# Investor Charter in Respect of Portfolio Management Services

## A. Vision and Mission Statements for investors.

**Vision:**

To implement diligently researched customized investment strategies which help investors meet their long-term financial goals in a risk appropriate manner.

**Mission:**

To ensure that the PMS industry provides a viable investment avenue for wealth creation by adopting high levels of skill, integrity, transparency and accountability.

## B. Details of business transacted by the organization with respect to the investors.

a. appropriate risk profiling of investors
b. to provide Disclosure Document to investors
c. executing the PMS agreement
d. Making investment decisions on behalf of investors (discretionary) or investment decisions taken at the discretion of the Investor (non-discretionary) or advising investors regarding their investment decisions (advisory), as the case may be.

## C. Details of services provided to investors and estimated timelines:-

i. Discretionary & Non-Discretionary Portfolio Management Services (PMS):-

Under these services, all an investor has to do, is to give his portfolio in any form i.e. in stocks or cash or a combination of both. The minimum size of the portfolio under the Discretionary and/ or Non-Discretionary Funds Management Service

should be Rs.50 lakhs as per the current SEBI Regulations. However, the PMS provider reserves the right to prescribe a higher threshold product-wise or in any other manner at its sole discretion. The PMS provider will ascertain the investor's investment objectives to achieve optimal returns based on his risk profile. Under the Discretionary Portfolio Management service, investment decisions are at the sole discretion of the PMS provider if they are in sync with the investor's investment objectives. Under the Non-Discretionary Portfolio Management service, investment decisions taken at the discretion of the Investor.

ii. Investment Advisory Services: -

Under these services, the Client is advised on buy/sell decision within the overall profile without any back-office responsibility for trade execution, custody of securities or accounting functions. The PMS provider shall be solely acting as an Advisor to the Client and shall not be responsible for the investment/divestment of securities and/or administrative activities on the client's portfolio. The PMS provider shall act in a fiduciary capacity towards its Client and shall maintain arm's length relationship with its other activities. The PMS provider shall provide advisory services in accordance with guidelines and/or directives issued by the regulatory authorities and/or the Client from time to time in this regard.

iii. Client On-boarding

a. Ensuring compliance with KYC and AML guidelines.
b. franking & signing the Power of Attorney to make investment decisions on behalf of the investor.
c. opening demat account and funding of the same from the investor's verified bank account and/or transfer of securities from verified demat account of the investor and
d. Mapping the said demat account with Custodian.

iv. Ongoing activities

a. To provide periodic statements to investors as provided under the PMS Regulations 2020 and other SEBI notifications and circulars ("PMS Regulations") and

b. Providing each client an audited account statement on an annual basis which includes all the details as required under the PMS Regulations.

v. Fees and Expenses

Charging and disclosure of appropriate fees & expenses in accordance with the PMS Regulations.

vi. Closure and Termination

Upon termination of PMS Agreement by either party, the securities and the funds lying in the account of the investor shall be transferred to the verified bank account/ demat account of the investor.

vii. Grievance Redressal

Addressing in a time bound manner investor's queries, service requests and grievances, if any, on an ongoing basis.

Timelines of the services provided to investors are as follows:

| Sr. No. | Service / Activity | Timeline |
|---|---|---|
| 1 | Opening of PMS account (including demat account) for residents. | 7 days from receipt of all requisite documents from the client, subject to review of the documents for accuracy and completeness by portfolio manager and allied third party service providers as may be applicable. |
| 2 | Opening of PMS account (including demat account) for non-individual clients. | 14 days from receipt of all requisite documents from the client, subject to review of the documents for accuracy and completeness by portfolio manager and allied third party service providers as may be applicable. |
| 3 | Opening of PMS account (including demat account, bank account and trading account) for non-resident clients. | 14 days from receipt of all requisite documents from the client, subject to review of the documents for accuracy and completeness by portfolio manager and allied third party service providers as may be applicable. |
| 4 | Registration of nominee in PMS account and demat account. | Registration of nominee should happen along with account opening, therefore turnaround time should be same as account opening turnaround time. |
| 5 | Modification of nominee in PMS account and demat account. | 10 days from receipt of requisite nominee modification form, subject to review of the documents for accuracy and completeness by portfolio manager and allied third party service providers as may be applicable. |

| Sr. No. | Service / Activity | Timeline |
|---|---|---|
| 6 | Uploading of PMS account in KRA and CKYC database. | 10 days from date of account opening (Portfolio Manager may rely on the custodian for updating the same). |
| 7 | Whether portfolio manager is registered with SEBI, then SEBI registration number. | At the time of client signing the agreement; this information should be a part of the account opening form and disclosure document. |
| 8 | Disclosure about latest networth of portfolio manager and total AUM. | Disclosure of portfolio manager's total AUM - monthly to SEBI<br>Disclosure of latest networth should be done in the disclosure document whenever there are any material changes. |
| 9 | Intimation of type of PMS account – discretionary. | At the time of client signing the agreement; this information should be a part of the account opening form. |
| 10 | Intimation of type of PMS account - non discretionary. | At the time of client signing the agreement; this information should be a part of the account opening form. |
| 11 | Intimation to client what discretionary account entails and powers that can be exercised by portfolio manager. | At the time of client signing the agreement; this information should be a part of the account opening form. |
| 12 | Intimation to client what non-discretionary account entails and powers that can be exercised by portfolio | At the time of client signing the agreement; this information should be a part of the account opening form. |

| Sr. No. | Service / Activity | Timeline |
|---|---|---|
| | manager. | |
| 13 | Copy of executed PMS agreement sent to client. | Within 3 days of client request. |
| 14 | Frequency of disclosures of available eligible funds. | All details regarding client portfolios should be shared quarterly (point 26). |
| 15 | Issuance of funds and securities balance statements held by client. | This data should be shared on a quarterly basis or upon client request. |
| 16 | Intimation of name and demat account number of custodian for PMS account. | Within 3 days of PMS and demat account opening. |
| 17 | Conditions of termination of contract. | At the time of client signing the agreement; this information should be a part of the account opening form. |
| 18 | Intimation regarding PMS fees and modes of payment or frequency of deduction. | At the time of client signing the agreement; this information should be a part of the account opening form. |
| 19 | POA taken copy providing to client. | Within 3 days of client request. |
| 20 | Intimation to client about what all transactions can portfolio manager do using PoA. | At the time of client signing the agreement; this information should be a part of the account opening form. |
| 21 | Frequency of providing audited reports to clients | Annual. |
| 22 | Explanation of risks involved in investment. | At the time of client signing the agreement; this information should be a part of the account opening form. |

| Sr. No. | Service / Activity | Timeline |
|---|---|---|
| 23 | Intimation of tenure of portfolio investments. | Indicative tenure should be disclosed at the time of client signing the agreement; this information should be a part of the account opening form. |
| 24 | Intimation clearly providing restrictions imposed by the investor on portfolio manager. | Negative list of securities should be taken from the client at the time of client signing the agreement; this information should be a part of the account opening form. |
| 25 | Intimation regarding settling of client funds and securities. | Settlement of funds and securities is done by the Custodian. The details of clients' funds and securities should be sent to the clients in the prescribed format not later than on a quarterly basis. |
| 26 | Frequency of intimation of transactions undertaken in portfolio account. | Not later than on a quarterly basis or upon clients' request. |
| 27 | Intimation regarding conflict of interest in any transaction. | The portfolio manager should provide details of related party transactions and conflict of interest in the Disclosure Document which should be available on website of portfolio manager at all times. |
| 28 | Timeline for providing disclosure document to investor. | The latest disclosure document should be provided to investors prior to account opening and the latest disclosure documents should be available on website of portfolio manager at all times. |
| 29 | Intimation to investor about | Within 3 days of PMS and demat account |

| Sr. No. | Service / Activity | Timeline |
|---|---|---|
| | details of bank accounts where client funds are kept. | opening |
| 30 | Redressal of investor grievances. | Within 21 days, subject to all the information required to redress the complaint is provided by the complainant to the portfolio manager |

**Notes:**

1 The number of days in the above timelines indicate clear working days

**D. <u>Details of grievance redressal mechanism and how to access it</u>**

1. It is mandatory for every PMS provider to register itself on SEBI SCORES (SEBI Complaint Redress System). SCORES is a centralised online complaint resolution system through which the complainant can take up his grievance against the PMS provider and subsequently view its status. (https://scores.gov.in/scores/Welcome.html )
2. The details such as the name, address and telephone number of the investor relations officer of the PMS provider who attends to the investor queries and complaint should be provided in the PMS Disclosure document.
3. The grievance redressal and dispute mechanism should be mentioned in the Disclosure Document.
4. Investors can approach SEBI for redressal of their complaints. On receipt of complaints, SEBI takes up the matter with the concerned PMS provider and follows up with them.
5. Investors may send their complaints to: Office of Investor Assistance and Education, Securities and Exchange Board of India, SEBI Bhavan. Plot No. C4-A, 'G' Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.

## E. Expectations from the investors (Responsibilities of investors)

1. Check registration status of the intermediary from SEBI website before availing services.
2. Submission of KYC documents and application form in a timely manner with signatures in appropriate places and with requisite supporting documents.
3. Read carefully terms and conditions of the agreement before signing the same.
4. Thorough study of the Disclosure Documents of the PMS to accurately understand the risks entailed by the said investment in PMS.
5. Accurate and sincere answers given to the questions asked in the 'Risk Questionnaire' shall help the PMS provider properly assess the risk profile of the investor.
6. Thorough study of the quarterly statements sent by the PMS provider to the investor intimating him about the portfolio's absolute and relative performance, its constituents and its risk profile.
7. Ensure providing complete details of negative list of securities as part of freeze instructions at the time of entering into PMS agreement and every time thereafter for changes, if any, in a timely manner.
8. To update the PMS provider in case of any change in the KYC documents and personal details and to provide the updated KYC along with the required proof.