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Fund Management Solutions For Large Companies

Large institutions clearly have more all-encompassing and complicated needs as far as the management of their cash flow is concerned, than smaller organisations. Top finance professionals such as CFOs, MDs and CEOs involved in finance issues, therefore have good reason to consider the wide range of fund management software solutions on the market.

Not only these professionals, but also the likes of stockbrokers, fund managers, IFAs and high net worth private investors have reason to seek fund management solutions. But for larger organisations, there are many factors that inform their choice of fund management solution, depending on their sector. In financial institutions, for example, the fund manager needs to ensure that the deposits' maturity schedules coincide with the demand for loans.

It's very important for a fund manager to capitalise on cash flow opportunities, by closely examining cost and risk. To refer back to the example of the financial institution, such an organisation runs on the basis of being able to offer customers credit. The fund manager therefore needs to ensure the proper liquidity of the funds, an aim in which the right fund management solutions can be invaluable.

Finding the right fund management software company

One of the first steps to finding the right fund management software for your larger institution is identifying the right entrepreneurial software company that provides such solutions. Investment Software Limited (ISL), for example, produces leading financial software applications for the wealth, investment and fund management industries. It has a sister company, Financial Software Limited (FSL).

FSL has the history of producing best of breed solutions that should reassure those larger organisations on the lookout for fund management software. It began with the production of a solution for Tax purposes in mind, resulting in the Capital Gains Tax solution (CGiX). There are now more than eighty organisations using the CGiX solution in such industries as private banking, wealth management, asset management and fund management.

Introducing the IMiX fund management solution

ISL has produced an application, IMiX, which it intends to be a go-to front and middle office solution for large companies. This web based fund management platform is distinguished by its multi-asset, multi-currency and multi-company tier system, and was first launched in 2010 with Seven Investment Management, although an additional 13 clients have since been acquired.

Fund management may be complicated, but the IMiX solution offers the range of dynamic tools and services that are necessary for the high level analysis and mastery of this field. Fund managers can tailor IMiX to their requirements and those of their customers, and are sure to appreciate its full interface functionality, with web services being available and files also able to be imported from multiple locations.

Your larger organisation may wish to make quick orders, or you may be overseeing the strategic sale or purchase of a security over a group of portfolios. Whether for an individual portfolio or a group of portfolios, you may be interested in rebalancing against a strategic model so that you can generate the orders that are needed to achieve the correct weightings against the model. Those with an individual portfolio can also use IMiX for the entry of a traded transaction. Fund managers can use IMiX to group customers, accounts and portfolios into different configurations, for the purposes of reporting, investment and performance.

Why should fund managers take an interest in the CGiX solution?

The management of a larger company's tax affairs can also be highly complicated, which is why the fund managers of such firms may take an interest in the CGiX solution, which has both attained and maintained 'best of breed' status within its market.

The CGiX product has been realised for the purposes of calculation of the chargeable gains and allowable losses upon investment portfolios. Within a single product, CGiX incorporates a database of CGT legislation, as well as Securities Taxation Data (corporate event history). This makes it possible to obtain concise and auditable CGT calculations.

In CGiX, fund managers benefit from comprehensive and dynamic software that combines considerable Capital Gains and Income Tax functionality.

Fund management software – as important to large as to small firms

For both large and small companies, the right software plays a vital role in their fund management, making the process more efficient and helping them to make the most informed decisions. Investment Software Limited and Financial Software Limited are leading specialists in fund management software that is increasingly trusted by the broadest range of clients, answering their needs with genuine passion, growth and drive.

What Does An Asset Manager Do?

Put simply, an asset manager in financial terms is a highly skilled, professionally trained individual who manages bonds, shares, property and other securities – on behalf of and for the benefit of their client.

Clients in this case may be individuals, companies or groups of investors, who need professional guidance to buy, operate, maintain, upgrade and sell on assets so they make the maximum return on their investment.

Also known as investment management, the discipline involves the on-going analysis of financial statements to identify areas of concern or opportunity, stock and asset selection to meet the requirements of the client's portfolio and financial planning structure – and the continual monitoring of investments in order to deal effectively with market trends, changes and potentially harmful drops in value.

Industry Regulation

In the UK - to ensure best practice is always adhered to - the Financial Conduct Authority (FCA) regulates all assets under management and investment managers themselves.

The FCA describes its primary objective as the "protection of client money and custody assets". This means all asset managers, stock brokers and investment fund managers must learn and keep up to date with issues relating to regulatory reporting (including online notifications), treat customers fairly while responsibly managing both their assets and information, and also understand the capital requirements regulations as they relate to harmonized financial and common reporting.

Industry Changes

Since the worldwide economic crash in 2008, global governments have implemented a raft of new legislation to regulate the financial industry – and this has led to major changes in the asset management space.

This means flexible, adaptive asset managers will have an opportunity to find new, profitable business models that assist their clients – by staying completely up to date with these new regulations.

While some old models of financial management have felt the squeeze since increased legislative control – such as the subprime mortgage related products heavily criticized as one of the major causes of the worldwide financial crisis, plus certain hedge funds and ‘negative’ trading methods – there are other, more profitable avenues available for both asset managers and savvy investor alike.

A top down culture of compliance is now emerging amongst many asset management firms – which promises enhanced growth potential with regulator approval – providing investment vehicles that investors desire without risking censure for developing too ‘sharp’ a form of financial product.

From government backed bonds and securities, to dividend paying stocks and certain types of annuities – there is plenty of scope for the responsible asset manager to provide fully compliant investment opportunities to discerning clients within this new framework of accountability.

The Benefits of Responsible Asset Management

Despite a rough ride over the last six years – which has given rise to many investors becoming distrustful and even scornful of the value of asset managers, the tide is now turning in favour of the new breed of financial guardians who are capable of bringing enhanced returns to their clients.

Indeed, given the current ‘compliance culture’ – the time has never been better to employ the services of an asset manager to help grow the value of your portfolio, and plan and protect your wealth.

To that end, an asset manager can help you with often difficult financial decisions such as:

- Planning for your retirement and ensuring you have a suitable pension in place
- Improving the balance and returns on your existing financial portfolio
- Facilitating the passing on of your assets to loved ones on the event of your death
- Determining the amount of risk you should be exposed to, and what insurance you need
- Knowing when to buy and sell various assets in order to meet the requirements of your financial modelling

5 Ways IMiX Can Make Fund Management Easier

Fund managers have the responsibility of ensuring that their investment portfolio remains sufficiently diversified to mitigate any potential risks, while retaining enough stability and opportunism to deliver the best possible returns.

It is an often tricky task, fraught with the dangers of emotionally fraught and ill-considered decisions and lost opportunities. A fund manager needs to be consistent and disciplined in the investment decisions that they make, and there needs to be an in-depth understanding of prevailing market conditions, across the world.

It is to ensure the most astute possible investment management strategies that IMiX offers a vast range of features, with the following being just five ways in which it takes much of the stress out of fund management and maximises the chances of success.

1. Portfolio management

IMiX is noted for the strength of its portfolio management functionalities, making it possible for fund managers to drill down to the finest detail in their evaluation of portfolio holdings.

Fund managers can assess their portfolios in various ways with the software. An immediate snapshot of positions and valuations, for example, gives the user a basis on which transactions, income, taxation and model attributes can be interrogated.

But there is also the advanced asset allocation module that enables the client-by-client design and management of asset profiles, as well as real-time order management functionality. This latter feature provides the real time listing and highlighting of important order processing detail, alongside point and click order management functions.

2. Pre and post trade compliance

Both before and after a trade, there is certain processing that must take place, and sure enough, the IMiX solution reviews and validates pre-trade and post-trade compliance results, with every stage of the trade lifecycle being accompanied by real-time notifications.

There is much processing involved in the period after a trade is completed, for example, a stage in which trade details are compared between the buyer and seller, the transaction is approved and ownership records are changed. At this stage of all stages, it is vital to ensure the most robust standards of compliance, and there could barely be a better fund management solution for the job than IMiX.

3. Portfolio modelling and rebalancing

The software's modelling and rebalancing capabilities are a further boon to conscientious fund managers, with models able to be run independently or in an aggregate, across a single portfolio or a range of them.

There are three types of modelling capability, including Independent Models, Model of Models and Asset Allocation Models. With the 'Model of Models' functionality, managers can aggregate several Independent Models and choose the right weighting for each one, in order to spread risk. Asset Allocation Models, meanwhile, show how assets are distributed within a portfolio, providing a specific and firm target to the user, in alignment with predefined models.

The rebalancing module, meanwhile, makes possible the adjustment of portfolios on multiple levels, from the perspective of a client or stock.

4. Real time performance measurement and analysis (GIPS standards)

Performance is another factor that can be easily measured by a fund manager using IMiX, given the platform's ability to produce reports on a scheduled as well as ad hoc basis. It is possible to run dynamic real time or scheduled portfolio performance reporting individually or by group, with the gleaned information then able to be exported to PDF or Excel.

The software's ad hoc reporting functionality, meanwhile, includes the addition of charts to any report, for the graphical illustration of asset classification, valuation, performance or distribution.

5. Complete transparency

With IMiX, fund managers benefit from absolute transparency, as is so important to good customer service. You can access immediate answers to any of the questions that you may have about your investments with this platform, as all vital information is supplied easily, quickly and accurately.

It is difficult to think of an investment software solution that makes reporting to clients such a simple process, as client contact information is stored and can be easily sorted, searched and selected. Investors can also easily see their portfolio investment information - including newly updated valuations, holdings, asset allocation, performance and performance trends and more - by logging into the investors' portal.

This is to say nothing of the software's highly rated management reporting functionality, which as mentioned above, involves the generation of both scheduled and ad hoc audit reporting packs.

When you require a solution that helps to make the highly complicated and challenging field of fund management just that slightly less complicated and challenging, it is extremely difficult to look beyond the IMiX front office platform, as its wealth of dynamic tools and services encompass the most effective modules for management, reporting and modelling.

How Do You Invest In Bonds?

Bonds are fixed-income securities issued by governments and companies to fund different types of projects. Unlike other classes of assets, like stocks or cash equivalents, bonds provide a return in the form of a fixed periodic payment, which is not subject to interest rate fluctuations.

How Bonds Work

By buying a bond you lend money to the bond issuer and, in return, you get a fixed interest rate (the coupon) at a fixed number of times per year before the predetermined date (the maturity date). In fact, the bond issuer agrees to pay the coupon to the bondholder until the maturity date, when the bond principal is returned to the bondholder. However, if the bond issuer defaults, the bondholder loses the bond principal.

How To Invest

Most investors select bonds because they provide a fixed and predictable return at a calculated risk. Bonds are considered fairly safe as short-term investments. Although stocks outperform bonds in the long-term, bonds provide higher returns, if invested in the short-term. This happens because, in the long-run, the market interest rates may be higher than the coupon rate. Additionally, bonds are perfect for portfolio diversification because they make up for the losses from investing in stocks.

On the other hand, bonds are not risk-free.

One of the risks of bond investing is inflation. If you buy a bond for 1,000 GBP and you get back 1,000 GBP at maturity with a higher inflation, the real value of your bond is lower due to higher inflation. If you buy a bond for 1,000 GBP and you get back 1,000 GBP at maturity with a lower inflation, the real value of your bond is higher due to lower inflation.

If you invest in currencies other than GBP, you face currency risk. For example, if you buy a US Treasury for $1,000 at an exchange rate of US Dollar/GBP 0.60, and the value of the US Dollar falls against the GBP, you’ll be facing GBP losses at maturity.

Main Types of Bonds

Bonds are mainly classified into government bonds and corporate bonds.

Lending money to a national government is widely viewed as credit-risk free because theoretically, governments are not likely to default. Governments can print more money (which will lead to higher inflation) or raise taxes to redeem the government bonds at maturity. [2]

A corporate bond is high risk. If a company is likely to default on its financial obligations, it won't make timely interest payments on the bond principal. Typically, corporate bonds pay a higher coupon to attract investors, who, in return, are compensated for the higher risk of investing in a low credit quality company.

UK Government Bonds (Gilts)

UK Government bonds or gilts are sold at a fixed interest rate, which typically reflects the market interest rate at the time of issuance, and they are fully repaid at maturity, when the bondholder receives the bond principal and the final coupon repayment. Also, gilts are widely viewed as high credit investment bonds because the UK has never defaulted on a debt obligation.

Conventional gilts represent the Government's liability to fully repay the bond principal at maturity. Conventional gilts pay coupon-fixed cash payment every six months, have specific maturity dates - typically 5, 10 and 30 years - and are quoted at 100GBP units. For example, a 4% conventional gilt 2016 means that the investor will receive the 4% coupon-fixed cash payment per 100 GBP semi-annually until 2016.

Unlike conventional gilts, Index-linked gilts (IGs) have coupon payments and bond principal adjusted to the UK Retail Price Index (RPI). Each coupon payment on IGs comprises half the amount of the annual real interest rate coupon and the adjustment applied to take account of accrued inflation since the gilt's issue.

Conclusion

In conclusion, bonds can contribute an element of stability to a portfolio. For investors who are looking for a slow and steady income without undertaking a high risk, bonds are a safe investment. However, low risk does not mean risk-free.