



#### INVESTMENT MONITORING

## Monitoring Your PMS and AIF Portfolio

When monitoring a PMS or AIF portfolio, the review frequency shifts from granular, operational details to broader performance and strategic alignment. A disciplined monitoring approach helps you stay informed without reacting emotionally to short-term market movements, whilst ensuring your investments remain aligned with your long-term financial objectives.

# The Strategic Monitoring Framework

<b>Daily</b>	<b>Weekly</b>	<b>Monthly</b>	<b>Quarterly</b>
<b>Awareness</b>	<b>Activity</b>	<b>Performance</b>	<b>Strategy</b>
General market monitoring without reactive decisions	Transaction review and cash position tracking	Detailed returns and strategy assessment	Comprehensive risk-adjusted evaluation

This structured approach balances staying informed with maintaining perspective. Each review cycle serves a distinct purpose, building from operational awareness to strategic validation. The key is understanding what to monitor at each frequency without being overwhelmed by information or tempted to make impulsive decisions based on short-term volatility.

# Daily Monitoring: Awareness Without Action

Whilst daily monitoring is primarily handled by your fund manager, investors with online access to their accounts may check certain metrics for transparency. However, it's crucial to maintain discipline and avoid making rash decisions based on daily fluctuations.

## Portfolio Value

Review daily fluctuations in your total holdings to get a general sense of market movements. Remember that daily volatility is normal and expected—**these numbers provide context, not action triggers.**

## Major Market Events

Stay aware of significant market news or events that could impact your investments. However, **resist the urge to react emotionally to headlines or short-term market volatility**, as your strategy is designed for long-term success.



# Weekly Reviews: Understanding Recent Activity

Weekly reviews allow for a more considered perspective, focusing on the immediate operational environment whilst avoiding the noise of daily market swings. This frequency is ideal for tracking your fund manager's recent decisions and understanding their tactical positioning.



## Transaction Details

Review weekly statements for all buy and sell transactions to understand recent activity and ensure alignment with the stated strategy.



## Cash Levels

Monitor cash allocation, which indicates the manager's view on market opportunities or risk management posture.



📅 MONTHLY

# Monthly Monitoring: Performance and Composition

Monthly monitoring focuses on performance metrics and qualitative factors, moving beyond daily market noise to assess meaningful trends. This is where you begin to evaluate whether your portfolio is tracking towards its objectives and maintaining its strategic integrity.

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## Performance vs. Benchmark

Compare monthly returns against the agreed benchmark index (e.g., Nifty, Sensex) to verify your portfolio is on track.

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## Manager Commentary

Read the fund manager's monthly report detailing macroeconomic outlook and rationale behind key decisions.

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## Portfolio Composition

Review changes in stock, sector, or asset allocation to ensure diversification is maintained and strategy is consistently applied.

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## Fee Transparency

Monitor fees and expenses charged to track their impact on net returns and ensure cost efficiency.



# Decoding Your Monthly Performance Report

## What to Look For

- **Absolute returns:** Your actual gain or loss in percentage terms
- **Relative performance:** How you've performed versus the benchmark
- **Attribution analysis:** Which holdings contributed most to performance
- **Strategic shifts:** Any significant changes in positioning or philosophy

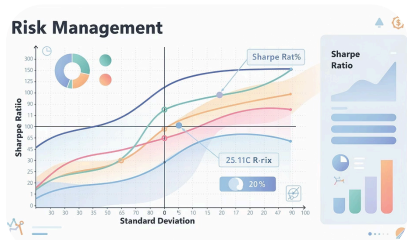
## Red Flags to Watch

- Persistent underperformance versus the benchmark without clear justification
- Significant style drift away from the stated investment mandate
- Unexplained increases in portfolio concentration or sector exposure
- Lack of transparency or detail in manager commentary

📅 QUARTERLY

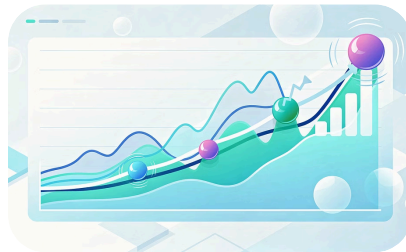
# Quarterly Reviews: Comprehensive Strategic Evaluation

Quarterly reviews are essential for comprehensive, long-term evaluation and represent the most common reporting cycle for PMS and AIFs. This is when you step back to assess the bigger picture, examining risk-adjusted performance, consistency across market cycles, and alignment with your evolving financial goals.



## Risk-Adjusted Returns

Evaluate metrics like Sharpe Ratio or Standard Deviation to understand how efficiently returns are generated relative to risk taken.



## Performance Across Market Cycles

Assess consistency over longer horizons (1, 3, 5 years) to ensure sustained performance through various market conditions.



## Maximum Drawdown

Review the largest peak-to-trough decline to assess risk management effectiveness during market downturns.

# Beyond Performance: Alignment and Planning

## Goal Alignment Review

Discuss current financial goals and any life changes with your portfolio manager to ensure the investment strategy remains appropriate for your circumstances. Life events such as marriage, children's education, retirement plans, or inheritance should trigger a strategy reassessment.

## Tax Implications Planning

Review capital gains statements and tax-related information to plan effectively for tax liabilities. Understanding the tax efficiency of your portfolio helps you maximise after-tax returns and make informed decisions about timing and rebalancing.



# Key Risk Metrics to Monitor Quarterly

## Sharpe Ratio

Measures risk-adjusted returns—higher is better. A ratio above 1 indicates good risk-adjusted performance.

## Standard Deviation

Indicates portfolio volatility. Lower values suggest more stable returns and less dramatic fluctuations.

## Maximum Drawdown

Shows the largest peak-to-trough decline. Helps assess downside risk and recovery capability.

## Beta

Measures portfolio sensitivity to market movements. A beta of 1 moves with the market; below 1 is less volatile.

These metrics provide a quantitative framework for evaluating your portfolio's risk-return profile. Whilst past performance doesn't guarantee future results, consistent patterns in these metrics help you understand your manager's risk management capabilities and whether the portfolio's risk level matches your tolerance.



# Building a Disciplined Monitoring Routine

Successful portfolio monitoring requires discipline, perspective, and a structured approach. The goal is to stay informed and engaged without becoming reactive to short-term market movements.



## Stay Informed

Regular monitoring keeps you aware of your portfolio's progress and manager decisions.



## Maintain Perspective

Focus on long-term trends rather than daily or weekly volatility that can mislead.



## Communicate Actively

Engage with your portfolio manager regularly to understand strategy and share concerns.



## Review Systematically

Follow your monitoring schedule consistently to identify trends and make informed decisions.

Remember: The frequency and depth of your monitoring should match your investment horizon and risk tolerance. A well-structured monitoring routine provides confidence and control without the stress of constant oversight.