

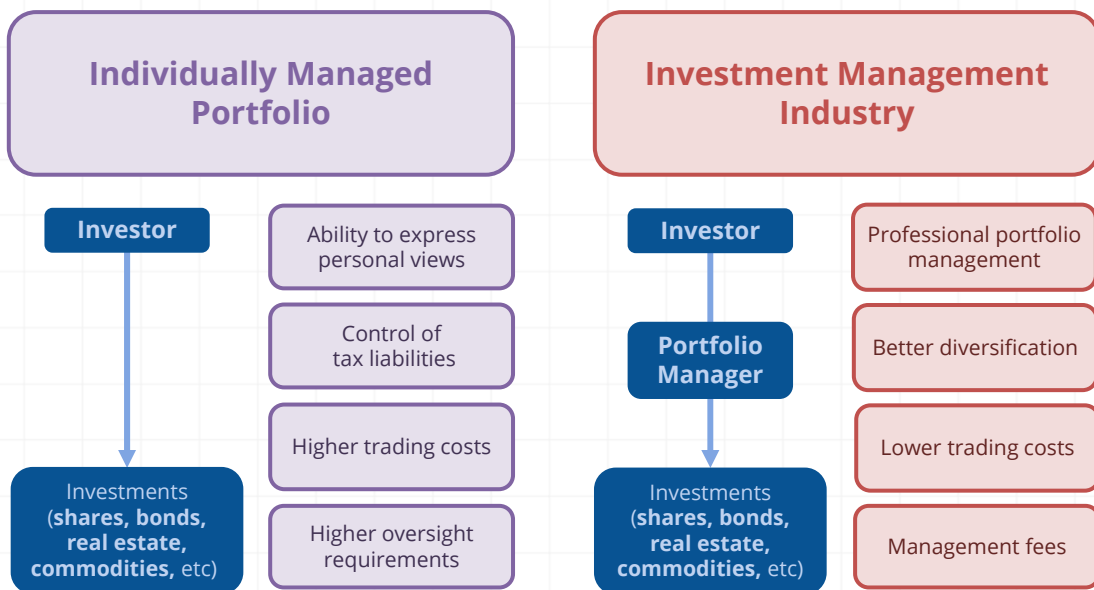
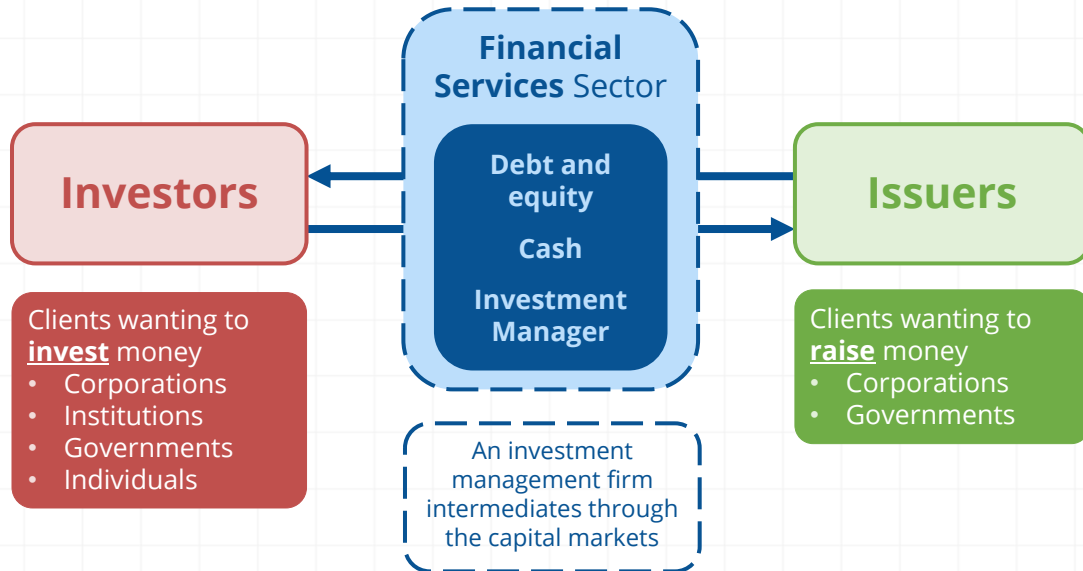


Intro to Asset Management

FINANCIALEDGE⁷

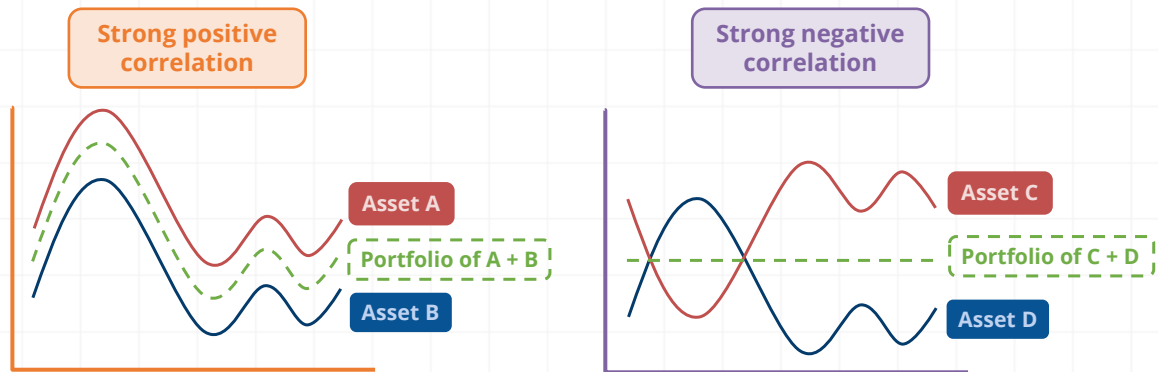
Intro to Investment Management

How Investment Management Works



Fundamentals of Diversification

Reduction of risk within a portfolio without giving up return



Types of Funds

SEGREGATED MANDATE

POOLED FUND

SEGREGATED MANDATE



Just one investor



Tailored to client's circumstances



More typical for institutional investors



High minimum size requirements

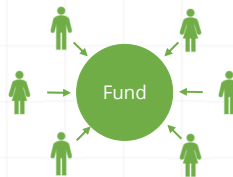


Higher fees than pooled funds



Also called discretionary management

POOLED FUND



Many investors in one fund



Predefined investment mandate



Lower cost than segregated funds



Lower minimum size requirements

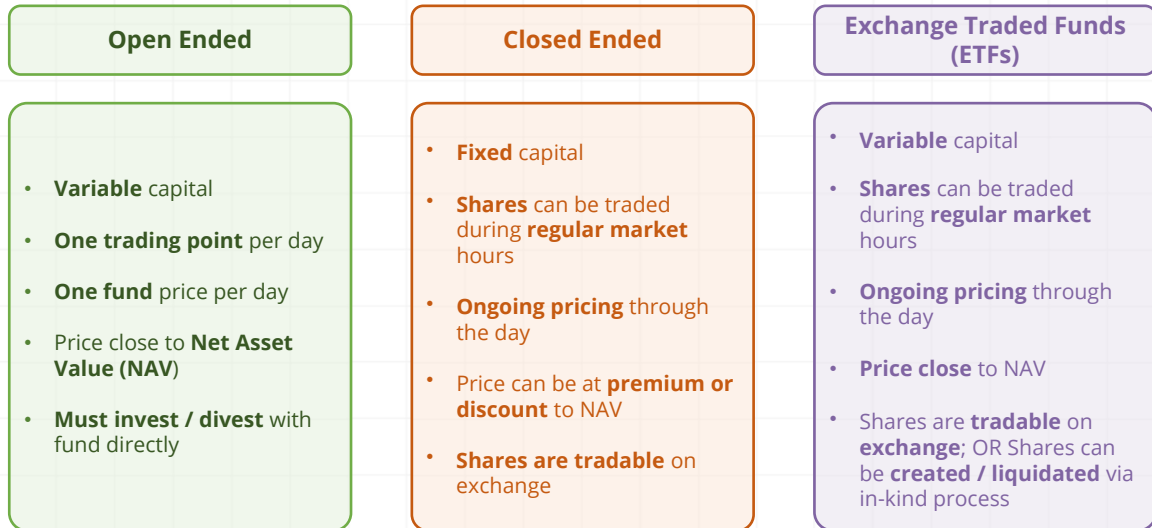


No control over investments held



Potential tax inefficiencies

3 Types of Pooled Funds



HOW DO FUNDS WORK?



Investors



Fund



Portfolio of securities

Investments are owned by the fund for the benefit of investors



Investment manager

Makes **decisions** regarding investments held in the **portfolio**

Custodian

Responsible for **ensuring ownership** of investments by the fund

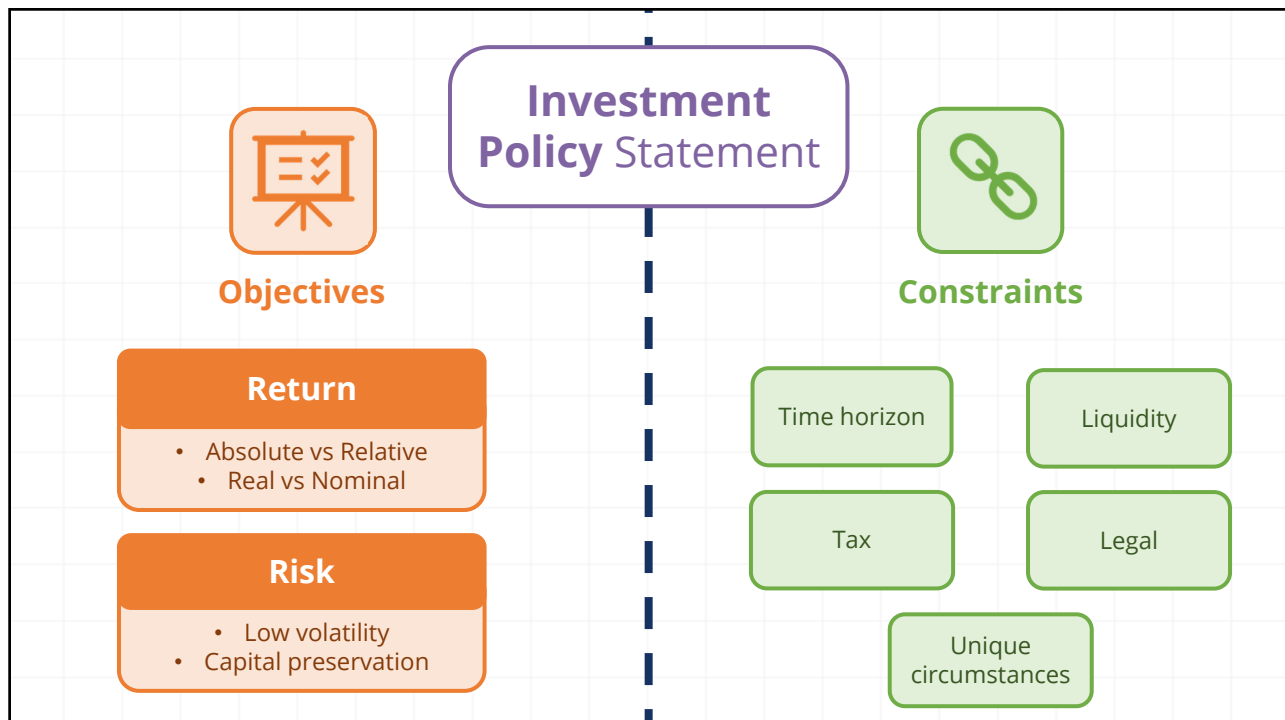
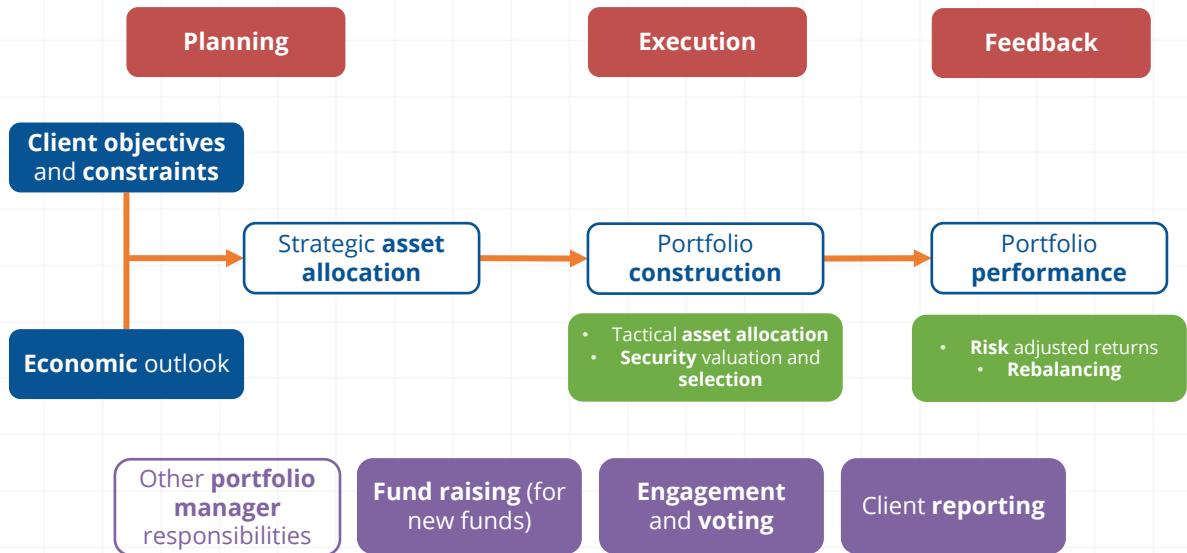
Trustees / Directors

Oversee **running of the fund** e.g., appointment of **investment manager / custodians**

Fund administrator / Transfer agent

Keeps **records of investors** in the fund, **fund expenses** and sends **valuations** to investors

Overview Of The Portfolio Management Process



Asset Only Vs. Liability Driven Investing (LDI)

	Asset only	Liability driven investing (LDI)
Approach	Maximize risk adjusted returns	Ensure assets can cover future liabilities
Asset allocation	Any	Fixed income securities ten to be prominent
Penalties for failing to meet liabilities	Low	High
Typical investor type	DC pension plan, endowments, individuals	DB pension plans, insurance companies

PASSIVE MANAGEMENT

Aim is to **generate the return** of a **benchmark** (index)

Assumes securities are **fairly-valued**

High transparency of holdings

Lower fees and **trading** costs

Higher correlation with market

Less reliant on judgement

EXAMPLE: S&P500 ETF

BlackRock



ACTIVE MANAGEMENT

Aim is to **generate better return than a benchmark**

Assumes **mis-priced** securities exist

Low transparency of holdings

Higher fees and **trading** costs

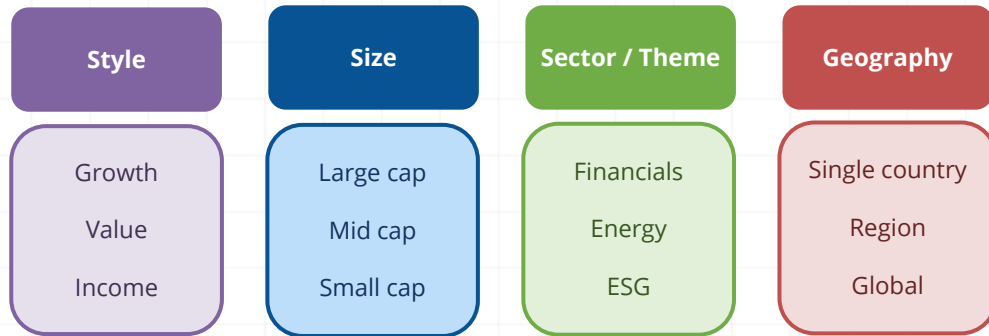
Lower correlation with market

Relies on manager judgement

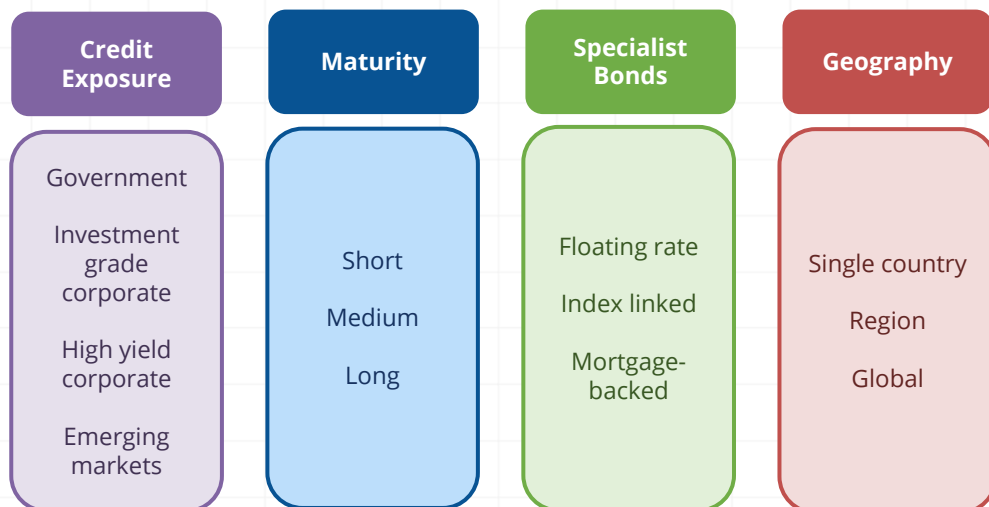
EXAMPLE: Hedge fund



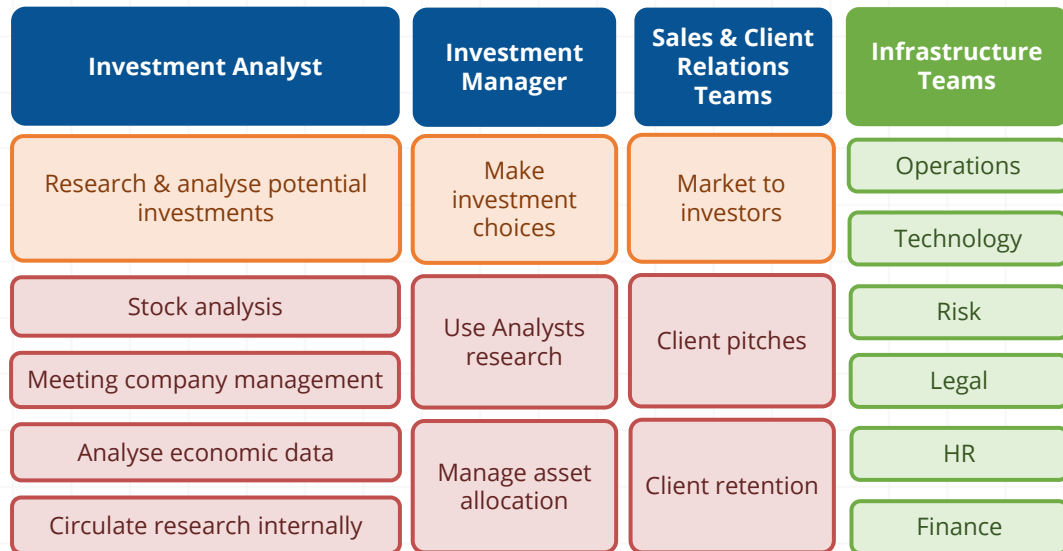
Equity Investment Strategies



Fixed Income Investment Strategies



Roles in Investment Management

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