



Data Solutions - Practice Management Insights

# Performance Reports That Make a Statement

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## Account Statements vs Performance Reports

“We’re often asked the question by wealthy families and advisers to significant wealth, ‘If we already get account statements, do we need a separate reporting system for our investments?’”, said Mike Pakula, Managing Director, Data Solutions at iCapital. “The answer is YES!”

Fundamentally, the statements investors receive from their financial institution (custodian, bank, alternative asset manager, etc.) are simply an accounting of what they hold on their behalf at a given point of time - typically month-end. For each account, and asset(s) within each account, they provide the balance and the associated transactions. A report generated from an account aggregation and reporting system does much more.

## Not Just Information, but Insights

First, as the name Performance Reports implies, the system aggregates all assets, no matter their asset class or where they are held, into a single consolidated view. Clients can group their assets not just by financial institution and account, they can organize it in any way and for any time period the data allows. In these aggregated views, investors can truly explore exposures in their portfolio, e.g. How much AAPL is held across all accounts. Or, how much free cash is available in total. These systems often include additional, supplemental data that allows for further groupings such as asset allocations by industry or region, or through custom groups and filters.

Performance reporting systems provide balances, and investment performance, typically both Time-Weighted Return (TWR) and Internal Rate of Return (IRR). A plethora of additional metrics are often available as well, such as long-term and short-term realized and unrealized gains, risk vs return, past and anticipated dividend and interest income, etc.

Because a performance reporting system is designed to be used as a management tool that provides insights into an investor’s overall portfolio, the reports can include combinations of many graphs, charts, and tables that help illuminate outliers. “Oftentimes our clients are seeing new insights about their portfolio for the first time,” Pakula explains. “That often prompts them to ask for new views and customizations.”

## Consider the Accounting Differences

Account statements and performance reporting systems have many accounting-related differences as well. To be clear, this doesn’t make one more accurate than the other, but can make it difficult to reconcile the two.

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**Mike Pakula**  
**Managing Director,**  
**Data Solutions**

Common differences include:



Performance reporting systems are typically trade-date based. Statements are often settlement-date based.



Performance reporting systems can backdate transactions, particularly when a transaction was initially misreported. Statements rarely backdate or restate.

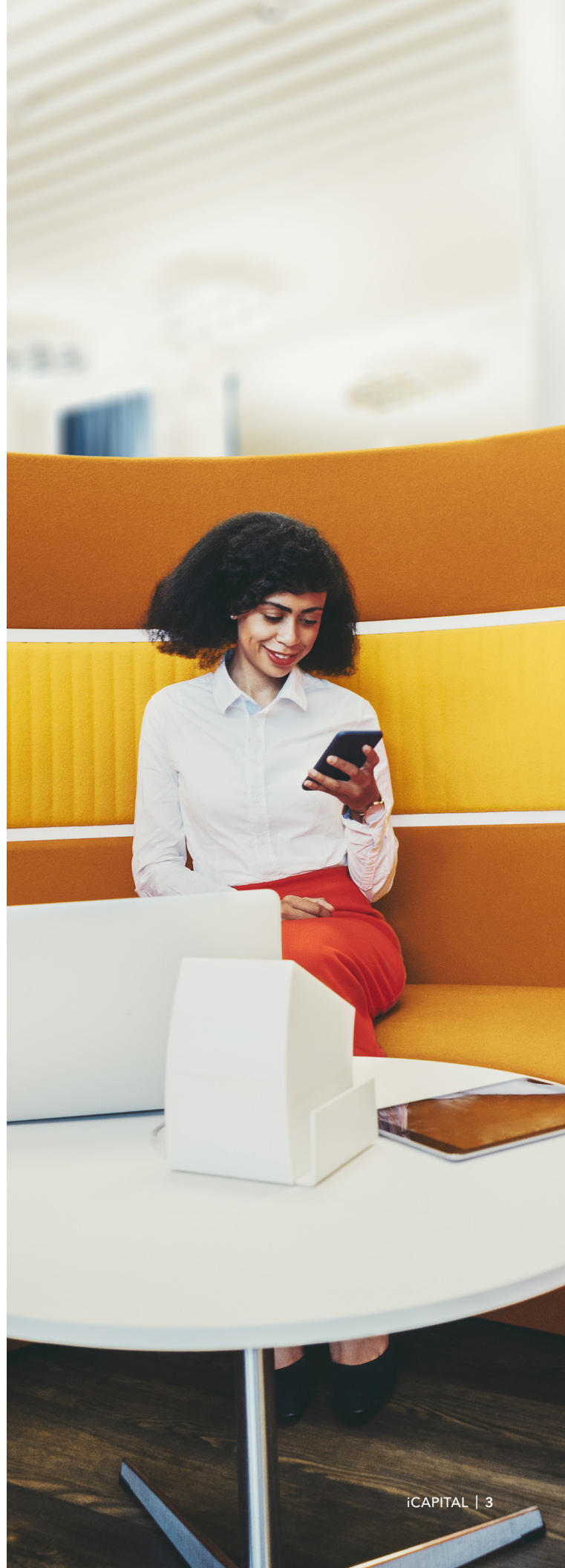


Performance reporting systems typically accrue for interest and dividends earned, while statements typically do not.

## Sophistication and Expertise

Performance reporting systems are a must-have if you have sophistication in your portfolio, especially if there are complex family and legal ownership structures. Individual PDF statements from your financial institutions do not provide the insights you need. MS Excel extracts/models cannot easily produce the calculations and are often fraught with errors. While account aggregation and performance reporting systems provide you with the tools you need to manage your (or your clients') portfolio(s), they do require expertise to operate. Firms such as iCapital have staff on demand to help you configure and operate these tools in a customized, accurate, and cost-effective manner. Combining outsourced expert help with these tools will allow you to get the most out of the reporting system without spending hundreds of staff hours managing the system and data.

For expert guidance on selecting, implementing, and operating a performance reporting system for your firm or family office, contact the Data Solutions team at iCapital at [info.datasolutions@icapitalnetwork.com](mailto:info.datasolutions@icapitalnetwork.com).







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