



Topics

Current Issue

BACK OFFICE VIEW: leveraging administrators in fund raising

funds europe

BACK OFFICE VIEW: leveraging administrators in fund raising



The best administrators are becoming more agile and pragmatic when it comes to meeting the needs of fund stakeholders, says Paul Eventit

The fund management landscape has been shifting for a while now. Funds face myriad challenges. Raising capital from overly cautious investors and navigating increased regulatory demands due to anti-money laundering reactions, to terrorism and the recent market over-leveraging and short selling are among the most prominent.

Investments have to be worked harder and regulations are more difficult to adhere to. This means that promoters are finding it hard to get funds off the ground and existing funds are finding it harder to fund raise and deliver returns. Because of this, fewer funds are launching and existing funds are faltering.

How can the administration industry influence and support positive growth in this changing landscape? What services should be offered and how should they be priced?

The best administrators are becoming more agile and pragmatic when it comes to meeting the needs of fund stakeholders. Effective relationships are the cornerstones of success.

Networking stakeholders

There is a shift in the dynamic between all stakeholders in the fund industry. Promoters like to deal with counterparties who might have introductions to sources of capital or solutions for difficult portfolio investments. Promoters also have to work more closely with administrators to make sure they adhere to new regulations, and even investors can require additional measures from administrators to provide security and risk analysis about their investment decisions.

Fund administrators can add value and provide the necessary glue to network parties to establish the most effective solutions. Gone are the days where effective fund administration meant just getting the work done and being as unobtrusive as possible. A collaborative approach can yield positive results.

Partnering with regulatory bodies

The biggest positive influence an administrator can have on a fund is in helping to navigate complex regulatory issues. Solving these can mean funds are launched more quickly, or existing funds can continue to deliver returns. Crucial to the fund administrator being effective in this new collaborative approach is its relationship with its relevant regulator. An effectively run, experienced and open administrator can develop clear channels of communication with regulators that can be leveraged in all challenges whether clarification or advice on a particular situation or counsel on how to approach a particular regulatory issue for optimum chances of success.

Effective administrators will already have developed longstanding relationships with regulators, which will now help them to differentiate versus the competition. Administrators can offer regulators deep real-life insight into the funds industry that can be invaluable. Regulators will appreciate a conscientious, process-driven administrator who champions their profession. Mutual trust is built through delivering on promises, earning respect, keeping all parties informed and seeking counsel at any opportunity.

With so many variations on investment vehicles, strategies and investor needs, it's integral that a fund partners with an experienced service provider with strong corporate governance credentials and strong links to regulatory associations in its operational jurisdictions. An effective administrator will be able to expedite approvals and regulatory concerns and inform of changing regulatory procedures and updates.

According to a recent report by Ernst and Young, value-added administration services in the early stage of the private equity fund cycle, such as assistance in the fund set-up, are not often provided. The provision of regulatory support is integral to this critical stage so the winners will be those who have already been providing these pillars to their service for many years already.

Paul Eventit is managing director at Fund Corporation in the Channel Islands

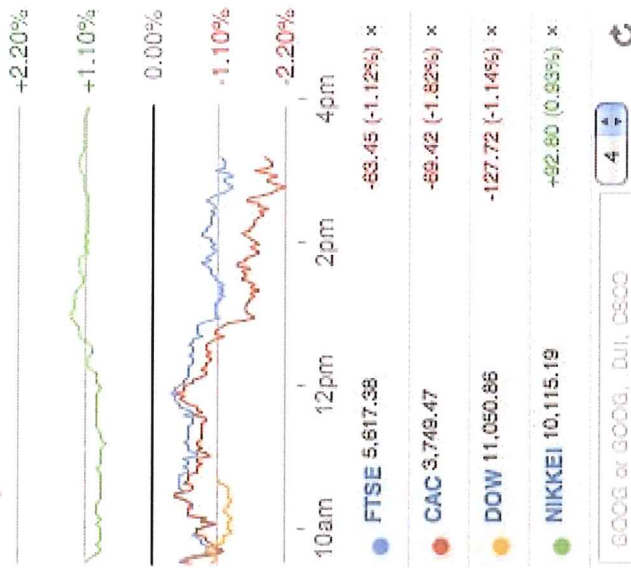
©2010 funds europe

LOGIN FORM

H. Lisa O'Neill-Sullivan,

Log out

STOCK PRICES



WORLD CURRENCIES



GBPEUR

1.221549



GBPUSD

1.540496



GBPCHF

1.608438