

Fund Accounting and Valuation

Purchase and sale of securities by the UCI (Undertaking for Collective Investment)/OPC (Organisme de Placement Collectif), variations in cash holdings, subscriptions and redemption of fund shares/units by shareholders, revenues (dividends, interest...) and costs (fixed fees, variable fees, set-up fees), equity transactions, dividends paid by the fund to its share/unitholders... In a nutshell, all the transactions and operations that have an impact on the UCI holdings must be accounted for.

In addition to the accounting of orders, the UCI accountant determines the value of the investments made by the funds. In the case of an Equity Fund, this evaluation is made based on the most recent valuation of the equities on the stock exchange of the equities in which the fund has invested. The valuation is usually carried out every day. Indeed, unlike commercial companies, the majority of UCI/OPCs close their accounts each working day.

On this basis the UCI/OPC accountant calculates the value of the shares/units of the UCI/OPC, known as the Net Accounting Value or NAV. The NAV is calculated as the price at which shares and units are subscribed to by

investors who wish to invest in the fund, or the price at which shares and units are redeemed by the fund to the investors who wish to withdraw the money they placed in the fund.

Due to the multiplication of the number of financial instruments in which UCI/OPC can invest, the determination of the NAV has become a highly sophisticated task. Today, portfolios can be composed of derivative products, structured products and others, for which valuation requires specific training. This is why the UCI/OPC accountant is regularly in touch with professionals who specialise in these products and with the fund's auditors.

The UCI accountant is also involved in the monitoring of adherence to investment policy and restrictions and prepares the annual accounts, statements and the periodic financial reports of the UCI.