**Portfolio Management Service**

Portfolio Management Service is the most popular service among investors. Most of the brokerage firms and investment advisories offer this service with slight variations. Portfolio management service (PMS) is a 360-degree service for any investor. The service helps investor at each stage of investing and also ensures the profitability. It explains the meaning, process, benefits, disadvantages, and charges of the service in depth. However if you want to explore the best available PMS in India then read [Best PMS Services in India.](https://www.niveza.in/stock-news/pms/best-portfolio-management-services-india?utm_source=niveza&utm_medium=inter_link&utm_campaign=06102018)

* [**What is the Meaning of Portfolio Management Service (PMS)?**](https://www.niveza.in/stock-news/pms/portfolio-management-service-outsource-your-investment-worries#What Is The Meaning Portfolio Management Service (PMS)?)
* [**The process of Portfolio Management**](https://www.niveza.in/stock-news/pms/portfolio-management-service-outsource-your-investment-worries#The process of Portfolio Management)
* [**Types of Portfolio Management Services in India**](https://www.niveza.in/stock-news/pms/portfolio-management-service-outsource-your-investment-worries#Types Of Portfolio Management Services In India)
* [**Objectives of The Portfolio Management Service**](https://www.niveza.in/stock-news/pms/portfolio-management-service-outsource-your-investment-worries#Objectives Of The Portfolio Management Service)
* [**PMS Charges**](https://www.niveza.in/stock-news/pms/portfolio-management-service-outsource-your-investment-worries#PMS Charges)
* [**PMS vs Mutual Funds**](https://www.niveza.in/stock-news/pms/portfolio-management-service-outsource-your-investment-worries#PMS vs Mutual Funds)
* **What is The Meaning Portfolio Management Service (PMS)?**

Before jumping directly to the meaning of the portfolio management services you need to understand what is portfolio management? Portfolio Management is nothing but managing your portfolio investment tactfully, by selecting the best mix of investment options in the right proportion and continuously shifting them in the portfolio. That is why portfolio management is just like cooking the best recipe for your appetite to increase the return on investment and maximize the wealth.

Portfolio Management Service is a process of investment analysis and portfolio management. It's an investment product usually availed by the investors who have high net-worth. It's more of an investment portfolio monitoring for those who can't do it for themselves. The reason this service is special is that it gives the subscriber a complete freedom from the hassles and complexities that are associated with equity investment. Namely, research and analysis of the stock, keeping track of all the business and political activities which can potentially have an impact on your investment. That's too much of work for a working professional.

In PMS, investors virtually have to do nothing and his entire portfolio is managed by investment professionals. These professionals have a thorough understanding of your investment goals and they draw the strategy accordingly. The portfolio manager does all the research of the stocks and takes decisions about the allocation of funds. He/she keeps track of all the activities and keeps the investors informed about developments in the portfolio.

**The Process of Portfolio Management**

The idea of the PMS is that you hand over your portfolio to a person who is equipped with knowledge and skills to execute investment decision on your behalf. In keeping with that theory, the portfolio manager has the full control of the portfolio. However, you have access to your portfolio. You can log in to your demat account any time you want and get the real-time information of your holdings. The most important thing that you need to understand is that the demat and trading account is always in your (subscriber) name. Therefore, the account holder is the sole beneficiary of all the profits, losses, dividends, bonus shares and also liable to taxes that the account incurs.

A best portfolio management service helps you in each level of the investment since from constructing your portfolio to evaluate it periodically. Let's check the process in a detailed manner one by one.

1. **Security Analysis**

It is the very first stage of portfolio creation process, which involves examining the risk factors, as well as the expected returns of individual securities and its viability with the investors risk appetite and financial goals.

1. **Portfolio Analysis**

After identifying the potential stocks or instrument and the respective risk involved, a number of portfolios can be created out of them, which are known as feasible portfolios.

1. **Portfolio Selection**

Out of all these feasible portfolios, the optimal portfolio, which is best suited for the investors according to his needs and goals, is selected.

1. **Portfolio Revision**

Once the portfolio is selected, the portfolio manager and the team of research analysts, keep a close eye on the portfolio, to make sure that no opportunity is missed of earning best returns for the investor.

1. **Portfolio Evaluation**

Here in this stage, the performance of the portfolio is assessed periodically to evaluate the quantitative measurement of the return obtained against the risk involved in the portfolio, for the whole term of the PMS investment. In this phase, if there is a requirement of changes in the portfolio to achieve the specific return expectation the asset allocation is also drifted which in turn helps to achieve the goal within a stipulated period of time.

* **Types of Portfolio Management Services in India**

**Discretionary PMS**

In this type, the full authority of buying, selling and strategizing rests with the service provider. There is no obligation whatsoever on the service provider to consult the investor before taking any decision on his/her behalf. Most of the top PMS in India offer discretionary service.

**Non-discretionary PMS**

In this type, the investor has a say in all the portfolio activities. He/she can give suggestions and ideas to the manager. Though this method gives more liberties to the investors, it defies the purpose of PMS as the professional portfolio manager, despite knowledge and aptitude, has to consult the investor before taking crucial calls. Due to these complications, non-discretionary PMS is considered counterproductive.

* **Objectives of the Portfolio Management Service**

While designing the portfolio as per your need the service provider even keeps in mind the objectives to provide you with the best possible returns.

**Capital Growth**

It is the key objective of the portfolio management service. The stock portfolio manager always looks to provide a good growth in terms of returns for your PMS investment.

**Security of Principal Amount Invested**

The portfolio manager always ensures that the principal amount invested initially should always be maintained. That is the value of the investment should not turn lower than the initial amount invested.

**Portfolio Diversification**

It is one of the most important objectives of the portfolio management service. Providing the proper diversification as per the requirement of the investors is one of the most important aspects for any portfolio manager.

**Consistent Returns**

Consistent Returns are also important for any portfolio management service. The consistent performance is the only key to benefit the client as well as satisfy his financial goals within a specific time.

* **PMS Charges**

The biggest hurdles of opting for portfolio management services are its fees and charges. The fees charged by PMS comprises three components. The upfront fee, management fee, and performance fee. Some of the PMS offer fixed fee also. Lets just understand what all are the charges you incur when you opt for the PMS.

**Entry Load**

Many advisors offering PMS services have an entry load of around 2% to 3 % which is charged at the time of buying the PMS only. This is the initial charge by PMS.

**Management Charges**

Every Portfolio Management Services scheme charges management charges. These are the fund management charges which vary from 1% to 3%. These charges are charged on a quarterly/yearly basis to the PMS account by the service provider.

**Profit Sharing/Performance Fee**

Some PMS schemes have profit sharing arrangements. This is one of the commonly used and charged fees, here the PMS provider charges a certain fixed flat fee and asks for the certain amount of the fees or percentage of profit over the stipulated returns generated against the benchmark.

**Fixed Fee**

It is the flat fee which is charged by the PMS provider to the investors on a monthly, quarterly or yearly basis. This is not a percentage based fee. This fee is decided before availing the PMS by the investors. There are some PMS providers who decide this fee on the basis of the portfolio to be managed or assets or corpus to be handled.

**Exit Load**

It is a fee which is charged by the PMS provider if you redeem the investments before the minimum investment period defined while availing the service. Apart from the fees above, you may also incur brokerage charges each time a security is bought or sold.

With all the above discussion we can summarize the basic conditions of PMS. PMS is an ideal investment tool for High Net worth Individuals (HNI). The reason is the PMS Service is regulated by the stern conditions of SEBI. One of the fundamental conditions is that to subscribe to PMS the investor has to bring at least 5 lakh- 25 lakhs capital or has to have holdings. Generally, only HNIs have such amount sitting idle in their accounts. Thus, instead of keeping the money in fixed return instruments like fixed deposits then opt for PMS which can give far better returns to their money. Motilal Oswal, ShareKhan, SMC Global are at the top of the list of portfolio management services providers in India.

The brokerage and fees structure is altogether different and quite costly. So before going to the decision making level, one needs to check his own eligibility for PMS.

Simple Flat Fee Structure

The complex profit sharing equations can become quite difficult to understand. The simple flat fee structure of p360 allows you to enjoy profits without worrying about the mess of numbers to separate actual profit from gross profit.

Dedicated Equity Dealer

Missing the buying opportunity and subsequently missing out on big profits is a thing of past as in p360 you get the services of dedicated equity dealer to enter and exit all the position that ensures you get what is promised to you - profit.

Performance Guarantee with Zero Brokerage

If you don't see profits in the period of subscription we renew your subscription for free. That's not all, for all your investments in p360 you pay zero brokerage. You heard it right - ZERO BROKERAGE!

**PMS vs Mutual Funds**

It is natural for most of you to think if the PMS is so rewarding then why invest in equity mutual fund at all? That's a valid question. But we have to understand why one invests in mutual funds. The objective of equity mutual fund is to disregard the market cycles and keep on investing a certain amount on a regular basis in a disciplined manner. On the other hand, PMS is more time sensitive. Here the portfolio manager has to directly answer the clients and have to produce good returns regardless of how the markets are behaving. For making money out of markets you always need risk appetite and understanding of the market.