

Quick Start Guide Fund Manager

This guide will explain how to create and maintain user-defined funds using the Fund of Fund approach.

Updated February 2020



HOW TO – FUND MANAGER FOF

Fund Manager allows users to create custom funds for use within PFaroe. Users may choose to do this when available RiskFirst fund options are not the best approximation or when modeling multi-asset funds.

This guide will focus on how to create a new fund and how to update an existing fund using the Fund of Fund (FoF) option.

Notes:





- Fund manager website <https://funds.pfaroe.com>
- Fund manager credentials are different from PFaroe credentials

Fund Management

Multi-Fund Update

+ Create Fund


Show entries

Fund	Type	Scales	Opened	Closed	Updated By	
Alternatives	Fund of Funds	Market Value	12/31/2018	Ongoing	Amanda.Flemming	   

Click **Create Fund**

HOW TO – FUND MANAGER FOF

Name:	<input type="text" value="Multi-Sector Fixed Income"/>	Name of fund (note, this cannot be changed once fund has been saved)
Type:	<input type="text" value="Fund of Funds"/>	Select Fund of Funds
Base Unit:	<input type="text" value="Market Value"/>	Option of Market Value or Notional Value
Currency:	<input type="text" value="USD"/>	Select currency
Grouping:	<input type="text" value="Multi-asset fund"/>	Grouping allows PFaroe to categorize the custom fund appropriately
Rebalance:	<input checked="" type="checkbox"/>	Check this box if you would like PFaroe to keep weights each month the same indifferent to market/rate movements during the month

Open Date:	<input type="text" value="12/31/2018"/>		Date fund will be available in PFaroe
Close Date:	<input type="radio"/>	<input type="text"/>	<input checked="" type="radio"/> Ongoing

RiskFirst recommends that clients update custom funds quarterly to avoid delays in daily calculations. If a fund is set to ongoing, PFaroe will go back to the open date and recalculate each time period. The longer the fund is open, the longer the calculations may take.

If choosing a close date, the date should be the day before your next update. Example: 12/30/2019 if update is to start 12/31/2019

HOW TO – FUND MANAGER FOF

Click through the asset hierarchy to define how the fund will appear in PFaroe's asset hierarchy.

Current Hierarchy Level

[Home](#)
[Amanda Test](#)
[Alternatives](#)
[Alternatives](#)

Select Next Level in Hierarchy

Add

Alternatives

Global Equity

Amanda Test

Add

Picker Name:

Alternatives

Click **Next**

[← Back](#)
[Next →](#)

HOW TO – FUND MANAGER FOF



Rollforward

Rollforward

Define how your fund will roll forward through time. This will impact daily valuations and monthly analytics if asset values are being rolled forward.

☒ Rollforward using constituent funds

☐ Rollforward using specific market index

Python

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Next, define how the fund will rollforward to calculate daily values that lie between fund updates.

Rollforward using constituent funds uses the weighted average of the underlying constituent funds to roll forward the custom fund.

Rollforward using specific market index will link the fund to a ticker for daily valuations. Please refer to “How to – Fund Manager Mutual Funds” for more information

Click **Next**

HOW TO – FUND MANAGER FOF



Security Context

Fund visible to:

Andrew Test Client

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Finish ✓

Select the appropriate group that the fund is intended to be visible to from the dropdown box.

If this step does not appear, permissions were predetermined and will automatically be skipped.

Click **Finish**

This process creates the shell of the fund. Next step will create the underlying components of the fund.

HOW TO – FUND MANAGER FOF









To update a fund, there are two options – **Multi-Fund Update** or a single fund level.

To update a single fund and click on the update (☰) button.

Fund Management

[Multi-Fund Update](#) [+ Create Fund](#)

Show entries




Fund	Type	Scales	Opened	Closed	Updated By	
Alternatives	Fund of Funds	Market Value	12/31/2018	Ongoing	Amanda.Flemming	   
Buy Out	Fund of Funds	Market Value	12/31/2018	Ongoing	Amanda.Flemming	   

Click **Create Update**

[+ Create Update](#)

Updates

Show entries

Start Date	End Date	Description	Status	Created	User	
12/31/2018	Ongoing		Released	06/19/2019	Amanda.Flemming	  

Showing 1 to 1 of 1 entries

[Previous](#) [1](#) [Next](#)

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HOW TO – FUND MANAGER FOF

Complete the **Start Date** then determine if **Ongoing** or **End Date**


Click **Next**

Description is optional

Fund of Funds Update for Fund "Alternatives" ×


Fund Update

Start Date:



End Date:

☐



Ongoing

☒

Description:

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HOW TO – FUND MANAGER FOF

Choose from available proxy benchmarks to create the fund. The fund needs to add to 100% in order to move to the next tab. When finished, click **Next**

Allocations

US Proxy

Fixed Income

Equities

Real Estate

Alternatives

Cash

Return Shift 1%

Risk Free

Commodity

Hedge Fund

Infrastructure

Private Equity

High Yield (non-IR)

Emerging Market Debt

Summary

Hedge Fund

25

%

Emerging Market Debt

25

%

Cash

10

%

Loan Fund

20

%

High Yield (non-IR)

20

%

More information

Total:

100 %

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HOW TO – FUND MANAGER FOF

Fund of Funds Update for Fund "Alternatives" ✕

Expected Return

1yr Monte Carlo

In this step you can shift the fund's expected return values, or use calculated values. The geometric return is the fund's expected return in the Risk module.

☐ Use calculated expected returns:

☒ Set arithmetic return manually:

5.23

%

Compute Geometric >

Return Type	Percentage
Arithmetic	5.23 %
Geometric	5.03 %

Resulting Allocation

Hierarchy	Fund Name	Fund Scales	Percentage
US Proxy/Alternatives/	Hedge Fund	MV	25 %
US Proxy/Alternatives/	Emerging Market Debt	MV	25 %
US Proxy/	Cash	MV	10 %
US Proxy/Fixed Income/	Loan Fund	MV	20 %
US Proxy/Alternatives/	High Yield (non-IR)	MV	20 %
US Proxy/	Risk Free	MV	-46.2 %
US Proxy/	Return Shift 1%	MV	46.2 %
Total			100 %



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Finish >

The ability to override returns is available above.

If override selected, two additional funds will be added to the make-up of the fund to adjust for the change in return assumptions

HOW TO – FUND MANAGER FOF


The fund will need to be released after each update to show in PFaroe. Click the  to release the fund. Once successfully released, the arrow will turn the other direction .

Fund Updates

[+ Create Update](#)

The following fund updates are available for **Alternatives**

Fund Start Date: 12/31/2018
Fund Type: Fund of Funds
Currency: USD
Grouping: Alternatives
Rebalance: Yes








Fund End Date: Ongoing
Base Unit: Market Value
Picker Name: Alternatives
Hierarchy: 

Updates

Show entries

Search ...



Start Date	End Date	Description	Status	Created	User	
12/31/2019	Ongoing		Pending	02/20/2020	Amanda.Flemming	   
12/31/2018	12/30/2019		Released	06/19/2019	Amanda.Flemming	  

Showing 1 to 2 of 2 entries

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HOW TO – FUND MANAGER FOF

To update multiple funds at one time, click **Multi-Fund Update**

Fund Management

Multi-Fund Update

+ Create Fund

Show 10 entries

amanda

Fund	Type	Scales	Opened	Closed	Updated By	
Alternatives	Fund of Funds	Market Value	12/31/2018	Ongoing	Amanda.Flemming	
Buy Out	Fund of Funds	Market Value	12/31/2018	Ongoing	Amanda.Flemming	

Select Funds

Start Date: 12/31/2019

End Date:

☒ Ongoing

Funds

Add all

Multi-Sector Fixed Income

Amanda Test

Choose the date of the update and whether ongoing or has an end date

Choose the correct hierarchy to open the list of custom funds available the click the funds to include in the update

Click **Download Template**

Download Template

Upload

Cancel

HOW TO – FUND MANAGER FOF

When the excel file loads, the funds selected will appear with the gray fields to add the allocation to each of the proxy's selected for that fund.

Date of upload 2/20/2020
Update start date 12/31/2019
Update end date Ongoing

Fund Name Multi-Sector Fixed Income

	Percentage
Corporate All bonds	20
High yield All bonds	20
Loan Fund	20
Treasury All bonds	20
Emerging Market Debt	20

Once all funds are completed, save file on local computer

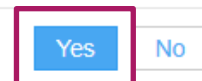
Click **Upload** to select the saved file



Click **Yes**

Upload

Are you sure you would like to use '**template exl.xlsx**' to update all of the funds that you have selected?



HOW TO – FUND MANAGER FOF

If file upload was successful, this page should appear. Next, **Release all**

Select Funds

Fund Update Report

Multi-Sector Fixed Income: Success

Release all

Exit

✓

Success

Operation successfull

✕

FAQ

The expected return I defined does not match to what I see in the Risk module. Why? After defining the arithmetic return in the Expected Return step, click the Compute Geometric button. This number should match was is displayed in the Risk module.

My custom fund shows up in PFaroe but is unavailable for the analytics I am trying to run. Why? First, check to see that the fund has been updated within the date range you are trying to use it. Secondly, if you're trying to use it in Risk and ALM and the update was only recently made, please wait about 30 minutes for the fund to appear. In other modules, it should be available right away.