

## Unit Pricing in a COVID-19 Environment Addressing heightened operational risks



We are witnessing a perfect storm. Current market volatility is stressing unit pricing methodologies and operations. The situation is exacerbated by a shift to remote working, putting a strain on both staff and systems. The consequences of getting it wrong can be varied and significant, so it's better to catch any issues early.

### How well resourced are your investment operations teams?

Highly volatile markets are causing more work than usual, while remote working is impacting productivity. Additional pressures arise if work is being delivered by offshore third party service centres, over which you may have limited control. While teams are meeting the immediate challenges, the focus is shifting to sustainable long term talent management and dealing with burn out risk.

### How robust are your vendors' operations?

All the challenges faced by your organisation apply equally, if not more so, to you key service providers. There are additional stresses due to diverse geographical footprint with key functions potentially located in areas highly affected by the pandemic exacerbated by limited infrastructure.

### Are you comfortable that you are operating in line with your governing documents?

This includes constitution, PDS, unit pricing policy as well as valuation, suspension and discretions policies if you have those.

### Is cashflow processing as efficient as it can be?

Delays with processing cashflows may unnecessarily keep customers' money in/out of a highly volatile market.



### Do unlisted assets need out of cycle valuations?

Unchanged values may differ considerably to the latest market values. Triggers, lead and lag times, permitted use of estimates need to be considered.

### Are high levels of white noise obscuring significant issues?

In the current environment BAU processes raise more red flags than usual requiring further investigations. At the same time the availability of staff and systems to conduct such investigations is diminished. Thus significant issues may be missed while increased workload is not sustainable beyond the short term.

### How well are related processes doing under stress?

This includes performance management, tax accrual processes (are policies clear and being followed?), liquidity management and rebalancing. Do existing unit pricing policies (e.g. loss recognition, deferred tax capping) need to be reviewed, monitored and updated, including consideration of appropriateness between generations of unitholders, and appropriately approved by Boards/Trustees?

### How well is technology meeting evolving demands?

Heightened client expectations of digital connectivity and transparency are combined with increased demands on network and application access together with increased cyber and fraud risks.



**How we can help**



Review and stress-test unit pricing policies and procedures.

Assist with resource augmentation for unit pricing, investment operations, performance and related teams with expert resources, helping to prevent and detect errors.

Recalibrate procedures for sustainable long-term operation.

Provide technical advice on unit pricing treatments.



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