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भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

SEBI/HO/IMD/POD-II/P/OW/2023/12814/1
March 29, 2023

The Principal Officer
Association of Portfolio Managers in India ('APMI')
B-121, 10th Floor, WeWork, Enam Sambhav,
G-Block, Bandra Kurla Complex,
Mumbai – 400051

Dear Sir/Madam,

Sub: Reply to your queries raised for the matter pertaining to Performance Benchmarking of Portfolio Managers

1. This is in respect of your letter dated January 19, 2023 and subsequent meeting with APMI members seeking clarification on some of the clauses of SEBI Circular dated December 16, 2022. SEBI's response in this regard is as under:

A. Benchmarking		
	APMI's Query	SEBI's response
1.	Old performance of the strategy should not be lost and the requirement of offering exit to investors should not apply.	As per the Circular dated December 16, 2022, Once an IA is tagged to a Strategy and/or to a benchmark, the tagging shall be changed only after offering an option to subscribers to the IA to exit without any exit load. But before the implementation of the circular, if there is any old performance that exists, the same may not be lost and requirement of offering exit to investors in such cases may not apply.
2.	Change in benchmark should not be treated as a key attribute change.	The same may not be accepted. Once an IA is tagged to a Strategy and/or to a benchmark, the tagging shall be changed only after offering an option to subscribers to the IA to exit without any exit load.



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3.	Definition of Hybrid and Multi Asset Strategy.	Hybrid strategy would include debt and equity. Multi asset strategy shall include at least 3 asset classes.
4.	The requirement of benchmarks to be relaxed for NDPMS.	The circular is applicable to both discretionary and Non- discretionary PMS.
B. Reporting		
	APMI's Query	SEBI's response
1.	XIRR reporting shall trigger only for investors who have completed one full year in the IA.	You are advised to undertake back testing in this regard and provide Justification why investment period of 1 year (or other such time period such as 6 months or 3 months) may be suitable for computation of minimum, maximum and median XIRR.
2.	Clarity on definition of portfolio aggregates and its difference with TWRR.	Both represent the same.
3.	Clarification needed on whether portfolio of the clients who put negative constraint on stocks due to compliance stock concentration or religious reasons shall be considered for XIRR reporting.	The portfolio of all clients needs to be considered while reporting XIRR.
4.	Whether old performance to be carry forward after a change in benchmark to build credible and verifiable performance track record or grandfathered.	In this regard, you are advised to clarify how it is proposed to represent old performance post transition to a new benchmark. An illustration may be provided in this regard. A certain timeline up to which the old performance may be represented or carried forward may be suggested with sufficient illustration.
5.	Clarification regarding return in Table 1 of the Annexure 1 mentioned in the circular shall be different for different IAs of the portfolio manager.	This is explicitly covered in the circular and the annexure to the same. SEBI has no further comment to offer.



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C. Others		
1.	Whether a link can be provided w.r.t peer performance which is to be made in every marketing material.	We are in agreement with the proposal.
2.	Changed format for quarterly report is to be provided.	In SEBI circular dated December 16, 2022, it is mentioned that only Section E pertaining to "Performance Data" will be replaced in Annexure-1 at SEBI Circular dated January 08, 2021, other things shall remain the same.
3.	Can timelines be relaxed for APMI's peer comparison data in investor reporting and marketing materials?	You are advised to provide a suitable timeline by when the said information may be reported and the steps involved in the process along with the time required for each step..

Yours faithfully,


22/3/2023

Bimal Prasad Panda
SEBI