



Client Reporting for Wealth Managers: Taming the Challenges of Bespoke Meeting Books

SUMMARY

Wealth managers offer a variety of services for high net worth, ultra-high net worth and institutional clients. Their services may include investment advisory, portfolio management, administration and oversight of trusts, monitoring against investment policy statements, goals-based wealth planning, total net worth aggregation and management of gifts and grants for endowments and foundations. For multi-service wealth managers, there are a multitude of challenges in efficiently preparing client meeting books. They can include exhibits relevant to some or all these services. Advisors and support staff compile data points from multiple sources in multiple formats to create a comprehensive book which often takes hours to produce the finished product for a single client meeting. Here within we address solutions to making client reporting more efficient while maintaining flexibility and a high standard of quality.

EVERY CLIENT MEETING BOOK IS UNIQUE: CONTRIBUTING FACTORS

Wealth managers engage with clients primarily through periodic meetings. Clients may regard presentation materials as a 'book' that necessitates a table of contents and pagination due to the amount of content that needs to be organized and presented. The core of meeting books includes readily available content such as portfolio-level market values and performance returns. Supplemental content is added based on several factors:

- 1. Composition of the Audience** – It varies from individuals, to families, to sub-sets of families. The wealth managers staff needs to know which portfolios to include and how to aggregate the values. They must also know which data is relevant and which could prove confusing to clients. For example, an income beneficiary needs reporting on distributions but not on the list of trades on the corpus.
- 2. Purpose of the Meeting** – This ranges from a board meeting for an endowment to a multi-generational meeting to review all services. The purpose of the meeting drives the required presentation materials. For instance, the content may need to include a summary of transactions for a trust, a review of client's investment policy versus actual investments, content from sub-advisors such as accountants and/or legal professionals, details regarding pooled investments, and/or taxable events such as IRA distributions or gains/losses.
- 3. Time Periods** – This varies based on when the meeting is taking place and the date of the last meeting. Standard reporting periods, such as quarterly periods, generally do not suffice unless the meetings are specially designed around a quarterly cycle. Wealth clients expect current information and event details that occurred since the last meeting date.

MANAGING THE DATA, THE DETAILS AND THE DELIVERY

Wealth advisors and their staff prepare meeting books by collecting content from various data sources such as:

- positions and transactions from accounting
- portfolio performance from performance system
- product performance and analysis from portfolio managers
- contacts from CRM systems
- notes provided by the trust administrator

Once data is aggregated, the staff must follow due diligence steps.

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MANAGING THE DATA, THE DETAILS AND THE DELIVERY (continued)

First, they must validate that all changes are reflected in the exhibits. Their detailed review of reporting groups is especially important to ensure they make updates for new or closed accounts. Next, they need to ensure valuations of assets match across exhibits unless there is an intended, explainable difference, such as month-end versus previous business day. They then create consistency in values, which can be challenging when multiple data sources are comingled in a book, and each source has a different purpose. For example, performance is typically trade date positions with accrued income, and accounting may be on a cash basis. Combining data from multiple accounting sources adds even more complexity and introduces the risk of different pricing sources, valuation methods, or accounting methods.

Completing the finished product typically requires manual work. The staff often need to add supplemental exhibits such as firm-level content like market commentary or details for pooled investments held in the accounts. They may need to make manual corrections where data points are stale or there is an error. The resulting meeting book may include a mishmash of un-numbered pages with inconsistent styling.

PARTIALLY AUTOMATED VENDOR SOLUTIONS: EASING THE BURDEN ON WEALTH MANAGEMENT STAFF

There is no off-the-shelf solution for wealth managers to completely automate the production of meeting books. Automated solutions don't offer the level of flexibility required for the three factors noted above, and a workflow process is necessary to do the final manual updates. What vendor products may provide is a scalable and adaptable foundation.

Some of the critical selection criteria for a vendor solution or designing a solution include:

1. **Configurable content** is saved for the relationship. The settings are associated with a group of accounts in most cases, and the exhibits are specific to the audience and meeting purpose.
2. **Access to all data sources** for content – structured and unstructured. Sources typically include databases for accounting, performance and CRM; while commentary and trust administration notes are in PDF or Word.
3. **Validation checks** help ensure consistency and alert the staff of data exceptions. The market values from different sources may not match, or there is an error in the configuration that can result in mixing dates. Either way, the tool needs to identify these issues proactively.
4. **Packaging functions** for table of contents and pagination across all exhibits. This makes the finished product present as a single, comprehensive meeting book.

CONCLUSION

Wealth managers have complex reporting needs that require flexibility. There is no solution that can fully-automate meeting book creation. Still, it is possible to leverage technology to do the heavy lifting and to help move in the direction of a scalable process. While wealth managers will always need their staff to pay close attention to detail, a partially automated solution can ease their burden.

HOW MERADIA CAN HELP

Meradia can help transform your reporting solution by working with your front, middle and back office to understand your goals, select an automation solution, and transition to the future state. Our team leverages proven methodologies and skills to:

- Develop an enterprise data aggregation and reporting strategy
- Identify appropriate vendor partners, tools and platforms
- Integrate and transition to production



Thomas E. Alex, PMP, is a Principal who brings over 30 years of extensive IT experience to Meradia's wealth and investment management clients. He has worked within the asset management industry supporting institutional, retail and fund managers. He combines his deep technical background with enterprise project leadership and execution. Tom has served as a technical architect, outsourcing daily recon operations for 20,000 accounts across 50 custodians; performed strategic systems selections for accounting, performance and reconciliation functions; and led strategic client reporting selection projects. He has implemented data warehouse and data governance strategies. Tom is a thought leader who has delivered multiple presentations on Bitcoin and Blockchain technology in the investment services space.

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