

"A man is
great by
deeds, not by
birth"

-Chanakya

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INDIAN INSTITUTE OF MANAGEMENT KOZHIKODE



Case Study

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Fund Management Fee: A Beast in the Long Term Portfolio

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Abstract

The case helps to understand the implications of the fund management fees on the wealth created by best performing long term portfolios. It shows how the wealth is allocated between investors and fund houses for various types of equity instruments like ETFs, index funds, mutual funds and stocks when fund management fees is applied. The fees may look like a small percentage but the fund management fees can be a beast in the long term for fund houses that are managed well. The case illustrates that disproportionate wealth is created due to power of compounding by applying PMS fund management fees as well as mutual fund management fees to the best performing portfolio like Warren Buffet portfolio and SENSEX.

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