

CONSOLIDATED REPORTING AND ACTIVE COST MANAGEMENT



Key Takeaways

- › The biggest mistake that family investors make is looking at the cost, efficiency and relative performance of the portfolio on an after fees and carry basis.
- › Understanding the see-through profitability and cost is very important.
- › Looking at the individual instruments in the aggregate cost in your portfolio can be a very interesting way to become more efficient.
- › Look out for current investment opportunities.
- › Make sure your processes are working well. It's important to do portfolio reporting on a consolidated basis.
- › Use Consolidated reporting to guide investment decisions, manage your money, and align your portfolio processes.

Questions to Consider:

- › Are you looking at the finances of investing before or after fees are accounted for?
- › How much control do you have on your ongoing investments?

Guidance

One of the biggest mistakes a lot of families make, and also one of the biggest opportunities that people haven't been investing in a lot of time is looking at the *cost, efficiency, and relative performance* of the portfolio on an after fees and carry basis.

While it may be tempting purely to look at profits, a lot of important information can be taken from the associated fees. Especially in a situation with low interest, costs in a portfolio can affect gross returns in a negative manner. Especially when hiring others to manage investments, fees can add up very quickly, so understanding the see-through profitability and cost is very important. Is important to understand where you can negotiate and consider each individual instrument and the aggregate cost in your portfolio. It is also important to ensure your portfolio processes are working well, and it is important to see what you guessed for the amount of money that you are paying. Be sure that the money you are putting into investors and managers, as well as the time you're putting into them, has the highest possible yield.

Finally, it's important to do all this on a consolidated basis. Make sure that the estimates of costs and income on a monthly or quarterly basis are pulled together and understood.

Some types of investment can be hard to make these estimates with, but it still worthwhile to see where your money is and what changes it's going through. Use consolidated reporting to take everything into account and make estimates when necessary. This consolidated report can then be used to guide investment decisions, cost negotiations, and align your portfolio processes and ultimately manage your money efficiently and professionally.