

# **Lesson 4 (part 1+ part2)**

## **Asset management**

### **Part 01**

**1/ Definition of asset management :** is a systematic approach to the governance and realization of all value for which a group or entity is responsible. It may apply both to tangible assets (physical objects such as complex process or manufacturing plants, infrastructure, buildings or equipment) and to intangible assets (such as intellectual property, goodwill or financial assets). Asset management is a systematic process of developing, operating, maintaining, upgrading, and disposing of assets in the most cost-effective manner (including all costs, risks, and performance attributes).

Asset management has a double-barreled goal: increasing value while mitigating risk. Tolerance for risk is one of the first topics that an asset manager might raise with a client.

A retiree living on the income from a portfolio or a pension fund administrator overseeing retirement funds is (or should be) risk-averse. On the other hand, a young person, or an aggressive investor of any age, might want to dabble in high-risk investments.

**Asset management is the professional management of financial assets to build and increase wealth over time.**



## 2/ What Is an Asset Management System?

A real-time asset management system allows your business to track the usage of your assets through a dedicated, central application. A systemized asset management system allows your company to monitor and manage assets effectively. A return on investment is possible as well as improving productivity and efficiency.

Through an efficient Asset Management System, you can directly have access to the following:

- Details of the asset
- Location of the asset
- Usability of the asset
- People that have access to the asset.

### Key Takeaways

- The goal of asset management is to maximize the value of an investment portfolio over time while maintaining an acceptable level of risk.
- Asset management is generally provided by specialized firms to individuals, government entities, corporations, and institutional investors.

- Asset managers have a fiduciary responsibility to their clients to act in their best interests.

### **3/ Types of Asset Managers**

There are several different types of asset managers, distinguished by the kinds of assets they specialize in and the level of service they provide. Each type of asset manager has a different level of responsibility to the client, so it is important to understand a manager's obligations to their clients before deciding to invest.

#### **- Registered Investment Advisers**

A registered investment adviser (RIA) is a firm that advises clients on security trades and manages their portfolios.

#### **- Broker**

A broker is an individual or firm that acts as an intermediary for their clients, buying stocks and other securities and serving as custodian of customer assets.

#### **- Financial Advisor**

A financial advisor is a professional who can recommend investments to their clients and buy and sell securities on their behalf.

#### **- Robo-Advisor**

The most affordable type of investment manager isn't a person at all.

## **Part 2**

### **4/ The role of asset management**

The core mission of an asset manager is to invest the money of European citizens and institutional clients into productive economic activities. The proceeds from this are then returned to savers and pensioners, helping them achieve their financial goals like paying for education or retirement.

#### Helping people provide for their future

Asset managers provide a wide range of individual and collective investment options corresponding to different investment strategies, objectives, time horizons and risk.

Individual investors typically access asset management services by putting their money into investment funds. An investment fund is a financial product created by

an asset management company for the purpose of raising capital from a number of investors and investing it collectively in a portfolio of assets

### Channeling long-term savings into the economy

Asset managers bridge the gap between savings and investment opportunities, linking investors with companies and driving the shift to a sustainable economy.

### Navigating economic uncertainty

Asset managers help protect investments by spreading them out across various types of stocks, bonds and other financial products. This diversification is especially important at times of economic uncertainty and high inflation.

### Financing the transition to a sustainable economy

As awareness of the threats posed by climate change and social inequality increase, more and more people want investments that help the environment and society while providing financial returns.

### Representing the largest investors in capital markets

Asset managers serve two main groups of clients: retail and institutional. Retail clients include regular households and high-net-worth individuals. These institutional clients control large amounts of financial assets and often hire external asset managers to help them manage their assets.

## **ISO 55000**

The ISO 55000 series provides terminology, requirements and guidance for implementing, maintaining and improving an effective asset management system. The three international standards (ISO 55000, 55001 and 55002) are important because they represent a global consensus on asset management and what it can do to increase value generated by all organisations.

We believe that asset management will increasingly become the best means of harnessing and integrating all the activities within an organisation to achieve its purpose most effectively and economically.

Using ISO 55000

ISO 55000 consists of three standards:

- **ISO 55000 Asset Management - Overview, principles and terminology**  
Introduces the critical concepts and terminology needed to develop a long-term plan that incorporates an organisation's mission, values, objectives, business policies and stakeholder requirements.
- **ISO 55001 Asset Management - Requirements**  
Specifies the requirements for the establishment, implementation, maintenance and improvement of an asset management system.
- **ISO 55002 Asset Management - Guidelines on the application of ISO 55001**  
Provides guidance for the application of an asset management system, in accordance with the requirements of ISO 55001.