

## Institutional Reporting

First-class reporting to win and keep investors.



In addition to solid investment performance, institutional investors demand a high level of service quality when looking for a fund manager. Among the most decisive factors are meaningful performance attribution and support for regulatory reporting.

IDS GmbH – Analysis and Reporting Services (IDS) offers one-stop solutions for comprehensive investor and regulatory reporting tailored to the needs of institutional clients.

# Individualized analysis and reporting capabilities are imperative for successful business with institutional clients.

## The challenge

Fund managers face a growing list of challenges. As requirements continue to align across markets and new providers enter the fray, competition for institutional clients is intensifying. At the same time, investors are looking much more closely at the scope, content and quality of reporting in step with the rise in regulatory demands. Beyond the ability to demonstrate strong investment performance, customized analysis and reporting have thus become important factors for success. In business with institutional clients, firms must now be ready to offer outstanding service as well as flexibility to meet individual needs.

This is why fund managers are not only working to develop superior products that are a perfect fit for their investors, but are also seeking the most cost-effective means of providing first-class institutional reporting services. When reviewing systems and processes, many end up seriously considering an outsourcing of business processes as a way to boost their efficiency. Numerous fund managers have also begun to focus more on their core competency of asset management, which makes it necessary to find external solutions in order to flexibly offer investors excellent service quality at a reasonable cost. This shift requires a high-powered and versatile production platform – and this is where external resources can come into play.

**Key to the success of this kind of business process outsourcing, especially when it comes to institutional reporting, is choosing the right service partner.**

## What IDS can offer

IDS specializes in high-quality, flexible analysis and reporting services.

Institutional reporting from IDS gives our clients the breathing room they need through centralized and uniform data management along with an outstanding array of analysis tools to fit a wide variety of applications and access to our expert teams who offer an unmatched storehouse of regulatory and market know-how.

We bundle every relevant data stream onto a single platform – consistent and complete, with quality that pays for itself. Whatever the existing infrastructure, our clients take advantage of our competence to offer their investors the outstanding service they demand. Thanks to our master data approach, which standardizes and coordinates data spread over different systems, firms operating in a variety of locations have an added benefit from working with the IDS single-platform solution.

We maintain the master data and ensure uniform data quality, no matter what the source. On the basis of this quality controlled data, we then perform the desired analysis using tools that are right for the job. The analysis results are presented as consistent reports in a form that is unique to each client, at any desired level of granularity – from individual investments to global aggregates of an investor's entire portfolio inventory.

## IDS provides the building blocks needed to meet the challenges of institutional reporting.

With our help, our clients present performance results to their investors in a way that meets every expectation on reporting quality and reliability, as well as providing unhindered transparency and analysis of investment performance in a freely configurable timeframe or segment. Our core competencies are our focus: State-of-the-art portfolio analysis, decision-oriented reporting with a high-quality layout, regulatory reporting in compliance with all legal requirements and management of the associated business processes.

Our solutions are shaped by our long-standing experience, coupled with ongoing, practice-oriented development of our technical and operational expertise and implementation of feedback from our global clientele – to the benefit of all our clients.

### Components

#### Investment Committee Reporting

Institutional investors require information on the performance of their investments on a regular basis. To ensure that these investors have the information they need, account managers compile documentation outlining developments in the relevant markets and illustrating the results of investment decisions using selected performance, attribution and risk indicators. Depending on the investment focus and approach, however, any number of data points can be of interest for a given portfolio. Moreover: The investment process is typically a source of contention between the fund manager and investor as a result of their differing perspectives. Thus, reporting can focus on a wide variety of aspects.

A process that effectively supports creation of documents for investment committee meetings must be flexible enough to take into account the full spectrum of investor needs, yet ensure consistent reporting across all dimensions of analysis.

With our Investment Committee Reporting, IDS offers the ideal platform needed to compile an individualized assortment of reports on historical and projected market developments, as well as portfolio-specific analysis of performance, performance attribution and market risks that could influence investment decision making. IDS can also provide various levels of enrichment for the data delivered by the fund manager. The content of the Investment Committee Reporting, its graphical presentation and the layout of the documents are all in line with the individual wishes of our clients. Account managers are able to select the right reports from the folder and compile portfolio-specific documentation as needed. The result is pixel-perfect documentation that meets the high demands of our clients for presentation to their investors. And, since our analysis covers the range from individual investments all the way up to portfolio level – all on a single production platform – the reports are always uniform, precise and professional.

Our clients provide the analysis required for the Investment Committee Reporting – or IDS does it for them using our proven methods. Whether it is: Position or transaction-based attribution analysis, market risk analysis using delta-normal, scenario analysis or Monte Carlo simulations – we offer clients a broad range of individualized analysis solutions from a single source. IDS guarantees high-quality and precision at any depth of detail our clients desire.

### **Solvency Ratio Reporting**

Since introduction of Germany's Solvency Regulation (Solvabilitätsverordnung – SolvV) there are a number of regulatory requirements to be fulfilled. Investors are required to report regularly on the risk weightings of their investments to Germany's Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin). The job of calculating these risk weightings can also be outsourced.

IDS calculates the reportable risk weightings, in particular the solvency ratio and breakdown of foreign currency holdings. The methods used for calculation include the credit risk standardized approach (CRSA) and an internal ratings-based approach (IRBA), either as a simplified overview or based on the BaFin interpretation T038.

### **GroMiKV Reporting**

Section 13 et seq. of the Banking Act (Kreditwesengesetz – KWG), in tandem with the regulation governing large exposures and loans (Großkredit- und Millionenkreditverordnung – GroMiKV), governs the reporting thresholds and limits for issuance of loans to single borrower units by banks and other financial service providers. These rules give rise to a comprehensive array of requirements with respect to consolidation of credit risk positions across a variety of vehicles (including investment funds) and enterprises included in the same borrower unit. The amended version of the GroMiKV that entered into force at the start of 2011 now also extends these requirements to target funds contained in an investment fund structure.

IDS calculates the exposure amounts per borrower unit as required under the regulation and provides them to clients in their desired format.

### **VAG Reporting**

According to the Insurance Supervision Act (Versicherungsaufsichtsgesetz – VAG), insurers are subject to quarterly reporting requirements with respect to acquisitions of certain assets and investments (section 54 (4) sentence 2) as well as presenting an overview of total investments (section 54d). This includes reporting the composition of investment funds in which they hold units (VAG reporting). Recently, BaFin made changes to the investment disclosure and reporting requirements of insurance companies with its collective decree dated 21 June 2011, under which substantially expanded reporting requirements came into effect with the start of 2012.

IDS compiles the data necessary for the insurer to comply with its reporting obligations and delivers them in the industry-wide standardized format. The service encompasses the required breakdown of assets, as well as the debtor list and special fund notification.

### **Solvency II Reporting**

Implementation of the European Solvency II framework in the regulatory solvency requirements for insurance companies substantially impacts fund managers' institutional business. For one, fund managers must provide investing insurance companies with detailed information, classified and enriched in accordance with EU regulatory rules, using the "Assets – D4" reporting template. This information relates to investments in fund portfolios as well as an overview of target funds. Moreover, institutional sales and product development staff require information about the possible effects of fund investments on insurers' solvency capital requirements, in order to offer clients efficient products that are appealing from a risk and capital adequacy standpoint.

# IDS covers all aspects of regulatory reporting for institutional investors under Germany's Banking Act (KWG) and Insurance Supervision Act (VAG).

As with the VAG reporting offered by IDS, fund managers regularly receive the proper transparency documentation based on the investment position data. In addition, IDS offers continual or event-based monitoring of solvency capital requirements based on the investment structure of the fund and the standard approach, so that the sales staff and investing insurers can make the best possible investment decisions in terms of risk and return.

## Fund Data Hub

As the call for more transparency has grown louder, regulatory requirements have expanded to include target fund investments. In order for investors to avoid adverse valuations of these assets, they generally need to have an overview of the relevant target funds. For fund managers, missing data can thus result in inadequate reporting to investors and associated competitive disadvantages – for both the target fund providers and the managers of funds for regulated institutional investors.

The Fund Data Hub is a managed service, which allows an efficient exchange of fund master and portfolio data. Data management and targeted aggregation of information conform to the individual demands of the data suppliers and clients.

## Functions

- Setup and utilization of special client interfaces
- IDS data management: Monitoring, standardization, quality control
- Reliable audit trails for applicable data and rules
- Access to comprehensive IDS expertise to guarantee substantive data for any purpose
- Reporting targeted to investor needs and in accordance with investor corporate design
- Regulatory reporting compliance
- Comprehensive quality controls
- Support backed by long-standing experience

## Benefits

- Low-resource implementation for clients
- Efficient use of uniform interfaces for numerous institutional services
- Maximum process reliability
- Minimal maintenance costs
- Comprehensive reporting and analysis services from a single source
- Access to expert advice for use and interpretation of calculations
- Reliable service support from an institutional investment reporting specialist with years of experience in the field
- Core processes certified by independent auditors



## Contact

### Jan Fuhrmann

Product Manager

Head of Institutional Analysis and Reporting

Tel. +49.69.263 15591

jan.fuhrmann@idsffm.com

IDS GmbH – Analysis and Reporting Services  
Koeniginstrasse 28, 80802 Munich, Germany

For further information about IDS and all of  
our products, please visit

[www.InvestmentDataServices.com](http://www.InvestmentDataServices.com)

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February 2012