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**LIQUIDITY, MUTUAL FUND  
FLOWS, AND REFLOW  
MANAGEMENT, LLC**





# Introduction

The “Liquidity, Mutual Fund Flows, and Reflow Management, LLC” case examines the financial problems of Reflow Management, LLC, a company in the mutual funds business. This case analyses the inter-linkage between liquidity management; flow of money within mutual fund structure; or lack of; and the working dynamics of the asset management firms in respect to the change of market fundamentals.





# Liquidity Management

Liquidity is one of the most important concept in asset management not to mention in managing mutual funds. Shareholders need money and this has to be done in a way that is sustainable for the firm's portfolio. In this case, Reflow Management, LLC is challenged to keep the mutual funds adequately funded to make corporate finance available for investment while at the same time placing the same under reasonable restriction to meet redemption demands by investors.





# Management Strategies

In order to mitigate liquidity risks, Reflow Management uses methods including cash management approaches, timing of operations and hedging. In addition, to reduce unnecessary risks the company employs various tools that are used for forecasting, in order to notice any liquidity shortages before they occur, and adapt the portfolio of the company correspondingly.





# Conclusion

**This case clearly shows that the management of liquidity in mutual fund industry is quite challenging. For Reflow Management, LLC to continue with operations and retain investors' confidence, the firm has the capacity to respond to change in various markets as well as managing the flow of its mutual funds.**





# Resource

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