

# Perspectives+

a publication of LaCrosse Global Fund Services

June 2011

+ Bogotá + Buenos Aires + Dublin + Istanbul + Jersey + London + Minneapolis + Moscow + New York + Singapore

## In this issue:

- + Paying diligence its dues
- + Hedge Funds for Habitat team to defend title at the 2011 Hope Challenge
- + LaCrosse Global Fund Services selected by BGB Weston
- + Events
- + LaCrosse in the News

## Global Contacts

### North America

Claire Murphy  
140 Broadway, 24th Floor  
New York, NY 10005  
Tel: +1.212.510.2955

### Europe:

Rob Helszajn  
Munro House, Portsmouth Road  
Cobham, Surrey KT11 1TF  
Tel: +44.1932.586.331

### Asia:

Serene Ho  
83 Clemenceau Avenue  
UE Square #11-01/02/03/04  
Singapore 239920  
Tel: +65.6393.8201

### Latin America:

Judith Garbi  
Leandro N. Alem 928 - Piso 1°  
C1001AAR - Buenos Aires  
Argentina  
Tel: +54.11.4131.7282

info@lacroseglobal.com

www.lacroseglobal.com

## Paying diligence its dues Selecting the right systems for growth

*On May 31, 2011, The Alternative Investment Management Association (AIMA), the global hedge fund association, published a guide\* for investors and managers, written by members of AIMA's Investor Steering Committee (ISC), that reflects preferences and priorities for institutional investors and investment allocations.*

*Selecting the right technology solution is an essential factor that contributes to the attractiveness of a fund to institutional investors. In contrast to the one-size-fits-all model, LaCrosse advocates best-of-breed technology, whereby managers select the systems that best fit their specific asset class mix, complexity and budget and then integrates them robustly with the fund's various service providers. As such, LaCrosse maintains links with multiple portfolio systems on behalf of its clients.*

\* [http://www.aima.org/en/media\\_centre/press-releases.cfm](http://www.aima.org/en/media_centre/press-releases.cfm)

*In the following guest article, two practitioners, representing both technology vendor and investor, explore the main considerations for technology selection. +*

Choosing the most appropriate technologies for a business is critical to ensuring optimal performance. But how do managers ensure they select the system of best fit? Trevor Headley, Global Product Strategy & Delivery Manager at Tradar, and Ian Howard, head of Operational Due Diligence at Mediobanca, provide guidance on the essentials.

The days when fund managers could attract investors solely on the basis of the track record of their star traders are long gone. Instead, robust operational processes and risk management are the order of the day: Having demonstrated the quality of their (continued on page 2)

## Hedge Funds for Habitat team to defend title at the 2011 Hope Challenge

For the third year running, employees from LaCrosse Global Fund Services and other members of the hedge fund community will be competing in the "Hedge Funds for Habitat" team against more than 20 other teams in the annual Hope Challenge.

Hope Challenge is a unique fundraising event that takes place in the picturesque Hope Valley, right in the heart of the U.K.'s Peak District. Working in teams of three to six, the competitors will (continued on page 4)



The Hedge Funds for Habitat - UK team- winners of the 2010 Hope Challenge celebrate after completing the race.

## ...Due Diligence (continued from page 1)

investment performance, fund managers must prove they can run their businesses professionally.

As part of their own due diligence process, today's investors will spend as much time investigating internal controls and reviewing operational structure as past performance. Faced with this level of scrutiny, funds are finding it increasingly difficult to elicit the necessary levels of investor confidence without the right technology. +

This partly explains the dramatic increase in the number of vendors supplying specialized technology to the fund management community over the past ten years. Fund managers now face unprecedented choice. Ongoing developments and innovation mean that buyers must focus even more effort on the selection process, to ensure that the systems procured meet current and future needs. Making the wrong selection can be a difficult and costly decision to rectify. +

The importance of correct system selection is acknowledged across industries. However, nowhere is it more important than in the fast-paced world of fund management, where even minor data errors can have far-reaching consequences and fund managers must maintain multiple interfaces with prime brokers, custodians, fund administrators and a plethora of other third parties. +

Aside from the need to demonstrate appropriate operational controls to investors, the trading function is under the glare of the regulatory spotlight and subject to complex and conditional client mandates. The need for robust audit trails that demonstrate the agreed processes were adhered to at all stages of the workflow has never been more critical.

Getting the technology right should be regarded as a basic, minimum requirement. However, it is important to remember that technology selection is not simply about doing the bare minimum. It provides a solid foundation on which to grow a business, and due diligence at the selection stage pays dividends long into the future.

### Internal business analysis

So, what are the steps that firms need to go through to get the right system in place? The first step is to conduct strategic analysis regarding the size, nature and future plans of the firm and its funds. A small firm with ambitions for growth has just as much reason to invest in technology as a larger, more established firm: building a fund on solid technological foundations from the outset sends positive messages about the longevity of the fund and the firm's commitment to it.

The fund manager must examine and clarify the strategies being traded and establish which vendor or vendors can accommodate these. A degree of scalability within the selected platform will almost inevitably be required: the question for fund managers is how rapidly the platform should be able to scale, and in which direction. If increased volumes, different asset classes, different regions and new users are anticipated, then a high level of flexibility and adaptability will be necessary. (continued on page 3)

## LaCrosse Global Fund Services selected by BGB Weston

LONDON – May 26, 2011 – BGB Weston Limited has selected LaCrosse Global Fund Services to provide hedge fund administration support for its new BGB Opportunity fund, a systematic managed futures fund that is sub-advised by managed futures specialist AIMhedge Establishment.

Established in 2002, BGB Weston is an alternative investment firm that provides financial expertise to institutional clients. AIMhedge has a six-year track record of strong returns and dedicated risk management in the systematic managed futures space. BGB Opportunity provides an enhanced 2x leveraged version of the AIMhedge GDF Opportunity investment program.

"We selected LaCrosse Global Fund Services as the best partner for our new fund based on the firm's team of highly skilled professionals," said BGB Weston Managing Partner Lorenzo Gallucci.

"The BGB Opportunity mandate demonstrates that LaCrosse is competitive in the marketplace for highly liquid strategies, such as managed futures, where we are able to differentiate ourselves with quality client service and a highly automated technology environment," said Rob Helszajn, director, Client Relations and Business Development at LaCrosse. +

## ...Due Diligence (continued from page 2)

Having conducted a thorough internal examination, and created an accurate portrait of its own position, a firm is then ready to look externally for potential solutions, identify a shortlist, and establish a budget for procurement, licensing, implementation and support.

### The functional and operational perspective

The due diligence process now moves on to examining the available systems that are vying for placement on the short list. For both the operational and functional perspectives, an in-depth demonstration to analyze these factors in practise is vital.

In terms of functionality, the points to consider for an all encompassing portfolio management solution are: whether the work flow matches or can be adapted to fit the way the firm works, whether compliance checks are conducted on a pre-trade as well as post-trade basis, and how far risk management has been incorporated into the platform.

Firms also need to look at how far the system interoperates with third parties and other service providers, and the nature of the interfaces between internal and external systems. Then there are reporting capabilities to be considered as well as the level of detail and granularity offered in the audit trail, and how far the system supports issue resolution.

Although functional considerations are important, the decision on which system to work with should be taken in respect of operational requirements and business strategy as well. Managers should avoid the trap of having their future plans proscribed by the capabilities and inherent limitations of a specified technology.

And so there are a number of operational factors to consider, not least of which is whether the system performs what is required of it. Not all firms will need a functionally rich solution: for many, a simpler system with a lighter operational footprint may be more effective.

Firms should review whether the system mirrors current workflow when determining the benefits it offers. At the same time it is important to consider levels of competence and IT awareness among potential users: If a system is counterintuitive or complex to operate, users will find suboptimal shortcuts and produce suboptimal outcomes as a result. If lengthy training or workflow reorganisation is required, then the system may not deliver as expected.

Finally, scalability and ease of implementation are, of course, critical. There is a momentum behind successful implementations of new systems. If that is lost to inertia and complexity, then the project can drag, enthusiasm can erode and the desired results may end up being compromised.

### Supplier service and strategy

The concluding consideration in system selection due diligence is the supplier itself. Do they offer a level of service and support that is compatible with the nature of the system on offer? How do they respond to queries and requests? How do they prioritise their clients? Do they understand the particular concerns of smaller, alternative or boutique fund managers?

The supplier's future strategy is equally important. What are their plans for the product itself as well as their company? If they are expanding, will service be diluted? Will certain products or service contracts be sunset? How far are they committed to developing and investing in the product? The precise questions will depend on individual circumstances, but in all cases firms should seek out references and evidence for ongoing commitment to customer service and product development.

Ultimately, implementing a new system will involve an initial, no doubt substantial, cost and, by its very nature, some upheaval. However, in the long term it will almost certainly deliver significant benefits in terms of increased efficiency, greater risk management, improved reporting functionality and transparency, and reduced operating costs. In turn this enables fund managers to dedicate resources to delivering alpha and making the best investment decisions, rather than technology management. Accuracy, speed, visibility and control: These are the benefits of appropriate technology selection and the just rewards of thorough due diligence. +

### About Tradar

Complete solutions for complex markets.

Since 1997 Tradar has been a leading provider of technology to the asset management community. Our specialist portfolio management and accounting software has been designed to give you greater speed, flexibility, automation and the tools you require to be truly effective. Over ten years of listening to your needs has resulted in Insight – a new, comprehensive suite of products developed to help you work to your full potential. Put simply, it's technology you can trust to deliver.

## ...Hope Challenge (continued from page 1)

design and construct their own shelter out of scrap/recycled materials and camp in it for two nights (whatever the weather). They will also cover around 1,000m of hill ascent, trek up to 20km and puzzle their way through team challenges.

The event raises much needed funds for Habitat for Humanity, the global poverty housing charity, active in over 90 countries, that strives to eliminate housing poverty and homelessness and in so doing, permanently break the cycle of poverty that affects two billion people worldwide.

To support the team, please donate at <http://www.habitatforhumanity.org.uk/HF4H-HopeChallenge2011>. Offline donations can be made by emailing [info@lacrosseglobal.com](mailto:info@lacrosseglobal.com). +

To find out more about Habitat for Humanity or the Hope Challenge, please go to <http://www.habitatforhumanity.org.uk>.

LaCrosse is proud to sponsor  
Hedge Funds for Habitat - UK



---

## Calendar of Events +

Conferences, speaking engagements and other events where you can meet the LaCrosse team.

### Habitat for Humanity - UK Hope Challenge

July 1-3, 2011 Hope Valley, Peak District

Donations can be made online at <http://www.habitatforhumanity.org.uk/HF4H-HopeChallenge2011>, or offline via email [info@lacrosse-global.com](mailto:info@lacrosse-global.com).

### Hedge Fund Operations

July 6-7, 2011, Crowne Plaza London St. James, London

Daniel Johnson, Global Head of Valuations for LaCrosse will serve as a featured speaker and guest at this event, focusing on regulatory, compliance and operational priorities for 2011. For information on discounts available to LaCrosse guests, email [info@lacrosseglobal.com](mailto:info@lacrosseglobal.com).

### Hedge Funds for Habitat - UK Charity Build Day

July 14

Trade your Blackberry for a hardhat. The first in a new series of volunteer build days, Habitat for Humanity's first London "Empty Houses to Homes" project. To volunteer, or to register your interest for this or other Hedge Fund for Habitat build days, email [info@lacrosseglobal.com](mailto:info@lacrosseglobal.com).

### Hedge Funds for Habitat - UK Dragon Boat Race

July 21, 2011, 5:30pm-9:00pm, Docklands Sailing and Water Centre, London

To join the team, or for more information on the Hedge Funds for Habitat - UK Dragon Boat Race, email [info@lacrosseglobal.com](mailto:info@lacrosseglobal.com).

### Royal Parks Foundation Half Marathon

October 9, 2011

A small number of places are still available with the Hedge Funds for Habitat team for the Royal Parks Foundation Half Marathon. For more information, email [info@lacrosseglobal.com](mailto:info@lacrosseglobal.com).

### GAIM Ops International

Oct. 12-14, 2011, President Wilson Hotel, Geneva

Christopher Kundro, co-CEO for LaCrosse will serve as a featured speaker at this event on operational due diligence. For information on discounts available to LaCrosse guests, email [info@lacrosseglobal.com](mailto:info@lacrosseglobal.com). +

## LaCrosse in the News

A roundup of news stories and press coverage on LaCrosse Global Fund Services. Click on the links below to open the articles in your web browser.

- + May 5, 2011 **Press Release** LaCrosse Global Fund Services selected by BGB Weston (pdf).
- + April 7, 2011 **Press Release** LaCrosse co-CEO Christopher Kundro discusses opportunities in the fixed income and credit space on CNBC. (Link)
- + April 1, 2011 **Press Release** LaCrosse Global Fund Services selected by Sentosa Capital (pdf).
- + Mar. 1, 2011 **Press Release** LaCrosse Global Fund Services Selected by W Partners (pdf).
- + Feb. 2, 2011 **Press Release** LaCrosse to Sponsor Hedge Fund Charity Event in Mayfair for Habitat for Humanity-UK and Hope Challenge on February 10, 2011 (pdf).
- +

## About LaCrosse Global Fund Services

LaCrosse Global Fund Services is a provider of operations, middle office and administration services to managers of alternative investment funds around the world. The firm has more than 250 employees and operates in ten global office locations with regional processing and investor support centers in London, Minneapolis, New York, Buenos Aires, Jersey, Dublin and Singapore, and local support in Moscow, Istanbul, and Bogotá. Current assets under administration and supported operationally are in excess of US\$24 billion encompassing a wide range of strategies traded by global portfolio managers including fixed income, distressed debt, structured credit, foreign exchange, equities, commodities, infrastructure, private equity, real estate and a full range of related derivatives. For more information, visit [www.lacrosseglobal.com](http://www.lacrosseglobal.com).

- + To see a complete list of asset classes supported by LaCrosse Global Fund Services, please click [here](#).