

## PMS FAQs

### 1. What is Portfolio Management Services (PMS)?

A Portfolio Management Service (PMS) is a customized professional service provided by a professional Fund Manager for wealth creation. It caters to the investment needs of high net worth individuals or entities. An investor in PMS owns individual securities unlike a mutual fund investor, who owns units of the entire fund.

PMSs are of three categories:

**Discretionary PMS:** In case of Discretionary PMS the investment decisions rests solely with the Fund Manager.

**Non-discretionary PMS:** In case of Non-discretionary PMS the Fund manager manages the funds in accordance with the directions of the investor. The Trades are carried out by the Fund Manager /Portfolio Manager however the investment decision rests solely with the Investor.

**Advisory:** As the name suggests, under this service, the portfolio manager suggests/advises the investment options to the Investor. The choice as well as the execution of the investment decisions rest solely with the investor

### 2. Who can offer PMS?

PMS is offered by entities that are registered with SEBI. **Carnelian is a SEBI registered Portfolio Manager.**

### 3. What are the different PMS products offered by Carnelian?

Carnelian offers: Discretionary PMS, Non-Discretionary PMS and Advisory Services as well

### 4. Who can invest in Carnelian PMS?

- Resident Individuals
- Hindu Undivided Families (HUF)
- Body Corporates (Private / Public)
- Trusts
- Partnership Firms or any other eligible investor
- Non-Resident Indians (NRI)\*

*\*NRIs have to open a PIS account (Portfolio Investment Scheme) mandatorily.*

### 5. Under what name are the Investments made?

- For Resident Investors, the dealing in stocks is done at a Pool/collective level however the same is then segregated at investor level and eventually the stocks are credited to the end investors demat account. And that is why a separate Demat account needs to be opened by every PMS investor. Though we may have different Schemes/ Strategies under which investments will be categorized, but the securities are held in investors name in his/her demat account at the end. NO need for a separate Bank account.
- For NRI investors, a separate Demat account, Trading account and a Separate PIS (Portfolio Investment Scheme) Account has to be opened, as required under RBI guidelines in order to invest in the PMS scheme.

## 6. How can one invest in Carnelian PMS?

Investing in PMS requires a Demat account. Carnelian has collaborated with **Edelweiss Custodial Services Limited** for their services as a Custodian. Edelweiss takes care of opening of demat account for all our investors.

For opening a Demat account the investor has to provide basic KYC documents like:

- ID proof (PAN mandatory)
- Address proof
- Bank Proof
- *If the investor is already KYC/CKYC compliant, then there is no need of ID or Address proof to be provided, just the PAN details / CKYC number will be required to fetch the documents from the KYC portal.*
- *If the investor is not KYC/CKYC compliant, then an In-Person Verification (IPV) has to be done. This is done by the Authorised Employee of Carnelian by meeting the investor personally and verifying his Original KYC documents.*

Further there would be an Application, Investment Management Agreement and a Power of Attorney that the investor will have to sign and provide along with the KYC documents. **Carnelian representative shall be assisting in the complete account opening process which is hassle free.**

## 7. What is the minimum investment amount / ticket size in PMS

The minimum investment amount in PMS is 50,00,000/- (Rupees Fifty Lakhs) however there is no Maximum limit.

## 8. How can an investor provide the Investment amount/Corpus?

- **Funds/ Cheque** : The investor can invest with us via Funds by providing cheque or doing an online fund transfer. Cheque to be in favour of / Transfer to be done in the **Pool account** of the particular scheme of the PMS that will be provided by us.

OR

- **Stock Transfer** : The investor can provide the existing portfolio of stocks to us.

OR

- **Combination of Funds and Stocks** : The investor has an option of providing partial funds and partial stocks for investment purpose

**\* The above options should meet the minimum ticket size criteria**

## 9. Is third party payment allowed for investment in PMS?

Yes. **Funds/cheque** can be provided from an account of Third party however the holders/applicants in PMS has to be one of the holders/applicants in that particular Bank account from where the funds are being provided.

Few examples given below for reference:

PMS Account Holding pattern	Bank Account Holding Pattern	Acceptability	Remarks
<b>A</b>	<b>A</b>	✓	
A	B	✗	Vice-Versa also not allowed
<b>A + B</b>	<b>B + A</b>	✓	Vice-Versa allowed
A + <b>B</b>	<b>B</b> + C	✓	Vice-Versa allowed
<b>A + B + C</b>	<b>A + C</b>	✓	
A + B	C + D	✗	Vice-Versa also not allowed

However, in case of **Stock transfer**, the stocks are to be received from the Demat account with the same holding pattern as in the PMS account. No Third-party stocks can be accepted.

**10. Can an investor bring in additional Funds/ Stocks later?**

Yes. Investor can provide the additional funds/stocks anytime during the tenure of the PMS.

**11. How is dividend on stocks treated?**

The dividend is reinvested in the investor's portfolio. Details of the same are reflected in the Corporate action statement provided.

**12. Is premature withdrawal/Redemption of Funds/securities allowed. If yes are there any charges?**

Yes partial withdrawal from the portfolio is allowed however, the partial withdrawal can be to an extent of maintaining the minimum threshold of Rs. 50 Lakhs.

Further there would be an Exit Fee charged as follows:

Redemption	Exit Fees
If redeemed before 12 months from the date of Funding the account	3% of the Redemption amount will be charged
If redeemed before 24 months from the date of Funding the account	2% of the Redemption amount will be charged
If redeemed before 36 months from the date of Funding the account	1% of the Redemption amount will be charged

**13. What are the Fees/ Charges for Carnelian PMS?**

Carnelian PMS offers various options (Fixed Fee and Variable Fee structures) to an investor in different investment brackets, as mentioned below:

Investment Amount	INR 50 Lakhs to 5 Crores		INR 5 Crores To 15 Crores		INR 15 Crores and Above		INR 50 Lakhs and Above
	Fixed	Semi Variable	Fixed	Semi Variable	Fixed	Semi Variable	Fully Variable
Plan	A 1	B1	A 2	B 2	A 3	B 3	C
<b>Annual Fixed Fees (% of AUM)</b>	2.25%	1.50%	2.00%	1.35%	1.75%	1.10%	-
<b>Hurdle Rate* (Annual)</b>	-	10%	-	10%	-	10%	-
<b>Performance Fees (% above hurdle rate)</b>	-	15%	-	15%	-	15%	20%

**Fixed Fee:** Fixed fee is charged on the Average Daily Net Asset Value (NAV) of the Portfolio. This is accrued daily and charged monthly by debiting the investor's portfolio.

**Semi Variable Fee:** This is charged on returns only over and above the Hurdle Rate

**Performance Fee:** Performance Fees is without catchup and is charged after 3 years or at the time of exit, whichever is earlier

\**Hurdle Rate* is the minimum amount of profit that a PMS needs to earn before it can charge a Variable Fee / Profit-sharing fee.

**14. Are there any other charges?**

Apart from the above charges, there are certain Back-end Operational Charges and Incidental Charges which includes but not restricted only to stamp duties, registration charges, brokerage, STT audit charges, , custody & fund accounting charges, etc and such other expenses duties, charges incurred on behalf of the Investor on account of the Service provided to him/her.

**15. Is there an indicative or guaranteed return on the investment?**

Portfolio manager cannot offer/ promise indicative or guaranteed returns to investors as per the SEBI guidelines.

**16. Is there a lock-in period for the investment?**

As per SEBI guidelines a Portfolio manager cannot impose a lock-in on the investment of their investors. However, there are certain exit fees applicable on early exit, as laid down above.

**17. How can an Investor monitor the performance of the portfolio?**

To ensure complete transparency of the investors account, Carnelian has a process of sending a set of reports to all the investors on a monthly basis on their registered email id.

Following Reports that are emailed:

- Portfolio Holding Statement
- Portfolio Performance Statement
- Transaction Statement
- Capital Gain/Loss Statement
- Corporate Action Statement

Further any ad hoc requests for any reports by the investors are also welcome.

**18. Does Carnelian take care of Taxation for PMS investments of its investors?**

Carnelian 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 investors to kindly consult their tax consultant before filing of their tax returns.

**19. Where can an Investor raise queries or concerns on the investments in Carnelian PMS?**

The investor can contact the Compliance Officer/ Investor Relations Officer of the Fund as mentioned below:

**Name : Tanay Patni (Compliance Officer)**

**Contact: +91-22-66914023**

**Email : [info@carneliancapital.co.in](mailto:info@carneliancapital.co.in)**

**20. Where can an investor look out for information on portfolio managers?**

Investors can log on to the website of SEBI [www.sebi.gov.in](http://www.sebi.gov.in) for information on SEBI regulations and circulars pertaining to portfolio managers. Addresses of the registered portfolio managers are also available on the website.

**21. How can the investors redress their complaints?**

SEBI has a web based centralized grievance redress system called SEBI Complaint Redress System (SCORES) at <http://scores.gov.in> where investors can lodge their complaints against PMS entity. All complaints received by SEBI against listed companies and SEBI registered intermediaries are dealt through SCORES.

Alternatively, 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