

Bachelor of Business Studies Year Three

Record of Practical Experience

[REDACTED]

[REDACTED]

[REDACTED]

FINANCIAL SERVICES BANK.
Fund Accountant.

14th January 2008

I commenced the placement at [REDACTED] with the Hedge Team on behalf of Hedge and Structured Products.

The Hedge team covers just over one hundred funds and four teams.

I joined the "Blackrock Team" which values four Blackrock, one Morgan Stanley, one Investec and one AGI fund.

The Blackrock funds are considered to be by far the most difficult and intense of any funds. They demand early mornings and late evenings as they endure a large quantity of difficulties and problems.

[REDACTED] uses many tailored programs used solely in this company. These include "MCH", a macro of all accounts held by the company; "Derivative Workstation" (DWS), pulls in reports from the brokers of each account; "On Demand" (CMOD), updates accounts on request; and "NAV Alert", shows alerts on the unsettled problems with each fund (the fund cannot be completed until all alerts are answered).

Topaz Elite Fund

This is a daily task to be carried out by its five o'clock deadline.

Every morning I receive an email from HSBC which includes the swap valuation (price) for the fund for that given day. The fund is valued on a "prior prior day" basis, i.e. the valuation carried out on Friday is for the date of two days previous (Wednesday). I then forward this email to the Derivatives Area asking them to save down navigators needed in order to start valuing the fund. Once these are saved, I begin to process the prices.

A new "valuation pack" is needed everyday which contains emails, navigators, spreadsheets of fees and prices, a trial balance, cost sheets, a trade summary and a checklist of everything that has been included. It is a long process using MCH, CMOD and NAV Alert to get this done. However, this is the simplest fund under the Hedge Team umbrella, but it has a market value of €300,000,000.

This is to be handed to the manager of the fund for checking before the deadline. This task is completed over the day, small parts at a time but the most of it takes approximately one hour at three o'clock. It does not take long to complete but its importance is very large. I have the responsibility to get the valuation out to the client (HSBC) on time and correctly.

If there is a problem with either the programs or the valuation, it is my responsibility to solve these problems to the best of my ability before getting instruction from the team leader or the manager over the fund.

At the end of each month a special valuation is prepared and sent out to the client along with summary reports covering the past month. This is significant as I receive feedback from the client on issues they are apprehensive about and I clarify or solve these setbacks.

Blackrock Swap Coupon Check

Everyday amongst the Blackrock funds there are new trades, i.e. shares are bought in and sold out of the fund. These are called "swaps". The swaps are processed by the custody department and they send me emails notifying me of the new trade.

It is my responsibility to update the trades for our records.

I get the "trade tickets" through email and use this information to update the accounts of each fund.

This is carried out daily and is vital for the completion of the holding and market value reconciliations. If it is not carried out appropriately, there can be a great quantity of difficulties with the fund valuations on Thursday.

In order to complete this task, a number of functions in the program MCH must be used to acquire the appropriate information.

Firstly, I use the details on the trade tickets to search through the archives on MCH to find the swap matching the ticket. I compile both lots of information into a "Coupon Check" spreadsheet. New trades are added everyday but the old ones also need to be updated daily, recording payments being made for the shares.

The new trades also need to be added into another spreadsheet, "ID Mapping" to aide the holding rexs on Wednesday and Thursday. This spreadsheet links in with the template spreadsheets to gather the acquired information for the client.

ID Mapping shows the ID code that the client uses for each swap as well as the ID code the State Street Corp use for each swap. This sheet is extremely important for many different projects as it is the basis for matching both sets of accounts i.e. the client's and **THE BANK**.

Holding & Market Value Reconciliations

This task is performed independently every week. The holding reconciliation is completed every Wednesday and Thursday for the four Blackrock funds. In the morning I receive an email from Blackrock including two files; "Aladdin" and "Valuation". I have to sort these files to find the information I need from them. Then I copy this information into a holding reconciliation template. Then I use a macro called "BPOP Scrape Macro" to calculate a spreadsheet which works in conjunction with the holding rec to calculate differences between our accounts and the client's accounts.

I then manually investigate these differences one by one until all are settled. This is prepared for the four funds. This is a very important job as it highlights any problems before valuation day. It is vital to solve these issues before the valuation of the funds begins.

The holding rec is completed in preparation for the Market Value Holding Reconciliation which is carried out every Thursday (valuation day). I receive another email from Blackrock including two more files; "Green Package" and "Valuation 2". This rec involves sorting the files and saving the required information into the market value holding rec templates for each of the four funds. Once the valuation packs for the fund have been checked by team leader, I can use these spreadsheets in conjunction with the Market Value Rec's.

The formulae in the spreadsheets needs to be updated every week as "N/A's" appear. This can be for a quantity of reasons as there are many spreadsheets connected together to modernise information. It takes hours of manual effort on a 'trial-and-error' basis to correct all of these problems.

If the balance does not equal the Trial Balance, it is my liability to determine how this is the case. There is generally a straight forward reason for this but it is extremely complex to ascertain.

Maintenance

This is fund maintenance carried out first thing every morning for ALL2, ALL3, ALL4, ALL5, ALL6 and ALLC. For this, I used a personalised "Morgan Stanley Client Link". This is a SecurID card which automatically generated a new password every five minutes for safety. This ID is used to log into Morgan Stanley's private accounts and reports, which I use for the maintenance of this fund.

First, I save down to Morgan Stanley reports and use this information in a macro-enabled spreadsheet which I set up for the six funds. This is called the "Stock Rec". These file are then sent to Mumbai via email before the deadline of 10:00 GMT. Mumbai then send back *signoff* if there are no discrepancies. Then I re-run the stock reconciliations and get printouts of cash movements in the fund from MCH. These

figures are used in conjunction with more reports from Morgan Stanley to update the 'Cash Reconciliation' for the fund. There cannot be any differences in the final result. However, this can often be the case. It is my responsibility to query these differences with Mumbai. These breaks are usually due to trades that have taken place but are not yet reflected on the reports.

Blackrock Maintenance

Everyday (except Thursdays) 'maintenance' needs to be carried out on the four Blackrock funds. This maintenance requires different jobs everyday. The maintenance cannot be started before three signoffs are received from custody and Mumbai. These signoffs relate to 'futures', 'swaps' and 'trades'. These are received in by email, generally before ten o' clock. Once there is signoff 'mark to markets' need to be run on MCH. This involves running seven functions on the program to pull in new reports for the funds. Futures must be updated on a daily basis. This is quite a long and detailed process. The client, Blackrock, sends in a 'broker statement' every morning. This is a record of all new futures bought onto the fund since the previous day, changes in the prices of all the futures and any money received into the fund. All of these additions and changes can only be updated on DWS. This process involves clearing out all previous information and manually inputting descriptions, prices, identification codes and the number of futures bought and sold, known as 'contracts'. This new information needs to be approved and a new report loaded, saved and printed. Then, the information from the DWS report and the broker statement is updated on a spreadsheet in the valuation pack for the fund.

Each Monday, 'capstock' needs to be posted to each of the funds. This capstock can be in the form of either a subscription, money received into the fund, or redemption, money out of the fund. Capstock is set up every Monday and settled down into the fund every Tuesday.

Expenses are posted into the fund every Monday, for four days, and Wednesday, for three days. Expenses are fixed or variable and depend on the number of futures, swaps and trades posted to the fund for that week. Management, set up, custody, administration and audit fees are examples of the funds expenses.

Swaps receive and pay out money at various stages throughout the year. When this happens, the cash instructions are posted. This is extremely important as it determines the value and price of everything in the fund.

Wednesday is a vital day of importance for maintenance on the funds. Being extra vigilant the day before the valuations of the funds helps the Thursday process dramatically. This is why an 'Income Verification Macro' is run each Wednesday. This picks up all the swaps that have the wrong payment information posted to the fund. All the exceptions have to be manually fixed before the valuation.

Then, each day the a trial balance is created to check against the mark to markets as a safety check that everything has been posted correctly and ties out accurately. The trial shows every transaction in the fund since the prior day.

Finally, a 'summary reconciliation' is added to the valuation pack which summarises the main factors of the fund. It shows the buys and sells of the fund, total net assets, shares and shares price. This makes it easy to identify and large divergence from the previous day and between the classes of the fund, as each class should fall in line with each other.

Anything on the summary reconciliation that is over ten basis points (the current day total net assets by 0.0001) is material divergence on the fund and must be investigated immediately with the client.

A checklist must be submitted with the valuation pack everyday. This is particularly important as it shows everything that must be completed on the fund and puts all responsibility on you for the correct posting and maintenance of the fund for that day as you must put your signature to each sheet of the valuation pack and checklist.

Income Verification

Every Wednesday the set up of every swap on the funds must be checked. A macro pulls in the swap set up information of every swap and checks if it corresponds to the swap lines that have been set up on MCH. I use the macro to obtain information about the swaps. I use the reports that outline differences between the set up and swap lines on MCH as well as variations in the coupon payment dates. Then, I need to correct each difference across MCH by manually updating each swap with the correct information so it then matches the swap set up.

In order to do this I must retrieve the trade tickets for each swap that needs to be revised. These are sent via email from Mumbai to the custody department and then onto me. Several MCH functions are needed for the rectification of the data. First, I get the account number of the swap from the 'BGMM' screen. With this account number I can view the 'ICRS' screen. This shows the swap information and it is here that I can renew

coupon payment dates and some general information. This screen displays what the coupon rate currently is. If this is wrong it is changed under the 'UGMR' function. This task adds a new coupon line and I enter the latest rate and input the last and next payment dates. Lastly, the changes must be checked over to ensure that the information posted properly. All screens must be printed out as evidence of correct posting.

Skills

Over the six month placement I have attained many new skills as well as improved on a range of aptitudes.

Working as a fund accountant enhanced many accounting related skills such as working with diverse client accounts, comprehending when a figure seems to be wrong and completing reconciliations. My awareness to the accuracy of entering data has also improved significantly.

Some of the most important skills I learned however were how to work economically on a team, learning how to adapt to using original and complex software packages and handling the pressure of meeting deadlines.

In addition to this, countless general skills were needed everyday. These included inter-personal and presentation abilities, problem solving and time management skills.

Conclusion

Overall I feel that the work placement has greatly benefited me. Not only have I gained new skills and bettered my abilities but I also now know what the 'real world of work' is all about. It put me out there, straight into the thick of an extremely busy and large organisation to fend for myself, which I consider to be the best experience of all. It was excellent experience for future interviews and presenting myself to an experienced panel. I am now much more prepared for when I finish my degree.