



The Fundamentals of Fund Administration (post Madoff)

The objective of the course is to equip the delegates with a practical and comprehensive knowledge base to:

- Understand the key processes entailed in the management and administration of funds
- Be able to differentiate the complex components of prospectuses/offering memorandums and to determine the key features of funds
- Understand the various fund structures and the roles and responsibilities of the principal participants

Understanding funds

- Off-shore Vs domestic funds
- USA Vs non USA funds
- Background, structures and types of funds
- Overview of the legal structures of funds
 - Private equity
 - Real estate
- Market nuisances in the different markets and their implications on fund administration

Roles and responsibilities (brief overview)

Defining the responsibilities of each player involved in the overall administration of the fund

- valuation
- reconciliation
- settlement

Managing your relationship with:

- investment managers
- brokers
- custodians
- fund sponsors
- trustees
- investors/subscribers

Valuation and pricing of funds

- Calculation of all management fees, performance fees and any related expenses
- Difference between management fees
- LPA/ PPS – importance of wording in partnership agreements
- Calculation of accrued income - e.g. coupon income, interest on cash balances, dividends, etc.
- Carried interest – what is it and how is it calculated
- US GAAP versus International Financial Reporting Standards (IFRS)
- Fair value determination
 - Private equity and real estate
- Valuation techniques
 - Sources of reliable information
 - Disclosure requirements
- Computation of the value of the fund's asset
 - identifying appropriate pricing sources

- what procedures should be used for the valuation of illiquid instruments?
- FX rates for conversion of FX amounts
- Latest techniques to ensure “Best Execution”
 - market conformity checks
 - broker agreements
 - process to allocate transaction volume to different brokers based on settlement quality, research etc.
 - handling of fund-to-fund transactions or cross trades
- Calculation of all management fees, performance fees and any related expenses
- Calculation and distribution of the net asset value (NAV)

Recent developments in registrar and transfer agency services (brief overview)

Maintenance of the shareholders' register for the fund

- issuing certificates
- amendments to investor details
- powers of attorney

Recent developments

- Shareholder maintenance
- Transaction processing
- Settlement & cash Management
- Reconciliation
- Report management
- Commissions & fees

Client services in an international context

- Documentation and regulation
 - trusteeship
 - scheme particulars
 - key feature docs
 - efficient portfolio management
 - customer protection
 - Double taxation treaties (DTT)
- Consolidation
 - Controls
- Performance measurement
 - Options available
 - Benchmarking
 - The difference between Internal rate of return (IRR) and Time weighted return (TWR)
- Reporting to clients
 - preparation of financial statements
 - customised reporting and information
 - multi-currency and multi-instruments reporting
 - tax reporting

Managing risk in fund servicing (brief overview)

- Relevance and implications of the Basle II accord on asset management companies
- Defining risks
 - documentation, compliance, delivery/settlement, liquidity, fraud, systems, volume/size, communications, human resources
- Identifying sources of risk in fund administration
 - valuations: price sources (including off-exchange pricing), NAV calculation and timing, accuracy and completeness of published information

- reporting: reporting period, accuracy, completeness, deadlines
- information: timely flow, signatories, standing instructions, client and statutory deadlines
- Understanding settlement process challenges in the USA versus Asia and the emerging markets
- Identifying risk situations in the workflow
- How can you control these risks: latest techniques and industry standards
- Managing day-to-day risk and dealing with exceptions
- Legal requirements for the risk management function

Compliance in fund administration

- Legal compliance
- How the compliance function differs from the risk management function
- Monitoring of investment policy compliance
 - comparison to internal and external benchmarks or model portfolios
 - over and underperformance
 - tracking errors
 - sensitive calculations
- Adhering to regulatory and client investment restrictions
- Compliance with tax and regulatory reporting rules
- Money laundering: to what extent are asset management companies obliged to perform money laundering checks?

Value added services

- Advice and assistance of fund establishment and structuring
- Treasury function
 - cash sweeps
 - cash flow forecasting
 - margin management
- Straight through processing (STP)
- Safekeeping
- Cash management