

KBA Management Company Solution

Asset Managers wishing to establish a Unit Trust or Common Contractual Fund (CCF) require an approved management company. Asset Managers wishing to establish an Irish Collective Asset Management Vehicle (ICAV) may utilise a selfmanaged structure or a structure with a management company.

The management company ("KBA ManCo") is authorised by the Central Bank of Ireland ("CBI") to support both UCITS and AIFMD compliant funds. It allows asset managers to establish funds without incurring the costs of incorporating and operating a proprietary management company. It also significantly reduces the time commitment and administrative burden placed on asset managers.

Management Company

- ❖ The management company was approved by the CBI in 2011 and maintains the requisite regulatory capital.
- ❖ The management company supports both UCITS and AIFMD compliant funds. It supports ICAVs, unit trusts and CCFs
- ❖ The management company oversees the investment management, distribution and administration activities of each fund it is appointed to.
- ❖ The management company operates three divisions:
 - ◆ Investment Management.
 - ◆ Risk Management.
 - ◆ Operations.

Why Appoint KBA ManCo?

Expertise:

- ❖ KBA has proven risk, investment management and operations expertise across a wide range of asset classes.

Risk and Cost Reduction:

- ❖ KBA enables asset managers to avoid the costs of establishing and operating a proprietary management company while simultaneously minimising risk.

Swift Authorisation Process:

- ❖ The authorisation process for funds utilising the management company is swift. The management company's AIFMD programme of activity and UCITS business plan are each preapproved by the CBI.

Core Business:

- ❖ KBA's core business is the provision of management company and related services. All directors and shareholders of KBA are actively involved in delivering these services to our clients.

KBA ManCo Services

A management company must itself meet certain capital, governance, regulatory and legal obligations. It must also supervise the performance of those entities servicing the funds it manages.

Internal Duties:

- ❖ The management company's responsibilities include:
 - ◆ Operating with suitably qualified directors (including independent directors).
 - ◆ Maintenance of the required regulatory capital.
 - ◆ Performance of UCITS/AIFMD managerial functions.
 - ◆ Periodic update of its own AIFMD programme of activity and UCITS business plan.
 - ◆ Performance of MLRO activities.
 - ◆ Performance of company secretarial activities.
 - ◆ Compliance with all filing requirements of the CBI, the Irish Companies Registration Office and the Revenue Commissioners.
 - ◆ Compliance with the Irish Funds Corporate Governance Code.
 - ◆ Filing audited financial statements with the CBI annually.
 - ◆ Maintenance of appropriate professional indemnity insurance.

Oversight Role:

- ❖ KBA ManCo is mandated to carry out investment management, distribution and administrative functions which are in turn delegated to the appointed investment manager, distributor and administrator.
- ❖ KBA ManCo meets the substance and compliance requirements of UCITS and AIFMD. It performs the managerial functions in compliance with its CBI approved UCITS business plan or AIFMD programme of activity as appropriate. This requires active oversight of fund service providers.
- ❖ KBA ManCo immediately investigates all material investment breaches and NAV errors.
- ❖ KBA ManCo ensures appropriate service level standards are adopted by the appointed agents. Key performance indicators are established and reported on monthly by each service provider.
- ❖ KBA ManCo completes an annual on-site assessment of each service provider. This includes a review of procedures and an assessment of compliance with the documented procedures.
- ❖ KBA ManCo provides reporting to each fund including:
 - ◆ Immediate reporting and analysis of material breaches, errors or significant matters arising between board meetings.
 - ◆ Monthly investment and risk committee reports specific to the operation of each fund.
 - ◆ Quarterly reports detailing how obligations under UCITS/AIFMD have been discharged.
 - ◆ Quarterly regulatory and governance updates on matters impacting each fund.
 - ◆ Quarterly updates to the compliance calendar.
 - ◆ Quarterly confirmation of filings with the CBI online reporting system.
 - ◆ Annual gap analysis of compliance with the Irish Funds Corporate Governance Code.
 - ◆ Annual reports detailing on-site visits to service providers.

Risk Management Role:

AIFMD places particular emphasis on the risk and investment/portfolio management functions. Each Alternative Investment Fund Manager (“AIFM”) must retain responsibility for a significant element of portfolio management and/or risk management.

KBA ManCo as an AIFM retains responsibility for risk management by ensuring:

- ❖ That a permanent risk management function operates which identifies, measures, manages and monitors all risks relevant to a fund.
- ❖ That risk management systems at the investment manager are reviewed with appropriate frequency.
- ❖ That the nature of the risks assumed by each fund are consistent with the terms of the relevant prospectus.
- ❖ The establishment, implementation and regular review of quantitative and/or qualitative risk limits for each fund taking into account all relevant risks including market risks, credit risks, liquidity risks, counterparty risks and operational risks.
- ❖ The on-going monitoring of compliance with the established risk limits for each fund. Monitoring includes receipt of reports from the investment manager and independent risk monitoring by KBA ManCo using data sourced directly from the independent administrator/depositary.

For further information on KBA ManCo please visit our website at www.kbassociates.ie or contact:

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