

## CASE STUDY OVERVIEW: *HEDGE FUND* NEW FUND LAUNCH

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### CLIENT:

- *Hedge Fund* with initial capital of \$50 million raised to \$55 million after Seed Investor performed a comprehensive due diligence of the operating infrastructure. Ten person start up with a full trading desk, COO, marketing and part-time CFO. Onshore and Offshore funds with Master Feeder structure trading convertible arbitrage with multi-strategy arbitrage. Products traded include corporate bonds, foreign sovereign debt, US bonds, CDS, CDOs, equities, equity options and equity swaps.

### CHALLENGES:

- *Hedge Fund* had begun initial infrastructure build which needed to be incorporated into a more robust framework to support and facilitate multiple asset classes and security types.
- Office locations in California and Connecticut.
- Part time CFO with no financial services experience.
- Time frame for launch was less than three months.

### DELIVERABLES:

#### Phase I

- Developed a game plan outlining specific tasks and responsibilities for fund launch that were not addressed in the *Hedge Fund's* original plan. Created a time line that fit into the *Hedge Fund's* overall goals.
- Managed and implemented all tasks outlined, created status reports and periodic updates in real time when necessary.
- Performed an analysis and review of *Hedge Fund's* core business documentation for consistency with goals and objectives of the fund and its operating infrastructure. This included; offering documentation, partnership agreements, business plans, marketing material and due diligence questionnaires. Facilitated the registration of the investment advisor (Form ADV) and all Blue Sky filings.

#### Phase II

- Performed due diligence on vendor software and reconciliation tools for operations, accounting and middle office. Integrated these tools into the *Hedge Fund* infrastructure.
- Performed due diligence on Prime Brokers and recommended ultimate selection. Implemented all necessary reporting, file mechanisms and protocols with the Prime Broker for a smooth daily process flow.
- Implemented proper work flow (including data flows) and training for daily operations functions including risk management, compliance, portfolio accounting, collateral management, trade and cash reconciliations and securities lending.

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## CASE STUDY OVERVIEW: NEW FUND LAUNCH (continued)

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### DELIVERABLES (continued):

#### Phase II (continued)

- Coordinated the credit review process with all counterparties including interaction with credit, risk, client service and sales personnel. This also included KYC supporting documentation and account opening processes and procedures.
- Negotiated and implemented counterparty documentation including Prime Brokerage, ISDA counterparties (7), Futures (2) and executing brokers (23). Set up daily communications flows with each where appropriate.

#### Phase III

- Created due diligence book for seed investor presentation at the *Hedge Fund* office. Presented to seed investor along with *Hedge Fund* personnel describing operating infrastructure.
- Interviewed and recommended appropriate operations personnel for hire.

### RESOURCES:

- One Senior Project Manager (Full Time)
- One Senior Project Manager (Part Time)
- *Hedge Fund* staff.

### DURATION:

- Three months.

For more information on HC services, please contact:

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