

A PROJECT REPORT ON

“A STUDY OF PORTFOLIO MANAGEMENT SERVICES OF MOTILAL OSWAL FINANCIAL SERVICES LTD.”

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ABSTRACT

The purpose of this project is to evaluate the efficacy and perception of Motilal Oswal Financial Services Ltd.'s Portfolio Management Services (PMS). The study identifies important factors influencing investment decisions and investigates investor awareness, preferences, and satisfaction levels with regard to PMS. 200 respondents from a range of age groups, professions, and income levels provided primary data via a structured questionnaire.

The findings show that PMS is becoming more and more popular, especially with younger people (those under 25) looking for retirement planning and long-term wealth creation options. Although a sizable percentage of respondents are aware of PMS, actual participation is still restricted because of risk-related worries, exorbitant costs, a lack of transparency, and a lack of understanding regarding tax advantages.

INTRODUCTION

In today's dynamic financial environment, managing investments efficiently has become crucial for wealth creation and preservation. Portfolio Management Services (PMS) play a significant role in offering professional investment solutions tailored to individual financial goals, risk appetite, and market conditions. These services are particularly valuable for high-net-worth individuals (HNIs) who seek personalized strategies beyond traditional investment avenues. Motilal Oswal Financial Services Limited (MOFSL), a prominent name in the Indian financial services sector, offers a robust PMS platform backed by thorough research, strong fundamentals, and a disciplined investment approach. Established in 1987, MOFSL has built a reputation for its commitment to research-driven advisory, customer-centric services, and wealth management expertise. This major project aims to study the overall framework, offerings, and effectiveness of Portfolio Management Services provided by Motilal Oswal. It also explores investor preferences, risk tolerance, asset allocation strategies, and satisfaction levels associated with PMS. The project will analyze how MOFSL's portfolio management aligns with clients' investment objectives and responds to changing market dynamics. By examining both theoretical aspects and practical applications of portfolio management, this study endeavors to provide meaningful insights into the efficiency and performance of PMS at Motilal Oswal, thus helping investors make informed decisions and better understand the role of professional fund management.

REVIEW OF LITERATURE

- 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.
- 21 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.

There 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 22 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.

RESEARCH METHODOLOGY

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 – 200 sample

Sample technique: random sample

Research instrument: questionnaire

OBJECTIVES OF THE STUDY:

- To make a detail study on the overall concept of the portfolio management.
- To identify the service at Motilal oswal financial service limited.
- To identify the risk taking capacity of individual.
- To understand how investment decisions and asset allocation is done according to type of investment
- To understand the occupational class of investors that are more inclined towards portfolio management services.

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 service.
- To know why diversification of securities is essential in portfolio managements services.
- To identify the satisfaction level of client from the portfolio management service of Motilal oswal financial service.
- To know the feedbacks and through of investors with regard to the portfolio management service.

SCOPE OF THE STUDY:

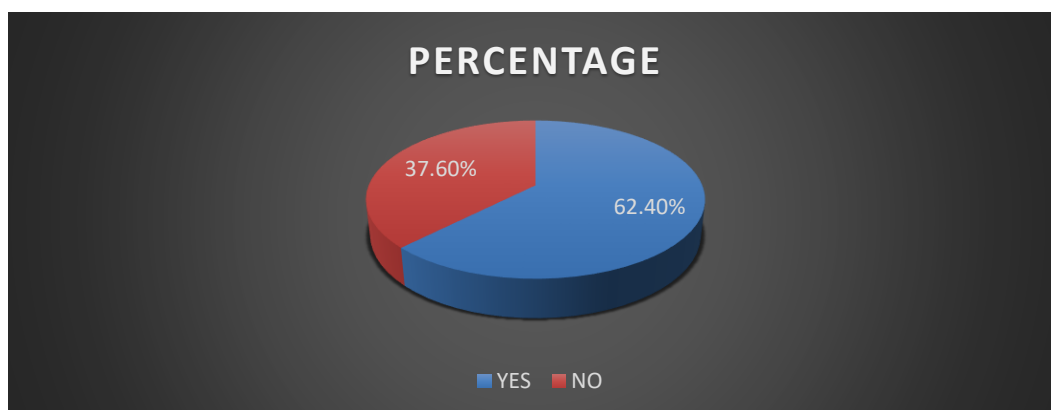
- To understand the client /investors objectives constrains and preferences.
- To make revisions in the portfolio in accordance to market situations.
- To offer complete transparency to investors with the transactions and profits made through investors at Motilal PMS.

- To provide the best of the portfolio and financial services to the clients of Motilal Oswal.

DATA ANALYSIS

1. Are you aware of portfolio management services?

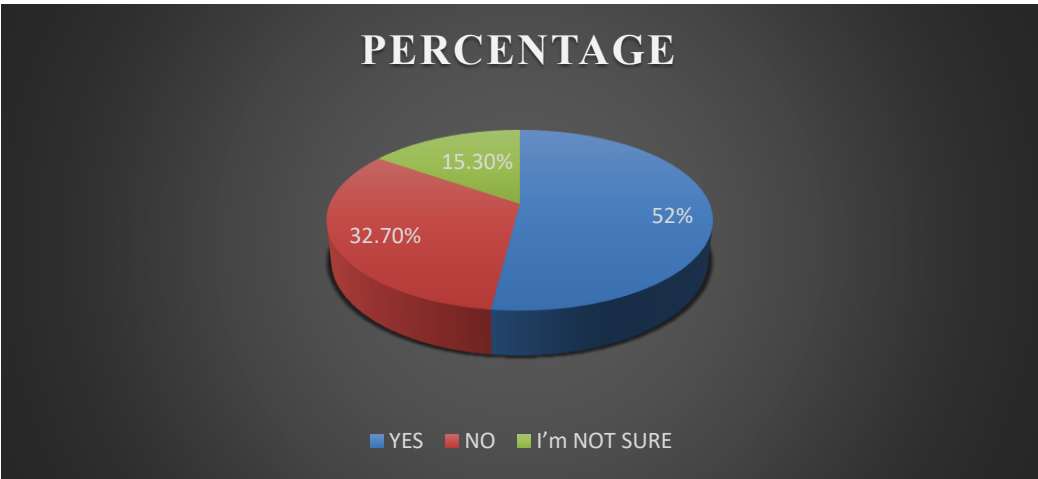
ARE YOU AWARE OF PORTFOLIO MANAGEMENT SERVICES	PERCENTAGE
YES	62.40%
NO	37.60%



Interpretation: The analysis reveals that a majority of respondents (62.06%) are not aware of portfolio management services, while only 37.93% reported being aware. This highlights a crucial gap in financial literacy and awareness about such services among the public. For Motilal Oswal Financial Services, this suggests a strong need for educational marketing campaigns and awareness programs to inform potential clients about the benefits and features of portfolio management services, which could help in expanding their customer base.

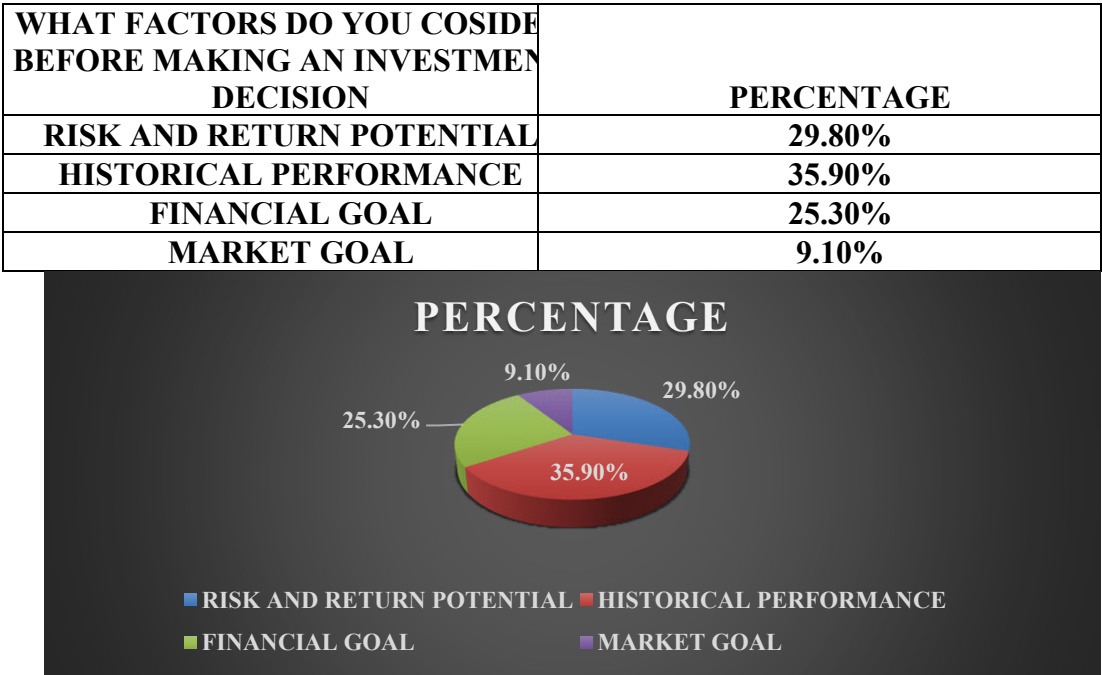
2. Do you consider Motilal Oswal's investment solutions to be suitable for your investment goals?

DO YOU CONSIDER MOTILAL OSWAL INVESTMENT SOLUTIONS FOR YOUR INVESTMENT GOALS	PERCENTAGE
YES	52%
NO	32.70%
I'm NOT SURE	15.30%



Interpretation: 52% of respondents, a sizable majority, think that the investment options provided are in line with their goals. This suggests that the company's portfolio management services are highly regarded and trusted. A sizeable section of the clientele may feel underserved or out of alignment with the strategies offered, as indicated by the 32.70% of participants who stated that they do not find the solutions appropriate. Furthermore, 15.30% of respondents expressed uncertainty, indicating a lack of knowledge or clarity about the efficacy of the investment offerings.

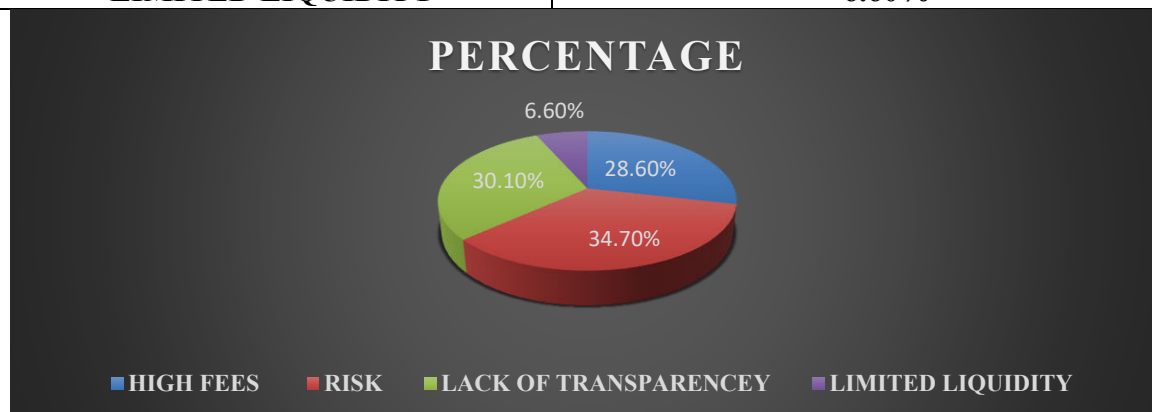
3. What factors do you consider before making an investment decision?



Interpretation: The most influential factor, as indicated by 35.90% of respondents, is historical performance, suggesting that past trends and returns significantly affect investor confidence and choices. Risk and return potential ranks second at 29.80%, reflecting that nearly one-third of investors weigh the balance between risk exposure and expected gains before committing funds. Financial goals influence 25.30% of respondents, indicating that many investors align decisions with personal long-term targets. Only 9.10% of the participants consider market goals as a major factor, implying that fewer investors prioritize broader market objectives over individual circumstances.

4. What is your main concern with pms?

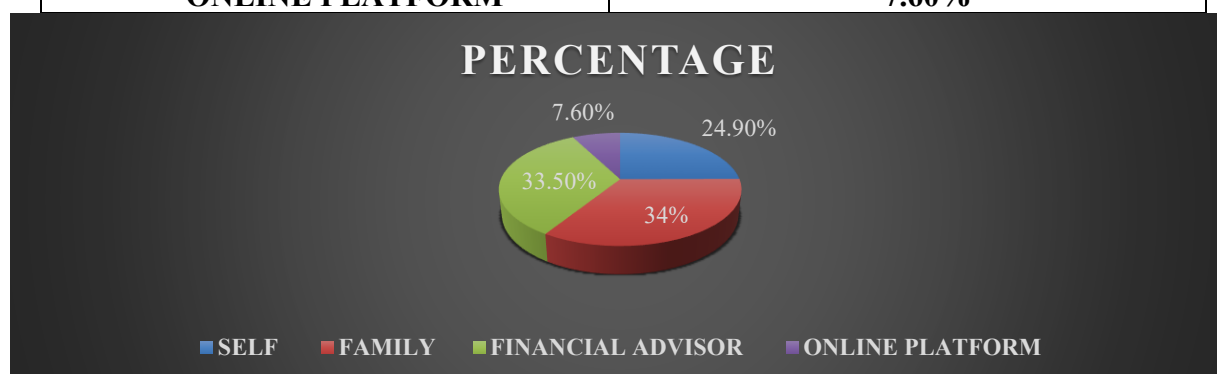
WHAT IS YOUR MAIN CONCERN WITH	PERCENTAGE
HIGH FEES	28.60%
RISK	34.70%
LACK OF TRANSPARENCY	30.10%
LIMITED LIQUIDITY	6.60%



Interpretation: According to 34.70% of respondents, risk is the main worry, suggesting that many investors are wary of the volatility or unpredictability associated with PMS offerings. This emphasizes how Motilal Oswal needs to improve the way it conveys the risk management techniques it employs in its PMS. After this, a significant problem mentioned by 30.10% of respondents was a lack of transparency. This implies that investors might feel misinformed about the management of their money or struggle to monitor performance and choices, which is why regular and transparent reporting is essential. 28.60% of participants expressed concern about high fees, indicating price sensitivity and the significance of proving value for the money paid. Limited liquidity was only mentioned as a concern by 6.60% of respondents, indicating that although it is crucial, it is not as urgent.

5. Who influenced your investment decision most?

WHO INFLUENCED YOUR INVESTMENT DECISION MOST	PERCENTAGE
SELF	24.90%
FAMILY	34%
FINANCIAL ADVISOR	33.50%
ONLINE PLATFORM	7.60%



Interpretation: A significant 34% of respondents indicated that family plays the most influential role in their investment decisions, closely followed by financial advisors at 33.50%. This reflects a strong reliance on trusted personal networks and expert guidance, underscoring the importance of interpersonal trust and

credibility in financial decision-making. Meanwhile, 24.90% of investors rely primarily on their own judgment, indicating a growing segment of self-directed investors who prefer making independent decisions based on personal research or experience. Only 7.60% of respondents reported being influenced by online platforms, suggesting that while digital channels are gaining traction, they currently have a relatively limited impact compared to human advisors and family influence. For Motilal Oswal, this indicates a need to strengthen both personal advisory services and educational content for families, while also investing in building trust and credibility through digital channels to appeal to self-directed and tech-savvy investors.

STATISTICAL TOOL FOR ANALYSIS

HYPOTHESIS:

H0: Investor preference for PMS is not influenced by occupational class, risk tolerance, and investment behavior.

H1: Investor preference for PMS is significantly influenced by occupational class, risk tolerance, and investment behavior.

CHI-SQUARE

Occupation Breakdown (Q4):

Students: 41.3% → 83 people

Salaried Employees: 34.2% → 68 people

Business Owners: 17.9% → 36 people

Retired: 6.6% → 13 people

Investor Preference (approximated from Q12):

Yes: 52% → 104 people

No: 32.7% → 65 people

Not sure: 15.3% → 31 people

.CALCULATION

OCCUPATION	O (YES)	E (YES)	(O-E) ² /E
STUDENT	40	43.16	.231
SALARIED	39	35.36	.381
BUSINESS OWNER	20	18.72	0.084
RETIRED	5	6.76	.459

OCCUPATION	O (NO)	E(NO)	(O-E) ² /E
STUDENT	43	39.84	.252

SALARIED	29	32.64	.406
BUSINESS OWNER	16	17.28	0.095
RETIRED	8	6.24	.495

$$\text{Total } \chi^2 = 0.231 + 0.381 + 0.084 + 0.459 + 0.252 + 0.406 + 0.095 + 0.495 = 2.403$$

Final Decision:

Degrees of Freedom (df) = (rows - 1) × (columns - 1) = (4-1)×(2-1) = 3

Critical χ^2 at df=3, $\alpha=0.05$ = **7.815**

Since **2.403 < 7.815**, we fail to reject the null hypothesis.

Conclusion:

There is no statistically significant association between occupational class and preference for PMS at the 5% level of significance, H_0 is accepted, H_1 is rejected

FINDINGS

1. 50% of respondents are aged 25 and below, showing that younger individuals are increasingly proactive about financial planning and investment. This is a positive trend for the future client base of Motilal Oswal.
2. While 62.40% of respondents are aware of portfolio management services, only 62.10% are currently investors in financial products. This indicates a gap between awareness and actual participation, highlighting a need for better conversion strategies.
3. A majority of the respondents (72%) are either graduates or postgraduates, indicating that higher education levels are associated with greater financial awareness and openness to PMS offerings.
4. 41.30% students and 34.20% salaried individuals form the bulk of the participant base. This demonstrates strong interest from emerging earners and future income groups, making them valuable long-term prospects for Motilal Oswal.
5. 35.70% of investors identified wealth creation as their primary investment objective, followed by retirement planning (30.10%). This shows a growth-oriented mindset among users.
6. Investors prefer a mix of equity (31.80%) and debt (28.20%), indicating a balanced risk-return profile. This suggests Motilal Oswal should continue offering and marketing hybrid strategies.
7. Only 27% are aware of PMS tax benefits, while 65.30% are either unaware or unsure. This reflects a huge opportunity for tax benefit education to drive better product understanding and adoption.
8. Risk (34.70%) and lack of transparency (30.10%) are top investor concerns. Addressing these through better communication, client dashboards, and transparency initiatives could build stronger trust.
9. With 73.60% rating support as Excellent or Good, customer service is largely appreciated. However, 26.40% rating it as Average or Poor signals a need for more consistent and responsive service quality.
10. Over 72% of respondents faced technical issues at least occasionally. This points to a critical area for improvement in mobile and web platform performance to ensure a seamless user experience.

SUGGESTIONS

- A large portion of respondents are unaware of PMS and its benefits. Motilal Oswal should conduct online/offline awareness programs, especially targeting youth and students.

- Since only 27% of respondents are aware of PMS-related tax benefits, the company should promote tax advantages more clearly in its brochures and digital content.
- many first-time investors and students in the sample, simplified, low-risk PMS packages with educational support would attract new investors.
- A major concern among users is lack of transparency. Introduce investor dashboards with real-time performance updates and strategy explanations.
- Since over 70% of users experienced technical issues, upgrading the app/web platform for smoother usability and fewer glitches is critical.
- High fees are a concern. Motilal Oswal could offer a flexible, tier-based pricing system (e.g., based on portfolio size or services used).
- Since many users rely on family or financial advisors, Motilal Oswal should enhance personal advisory services to build trust and better guide investors.
- Investors show interest in both equity and debt. Highlighting balanced PMS portfolios could appeal to users with moderate risk preferences.
- These are top financial goals for respondents. Custom PMS solutions should align specifically with these life objectives.
- To address concerns and improve satisfaction, implement regular feedback mechanisms such as surveys or app-based review tools.

CONCLUSION

The study on Portfolio Management Services (PMS) offered by Motilal Oswal Financial Services Ltd. reveals insightful trends about investor preferences, awareness, and expectations in the current financial landscape. The research indicates a growing interest in portfolio management among younger individuals, especially those aged 25 and below, many of whom are students or early-stage professionals. This demographic shift signifies an increasing consciousness towards financial planning and investment from an early age.

The findings highlight that while a significant proportion of respondents are aware of PMS, actual investor participation remains moderate. Factors such as perceived risk, lack of transparency, high fees, and limited knowledge about tax benefits act as barriers to adoption. Despite this, many investors recognize the potential of PMS for wealth creation, retirement planning, and achieving long-term financial goals.

Motilal Oswal's existing client base appreciates the quality of customer support and diversified portfolio options. However, areas like technical platform performance, investor education, and personalized advisory services require enhancement to build stronger client relationships and improve trust.

In conclusion, there is a substantial opportunity for Motilal Oswal Financial Services to strengthen its PMS offerings by addressing investor concerns, expanding financial literacy, and tailoring services to different risk profiles and income segments. With strategic improvements, the firm can further position itself as a preferred choice among both new and seasoned investors in India's evolving investment ecosystem.

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