

Think Alternative

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About Best Outsourcing

Our goal is to empower the alternative investments industry with the most cost effective operations model with the highest quality level of output so that they can focus on their core competence of Investment Management and Client Servicing.

Specializations:

- ✚ Pricing Module
- ✚ Valuation Module
- ✚ Cash Reconciliation Module
- ✚ Master Security File Management Module
- ✚ Documentation Management Module
- ✚ CTO/ COO/ Audit Support Services
- ✚ Documentation Clean Up and Filing



▶ this issue

▶ **Focus on:** Portfolio Valuations

Portfolio Valuations

Portfolio Valuation is a process of determining the worth of an asset / portfolio. After the recent financial crisis, it has become very important for the alternative investment community to fully understand the implications of pricing and valuation of their portfolios.

Portfolio Valuation is as important to an investor as it is to the Portfolio Manager. Any discrepancy in valuing a portfolio could lead to major implications as under-valuation would lead to loss of the Investors' money followed by a cut in the performance fees for the Portfolio Manager. Also, an over-valuation would lead to an inflated / unrealistic Portfolio Value for the Investor followed by an inappropriate performance fees to be paid to the Portfolio Manager.

Need for Effective Portfolio Valuation:

Post Madoff, institutional and private investors demand greater control and transparency over their portfolios. They expect daily, independent reconciliations – across all assets and counterparties. In addition to full segregation of duties in confirming portfolio value, timely and transparent communication of these independent reconciliations and valuations will be the key to rebuilding investor trust and retaining capital.

Importance - Effective Portfolio Valuation:

- ❖ Boost Investor Confidence – On time distribution of Fact sheets and Investor letters.
- ❖ Accurate NAV calculation – Timely and accurate calculation of performance fees, management fees, rebates, hedging fees, fixed fees and loan fee accruals to enable precise

How can Best Outsourcing help you?

- ✓ **Maintain the most up to date NAVs, to be used for valuation, in the ERP system by actively chasing the missing underlying NAVs from the Fund Managers, Administrators and other concerned parties to carry out un-interrupted and timely portfolio valuation.**
- ✓ **Carry out position and cash reconciliation to make sure the Asset and Cash balances are in sync with the Fund Administrator and the valuation is based on correct balances.**
- ✓ **Maintain up-to-date trading documents like Contract Notes, Final NAV Statements, Swift confirmations, etc.**
- ✓ **Prepare Post Valuation reports giving details about the Top 5 positions in the portfolio, Prices used in the valuation, NAV Comparison reports to flag deviations beyond tolerance and other details requiring special attention for the next month's valuation.**