

## **FREQUENTLY ASKED QUESTIONS (FAQs)**

### **1. What is Portfolio Management Service (PMS)?**

- Portfolio Management Service is a customised wealth solution with investments in equity, fixed income, debt, and other individual securities managed by a professional fund manager, created to suit the investment objective of an investor.

**Discretionary:** In case of Discretionary Portfolio Services, the investment and decision making process rests solely with the Fund Manager.

**Non Discretionary:** A non-discretionary portfolio manager manages the funds in accordance with the directions of the client. The trade is carried out by the portfolio manager but the choice as well as the time of investment decisions rest solely with the investor.

**Advisory:** Under this service, the portfolio manager suggests the investment options. The choice as well as the execution of the investment decisions rest solely with the investor.

### **2. Who can offer PMS?**

- Portfolio Management Services is offered by entities that are registered with SEBI. The PMS operates under very strict regulatory norms laid down by SEBI.

### **3. PMS vs. Mutual Fund**

- Cash Management: The Portfolio Manager has relatively greater flexibility to move in and out of cash as and when required depending on the market view. They are allowed to shift from being fully invested in equities to 100% cash at any time. This is one thing most mutual funds cannot do, since their schemes are such that they have to stay invested in equities up to a certain minimum limit (which can be as high as 90%) and cannot go below that, even if they are bearish on the market.
- Hedging: A PMS are also allowed to hedge their exposure through derivatives, which helps them in protecting their portfolio from market volatility. Not all mutual funds use derivatives in their investment strategy
- Fee Structure: Mutual Funds have a fixed fee structure. PMS providers usually offer more than one option with the same fee structure.
- Accountability: PMS Managers are directly answerable to the client, whereas mutual fund managers have no such obligations. PMS are much more approachable to the clients. You can meet your portfolio manager, discuss with him his / her strategy and can get all your queries resolved. In fact most of the PMS Managers ensure that they personally stay in touch with the clients. However, this is not possible in mutual fund investment as there may be thousands of investors invested in a particular scheme and the fund manager may not get time to talk and discuss with all of them.

#### **4. Who can be the ideal PMS investor?**

- The Investment solutions provided by PMS cater to a niche segment of clients. The clients can be Individuals (HNIs/NRIs) and Non-Individuals such as HUFs, partnerships firms, sole proprietorship firms and Body Corporate. PMS is ideal for investors who:
  - ✓ Looking to invest in asset classes like equity, fixed income, structured products, etc
  - ✓ Desire personalised investment solutions
  - ✓ Desire long-term wealth creation
  - ✓ Appreciate a high level of service

#### **5. How can one invest in PMS?**

- In order to avail this service you will have to fill in the Client Registration Form. You will also have to execute an Agreement and a Power of Attorney in favour of Wellworth Share and Stock Broking Ltd, establishing a Principal-Agent relationship, which allows us to act on your behalf.
- Documents Required: DEMAT & PMS Account opening form and the risk disclosure. Aadhar Card/Address proof/Identity proof /Pan card copy/Bank statements.

#### **6. Is there a Minimum corpus requirement for investment?**

- Yes, the Minimum corpus requirement for investment purpose is Rs.25 Lakhs

#### **7. What is the Ideal Investment time horizon?**

- The Ideal investment time horizon under portfolio management services is at least 2-4 years.

#### **8. Is there any Lock in Period and Exit Load?**

- There is no lock in period as well as Exit Load for the said investment. However for significant returns it is advisable to have patience and remain invested as per the ideal time horizon.

#### **9. Can I withdraw my funds at any time?**

- Yes, you can withdraw your profit as per your discretion, provided you maintain the minimum ticket size.

#### **10. How can I monitor my portfolio?**

- The Account Statement as well as the Statement of Holding of your equity portfolio shall be emailed to you on Monthly Basis. At the end of the year you shall also receive an Audited Statement. These reports will have complete details of your portfolio transactions and will help you monitor your portfolio on timely basis.

**11. What are the tax implications of investments in PMS?**

- Under the Portfolio Management Scheme, each transaction scheme will be considered as an independent trade and capital gains will be applied on each depending upon whether the relevant stock was held long term or short term.
- The Portfolio Manager ideally provides audited statement of accounts at the end of the financial year to aid the investor in assessing his / her tax liabilities.
- However, we advise all our clients to consult their tax consultant before filing of their tax returns.

**12. Do you invest in Derivatives (Futures/Options)?**

- Derivative transaction, if done, will only be for hedging purposes (as allowed by SEBI). No speculative position is allowed.

**13. Can I specify investments that I want or don't want to hold?**

- We offer only discretionary portfolio service; hence the discretion to invest lies solely with the portfolio manager. Any securities/ shares handed over as initial portfolio will be aligned to the model.
- However, we do a comprehensive reporting to maintain complete transparency in managing your portfolio. You will receive regular updates and a detailed report on your portfolio, allowing you to track its activity and performance.

**14. Can a NRI avail of Portfolio Management Service?**

- The Portfolio Management Services is open for all Indian nationals, resident or otherwise. NRIs will have to open a PIS Account as required under RBI guideline in order to invest in the PMS scheme.

**15. Does one necessarily have to invest in cash to open a PMS account?**

- A PMS account can be opened with a combination of cash and an existing portfolio of stocks, mutual funds or bonds. However the Portfolio Manager at his own sole discretion shall realign the initial portfolio as per his model portfolio.

**16. Can I meet my portfolio manager and discuss the portfolio?**

- Definitely! Our investors should feel free to request an appointment with us and we will promptly arrange a meeting with our PM to discuss your portfolio or answer other investments related queries.

**17. What are the fees in PMS?**

- Fees can be charged on Fixed basis and on Performance Basis.
- Please contact us for the fee structures on our products. (Email: [pms@wellworthgroup.co](mailto:pms@wellworthgroup.co))

**18. Can I terminate my PMS account?**

In order to terminate your PMS Account kindly intimate us via email. In the event of a full withdrawal, please allow us about 2 weeks for orderly trimming of your stock holdings.

**19. Does the PMS offer any guaranteed returns?**

- Investments in Securities are subject to market and other risks and there is no assurance or guarantee that the objectives of any of the strategies of the Portfolio Management Services (PMS) will be achieved. Investors in PMS are not being offered any guaranteed/assured returns. Past performance of the portfolio manager does not indicate the future performance for any of the strategies.