



KPI ENCYCLOPEDIA

A Comprehensive Collection of KPI Definitions for

INVESTMENT MANAGEMENT



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Investment Management

Investment Management

Back Office Operations*

Investment & Market Research

Lines of Business*

** This section is not included in this document.*

Investment Management (also sometimes referred to as 'Private Banking,' 'Wealth Management' or 'Private Wealth Management') refers to a collection of services usually rendered to high-net-worth-individuals, families or businesses. Investment management typically encompasses the coordination of a suite of services including portfolio management, estate planning, financial advisory services, retail banking, retirement planning, legal resources and tax strategies. Large corporations may also be Investment Management customers but, typically, they would ne serviced by the bank's Investment Banking Group (i.e., Prime Brokerage, etc.).

Investment Management

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Cost

- **Expense Ratio: Investment Fund Management** – The dollar amount of management fee revenue earned by an investment fund managed by a company divided by the average annual dollar amount of assets the fund is managing at the same point in time, as a percentage.
- **Commission Rate: Registered Financial Representative** – The dollar amount of commission paid to registered financial representatives divided by the total amount of customer fees collected (for recordkeeping, advisory and custodial services) by the firm over the same period of time, as a percentage.
- **Total Expense as a Percentage of Assets Under Management (AUM)** – The total company-wide expense incurred divided by the dollar amount of assets managed by the company over the same period of time, as a percentage.

Organizational

- **Registered Financial Representatives per Trade Operations & Support Employee** – The number of registered financial representatives (captured or independent) divided by the total number of Trade Operations & Support employee working for the company over the same period of time.

Productivity

- **Assets Under Management (AUM) per Registered Financial Representative** – The total dollar amount of assets managed (AUM) by the firm divided by the total number of registered financial representatives working for the brokerage firm at the same point in time.

Quality

- **Assets Under Management (AUM) per Investment Management Employee** – The total dollar amount of assets managed by the Investment Management function (i.e., assets under management) divided by the total number of employees working in Investment Management at the same point in time.
- **Assets Under Management (AUM) Withdrawal Rate: Departing Clients** – The difference between the total dollar amount of assets managed by the firm and the dollar amount of assets withdrawn by clients who are leaving the firm's business (i.e., departing clients) divided by the total dollar amount of assets managed by the firm over the same period of time, as a percentage.

Quality (Cont.)

- **Assets Under Management (AUM) Withdrawal Rate: Existing Clients** – The difference between the dollar amount of assets managed by the firm and the dollar amount of assets withdrawn by clients who maintain one or more open accounts with the company (i.e., clients who continue to maintain an account and do business with the firm) divided by the total dollar amount of assets managed by the firm over the same period of time, as a percentage.
- **Assets Under Management (AUM) Growth Rate: New Clients** – The sum of the dollar amount of assets managed by the firm and the dollar amount of assets added by newly onboarded clients divided by the total amount of assets managed by the firm over the same period of time, as a percentage.
- **Assets Under Management (AUM) Growth Rate: Mergers & Acquisitions** – The sum of the dollar amount of assets managed by the firm and the dollar amount of assets added by one or more mergers or acquisitions obtained by the firm divided by the total amount of assets managed by the firm over the same period of time, as a percentage.
- **Assets Under Management (AUM) Growth Rate** – The sum of the dollar amount of assets managed by the firm and the dollar amount of assets recently added (through new clients, a merger or acquisition, etc.) divided by the total amount of assets managed by the firm over the same period of time, as a percentage.

Revenue

- **Return on Investment (ROI)** – Net profit earned divided by total amount invested (for a single investment or series of investments), as a percentage. ROI indicates how successful the firm is in investing in various financial instruments and markets.
- **Assets Under Management (AUM) per Employee** – The total dollar amount of assets managed by the firm (i.e., assets under management) divided by the total number of employees working for the firm at the same point in time.
- **Net Interest Margin** – The dollar amount of interest paid subtracted from the total dollar amount of investment returns generated divided by the average dollar amount of invested assets.



Investment Management (Cont.)

KPI Encyclopedia

Revenue (Cont.)

- **Recordkeeping Fee Revenue as a Percentage of Assets Under Management** – The dollar amount of revenue (fees) collected for recordkeeping (involves making sure all documents related to the assets managed are organized, accurate and stored safely) services divided by the total dollar value of assets managed by the firm, as a percentage. Includes both retail and institutional accounts.
- **Investment Management Fee Revenue as a Percentage of Assets Under Management** – The dollar amount of firm-wide revenue (fees) collected for investment management and advisory services (involves portfolio management, financial counseling, brokerage and other transactional services) divided by the total dollar value of assets managed by the firm, as a percentage. Includes both retail and institutional accounts.
- **Custodial Fee Revenue as a Percentage of Assets Under Management** – The dollar amount of revenue (fees) collected for custodial services (involves account administration, tax support, settling transactions, collecting dividends and interest payments, etc.) divided by the total dollar value of assets managed by the firm, as a percentage. Includes both retail and institutional accounts.

Revenue (Cont.)

- **Fee-Based Assets Under Management (AUM) as a Percentage of Total AUM** – The dollar amount of assets managed by the company that require a management fee (typically 1-5% of assets managed) divided by the total dollar amount of assets managed by the company (total AUM) over the same period of time, as a percentage.
- **Fee-Based Investment Management Revenue as a Percentage of Total Revenue** – The dollar amount of revenue generated through fees paid by investment management customers (institutional or high-net worth individuals) divided by the total dollar amount of revenue generated by the company over the same period of time, as a percentage.
- **Revenue as a Percentage of Client Assets and Liabilities (CAL)** – The dollar amount of revenue generated divided by the total dollar amount of client assets and liabilities (CAL) managed by the company over the same period of time, as a percentage.
- **Operating Margin as a Percentage of Assets Under Management (AUM)** – The company's(or division's) total operating income and total net sales generated divided by the total dollar amount of assets managed by the company over the same period of time, as a

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