into various financial commodities in accordance with the provisions of the trust contract, so as to seek the best investment income, and distributing the investment income to investors according to the fund share [4].

At present, it has become the most dynamic investment team in China's securities market and has formed the most dynamic investment strategy of China's securities market [5]. The investment strategy adopted by the fund and the performance of various investment strategies have gradually attracted the attention of theorists and investors [6]. In the mature financial market system, institutional investors are the leading force of the market [7]. Securities investment funds represent the main body and future development direction of institutional investors in the securities market. Securities investment fund has the characteristics of large amount of funds, professional management, rational investment and pursuing long-term investment interests. If the securities market is the "barometer" of the national economy, then securities investment fund is the "stabilizer" of the securities market. It can stabilize the market, promote the optimal allocation of

resources and improve the efficiency of capital use [8]. Compared with the investment funds in foreign securities markets, the development of domestic securities investment funds is still in a relatively immature stage. Therefore, the research on fund investment strategy has strong practical significance for Chinese funds.

2. Securities investment funds

2.1. Definition of securities investment fund

Securities investment fund is a collective investment plan with shared interests and risks. It raises funds through public offering of fund units, is entrusted by the fund custodian, and entrusts a professional fund management company to carry out securities investment activities in the form of asset portfolio for the interests of the holders of fund units. Its purpose is to disperse risks, save costs and improve benefits. Securities fund is actually a way of "everyone raising money to jointly invest in securities". It provides an effective investment tool for investors who do not have professional investment knowledge and experience, do not have time and ability, and are unable or unwilling to invest in securities directly. Compared with other investment methods, securities investment funds have their own characteristics, as shown in Figure 1:

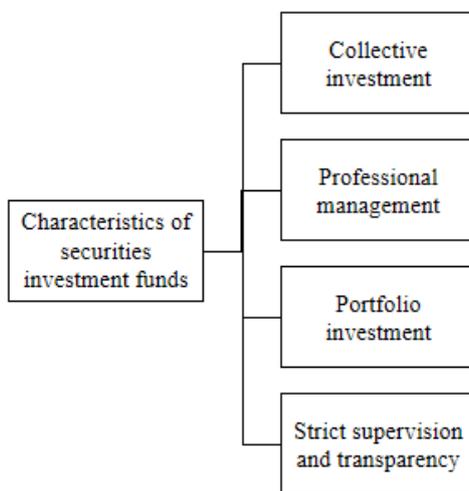


Figure 1 Characteristics of securities investment funds

First, collective investment. Raise a large amount of funds for investment in the short term through the fund sale unit, give full play to the advantage of fund concentration, so as to reduce the investment cost and obtain the scale income of investment; Second, professional management. It is managed and operated by professional fund management companies, which is reflected in the systematization of investment ideas and the modernization of investment means; Third, portfolio investment. Carry out asset allocation and investment portfolio according to the investment objectives, investment scope, investment portfolio and investment restrictions specified in the fund contract to diversify investment risks; Fourth, strict supervision and transparency. For those small and medium-sized investors who have no time or are not very familiar with the market, investing in the fund can obtain the advantages of the fund manager in market information, investment experience, financial knowledge and operation technology, so as to avoid the mistakes brought by blind investment as much as possible.

2.2. The role of securities investment funds

On the one hand, securities investment funds raise funds from the investing public; On the other hand, the raised funds are invested in the capital market through professional financial management and decentralized investment, which plays an important role as a financial medium. First of all, as the largest institutional investor in the securities market, the securities investment fund's investment

philosophy and investment strategy have a far-reaching impact on the market. The securities market has gradually developed from the previous sitting profit to relying on the research and mining of undervalued stocks. Broaden the investment channels of small and medium-sized investors. For small and medium-sized investors, the investment channels include deposits, bonds, insurance, trusts, stocks and funds. The risks of deposits and bonds are low, but the yield is also relatively low.

It is also a better investment channel for institutional investors, especially those who have high requirements for asset risk control and relatively high income. In China, insurance companies, social security funds and large enterprises are institutional investors of securities investment funds. To promote industrial development and economic growth, the securities investment fund collects the idle funds of small and medium-sized investors to invest in the securities market, expands the proportion of direct financing, creates a good financing environment for enterprises to raise funds in the securities market, and actually plays a role in transforming savings into production funds.

3. Development of investment in securities funds

3.1. Enrichment and diversification of fund varieties

While the number and scale are growing, the types of funds are becoming more and more abundant and perfect, which gives investors more choice. According to the investment type, China's open-end funds include principal guaranteed funds, money market funds, bond funds and various types of stock funds. Among the major types of stock funds, according to the different investment styles of stock funds, they can be divided into four types: balanced type, value type, growth type and index type, as shown in Figure 2:

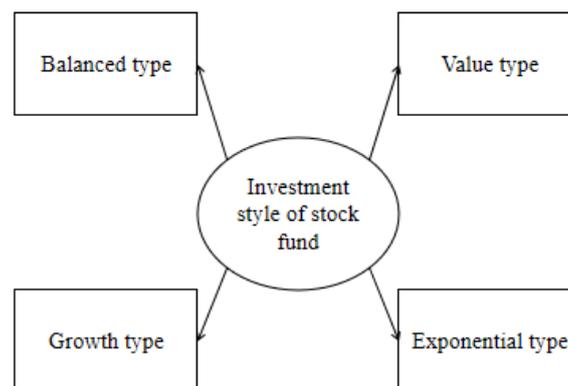


Figure 2 Investment style of equity funds

The development and growth of the fund is inseparable from the development of its manager - fund management company. China's fund market has been generated and developed under the cultivation and care of the government. In terms of the qualifications of managers and custodians, China implements strict access restrictions. In accordance with the requirements for the standardized operation of investment funds, the five major banks of the establishment of diplomatic relations between industry and agriculture have been determined as custody banks to keep fund assets and supervise fund operation. Since the development of investment funds is conducive to the cultivation of institutional investors, the further development and stability of China's securities market, the improvement of China's financial market system, the government's indirect management of the securities market and the improvement of financial operation efficiency, China's investment funds will undoubtedly get greater development in the future, and the brighter prospect of the fund industry is just around the corner.

3.2. The process of investing in securities funds

Portfolio refers to the collection of various financial products held by investors. In actual investment activities, both small and medium-sized investors and large institutional investors will intentionally or unintentionally invest their funds in different types of financial products. The core

of the investment goal is the balance between risk and return, that is, the balance between the expected return investors want and how much risk they are willing to take. The determination of the investment goal should be based on the following factors: first, the research on customers. Fund managers must understand the risks investors are willing to bear when pursuing higher expected return. Different customers have different assets, liabilities and risk preferences, That is, it has different utility functions.

The so-called investment strategy is the investment policy, investment principle and investment strategy formulated by the fund manager based on the modern investment theory and according to the development and changes of the securities market. Performance analysis is an important means for fund management companies to evaluate and revise investment management. It is not only the standard for fund regulators to measure the actual operation of funds, but also the basis for investors to choose fund managers. Information management and investment market analysis comprehensively consider the economic, political, social and other factors and the information in the past, present and future, so as to have a more accurate and comprehensive expectation and grasp of the price changes of various assets. The management of relevant information and investment market analysis are very important in the process of investment management.

4. Conclusion

With the deepening of the internationalization of securities markets in various countries and the progress of Internet and communication technology, cross-border investment by securities institutions has become a trend. Economic development is the basis for determining market investment strategies. The stock market environment is the premise for selecting market investment strategies. The interest game between institutional investors is the driving force for the transformation of market investment strategies. Irrational speculation and the formation and bursting of foam are market investment strategies, Replacement catalyst. Due to the imperfect development of China's stock market, the systematic risk will appear in a long-term pulsation under the influence of policy factors, which greatly weakens the basis for different funds to adopt decentralized investment to eliminate non systematic risk, and also makes the differentiated investment of various funds lose the necessary foundation, which is difficult to reflect the differences of investment strategies and styles of various funds. It is very important to cultivate rational investors and form a strategic cooperative relationship with the fund, which can not only stabilize the scale of the fund, but also supervise the investment behavior of the fund. We should not only focus on cultivating institutional investors in order to stabilize and standardize the development of the market, but also pay attention to the reaction force of the market itself. Standardizing the overall market environment with various institutional, legal and transparent measures is an important strategy to promote and guide the behavior choice of China's securities investment funds to gradually standardize and mature.

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