A Project Report on

"A STUDY OF PORTFOLIO MANAGEMENT SERVICES OF MOTILAL OSWAL FINANCIAL SERVICES LTD."

Submitted to:
DMSR
G.S. College of Commerce and Economics, Nagpur
(An Autonomous Institution)

In partial fulfillment for the award of the degree of
Master of Business Administration

Submitted by:

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Under the Guidance of:
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Academic Year 2022-2023

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CERTIFICATE

This is to certify that **GARGI SHARMA** has submitted the project report titled, **"A STUDY OF PORTFOLIO MANAGEMENT SERVICES OF MOTILAL OSWAL FINANCIAL SERVICES LTD."** towards the partial fulfillment of **MASTER OF BUSINESS ADMINISTRATION** degree Examination. This has not been submitted for any other examination and does not form part of any other course under gone by the candidate.

It is further certified that she has ingeniously completed her project as prescribed by **DMSR, G. S. College of Commerce and Economics, Nagpur, (NAAC Reaccredited "A" Grade Autonomous Institution)** affiliated to **Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur.**

Dr. Afsar Sheikh — **Dr. Sonali Gadekar**

(Project Guide) — **(Co-Ordinator)**

Place: Nagpur
Date: 25/06/2023

Department of Management Sciences and Research,
G.S. College of Commerce & Economics, Nagpur
NAAC Accredited “A” Grade Institution

Academic Year 2022-2023

DECLARATION

I here-by declare that the project with title **“A STUDY OF PORTFOLIO MANAGEMENT SERVICES OF MOTILAL OSWAL FINANCIAL SERVICES LTD.”** has been completed by me in partial fulfillment of **MASTER OF BUSINESS ADMINISTRATION** degree examination as prescribed by **DMSR, G.S. College of Commerce and Economics, Nagpur, (NAAC Reaccredited "A" Grade Autonomous Institution)** affiliated to Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur and this has not been submitted for any other examination and does not form the part of any other course undertaken by me.

Place: Nagpur **GARGI SHARMA**

Date: 25/06/2023

Department of Management Sciences and Research,
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ACKNOWLEDGEMENT

With immense pride and sense of gratitude, I take this golden opportunity to express my sincere regards to **Dr. Swati Kathaley,** Principal, G.S. College of Commerce& Economics, Nagpur.

I am extremely thankful to my Project Guide **Dr. Afsar Sheikh** for her guidance throughout the project. I tender my sincere regards to the Coordinator, **Dr. Sonali Gadekar** for giving me guidance, suggestions and invaluable encouragement which helped me in the completion of the project.

I will fail in my duty if I do not thank the non-Teaching staff of the college for their Co-operation.

I would like to thank all those who helped me in making this project complete and successful.

Place: Nagpur **GARGI SHARMA**

Date: 25/06/2023

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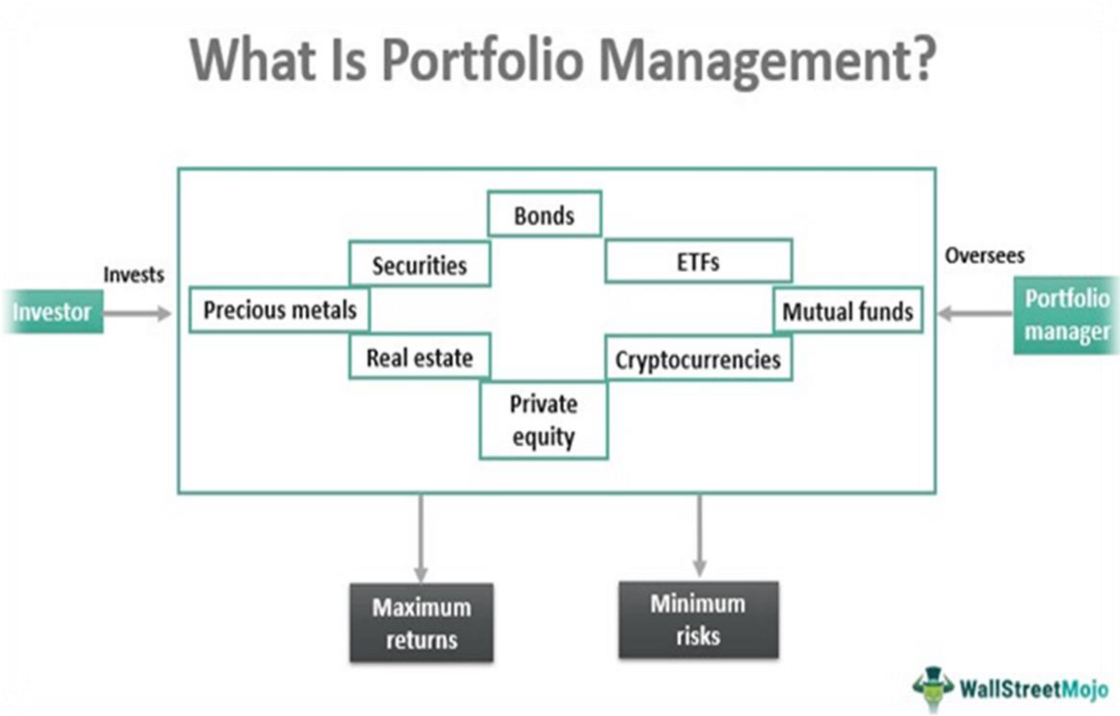
Introduction

1.1 Portfolio management

- Portfolio management is the art and science of selecting and overseeing a group of investments that meet the long-term financial objectives and risk tolerance of a client, a company, or an institution.
- Some individuals do their own investment portfolio management. That requires a basic understanding of the key elements of portfolio building and maintenance that make for success, including asset allocation, diversification, and rebalancing.
- Investors can implement strategies to aggressively pursue profits, conservatively attempt to preserve capital, or a blend of both.
- Portfolio management requires clear long-term goals, clarity from the IRS on tax legislation changes, understanding of investor risk tolerance, and a willingness to study investment options.
- Portfolio management refers to managing an individual's investments in the form of bonds, shares, cash, mutual funds etc. so that he earns the maximum profits within the stipulated time frame.
- Portfolio management refers to managing money of an individual under the expert guidance of portfolio managers.
- In a layman's language, the art of managing an individual's investment is called as portfolio management.


What Is Portfolio Management?
Investor
Invests
Bonds
Securities
ETFs
Precious metals
Mutual funds
Real estate
Cryptocurrencies
Private equity
Oversees
Portfolio manager
Maximum returns
Minimum risks
WallStreetMojo

TYPES OF PORTFOLIO MANAGEMENT

Active portfolio management:

Active Portfolio Management focuses on generating higher returns than a benchmark index like the Nifty 50 or the BSE Sensex.

The portfolio manager actively manages the investment portfolio, and the research team picks the requisite securities.

Investors who have a higher risk appetite and seek higher capital gains opt for Active Portfolio Management. The portfolio manager selects undervalued stocks and sells them at a higher price when they realize their true potential.

Moreover, the portfolio manager diversifies the portfolio across investment options to mitigate investment risk.

Passive Portfolio Management:

Passive Portfolio Management involves mimicking the performance of a market index such as the Nifty 50.

The fund manager tracks and replicates the stock market index portfolio to give investors returns in line with the index it tracks.

Passive Portfolio Management focuses on index funds which are mutual funds that mimic market index portfolios.

Moreover, the Passive Portfolio Management strategy involves lower transaction costs as the portfolio manager doesn’t churn the portfolio frequently compared to Active Portfolio Management.

Discretionary Portfolio Management:

The Discretionary Portfolio Management Services portfolio manager has complete control over the portfolio and can adopt any strategy to achieve investment objectives.

Investment Decisions are entirely at the portfolio manager's discretion, and the clients don't have much of a say in investment decisions.

Non-Discretionary Portfolio Management:

Under Non-Discretionary Portfolio Management Services, the portfolio manager gives investment ideas. However, clients decide whether to take up these investment ideas while the execution of trades rests with the portfolio manager.

In Non-Discretionary Portfolio Management Services, the fund manager suggests investment strategies and works according to the direction given by the client.

OBJECTIVES OF PORTFOLIO MANAGEMENT

- Capital appreciation
- Improving portfolio flexibility and proficiency
- Maximizing return on investment
- Optimal resource allocation
- Protecting earnings from market hazards
- Risk management
- Securing future
- Long-term financial planning

Need for Portfolio Management

- Portfolio management presents the best investment plan to the individuals as per their income, budget, age and ability to undertake risks.
- Portfolio management minimizes the risks involved in investing and also increases the chance of making profits.
- Portfolio managers understand the client's financial needs and suggest the best and unique investment policy for them with minimum risks involved.
- Portfolio management enables the portfolio managers to provide customized investment solutions to clients as per their needs and requirements.

PROCESS OF INVESTMENT PORTFOLIO MANAGEMENT

WAYS OF PORTFOLIO MANAGEMENT

Several strategies must be implemented to ensure sound investment portfolio management so that investors can boost their earnings and lower their risks significantly.

Asset allocation

Essentially, it is the process wherein investors put money in both volatile and non-volatile assets in such a way that helps generate substantial returns at minimum risk. Financial experts suggest that asset allocation must be aligned as per investor's financial goals and risk appetite.

Diversification

The said method ensures that an investors' portfolio is well-balanced and diversified across different investment avenues. On doing so, investors can revamp their collection significantly by achieving a perfect blend of risk and reward. This, in turn, helps to cushion risks and generates risk-adjusted returns over time.

Rebalancing

Rebalancing is considered essential for improving the profit-generating aspect of an investment portfolio. It helps investors to rebalance the ratio of portfolio components to yield higher returns at minimal loss. Financial experts suggest rebalancing an investment portfolio regularly to align it with the prevailing market and requirements.

PORTFOLIO MANAGEMENT STRATEGIES

Aggressive: An aggressive portfolio prioritizes maximizing the potential earnings of the portfolio. Often invested in riskier industries or unproven alternative assets, an investor may not care about losses. Instead, the investor is looking for the "home run" investment by striking it big with a single investment.

Conservative: On the other hand, a conservative portfolio relates to capital preservation. Extremely risk-adverse investors may adopt a portfolio management strategy that minimizes growth but also minimizes the risk of losses.

Moderate: A moderate portfolio management strategy would simply blend an aggressive and conservative approach.

Income-Orientated: Often a consideration for older investors, some folks who do not have income may rely on their portfolio to generate income that can be used to live off. This strategy priorities fixed-income securities or equities that issue dividends.

Tax-Efficient: As discussed above, investors may be inclined to focus primarily on minimizing taxes, even at the expense of higher returns. This may be especially important for high-earners who are in the highest capital gains tax bracket.

1.2 PORTFOLIO MANAGEMENT SERVICES

Portfolio management services or PMS offer customized investment solutions to investors to help them attain their financial goals.

Portfolio management services construct investment portfolios across various investment options, and portfolio managers take care of the investment portfolio.

Portfolio management services help investors maximize returns over time by focusing on the time horizon, risk profile and investment objectives.

Many High-Net worth Individuals (HNIs) opt for portfolio management services as tailor-made portfolios are constructed after considering investment horizon, risk tolerance, liquidity, and taxation. Moreover, entities offering PMS services must be registered with SEBI, eliminating fraud and malpractices.

Portfolio management services are popular among HNIs, HUFs, partnership firms, NRIs, Association of Persons, and Sole Proprietorships etc. Portfolio management services specify a minimum ticket size for investor portfolios.

REASONS TO OPT FOR PORTFOLIO MANAGEMENT SERVICES

BENEFITS OF PORTFOLIO MANAGEMENT SERVICES

Expert opinion on your investment: One of the primary benefits of using a Portfolio Management Service is that your investment is in the hands of professionals. The portfolio managers assigned to you are experts in their field and understand how to deal with market volatility.

Customized investment plans: The portfolio managers customize investment strategies based on your financial objectives. They then modify the strategy based on your income, budget, risk tolerance, and age.

Efficient risk management: A portfolio manager's primary goal is to reduce the risk of your investment while increasing the returns. They focus on diversifying the risk involved so that you do not suffer a loss when market trends change.

Regular monitoring: A portfolio manager will keep a close eye on the performance of each asset and the returns generated regularly. Based on this analysis, your investment is altered to meet your financial objectives.
The Portfolio Management Service allows you to sit back, relax, and reap benefits from your investments.

INTRODUCTION

2.1 COMPANY

Motilal Oswal Financial Services Limited is an Indian financial services company offering a range of financial products and services. The company was founded by Motilal Oswal and Ramdeo Agrawal in 1987.

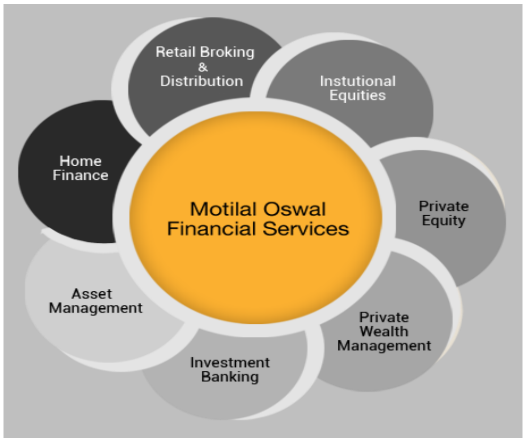
Motilal Oswal Financial Services Ltd (MOFSL) was set up by Motilal Oswal and Ramdeo Agrawal as a broking house in 1987.

The company entered into investment banking in 2005, followed by private equity fund in 2006.

In February 2006, Motilal Oswal Financial Services Ltd.

- Motilal Oswal – Co-founder, MD & CEO of MOFSL
- Ramdeo Agrawal – Co-founder & Chairman of MOFSL & MOAMC
- Navin Agarwal – MD & CEO, MOAMC
- Abhijit Tare – CEO, Investment Banking Business

Motilal Oswal provides products and services related to equity trading, commodity trading and investment advisory services, IPOs and SIPs investment, portfolio management services, and mutual funds investment. Today, we are a multi-faceted financial services company with a presence in over 550 cities through 2500+ business locations; ably managed by a team of over 9,800 employees. This network of business locations coupled with people across business units and a diverse range of financial expertise works synergistically to provide a host of products and services across Retail and Institutional Broking, Private Wealth, Investment Banking, Private Equity, Asset Management and Home Finance. All these businesses are headquartered in a single location at Motilal Oswal Tower, Mumbai to provide sharing and synergy of knowledge under one roof.



VISION

To achieve excellence in all our endeavors while delivering superior value to stakeholders & delighting them.

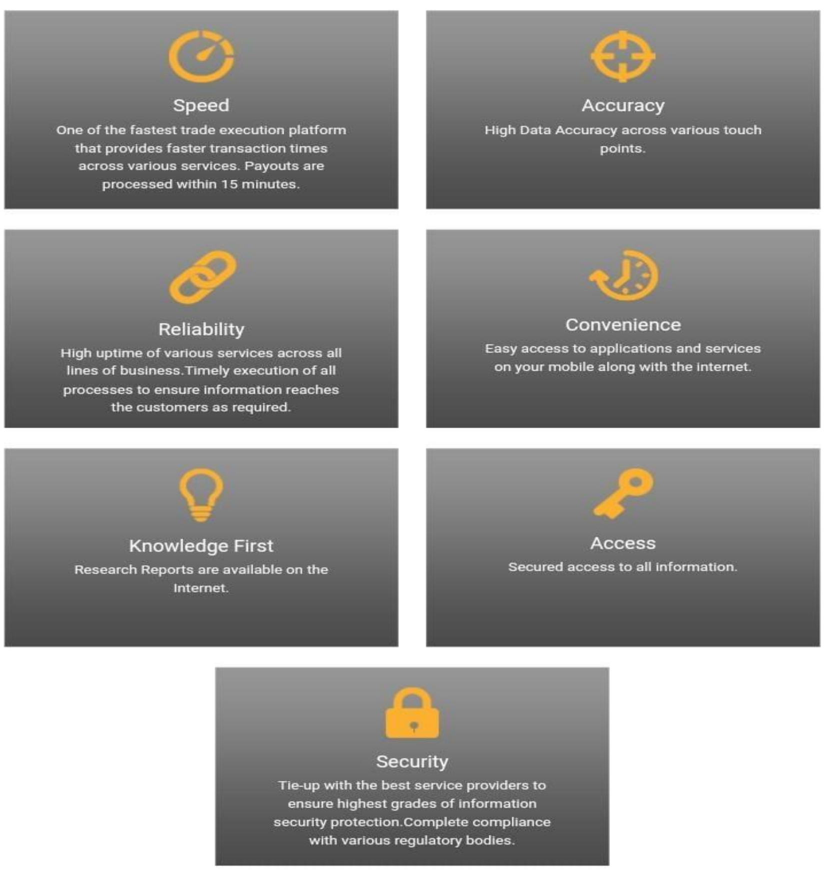
MISSION

Invest all resources and energies in delivering high quality Products and services through Innovation, capability, Enhancement & people Initiatives, based on the foundation of our core values.

2.2 SERVICES OFFERED BY COMPANY

Motilal Oswal, strives hard to connect with customers beyond transactions and help them achieve their personal goals. What makes this approach possible is a set of robust technologies through which customers can not only transact conveniently from various platforms, but also have easy access to all our products & services.

- Broking & Distribution. Our Broking and Distribution business helps retail customers take informed investment decisions with a strong. ...
- Asset Management. India's only 100% equity fund house with a defined investing philosophy. ...
- Private Wealth. ...
- Home Finance. ...
- Institutional Equities. ...
- Private Equity. ...
- Investment Banking.



RESEARCH METHODOLOGY

3.1 Sources of data collection

Primary Data:

Primary Data Was Collected Through Questionnaire Refer to The Appendix for The Data

Secondary Data:

- Secondary Sources Through
- Internet
- Company Website
- Articles
- Newspapers
- Books

Sample design

Sample size – 150 samples

The sample size consists of clients of Motilal Oswal financial services limited.

- Clients having PMS account

3.3 NEED OF THE STUDY

- To know the best investments plans for investors through PMS according to their age, income and risk appetite.
- To know about the various role and functions of a portfolio manager.
- To identify the tax benefits through good portfolio management services.
- To know why diversification of securities is essential in portfolio management services.
- To identity the satisfaction level of clients from the portfolio management services of Motilal Oswal Financial Services.
- To know the feedbacks and thoughts of investors with regard to the portfolio management services.

3.4 OBJECTIVES OF THE STUDY

- To make a detailed study on the overall concepts of the portfolio management.
- To identify the services at Motilal Oswal Financial Services ltd.
- To identify the risk taking capacity of individuals
- To understand how investment decisions and asset allocation is done according to type of investor.
- To understand the occupational class of investors that are more inclined towards PMS.

HYPOTHESIS

THERE IS SIGNIFICANT RELATIONSHIP BETWEEN RISK AND RETURN.

3.5 SCOPE OF THE STUDY

- To understand the clients / investors' objective, constraints and preferences.
- To make revisions in the portfolios in accordance to market situations, investors goals, etc.
- To offer complete transparency to investors with the transactions and profits made through investments at Motilal PMS.
- To provide the best of the portfolio and financial services to the clients of Motilal Oswal.

LIMITATIONS OF THE STUDY

- The data collected is basically confined to secondary sources, with little amount of primary data associated with the project.

- The information collected may not be fully trustworthy or relevant, since the data collected is secondary.

- The data/ information collected for the project is in reference to only one Portfolio Management Financial Services.

- There is a high risk of underperformance of investors' portfolios due markets complex and dynamic nature or due to portfolio manager's decisions or predictions.

- There is constraint with regard to time allocated for the project study.

LITERATURE REVIEW

Jamadar Lal (1992) presents a profile of Indian investors and evaluates their investment decisions. He made an effort to study their familiarity with, and comprehension of financial information, and the extent to which this is put to use. The information that the companies provide generally fails to meet the needs of a variety of individual investors and there is a general impression that the company's Annual Report and other statements are not well received by them.

Jack Clark Francis (1986) revealed the importance of the rate of return in investments and reviewed the possibility of default and bankruptcy risk. He opined that in an uncertain world, investors cannot predict exactly what rate of return an investment will yield. However, he suggested that the investors can formulate a probability distribution of the possible rates of return.

New academic portfolio theory is an extension of traditional portfolio advice first posited by Markowitz (Journal of Finance, 1952). The traditional advice suggests a "two-fund theorem" that allocates between risk-free bonds and a broad-based passively managed stock fund. The most efficient portfolios, those on the mean-variance frontier, can be formed by combining those two asset classes. Tailoring portfolios by adding style-based asset classes is inefficient because each of these classes lies on or inside the frontier. Therefore, every investor needs to hold only the two basic asset classes, with risk aversion determining the proportions.

John H. Cochrane

Economic Perspectives, Federal Reserve Bank of Chicago, vol. 23, no. 3 (Third Quarter 1999):59-78

Investors today face numerous and often bewildering investment decisions. Investors used to have fairly straightforward choices to make, selecting among managed mutual funds, index funds, and expensive trading in a personal account. Today, a wide variety of styles exist among funds, active managers offer customized and complex strategies, and inexpensive online trading is widely available. The author reviews these issues and addresses how they affect asset allocation decisions, particularly in multifactor models. He also examines return predictability and describes how the stock market acts as a large insurance market by facilitating the transfer of risk among investors.

here are numerous methods for valuing equity securities; including methods more heavily employed before the advent of quantitative equity portfolio construction and management. These theories include the arbitrage pricing theory (apt), capital asset pricing model. and discounted cash flow (def). Although modern portfolio management still employs these models, they have been replaced with newer, more effective models such as quantitative equity portfolio management.

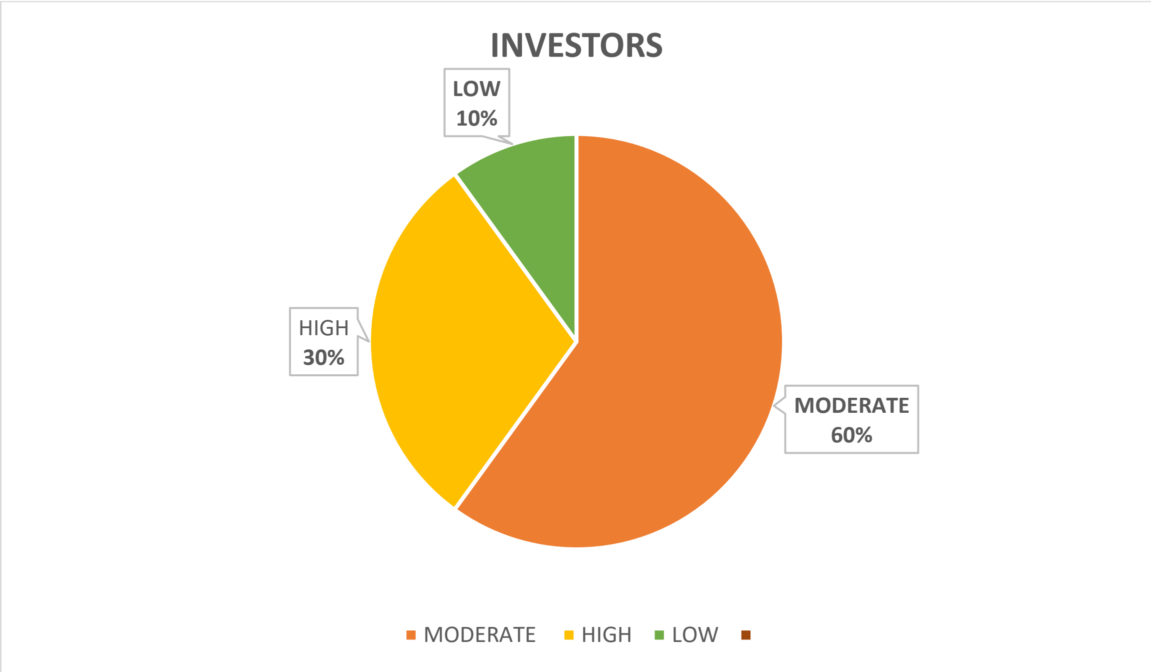
According to the quantitative equity portfolio management theory, several factors including price to earnings, price/earnings before interest, taxes, depreciation, and amortization, and price/cash flow are important in the fundamental factor modeling process. Price/e is the ratio of the current price to a different iteration of the firm's earnings. The price/cash flow ratio measures the security's price in relation to its generated cash flow. which is a measure of operating efficiency. The price to earnings ratio, or P/E, is illustrated as the price of the underlying stock divided by the annual earnings of the target firm. This helps determine the fair value of the firm. the price of a given security can be significantly attributed to a combination of these factors. The importance of these factors, however, may vary for different stocks making it important to determine their influence on an individual basis. Thus, in order to build a useful model for each stock these factors must be measured against time in predicting historical returns in order to make the model truly significant.

A portfolio is a collection of securities since it is really desirable to invest the entire funds of an individual or an institution or a single security, it is essential that every security be viewed in a portfolio context. Thus, it seems logical that the expected return of the portfolio. portfolio analysis considers the determine of future risk and return in holding various blends of individual securities portfolio expected return.

DATA ANALYSIS AND INTERPRETATION

RISK TAKING CAPACITY OF INDIVIDUALS STARTING THEIR PORTFOLIO ACCOUNTS

Sr.no	RISK LEVEL	INVESTORS
1.	MODERATE	60%
2.	HIGH	30%
3.	LOW	10%

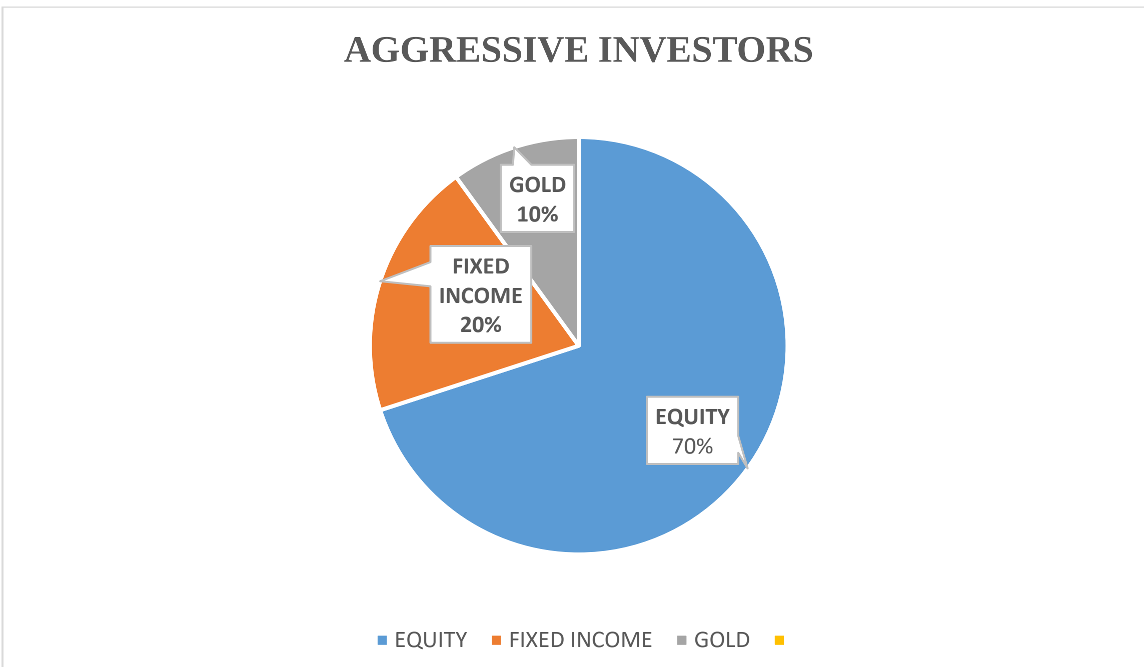


Interpretation: -

According to the above graph we can interpret that more than 60% of investors are ready to take moderate level of risk and 30% of investors are ready to take high level of risk and only 10% are taking low risk while taking investment decisions.

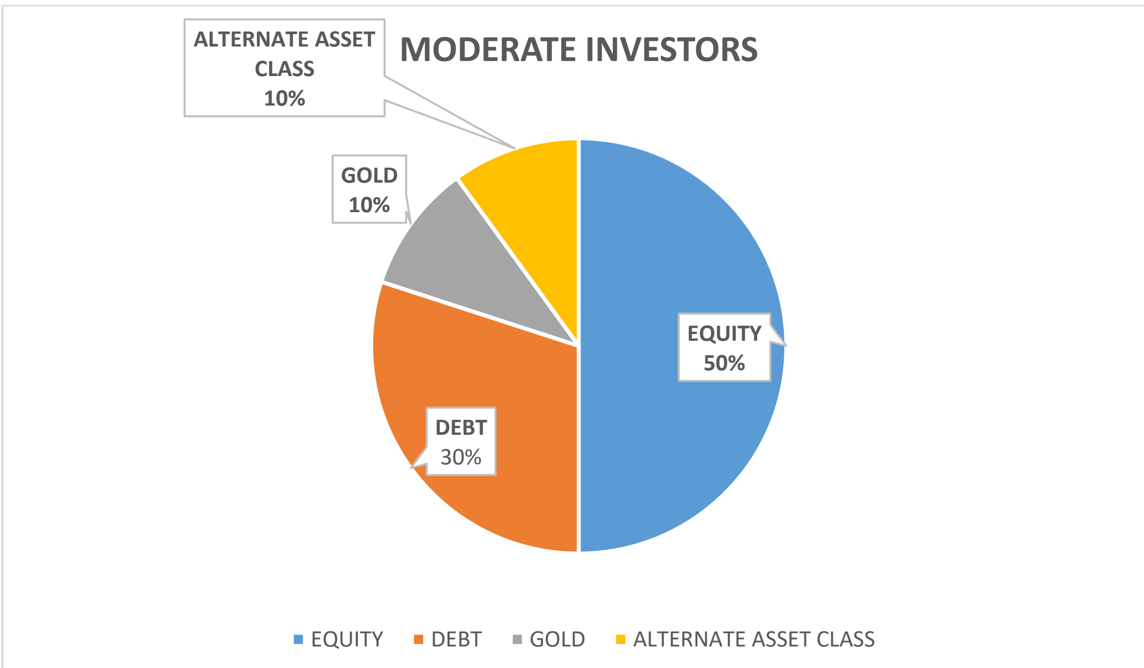
PERCENTAGE OF ASSET ALLOCATION ACCORDING TO THE TYPE OF INVESTOR

SR.NO	**AGGRESSIVE INVESTOR'S**	SECURITIES
1.	EQUITIES	70%
2.	FIXED INCOME	20%
3.	GOLD	10%



According to the above graph, aggressive investors are more inclined towards investment in equities that is 70% compared with fixed income and gold that is 20% and 10%.

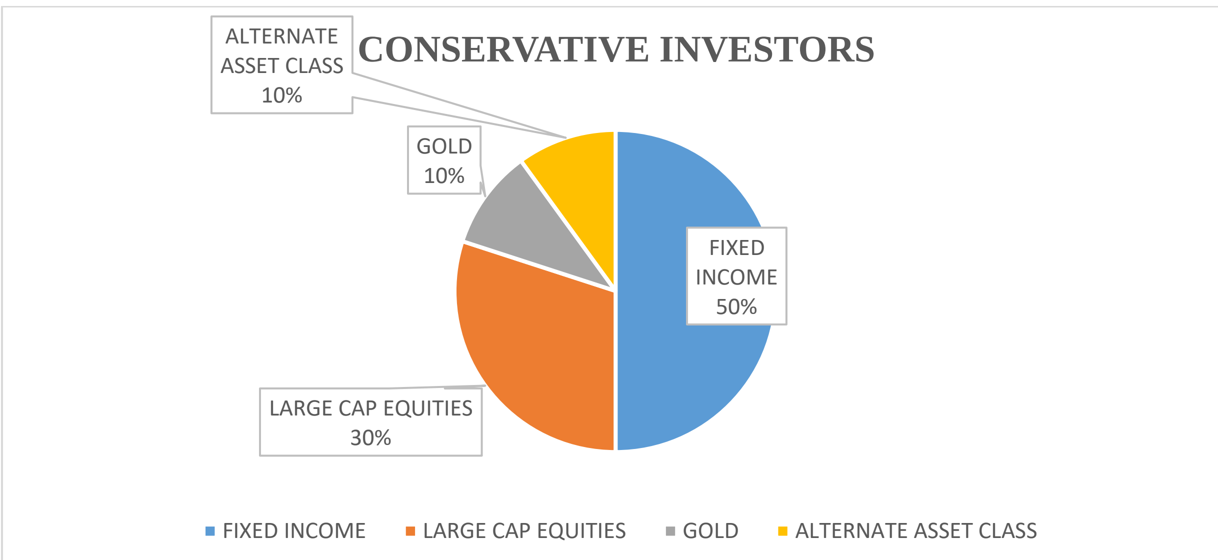
SR.NO	**MODERATE INVESTOR'S**	SECURITIES
1.	EQUITIES	50%
2.	DEBT	30%
3.	GOLD	10%
4.	ALTERNATE ASSET CLASS	10%



Interpretation

According to the above graph, moderate investors are also more inclined towards investment in equity that is 50% in comparison with all other securities that is debt, gold and alternative asset class that is 30% ,10% and 10%.

SR.NO	**CONSERVATIVE INVESTOR'S**	SECURITIES
1.	FIXED INCOME	50%
2.	LARGE CAP EQUITIES	30%
3.	GOLD	10%
4.	ALTERNATE ASSET CLASS	10%

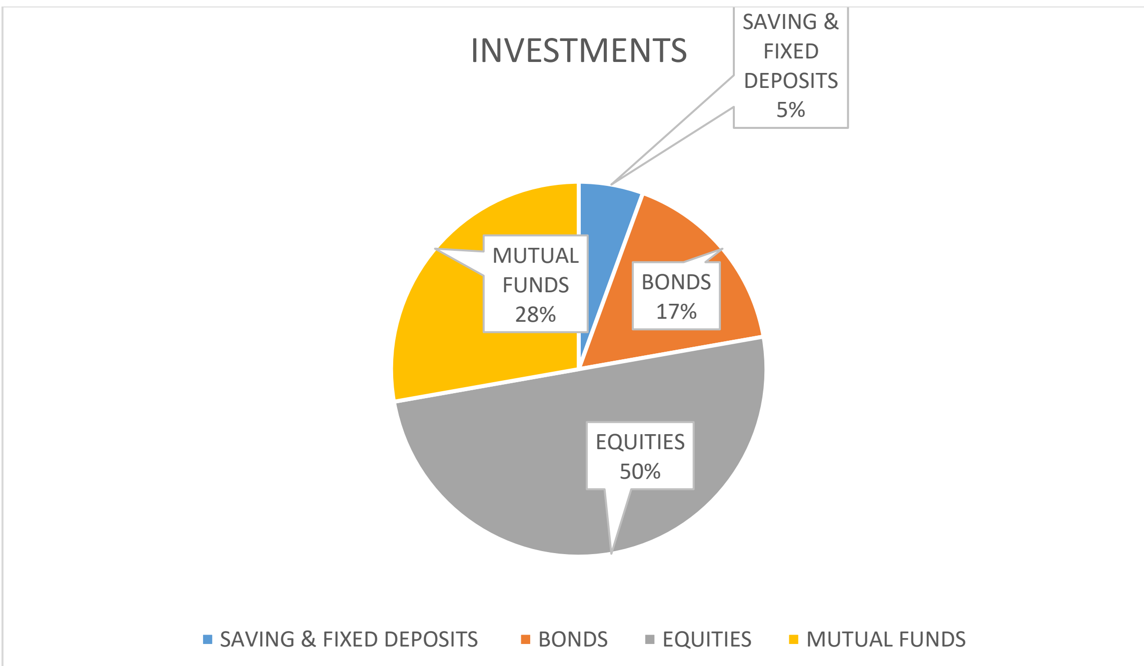


INTERPRETATION: -

According to the above graph, conservative investor is inclined towards investment in fixed income securities that is 50% and invest less in large cap equities, gold, alternate asset class.

MAXIMUM ALLOCATION IN INVESTORS PORTFOLIO PERTAINS TO THE FOLLWING

SR.NO	INVESTMENTS	PERCENT
1.	SAVING & FIXED DEPOSITS	5%
2.	BONDS	15%
3.	EQUITIES	45%
4.	MUTUAL FUNDS	25%

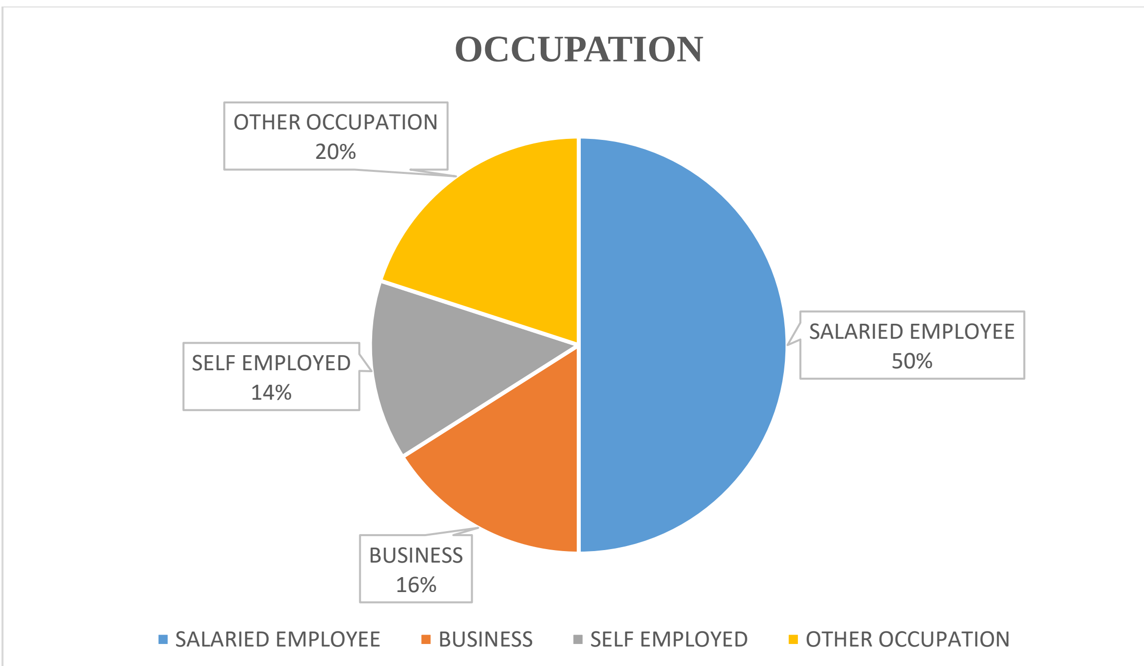


Interpretation: -

According to the above graph, investors invest more in equites that is 45% in comparison with others securities that is savings and fixed deposits, bonds and mutual funds that is 5%, 15%, 25%.

OCCUPATION OF INVESTOR OPTING FOR PORTFOLIO MANAGEMENT SERVICES

SR.NO	OCCUPATION	PERCENT
1.	SALARIED EMPLOYEE	50%
2.	BUSINESS	16%
3.	SELF EMPLOYED	14%
4.	OTHER OCCUPATION	20%

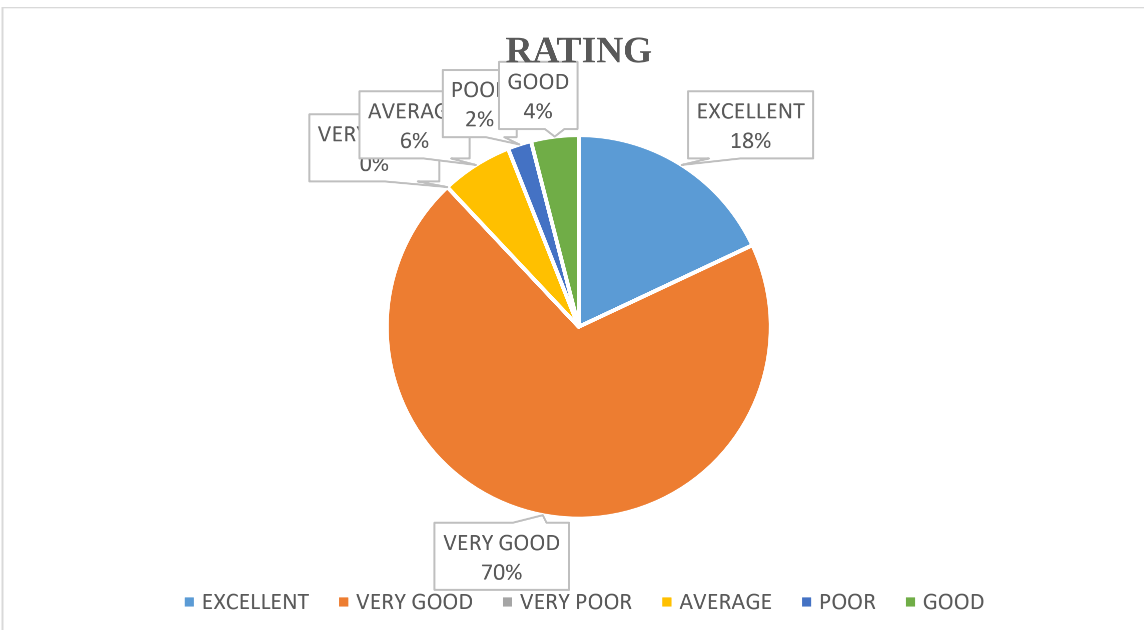


Interpretation: -

According to the above graph, salaried employee is opting more for PMS that is 50% in comparison with other occupations that is business self-employed, and other occupation that is 16%, 14%, 20%.

Satisfaction Level of The Clients Of Motilal Oswal Financial Services

SR.NO	RATING	PERCENT
1.	EXCELLENT	18%
2.	VERY GOOD	70%
3.	VERY POOR	0%
4.	AVERAGE	6%
5.	POOR	2%
6.	GOOD	4%



Interpretation: -

According to the above graph, 70% of the clients have satisfied with the services and minimum only 2% clients are dissatisfied with the services.

FINDINGS OF THE STUDY

- The Investor, Maintains the Portfolio of Diversified Sector Stocks Rather Than Investing in A Single Sector of Different Stocks.

- Majority Of the Investors Select a Certain Portfolio Management Firm Depending Upon the Word of Mouth, Self-Decision Makers, Financial Advisors, Brokers.

- Motilal Oswal Also Deals in Services Like Mutual Fund Investment, Management of Equities, Management of Money Market Investment, Advisory and Consultancy Services.

- Among All the Services Offered Advisory and Consultancy Services Are the Services That the Individual Investors Are Most Aware Of.

- Most Of the Clients Are Not Aware of the Vision and Mission Statements of the Company they deal in.

- The minimum investment requirement to avail PMS scheme is about 50lacs as per SEBI guidelines.

CONCLUSION

With the help of given project, I got an in-depth knowledge about the working of portfolio management. Also I got an insight as to how to select the portfolio management service provider, which scheme provides better return as compared to other and who are the portfolio management players in the INDIAN market.

- Portfolio is a collection of financial investments like bonds, stocks, commodities, cash and cash equivalents. Investors generally believe that stocks, bonds and cash comprise the core of a portfolio.
- Motilal Oswal Financial Services Limited offers a range of financial product and services like Retail Broking & Distribution, Mutual Funds, Wealth Management, Private Equity, and Investment.
- Opting for PMS provides investors with financial growth and a range of benefits, including maximum returns, protection from financial risk, enhanced portfolio performance.
- Portfolio Management Services are managed by highly qualified and experienced professionals and they are backed by a research team, they provide necessary insights for managers.
- In a PMS, benefit of concessional tax rate on the long term or short term capital gains is enjoyed. A good portfolio offers an individual with benefit on income tax, gift tax and capital gains.
- The Investor Who Bears High Risk Will Be Getting High Returns.
- The Investors, Who Holds Their Investments for Medium Terms Will Fetch Attractive Returns.

SUGGESTIONS

- The Portfolio Manager or experts must consider both risk and return before investing in any company for investor's sake.

- The Company in advance must inform the clients about their terms and conditions, fees structure and Company's profile

- The Portfolio manager should suggest clients about different combinations of securities to invest in and also about the advantages of diversifications of securities to avoid risk that would occur due to investment in only one security i.e., portfolio must include equity shares and other major categories of investments like debentures, mutual funds, gold and silver.

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Management Accounting & Financial Analysis

BY Ravi M. Kishore.

Business of Investment Banking

→ Financial Markets & Services

By E.Gordon and Dr. Natrajan

QUESTIONNAIRE: -

Portfolio management survey of Motilal Oswal financial services ltd.

1. Do you know about the investment options available?

   ☐ Yes ☐ No

2. What is the basic purpose of your investment?

   ☐ Liquidity ☐ Tax benefit ☐ Returns ☐ Others

3. You belong to which one of the following categories

   ☐ Self-employed ☐ business person

   ☐ Salaried employee ☐ others

4. You invest in the financial instruments/ securities which give: -

   ☐ high risk/high return ☐ low risk/low return

   ☐ moderate risk/moderate return

5. Where do you invest your savings?

   ☐ Fixed deposits ☐ mutual funds

   ☐ gold/silver ☐ real estate ☐ equities

6. What is your satisfaction level from the PMS of Motilal Oswal financial services?

   ☐ Excellent ☐ very good ☐ average ☐ poor