

Do You Need Asset Management

Do you need asset management? If you have a lot of businesses and can't keep track at one instance, then the answer is yes. For such a task, you don't hire someone inside the company but an outsider who has the expertise to watch over your financial investments.

Professionals who do this kind of work are employed by mutual fund companies. Unlike banks that just keep your money where it earns interest, these companies pool the resources of several investors and place them in different types of instruments. The most popular ones are listed below.

First is called fixed income. By definition, these are investments that will generate a regular flow of income for the investor. Clients that want to invest here are usually issued government bonds.

Next is equity. Unlike fixed income, there is a bit of risk involved here because you are investing in the stock market. To prevent losses, experts have to study the market, assess the risks and volatility in order to get the best possible returns. Equity schemes are neither limited to a certain industry nor country. This means that it is possible to invest in the stock market in Europe or the Asia Pacific region.

There is also balanced where the mutual fund company will invest in a mix of assets such as shares, bonds and stocks. The risks are higher here but it may soon pay off in time especially for those who don't mind waiting for a few years to get their investment back.

The money market includes trading treasury bills, commercial paper and other liquid securities. You get a certain amount each month because of interest. It is safer than equity or balanced but the downside is that the rates are usually lower.

Some clients may choose to invest in commodities. Examples of these include gold and other precious metals as well as the most talked about issue right now, oil. The price of oil has gone up by more than 50% this year and it is hard to tell when it will go down. There are various factors affecting this even if Saudi Arabia has pledged to increase production such as the heightened tensions between the US and Iran.

If you want to increase your portfolio, then perhaps you should hand get into asset management. Don't forget that there are risks involved so there will be times that you will make some and lose some. By diversifying, some people have been able to double their fortune. To know which one is the best to get into, talk with someone from one of these firms to help you find the perfect scheme.

What do mutual fund companies get for making you money? A certain amount which includes fees and expenses but that depends on the arrangements made with the mutual fund company. Then there are also additional expenses called brokerage

commissions. This is usually incorporated into the price of the fund that is reported 3 months after the fund's annual report.

So do you need asset management? Yes because despite the amount you pay, it is a win-win situation when it comes to asset management between the client and the mutual fund company. For those who are thinking of getting into it, don't even bother if you are not a high roller.