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CLASSROOM**

# Managers of Your Money



A fund manager is a part of the investment team at a fund house and one of the most important persons responsible for building the portfolio, monitoring it, generating returns and ensuring it runs in line with the objectives and mandate of the fund.

## WHO IS A FUND MANAGER?

A fund manager is an investment expert responsible for managing the mutual fund scheme's investment strategy. Fund managers choose equity/debt instruments for the schemes. Every scheme is usually managed by one or two fund managers. If a scheme is huge or has more than one asset class, it would have more than two managers. The fund manager is a key employee of the fund house and many investors consider and check his credentials before allocating money to a scheme.

## WHAT ARE THE ROLES AND RESPONSIBILITIES?

The major role of a fund manager is building the portfolio, making buy and sell decisions, and analysing the markets, companies and sectors that he tracks. The fund manager is tasked with generating optimal returns, deploying money as and when inflows come into the scheme and managing redemptions with the help of the investment team. Since fund managers are responsible for the success of the fund, they also meet company managements and study the financial industry and the economy. Another crucial role is managing the overall risk in the portfolio. They also track the performance of their schemes and decide to exit underperforming stocks or add those that can generate higher returns than the benchmark and beat their peer funds. Finally, they need to ensure compliance with regulatory guidelines. A fund manager is also responsible for managing and guiding a team of analysts.



## Invesco Mutual Fund

### An investor education and awareness initiative

For Know Your Customer (KYC) guidelines along with the documentary requirements and procedure for change of address, phone number, bank details, etc., please visit the Education and Guidance section on [www.invescomutualfund.com](http://www.invescomutualfund.com). Investor should deal with only SEBI registered Mutual Funds, details of which can be verified under "Intermediaries/Market Infrastructure Institutions" on <https://www.sebi.gov.in/index.html>. For any grievance / complaint, please call us on 1800-209-0007 or write to us at [mfservices@invesco.com](mailto:mfservices@invesco.com). Alternatively, complaints can be registered on the SEBI SCORES Portal at <https://scores.gov.in>

**Mutual Fund investments are subject to market risks, read all scheme related documents carefully.**

## HOW IS AN ACTIVE FUND MANAGER DIFFERENT FROM A PASSIVE ONE?

Active fund managers aim to outperform peers and the benchmark indexes. They analyse companies and change portfolios dynamically based on fundamental parameters. They generally charge higher fees because they take on a more proactive role and use more organisational resources. Passive fund managers, on the other hand, trade securities that are held in a benchmark index and mirror its returns. Fees for passive funds are much lower than for active funds.

## WHAT IS A FUND MANAGER PAID AND WHAT IS THE CAREER PATH?

Given the high growth in the mutual fund industry today, a fund management role is a sought-after job. Most of them hold educational qualifications such as engineering plus MBA, chartered accountant or chartered financial analyst. While they earn a fixed salary, they are also compensated based on the scheme's performance and earn a performance bonus – typically a function of the assets under management and returns earned by the schemes. Some fund houses also award their managers stock options. A fund manager can progress to a chief investment officer or even the chief executive officer of a fund house.

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