Investments

Operational alpha: Why investment administration is emerging as a strategic differentiator





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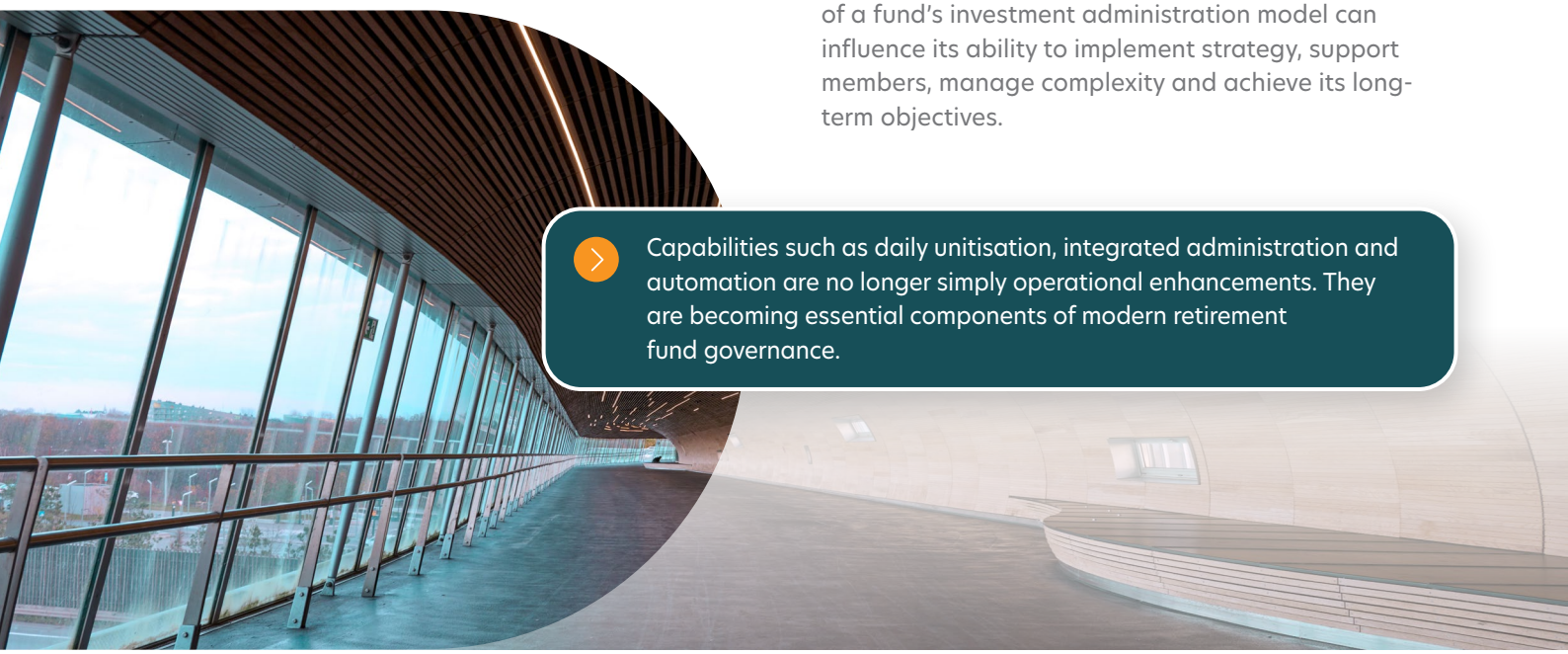
In an era of increasing complexity, operational excellence is becoming a source of competitive advantage.

For years, retirement funds have focused on generating investment returns through effective asset allocation, manager selection and risk management. While these remain essential, the environment in which funds operate has become significantly more complex. Regulatory requirements continue to evolve, investment strategies are becoming more sophisticated and trustees are under increasing pressure to deliver strong outcomes for members.

As a result, operational excellence is increasingly recognised as a strategic enabler. The effectiveness of a fund's investment administration model can influence its ability to implement strategy, support members, manage complexity and achieve its long-term objectives.



Capabilities such as daily unitisation, integrated administration and automation are no longer simply operational enhancements. They are becoming essential components of modern retirement fund governance.



Why daily unitisation matters

Historically, many retirement funds operated effectively using monthly valuation and reporting processes. However, the pace of today's investment environment is placing greater demand on administration models. Trustees require timely information, while members expect contributions, switches and benefit payments to be processed accurately and efficiently.

Daily unitisation provides a more current and accurate reflection of portfolio value. It supports the fair allocation of investment returns and ensures that member transactions are processed consistently. In volatile markets, this can help reduce inequitable outcomes and improve the overall reliability of the administration process.

Importantly, daily unitisation also creates a stronger foundation for aligning investment administration with member administration, helping funds maintain consistency between assets, transactions and member records.

The overlooked risk of asset and liability misalignment

The primary purpose of a retirement fund is to meet its obligations to members. Achieving this requires more than sound investment management. It also depends on effective coordination between the administration of fund assets and the administration of member records and liabilities.

When these functions operate in separate environments, inefficiencies can emerge. Delays in transaction processing, reconciliation challenges, inconsistent records and unnecessary operational complexity can all place strain on a fund's operating framework. Over time, these issues may increase operational risk and reduce the effectiveness of oversight.

Leading funds are therefore placing greater emphasis on operational cohesion. The objective is not only data accuracy but also the ability to view assets, liabilities, transactions and member activity through a single, integrated lens. This provides trustees with a more complete understanding of the fund and supports more effective administration over time.

From administration burden to operational efficiency

Many organisations continue to rely on manual processes, spreadsheet-based workflows and multiple disconnected systems to support investment operations. While these approaches may have evolved over time, they often become difficult to sustain as assets grow, reporting obligations expand and investment structures become more complex.

Modern investment administration platforms are helping to address these challenges through automation and integration. Functions such as trade processing, reconciliations, cash management, valuations, reporting and compliance monitoring can be managed through streamlined workflows supported by consistent data and operational controls.

The benefits extend beyond efficiency alone. By reducing manual intervention, funds can minimise processing risk, improve consistency and free operational teams to focus on oversight, exception management and strategic priorities rather than routine administrative tasks.

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Why scalability matters

Retirement funds are dynamic organisations. Membership evolves, assets grow, investment mandates change and reporting expectations continue to increase. An administration model that works effectively today may struggle to support future requirements.

For trustees, scalability is therefore becoming an important consideration when evaluating service providers and operating models. The ability to accommodate growth and change without repeatedly redesigning operational processes can help improve efficiency, strengthen resilience and support long-term sustainability.

Platforms built around integrated technology, automated processes and flexible operating frameworks are often better positioned to support future growth while maintaining service quality and operational consistency.

'Operational alpha' and the role of the investment platform

Investment alpha has traditionally been associated with manager skill, asset allocation and security selection. Increasingly, however, investors are recognising that the operational environment supporting those investment decisions can also contribute to outcomes.

Operational alpha refers to the value that can be created through efficient administration, effective operational execution, automation, integrated processes and high-quality data. It does not replace investment expertise. Rather, it helps ensure that investment strategies can be implemented accurately, consistently and at scale.

For retirement funds, much of this operational alpha is delivered through the investment platform itself. A modern platform brings together administration, reporting, cash management, compliance monitoring and governance support within a single operating environment. By reducing operational friction and improving connectivity across the investment value chain, trustees are better positioned to focus on delivering positive outcomes for members.

Conclusion

As retirement fund environments continue to evolve, operational excellence is moving beyond the back office and becoming an important strategic consideration for trustees. Daily unitisation, integrated administration, automation and scalable operating models are no longer simply administrative capabilities. They are foundational components of a modern retirement fund operating framework.

The investment platform is central to delivering these capabilities. In a world where investment performance remains essential, the funds that thrive may be those that recognise that operational excellence and investment success are not separate objectives, but complementary drivers of better member outcomes.

At Alexforbes Investments, we believe operational excellence is a key contributor to investment success. Our institutional investment platform combines daily unitisation, integrated administration, cash flow management, performance reporting, compliance monitoring and operational governance within a single operating environment. Designed specifically for the needs of retirement funds, the platform helps trustees simplify complexity, strengthen oversight and support better outcomes for members.

Supported by proprietary technology, experienced investment professionals and a flexible servicing model, the platform administers more than R258.7 billion in assets (at end September 2026) across over 100 clients and is trusted by funds seeking scalable, efficient and future-ready investment administration solutions.

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