WealthMunshi.com

Experience Professional Investing Since 2001

A Digital Initiative by Sanghi Consultancy !

Advantages:

a) **Focused and Independent Portfolio:**

As far as PMS is concerned, every investor influences his own buying or selling time and price, there is no impact on other investor's holding or experiences. PMS has isolated individual holdings so one investor's behavior doesn't impact other investors investments. So, PMS provides client more focused and independent portfolio suiting to their needs

b) **Transparent Holdings:**

Every trade is intimated to the investor and a live portfolio view is available on the managers' website while in mutual fund holdings are made available only once in a month or a quarter.

c) **Transparent Management Expenses:**

PMS is flexible in terms of expense ratios being transparent and customized. Expense ratio disclosures of PMS are transparent as each client signs a specific fee structure and receives a monthly detail of charge levied on the portfolio. Further, expense structures can be customized based on ticket size and profit sharing based fee structures are possible too.

d) **Superior Returns:**

PMS can be more aggressive and has the potential to generate higher returns. Mutual Funds being structured for retail investors tend to be regulated strictly by the regulator. For instance there are regulatory norms for scrip level exposure. More specifically in Mutual Funds, no stock can be over 10% of portfolio exposure. While in PMS there is no such compulsion. In PMS, a portfolio manager may choose to have higher exposure as long as they are delivering returns.

e) **Accountability**:

Unlike mutual fund managers, PMS managers are directly accountable to the client, who can seek clarification especially in the discretionary portfolio.

Types of PMS:

a) **The Aggressive One:**

Aggressive PMS may include those stocks in their portfolio which have the high reward proposition obviously it comes with high risk also. It may comprise of riskier companies like Pharma or may comprise of riskier but rewarding sectors such as mid & small cap.

b) **The Defensive One:**

Defensive PMS have in their portfolio those companies or stock which are not much volatile (like Cyclical Stocks) rather they tend to hold stocks of those companies which can hold during volatile times such as large cap stocks.

c) **Hybrid One:**

Hybrid portfolio of PMS may hold both kind aggressive as well as Defensive ones so as to be rewarded in high times from aggressive and defensive acts as a savior in bad times.

d) **The Speculative One:**

Speculative type of PMS are the riskiest one. Their investment could be IPOs, Venture Capital Fund, Private Equity etc.