

PORTFOLIO MANAGEMENT SERVICES

V/S

MUTUAL FUNDS



What is PMS?

Portfolio Management Services (PMS) are professional services provided by financial institutions to manage investments on behalf of clients.

They invest in stocks, fixed income, debt, cash, structured products, and other individual securities, and are managed by professional money manager that can potentially be tailored to meet specific investment objectives.

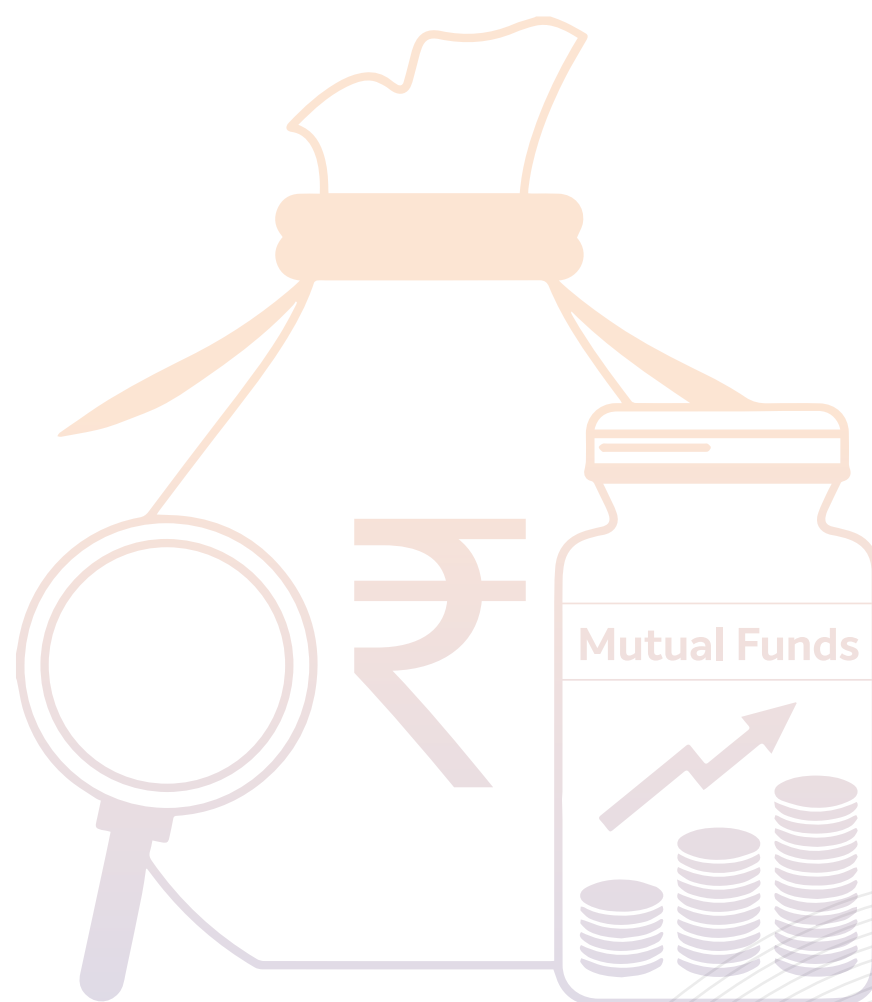
The minimum investment amount required to invest in PMS is ₹50 lakh.



What are Mutual Funds (MFs)?

Mutual funds are investment vehicles that pool money from multiple investors to invest in a diversified portfolio of stocks, bonds, or other assets.

They are managed by professional fund managers who make investment decisions on behalf of the investors. Each investor owns units of the mutual fund, proportionate to their investment, and earns returns based on the fund's performance.

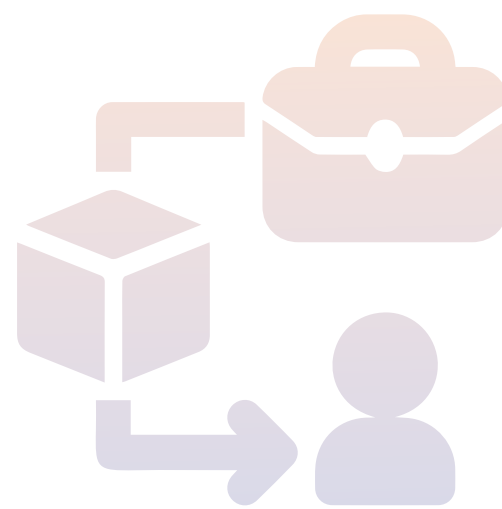


PMS v/s MFs:

Customization

1

PMS offers personalized investment portfolios tailored to individual investors' needs, while mutual funds typically have standardized portfolios that cater to a broader investor base.



2

Investment Options

Mutual funds typically offer a wide range of investment options, including equity funds, debt funds, hybrid funds, and more, catering to various risk profiles and investment objectives. PMS may have more flexibility in terms of investment options, allowing for direct equity investments, structured products, and other specialized strategies.



Minimum Investment

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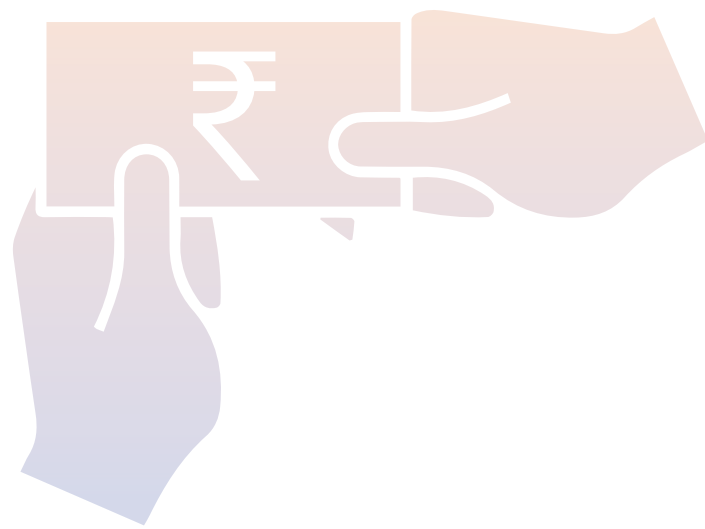
PMS requires a minimum investment of ₹50 lakhs compared to mutual funds which can be started with a minimum investment of ₹500 per month.



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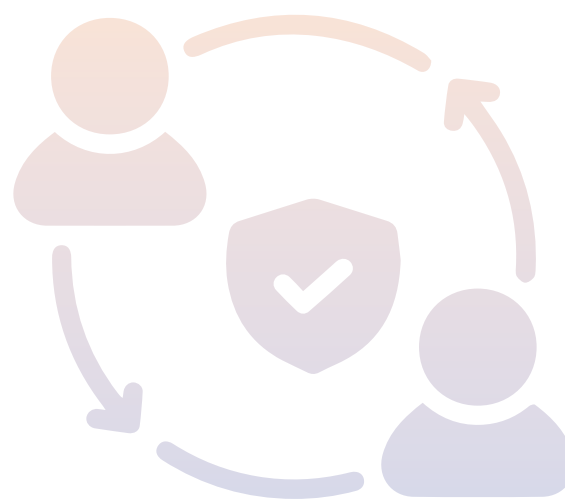
Fees

PMS charges a fee on the AUM or performance delivered by the fund and can range from 1% to 2.5% p.a of AUM. PMS usually charges a fee based on the assets under management (AUM) or performance, while mutual funds typically charge expense ratios that cover management fees and operational expenses.



Management Style 5

In PMS, a dedicated portfolio manager makes investment decisions based on the client's objectives and risk tolerance, offering more flexibility and control. In mutual funds, professional fund managers manage the fund's portfolio according to predefined investment objectives and strategies.



6 Transparency

Mutual funds provide regular disclosures of their holdings and performance in public domain, offering transparency. PMS provides disclosures about the holdings however it is limited only to the investors.



Entry and Exit 7

Mutual funds generally offer daily liquidity, allowing investors to buy or sell their units at NAV (Net Asset Value) prices at the end of each trading day. PMS may have longer lock-in periods, depending on the terms of the agreement between the investor and the portfolio manager.



8 Taxation

Tax implications may differ between PMS and mutual funds based on factors like holding period, type of investment, and applicable tax laws. Investors should consult with tax advisors to understand the tax implications of investing in both options.



Reporting and Communication

9

Mutual funds typically provide regular updates to investors through periodic statements, fact sheets, and annual reports, offering transparency and visibility into the fund's performance and portfolio composition. PMS may provide customized reporting and communication based on the preferences of individual clients, offering a more personalized experience



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