

Perspectives+

a publication of LaCrosse Global Fund Services

February 2008

+ Bogotá + Buenos Aires + Caracas + Istanbul + London + Minneapolis + Moscow + New York + São Paulo + Singapore

In this issue:

- + FAS 157: Navigating the Conversion Process
- + LaCrosse opens new facilities around the globe
- + Hedge Funds for Habitat - NYC Build Day
- + Calendar of 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:

Robert Helszajn
Knowle Hill Park, Fairmile Lane
Cobham, Surrey KT11 2PD
Tel: +44.1932.861.323

Asia:

Meng Hua Yeo
83 Clemenceau Avenue
UE Square #11-01/02/03/04
Singapore 239920
Tel: +65.6393.8423

Latin America:

Buenos Aires

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

São Paulo

Roberto Davila
Av. Morumbi 8234 - 1° Andar
Brooklin
São Paulo, Brazil
Tel: +55.11.5099.3989

info@lacroseglobal.com

FAS 157: Navigating the Conversion Process

Administrators help guide HF's through the adoption of the newest accounting standards.

It's been one month since the universal adoption of FAS 157, also known as the fair-value measurement standard, which lays out new requirements for establishing and reporting the fair value of securities held by hedge funds and other investment products. While many chose to be early adopters, the majority of funds started using FAS 157 Jan. 1, as all reporting periods beginning after Nov. 15, 2007 were required to comply with the new accounting standards.

The conversion to the new standards that are now in place has presented fund managers and their administrators with a number of challenges, most notably the increased disclosure requirements for Level Three securities.

"FAS 157 will require more discussion and consensus among hedge fund managers, administrators and auditors surrounding valuation methods for specific securities. New disclosure requirements will result in more transparency of underlying positions and valuation methods to (continued on page three)

"FAS 157 will require more discussion and consensus among hedge fund managers, administrators and auditors surrounding valuation methods for specific securities."

Julie Getchell
Chief Financial Officer,
LaCrosse Global
Fund Services

LaCrosse moves to new facilities in Singapore

New offices in major markets strengthen LaCrosse's global capabilities

It has been one year since LaCrosse began offering operations, middle-office and administration services to third parties in the hedge fund industry. In just 12 months, we've seen significant growth in staff, AUA and fund operations services. As part of this growth we've also expanded our facilities, moving into new offices in Minneapolis, Singapore and London. Upgrading our facilities in each of these key markets represents an important step forward for LaCrosse, allowing us to strengthen our global capabilities and provide exceptional service to hedge funds operating in any market.



Members of the LaCrosse team celebrate the grand opening of the new office in Singapore.

The first in a three-part series profiling our new locations, this piece will examine our newest office, located in Singapore.

LaCrosse – Singapore: state-of-the-art facilities for the Asia market

Of all the new locations opened by LaCrosse in the past year, none has opened to greater fanfare than our Singapore office. Officially opened on Monday, Nov. 5, invited guests (continued on page four)

Hedge Funds for Habitat – NYC Build Day

Hedge Funds for Habitat and LaCrosse call on volunteers to participate March 21, Brooklyn, NY

LaCrosse Global Fund Services is calling on volunteers from the hedge fund and private equity communities to join Hedge Funds for Habitat – NYC on Friday, March 21, to build affordable homes for hardworking, low-income New York City families. Volunteer builders are invited to trade their briefcases for tool belts to help Habitat for Humanity – New York City build 41 affordable homes at Habitat’s Atlantic Avenue complex in Ocean Hill-Brownsville, Brooklyn.

Organized by Hedge Funds for Habitat – NYC, the event is limited to 35 volunteer builders (no experience necessary). Volunteers will help raise funds and raise walls for the largest multifamily Habitat project in the world, an innovative complex of affordable, environmentally friendly condo homes in Brooklyn. Volunteers are asked to donate a suggested minimum of \$500 to Habitat – NYC to participate in the build, which will help cover construction costs.

Hedge Funds for Habitat – NYC is a partnership between New York City’s hedge fund community and Habitat for Humanity – New York City. The partnership is committed to providing hardworking New York City families with a once-in-a-lifetime homeownership opportunity. LaCrosse is proud to be a sponsor of Hedge Funds for Habitat and is reaching out to supporters from the alternative investment community who recognize that a Habitat home can help transform the lives of hardworking families living in New York City today in unsafe and overcrowded conditions.

The event will take place on Friday, March 21, from 8:30 a.m to 1:30 p.m at the north-east corner of Atlantic Avenue and Eastern Parkway to the northwest corner of Atlantic Avenue and Sherlock Place in Ocean Hill-Brownsville, Brooklyn. To participate, click [here](#) to fill out a volunteer form. For more information, call 212-991-4000 x330 or e-mail ssavage@habitatnyc.org



Members of LaCrosse visited the Atlantic Avenue site last September. LaCrosse is calling on volunteers to join Hedge Funds for Habitat – NYC on Friday, March 21, to build affordable homes for hardworking, low-income New York City families.

Trade your briefcase for a toolbelt. (no experience necessary)

What: Hedge Funds for Habitat — NYC Build Day

When: Friday, March 21st, 8:30 am to 1:30 pm

Where: Ocean Hill-Brownsville, Brooklyn
NE corner of Atlantic Avenue and Eastern Parkway to the NW corner of Atlantic Avenue and Sherlock Place,

Contact: Click [here](#) to download a volunteer form
For more information, call 212-991-4000 x330 or email ssavage@habitatnyc.com

A minimum suggested donation of \$500 is asked of all participants

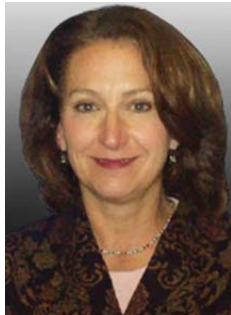
LaCrosse is proud to sponsor Hedge Funds for Habitat - NYC



...FAS 157 (continued from page 1)

investors,” said Julie Getchell, CFO, LaCrosse Global Fund Services.

Historically, fund managers were not required to disclose in the offering memorandum, monthly reports to investors or annual reports, the size of the book marked by the manager. FAS 157 has changed that, requiring that at a minimum,



Julie Getchell, CFO, LaCrosse

funds must now disclose the valuation methods used to mark the securities held in their portfolios and to establish a “fair value hierarchy” to increase transparency regarding how fair value is determined. The

inputs used to determine to which of the three tiers (Levels One, Two and Three) a particular instrument belongs must be recorded and ultimately reported, leading many funds to review their data support and reporting capabilities. There is now a need for a much more comprehensive reporting framework that can identify, monitor and report the inputs used to value a fund’s holdings. Those that have fully automated systems can mitigate the risk of human error, and can reduce the time required to input and collect data.

“Administrators will need to systematically track the valuation methods used for each security, especially the harder to price securities valued with significant unobservable inputs, termed Level Three investments,”

Julie Getchell
CFO, LaCrosse Global Fund Services

“Administrators will need to systematically track the valuation methods used for each security, especially the harder to price securities valued with significant unobservable inputs, termed Level Three investments,” said Getchell. “For full

FAS 157: An Overview

- + The objective of FAS 157 is to provide guidance around measuring fair value within generally accepted accounting principles (GAAP), clarify the definition of fair value and expand disclosures about the use of fair value measurements.
- + All funds that follow U.S. GAAP will need to categorize holdings based upon the level of inputs used to calculate market values. This is defined as Level One, Two and Three. The level assigned to each holding, as well as a detailed market value reconciliation for those holdings categorized Level Three, will need to be disclosed for each annual reporting period.
- + FAS 157 is effective for fiscal years beginning after Nov. 15, 2007 (effective January 1, 2008).

The fair value hierarchy:

- + Level One
Quoted prices in active markets for identical assets and liabilities (e.g., equities)
- + Level Two
Observable prices other than quoted prices in active markets for similar assets or liabilities (e.g., fixed income and derivatives)
- + Level Three
Unobservable inputs (e.g., manager marks on equities, fixed income and derivatives)

service administrators like LaCrosse, this is less of a challenge because independent verification of the valuation process is already part of our regular offering.”

Partnering with an administrator can have additional benefits in developments such as this. As with any new legislation, the need to keep staff up-to-date and educated is always paramount, and in many situations, can be costly. Competent administrators will have policies in place to address any changes in the accounting and regulatory environment and provide employees with relevant training. Utilizing the services of an administrator, fund managers can avoid the need to create and manage costly training programs.

“At LaCrosse, we have been discussing the new measurement with our clients and the external auditors for many months. We have educated

our staff and revised our valuation procedures to incorporate the identification, tracking and reporting requirements of this new standard,” said Getchell.

The implementation of FAS 157 and the many challenges hedge funds face when adjusting to changes in the accounting and regulatory environment provides an ideal example of how partnering with the right administrator can offer fund managers much-needed support and expertise. The increased communication requirements, training and technological support these new standards demand are often more than most managers realize. Having an experienced administrator can save even the most savvy fund managers from countless headaches and allow them to concentrate on what they do best – managing money.

...New Offices (continued from page 1)

from LaCrosse joined current clients, government officials and members of the prime broker, legal and accounting community to grace the new facilities and celebrate our expansion.

Located in UE (United Engineers) Square, the new facilities are designed to accommodate the latest in information technology. The offices feature state-of-the-art videoconferencing facilities, a biometric access system, new workstations and an open floor plan that can support our growing staff in Singapore. Designed by Kenzo Tange, world-renowned architect and winner of the 1987 Pritzker Architecture Prize, UE Square has been designated an "Intelligent City" - designed to be self-sufficient while offering a wide variety of amenities on site.

In the previous office, located at the Concourse, our Fund Accounting and Operations teams were housed on different floors. With the new facilities, we are able to consolidate and house the entire Singapore team on the same floor, promoting communication and collaboration. The UE Square also provides us with ample room as we continue to grow our staff in the region.

"The new office in UE Square is proof of LaCrosse's commitment to serving the Asia market. The positive response that we've received has been a bonus as the facilities were designed and built based on feedback from LaCrosse employees," said Celia Choh, Head of Operations for Asia.

Next month, we'll take a look at our new location in Cobham, minutes from London and our central operations and client service hub for the European market.

Festivities were held Nov. 5 to celebrate the move to the new office space (middle). The new space provides ample room, state-of-the-art technology and new workstations for our staff in Singapore (top, bottom).



Calendar of Events

Feb. 26 — Securities Operations Forum's Hedge Funds Operations and Processing Conference Bayard's - New York City
Stuart Feffer, Co-CEO, LaCrosse Global Fund Services, speaks on "Outsourcing Hedge Funds Processing Services".

March 21 — Hedge Funds for Habitat Build Day Atlantic Avenue, Brooklyn, New York
Join LaCrosse and friends as they lend a helping hand at the Atlantic Avenue condominium complex.

March 31 - April 2 — GAIM Asia JW Marriot, Hong Kong
Visit the LaCrosse exhibition booth

April 14 - 16 — GAIM Cayman The Ritz Carlton, Cayman Islands
LaCrosse Co-CEO Christopher Kundro speaks on "Conducting Due Diligence on Emerging Market Fund Managers".

April 16 - 18 — Eurohedge Summit 2008 Paris, France
Visit the LaCrosse exhibition booth



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.

- + [Hedge Fund Build Day to be held in Brooklyn, NY - March 21, 2008](#)
- + ["The Other Road to Hedge Fund STP: Outsourcing your Middle and Back Office" - Cayman Financial Review - Winter 2007/2008](#)
By Chris Kundro and Stuart Feffer, co-CEO's, LaCrosse (available in print only)
- + ["Independent Advent" - Global Custodian - Winter 2007/2008](#)
Article includes quotes from LaCrosse CFO Julie Getchell (subscription required)
- + ["Collateral Management in the Limelight" - Securities Industry News - Jan. 28](#)
Article includes quotes from Matt Waller, Senior Collateral Manager for LaCrosse (subscription required)
- + [LaCrosse Global Fund Services appoints Meng Hua Yeo as head of client relationships and business development for Asia - Jan 16, 2008](#)
- + [View LaCrosse co-CEO Chris Kundro's appearance on Bloomberg TV - Dec. 24, 2007](#)

About LaCrosse Global Fund Services

LaCrosse Global Fund Services is a provider of operations, middle-office and administration services to managers of complex hedge funds globally. The firm has more than 300 employees in 10 global office locations: Bogota, Buenos Aires, Caracas, Istanbul, London, Minneapolis, Moscow, New York, Sao Paulo and Singapore.

Current assets under administration and supported operationally are in excess of USD \$14 billion, encompassing strategies traded by global portfolio managers who cover global equities, fixed income, commodities, currencies, emerging markets and related derivatives.

LaCrosse began as a spinout of the middle- and back-office operations that had supported Black River Asset Management and, prior to that, Cargill Global Capital Markets. Today it is an independently managed subsidiary of Cargill providing services to the alternative investment industry. For more information, visit LaCrosse at www.lacrosseglobal.com.

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

+