



HC ASSOCIATES
FINANCIAL SERVICE CONSULTING

SUITE OF SERVICES
for
FUND OF FUNDS

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HC SUITE OF SERVICES: *FUND OF FUNDS*

HC Associates' suite of services allows Fund of Funds complete flexibility to choose what is right for their business and budget. These services can be any combination of analysis, negotiation, planning and implementation.

FORENSIC ANALYSIS OF MANAGERS

Institutional Investors, Fund of Funds and Asset Managers inevitably have an investment that may require more attention and analysis than the resources afforded in the day-to-day process. HC can augment and compliment your due diligence process by performing a "deep dive" analysis and producing a comprehensive, user friendly report that can be presented to the Investment Committee. This is more than just a questionnaire and one hour meeting, but an analysis of the manager's business from top to bottom including: Organizational Structure, Marketing, Service Providers, Technology & Systems, Capital & Fee Structures, Operating Policy & Procedures, Reporting & Disclosures, Investment Strategy & Trading, Financing, Fund Valuation, Off-Balance Sheet items, Legal, Compliance, Regulatory standards/filings, Risk Management and Financial Books & Records. HC will review as many years of history that is necessary for the buyer to completely understand the Investment.

MANAGER DUE DILIGENCE & OPERATIONAL REVIEW

Institutional Investors, Fund of Funds and Asset managers need to perform complete and cost effective due diligence and operational reviews. HC can perform a site visit and ask a comprehensive set of due diligence questions including interviews with a variety of key internal personnel, service providers, and other investors. This service includes a report based upon the answers to the due diligence questions and, if needed, a presentation of the findings to the appropriate investment committee.

ALTERNATIVE OPERATING OFFICERS

HC can act as a complete outsourced COO solution and strategically support the existing management team for our clients. We perform this role on an interim basis which can range in time from one month to two years and is ultimately determined in conjunction with overall succession planning. This is an ideal solution for start-up enterprises regardless of size, scope and strategy and is a strategic compliment for existing, mature firms that have experienced significant growth but may not possess the internal resources or expertise.

START-UP/LIFT-OUT PLANNING & IMPLEMENTATION

A staple of the HC services suite, this service is tailored to new managers or individuals looking to start a new organization, or for those who may be splitting off from an existing enterprise. New entrants into the market have generally been responsible for generating alpha and therefore have limited experience as a proprietor responsible for running every facet of an organization. This presents a significant challenge and learning curve which can cause drag on the proposed start date, increase costs, plan only for short term results and potentially miss many important elements needed for a successful launch. New entrants can leverage our expertise for starting, running and managing a business for all tasks below the investment line. HC will provide assistance, guidance, education and implement all phases of a fund launch while cutting the time to market significantly and will complement your business for future growth.

SERVICE PROVIDER ANALYSIS & SELECTION

A key component to an effective infrastructure is to properly utilize the service provider community to your advantage (both existing and new to your organization). This implies having a complete understanding of the service models of each, what the potential pitfalls are with certain service providers, who is best in class in their particular field, and more importantly how to “connect the dots” with all of them so your infrastructure is sound and scalable. HC not only connects those dots, but allows you to integrate these service providers effectively into your infrastructure thus saving you time, resources and money. Fees charged and how best to negotiate them are an important aspect of the equation. It is not just about the lowest price, but more about optimizing your services for the best price. HC is adept at both and can guide you through the complexities of each fee structure with any service provider, including Prime Brokers, Administrators, Auditors, Legal counsel, Technology Vendors, Insurance Brokers and Corporate Banks.

STRATEGIC BUSINESS MARKETING

Usually done in conjunction with our Manager Due Diligence and Operational Review services, HC can provide guidance for Hedge Funds or Fund of Funds who need support in defining their message, qualifying what makes them unique, creating a target audience and developing a calculated game plan for future growth. HC experience with investors will give you insights into properly addressing the most important audience any manager faces.

MARKETING PRESENTATION & DUE DILIGENCE QUESTIONNAIRES

A natural extension of the due diligence process complementing a firm’s strategic marketing, this service is utilized where Hedge Funds and Fund of Funds want to build their own internal marketing and due diligence questionnaires. This proactive approach includes mock investor meetings which prepare a manager to deal directly with the investor community appropriately. HC can tailor your presentation for your business and investor audiences.

CORE BUSINESS DOCUMENT REVIEW

HC has set up a significant number of entities and can provide strategic insight for each core business document both in terms of consistency and relevance in the following areas: marketing materials, financial arrangements, fee structures, strategy and overall business environment. We can facilitate the filing of your SEC registration as well as review Private Placement Memorandums, Investment Management Agreements and Subscription materials. We can also provide the proper solutions for your documents while tracking changes on your behalf.

TECHNOLOGY/OPERATIONAL INFRASTRUCTURE REVIEW & IMPLEMENTATION

At the core of a successful franchise is its ability to handle the diverse requirements surrounding infrastructure and operating protocols. For new entities, HC can provide a blueprint for a proper infrastructure that includes all operations functions, roles and responsibilities, process flows, technologies and integrate of all the pieces into one cohesive platform. For existing entities, HC can perform a gap analysis of the existing platform, provide recommendations for future state, select service providers and implement on your behalf or work in tandem with internal resources. HC is flexible in performing these services in any combination that best suits our clients.

COMPLIANCE - POLICIES & PROCEDURES

HC can create policy and procedure manuals based upon a variety of responsibilities and functions that encompass the full spectrum of a client's operating infrastructure. Contoured to your business, this would include categories such as Code of Ethics, Portfolio Management, Trading Practices, Advertising & Marketing, Record Keeping, Privacy, Business Continuity, Anti-Money Laundering, Disclosures, Regulatory Requirements, Insider & Personal Trading, Proxy Voting, Pricing, Email, Gifts & Entertainment, Soft Dollar as well as other important compliance issues.

COUNTERPARTY DOCUMENTATION ANALYSIS & NEGOTIATION

HC Associates has a proven track record of success in counterparty documentation analysis and negotiation. Our personnel collectively have over 40 years of experience from the perspective of both a customer and dealer. HC will alert our clients to each risk so that an adequate assessment can be made as to its relevance, importance and priority. We will negotiate the following agreements on your behalf: ISDA Master Agreements, Credit Support Annex, Term and Bridge Agreements, Prime Brokerage, CFD, MSLA, Forex, Commodity, Institutional Option and Introducing Broker.

COUNTERPARTY CREDIT ANALYSIS

HC provides strategic support to clients to evaluate and redefine the inherent risks associated with their credit counterparties within the context of today's credit paradigm. HC's experience positions clients to clearly recognize understand and mitigate these risks. We also understand that counterparty relationships are critical and necessary for all clients to adequately finance their business and investment strategy.

PORTFOLIO FINANCING ANALYSIS

An important aspect to any manager is to understand how financing is accomplished by the credit counterparties. What are typical spreads in certain countries, markets or structures and how is the marketplace changing? How much does a firm actually pay the street and what basis point savings can be employed? What are the fundamentals that need to be reviewed to control this portion of business and what are the proper procedures, reporting and expertise that is needed to internally accomplish these tasks? To understand these and many other questions, our clients rely on us to provide comprehensive alternatives to managing their portfolio financing, optimizing spreads and providing expertise to manage this process internally. Whether using traditional sources such as Prime Brokerage, Repo, synthetic (swap, bonds) or other, more creative avenues, our analysis and recommendations have saved our clients significant alpha.

SECURITIES LENDING/BORROWING MANAGEMENT

A critical aspect for Hedge Funds and Asset Managers is to fully understand, manage and optimize their securities lending portfolios. If done effectively, it can generate significant alpha for the fund while not creating additional risk to the investment strategy. Whether you are an entity who has limited experience managing securities lending, a manager who views shorting as more prominent in the future, or are an existing fund who wants to implement a securities lending desk, HC can provide the tools and experience necessary to effectively manage your securities lending book and provide the knowledge and assistance required to create it properly. We will review, analyze and quantify your securities lending portfolios while taking into consideration all current lending relationships and in-house personnel in order to customize a solution best suited for maximum alpha generation.

TREASURY CASH & COLLATERAL MANAGEMENT

All investment managers employ aspects of leverage, OTC transactions or maintain some level of free cash position. Therefore, it is prudent to employ treasury functionality into the daily workflow process. These processes include understanding and maximizing portfolio margin, optimizing and managing risk associated with each counterparty extending credit, creating liquidity by analyzing portfolio holdings and tying this all into OTC transactions, initial margins, Repo, Forex and money market instruments. HC has successfully implemented full treasury management functions for our clients and in the process, captured significant alpha at the Fund level.

BEST PRACTICE ANALYSIS & NEGOTIATION

HC applies our experience to deliver best practices and solutions that are correlated to our client's business strategy while bringing them in sync with industry standards. HC will review your current modus operandi and will recommend appropriate best practice solutions in the following areas: organizational structure, trading protocols, marketing, service providers, technology & systems, capital & fee structures, operating policy & procedures, financing, legal & compliance, reporting disclosures, fund valuation or risk management. HC will also help you navigate service provider and vendor agreements to effectively optimize service levels, fee structure, and mitigate overall risk.

STAFF RECRUITMENT & PLACEMENT

HC's extensive and diversified network of contacts in the industry have provided us with a complete understanding of the position requirements associated with many job functions and can offer value in the recruitment process. For entities we've established relationships with, we can tap into our network to identify and present bonafide candidates for placement at a reasonable fee. We go to great lengths to pre-qualify candidates, not only for skill set but for proper fit into a firm's cultural disposition. We place Chief Operating Officers, Chief Financial Officers, Director of Operations, Treasury & Finance, Middle Office, Accounting and Technology positions. Our relationship with your firm gives us an advantage that no one else possesses because we understand your organization from the inside.

EDUCATION

HC is proud of our ability to impart our experience to our clients. We view this as a natural extension of our business for all the services we provide and we believe it is one of the key differentiating factors from other consulting practices. This education may take on many forms such as a typical day-to-day discussion with staff and providing internal tutorials on specific topics. We work with all levels and disciplines within the client and sessions can be a combination of one-on-one or group.

For more information on HC services, please contact:

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