

Solutions for
HEDGE FUND
MANAGERS

KB Associates
Fund Consulting

Independence - Commitment - Expertise

*KB Associates is an
independent consulting
firm dedicated to meeting
the needs of managers of
offshore investment funds.*



Independence
Commitment
Expertise

Providing Solutions

Hedge fund managers face an increasingly challenging investment, risk management, operational and regulatory environment.

It is essential that scarce management resources be free to focus on the investment decision making process critical to ensuring success. Simultaneously managers must address a range of risk management, operational and regulatory issues. As the hedge fund industry develops it must meet the requirements of more sophisticated investors and a changing regulatory environment.

KB Associates offers a range of solutions enabling hedge fund managers to focus on the core task of investment decision making secure in the knowledge that all supporting activities are professionally managed.

Enabling hedge
fund managers
to focus on
investment
management

Product Offering

Investment Manager and Fund Start-up

KB Associates provides tailored assistance to start-up investment managers by addressing all operational and infrastructure issues necessary to ensure the successful establishment of both the manager and the fund. In addition to project managing the set-up, advice is provided as follows:

For the Manager

- ❖ Establishment of a complete physical office infrastructure
- ❖ Provision of an interim/part time C.O.O.
- ❖ Review and selection of appropriate service providers including lawyers, compliance professionals, accountants and auditors
- ❖ Selection and implementation of front office, back office and risk systems
- ❖ Development of risk controls, operations procedures and business continuity planning arrangements
- ❖ Preparation of Due Diligence Questionnaire (“DDQ”)
- ❖ Review of marketing materials from an operational perspective

For the Fund

- ❖ Advising on fund structures and domiciles
- ❖ Review and selection of prime broker(s)
- ❖ Review and selection of a custodian
- ❖ Review and selection of a fund administrator
- ❖ Review of all documentation from an operational perspective
- ❖ Review and selection of appropriate professional service providers including lawyers, auditors, listing agents and independent directors
- ❖ Implementation of operating procedures and Service Level Agreements (“SLAs”) with each service provider. Periodic review to ensure a robust operational infrastructure
- ❖ Development of an appropriate valuation policy

KB Associates works with a wide range of service providers and our independence means we offer impartial advice as to the right service providers for a particular manager and fund structure.

ESTABLISHMENT OF
INVESTMENT FUND

CUSTODIAN/ADMINISTRATOR
SELECTION

PRIME BROKER SELECTION

ASSISTANCE WITH
RE-DOMICILIATION

PROFESSIONAL ADVISOR
SELECTION

MANAGER'S OFFICE
INFRASTRUCTURE

MANAGER'S FRONT/BACK
OFFICE SYSTEMS

BUSINESS CONTINUITY
PLANNING

OPERATIONS PROCEDURES

PREPARATION FOR
OPERATIONAL DUE DILIGENCE

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Due Diligence Preparation

In an extremely competitive market for investor capital, it is important that both the fund and manager have the necessary operational infrastructure to pass investor due diligence reviews. Such due diligence reviews are increasingly focussed on operational issues. The focus of investor due diligence is evolving rapidly and it is imperative that proper structures and operating procedures are in place.

KB Associates reviews the operational infrastructure and processes along with the materials to be provided to potential investors to help identify any potential causes of investor concern. Areas of particular focus include:

For the Manager

- ❖ DDQ documentation
- ❖ Adequacy of the compliance function
- ❖ Appropriateness of the cash management process and controls
- ❖ Extent of risk measurement and controls
- ❖ Quality and appropriateness of professional advisors used
- ❖ Business continuity planning arrangements

For the Fund

- ❖ DDQ documentation
- ❖ Service providers utilised including prime brokers, custodians and administrators
- ❖ Procedures ensuring the security of assets
- ❖ Valuation policy
- ❖ Quality and appropriateness of professional advisors
- ❖ Board composition and frequency of meetings

Recommendations are provided as to how enhancements may be made which will ensure that operational matters are a positive factor in the decision making process of potential investors.

Infrastructure Review/Development

As a manager develops and the needs of its investor base change, KB Associates assists by reviewing and developing the manager's infrastructure to ensure the optimal operational set-up for both the current and planned product range. This may include:

For the Manager

- ❖ Selection and implementation of new front, back office and/or risk systems
- ❖ Selection and implementation of additional prime brokers
- ❖ Selection and set-up of a custodian relationship
- ❖ Review of the administrator
- ❖ Assessment of middle office outsourcing options
- ❖ Creation of additional funds/products

Fund Re-domiciliation - Planning and Implementation

Investor demand and regulatory change have made fund redomiciliation an increasingly important issue for managers. KB Associates can efficiently project manage the transfer of fund domicile and provide support including directors and operational oversight for funds domiciled in Europe. KB Associates provides support as follows:

- ❖ Advising on fund domiciles and structures
- ❖ Advising on the operating structure including the appointment of administrators, custodians, auditors and legal advisors
- ❖ Preparation and implementation of appropriate operating procedures and SLAs with service providers
- ❖ Provision of directors
- ❖ Performance of the UCITS compliance functions

KB Associates

Distinguishing Features

Independence

As an independent consulting firm providing services only to investment managers, never to administrators, custodians or prime brokers, KB Associates avoids potential conflicts of interest and offers truly impartial advice.

Commitment

KB Associates is a boutique consultancy firm which commits significant time and resources to each relationship. The long term interests of our consultants are clearly aligned with the delivery of service excellence to our clients.

Expertise

KB Associates consultants have an average of 15 years experience in the funds industry and have held senior positions with leading administrators, custodians and investment managers.



KB Associates offers KB Associates offers a modular range of solutions which permits hedge fund managers to focus on the critical task of investment decision making

*Enabling hedge
fund managers to
focus on investment
management*



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Expertise

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