

Managed Accounts

# Frequently Asked Questions



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## About Managed Accounts

### What is Managed Accounts?

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Axis Securities provides Portfolio Management Services, which has been branded as 'Managed Accounts'. Under the Managed Accounts, Axis Securities offers NDPMS and DPMS options to its clients.

### What is NDPMS and DPMS

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NDPMS is a *Non-Discretionary* Portfolio Management Services. The client needs to provide approval for each transaction.

DPMS is *Discretionary* Portfolio Management Services. The discretion of investment is with the Portfolio Manager.

### What are the Key features of Managed Accounts?

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- Professional portfolio management services
- Dedicated fund management team
- Long-term investment approach with active management
- Regular MEMOs and Webinars by the fund management team
- Multiple Strategies to invest, as per the client's specific investment objectives
- Portfolio customization as per client's preference (only for HNI customers)

### Can I have both an Online Trading account and a separate Managed Account with Axis Securities?

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Yes.

### What are the minimum and maximum amounts I can invest?

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**DPMS** - Rs. 50 Lakh and above.

**NDPMS** – Rs. 250 Lakh and above

**Is there any minimum Lock-in Period or Exit Load for investment?**

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There is no Lock-in Period. However, an Exit Load will be charged at 3% for the 1<sup>st</sup> year, 2% for the 2<sup>nd</sup> year, and 1% for the 3<sup>rd</sup> year, applicable on the withdrawal amount. No Exit Load will be levied for the 4<sup>th</sup> year and onwards.

**Can my portfolio returns vary from the model portfolio?**

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There may be some tracking variation in the case of NDPMS (both up and down) on account of a time gap between the final introduction of the script in the model portfolio and your portfolio. Furthermore, it is to be noted that the model portfolio designed by the fund manager does not accommodate individual clients' specific requirements. However, the client's actual portfolio is designed by keeping his/her investment needs in mind and after taking its concurrence in each transaction. These factors may lead to some variation in the client's portfolio returns vis-à-vis the model portfolio.

**Can funds or stocks or both be considered for PMS?**

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Yes.

**Can I have more than 1 strategy?**

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Yes. It is indeed advisable for large investments.

## Features & portfolio services

### What statements/information shall be provided on the portfolio?

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- A. In NDPMS – Investment rationale will be provided and execution of trade will be done post customer approval.
- B. Log in Access
- C. Yearly Balance Sheet and Profit & Loss Statements

### Will trade for each stock recommendation be executed post confirmation by the client for the same?

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Yes for NDPMS. No for DPMS.

### Which product should I chose if I want to opt for transaction-level approval and if I don't want transaction-level approval?

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Consent/confirmation will be required for each recommendation provided to NDPMS clients. Transaction-level approval will not be required for DPMS.

### What alternatives are available/suggested if I don't access my emails often due to time constraints?

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We suggest you opt for DPMS in this case.

### Is it compulsory to buy stocks that are recommended by the NDPMS team?

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No, there is no compulsion and orders will be executed only after customer consent/confirmation. Please note that in the absence of any response from the client - the orders will not be executed.

### Can I ask you to buy a stock that is not in Axis Securities' research coverage?

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Yes, You can. However, the said stock will not be tracked by our PMS team.

### Can shares other than Axis Bank will be considered as corpus for Managed Accounts or is it compulsory to transfer funds from my other Bank account?

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Yes, stocks that are traded in the exchange are considered for activating a Managed Account.

**MANAGED ACCOUNTS****Can I request a dedicated customized portfolio? Or do I need to follow the model portfolio?**

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Thematic Portfolio or Customized Portfolio can be created for Rs 5 Crores and above investment.

**Will the funds provided to the Managed Accounts be deployed immediately? If not, where will the amount be deployed?**

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Funds provided by the client will be invested immediately. However, client may choose investments in a phased manner as well (3 or 6 months). The idle fund will be deployed in the Liquid BEES or Liquid Fund.

**Can I get an Ethical or Sectoral portfolio?**

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Yes.

**What is the portfolio strategy for PMS?**

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The strategy is provided in our detailed presentation. This can help the client understand the detailed philosophy for each portfolio strategy.

**Can Axis Bank shares be provided to form part of the initial Portfolio -****a) With an intention to switch to other stocks?**

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Yes. If the shares are required to be sold in a short period with your discretion.

**b) With an intention to hold for the long term?**

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No, due to conflict concerns, we WON'T be able to provide advice on the Axis Bank shares. However, as fees will still be payable, this is not suggested.

**c) With a view to receiving periodical advice on Axis Bank shares**

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No advice will be provided on Axis Bank shares due to conflict concerns.

## Withdrawals, Fees, Taxes & Charges

### Are profit withdrawals permitted?

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Any withdrawal within the first 3 years will attract the applicable Exit Loads as mentioned above.

### Are partial withdrawal permitted?

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Yes. The client has complete flexibility to make partial withdrawals by paying the applicable Exit Load. However, in the case of the portfolio reducing below Rs 50 Lakh due to withdrawals, the client will be mandated/requested to infuse funds/securities to meet the minimum fund requirements to continue receiving subsequent recommendations/management of accounts.

### What if the portfolio go below Rs 50 Lakh?

#### a) Due to market conditions

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The Portfolio Manager will continue to monitor the Portfolio.

#### b) Due to withdrawals

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The Portfolio Manager will insist customer to infuse fresh funds/securities for providing subsequent management of funds.

#### c) Can I withdraw funds or shares via online mode?

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No. The client need to contact PMS team for withdrawals.

### Are there any taxes applicable on the fees? What charges other than fees are levied?

Yes. Taxes are applicable on the fees and are applicable as per the statutory requirements. Currently (as of 31<sup>st</sup> March 2021), the GST rate applicable on the fees is 18%. Taxes are applicable on the brokerages as well.

### What is the breakup of the FEE debited?

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The Management Fee is charged at 0.625% of AUM per quarter plus GST, calculated using a daily weighted average method and debited at the end of every quarter.

### What is the cost benefit of Portfolio Management in comparison to others?

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A few of the cost benefits notably are:

- No brokerage\*
- No custody or fund accounting charges, and
- No DPAMC.

Additionally, the client benefits from the rebalancing process, as there is no brokerage impact.

\*For pool transactions, the brokerage will be refunded and the rest accounts charged @ 1 paisa per transaction.



## Support

### Who may I contact in case of (a) Performance-related issues; (b) Other issues?

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You may contact the dedicated relationship Manager or Axis Direct customer care.

### Why is my portfolio making losses?

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Kindly note that this is an Equity-linked product and the portfolio may decline due to the short-term volatility in the market. The portfolio investment strategy is designed with an investment horizon of 3 to 5 years and beyond.

### Why am I being charged a FEE even as my portfolio is making losses?

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The Fee is charged is the Management Fee on the AUM managed by the Portfolio Manager. This is an Equity-linked product and the portfolio may decline due to the short-term volatility in the market. The portfolio investment strategy is designed with an investment horizon of 3 to 5 years and beyond.

### Is this a 'Buy & Hold' strategy or 'Active Management' strategy?

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The philosophy of investment is a long-term horizon with active management. Furthermore, no brokerage is charged on the Managed Accounts to ensure benefit to the customer. The rebalancing in the portfolio is due to the defined strategy in the long term and for the benefit of the client with changing market conditions.

## Research

### How often does the portfolio change and how many stocks are added to the portfolio every year?

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This depends on the market conditions and mandates of respective portfolio strategies. The fund management team focuses on identifying new and attractive opportunities in the market by tracking the companies' earnings trajectory. Each strategy will have around 15-20 stocks. A few of the factors prompting portfolio changes are mentioned below:

**1.Fundamental Changes:** There may be an addition/reduction in the Portfolio if there is a fundamental change in the Sector or Stock. For example, if the industry is undergoing challenges, we may reduce weights and re-enter when it becomes attractive. Similarly, if the sector's earnings continue to showcase positive momentum and/or is providing a chance of re-rating, we may continue to buy/hold or increase weights for that particular sector.

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**2.Domestic and Global Developments:** The Portfolio may have new entrants or partial or complete exit from a stock, if there are major developments such as Demonetization, Tax reforms like GST and Covid-19 pandemic, among others. It is critical from the fund management perspective to identify the leaders and remove the laggards.

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**3.Stock addition:** The weight of the particular stock may be increased or new stock from a particular sector may be added to the portfolio if we foresee higher potential in the stock (or sector).

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**4.Complete/Partial Exit:** We may completely or partially exit the stock from the portfolio if it is expected to underperform due to business challenges, weakening fundamentals, etc. or has achieved the target price/reached a higher value band.

### What research process is followed by the fund management team?

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- Proprietary Forensic Research to screen companies
- Proprietary Fundamental Framework for active stock ideas
- High-Frequency indicators and in-house capability of Multi Asset-Multi Strategy
- A quantitative framework to ensure dynamic market alignment

**MANAGED ACCOUNTS****How many strategies do you have?**

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Multiple strategies and then customized strategies (for Rs 5 crores and above investment).

**Do you have an ethical strategy?**

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Yes.

**Do you have a sectoral strategy?**

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Yes

**Is complete customization possible?**

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Yes for Rs 5 crores and above AUM.

**What is your USP?**

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- Personalized approach
- Least costs with zero brokerage except for statutory charges and no custody or fund accounting charges
- Ethical/Sectoral
- Customization
- Only single fee and no multiple cost
- Access to Fund Management team through regular webinar arranged by Fund Management team

**Do you provide a monthly view of your strategy?**

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Yes, we have frequent Memos from our fund Management team.

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