

# Unit Administration for Investors in Institutional Funds

Investment companies are obliged to enter the investor information and units held per individual investor per special fund in a register as a direct result of increased compliance with regulatory guidelines and the calculation of personal fees. Until now, customers have applied external solutions in order to meet these requirements. With the unit administration functionality in XENTIS, external solutions become redundant.

As of 1.1.2012, investment companies are under the obligation to issue single tax certificates for each institutional investor investing in the special funds managed by the investment companies. This is in accordance with the directive on the coordination of the laws, regulations and administrative provisions relating to the Undertakings for Collective Investment in Securities directive (UCITS IV). The respective stake of the individual investor also affects any potential fee calculation, as the average allotment held within the fee period forms the basis for it. It is also customary for real estate investors to make an initial commitment to invest a guaranteed sum in the fund up until a specific time. This commitment is made per investor and fund and must be adjusted with each cash flow. The unit administration process correlates with the cash inflows or outflows in a fund. Units can be allocated via the new transaction type 'Investor Allocation' either directly on the investor or first on a virtual investor acting as a mediator, and later transferred to the investors via 'Allocation/Repositioning of Investor'. This allocation results in a nominal unit position which is administrated for all investors that were initially created with the party type 'investor'. A similar situation occurs in the management of commitments in real estate funds.

A two-part booking of the unit certificates is necessary if the number of investors was not defined during distribution or is due to be determined on the following day. In such cases, the total cash flow is assigned to a virtual investor, followed by the allocation transaction for the individual investors. Cancellation of a cash flow automatically results

The screenshot shows the 'Inventory Summary' window in the XENTIS application. The search criteria are set to 'Fund' with the value '017100'. The display options are set to 'Holding'. The hierarchy table shows the following data:

Hierarchy	Currency	Holding / Blocked Holding
017100 Test Special Fund Investor Info Top shares		
Subscription / Redemption		
Investor		
Investor A	EUR	20'666.00
Investor A		
Dummy_Investor	EUR	2'056.00
Dummy_Investor		
Investor B	EUR	15'490.00
Investor B		
Investor C	EUR	8'200.00
Investor C		
DE000A8NAAB9	EUR	-379'324.00
Test Special Fund Investor Info Top shares		

Fig. 1: Investor information – share certificates held per investor in the inventory summary

in cancellation of the associated allocation transactions. Cancellation of the allocation transaction, however, does not result in cancellation of the cash flows. Users can also specify whether the registration of investor information is optional or obligatory. In the case of the latter, a newly developed test step can be integrated in the processing cycle to check the open virtual investor positions and the completed allocation to the investors.

The individual investor positions can be extracted from a separate register in the inventory summary (**fig. 1**), valuation and position search. Financial analysis language (FINAL) extracts enable export of the relevant investor information from XENTIS into third party systems such as those responsible for creating the requisite tax certificates in accordance with UCITS IV regulatory requirements.

## CONCLUSION

Unit administration in XENTIS enables the definitive separation of investor positions invested in special funds. In doing so, users are able to avoid the cumbersome and time-consuming entry of investor information in an externally managed register. Cash flows and the simultaneous allocation of unit certificates to the investors can be integrated into an automated process; hence XENTIS is the ideal solution for unit administration of special funds in investment companies.

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