

ALTERNATIVE ASSETS

10 QUESTIONS TO ASK

Alternative investments offer the potential for alpha, but also the certainty of complexity. Having a sound strategy along with the right provider can do much to help make your portfolio successful. When contemplating or evaluating an alternative investment programme, here are 10 key questions you should ask service providers.

1. DO YOU OFFER SERVICES TO ALTERNATIVE ASSET MANAGERS

AND ASSET OWNERS? Appointing a provider who understands and services both asset managers and their investors can give you a 360° view of industry challenges and opportunities. Consider not only their experience, but organisation: Are they structured so you can benefit from the expertise and insight of their administration teams, or are they in separate silos?

2. WHICH ALTERNATIVE ASSET CLASSES DO YOU SUPPORT?

Alternatives cover a broad range of investments. Providers aren't always proficient in every asset class. If you invest in one asset class, it can be tempting to hire a boutique, but if next year you want to expand your strategy, how well will they support you? Look for a provider supporting the full spectrum of alternative asset classes, including hedge, private equity, real estate, infrastructure and debt strategies.

3. WHAT TECHNOLOGY CAPABILITY DO YOU OFFER?

Managing data requirements across front office, risk management and investor relations is becoming more complex. New technologies are bringing efficiency and transparency to asset classes that have long been labour-intensive and opaque. Understanding what a provider can offer you today to give you access to "best-of-breed" innovations across alternatives and what they are planning for the future can help you plan the resources you need to manage your programme.

4. ARE YOU A "ONE STOP SHOP" OR A SPECIALIST PROVIDER?

Be thoughtful and lay out the full scope of services you may require. Appointing multiple providers for different services can be costly as well as inefficient. On the other hand, you don't want to feel pressured to sign up for services you don't need. Look for a provider who is willing to work with you to evaluate and design a plan to suit. And focus on the "how" as well as the "what" of each provider's offerings. The client relationship model and the operating model are important considerations to ensure that you are supported in a cohesive way.

Why Northern Trust

**Private Equity Fund Administrator
of the Year**

Custody Risk Americas Awards, 2015

Pensions Custodian of the Year

Custody Risk European Awards, 2015

Best Administrator – Technology

*HFMWeek European Hedge Fund
Services Awards, 2015*

5. WHAT IS YOUR GEOGRAPHIC REACH? Global providers offer the flexibility to manage investments in more than one jurisdiction in a cohesive model. Regional or domicile-specific specialists may be challenged if you decide you want to expand into new markets. Understanding the geographic implications of current and future plans are an important part of identifying a service provider for the long term.

6. CAN YOU HELP ME MANAGE MY RISK AND PERFORMANCE

OBLIGATIONS? Understand specifically how a provider supports the investment lifecycle. Some simply validate statements, while others have extensive support for investors' risk management and reporting obligations. As these needs proliferate, you want to understand how much you can rely on a provider and how much of these requirements will fall to you.

7. WHAT IS YOUR APPROACH TO RELATIONSHIP MANAGEMENT?

The complexities of alternatives means you need to know and trust the people you're working with. Evaluate a provider's service model: Will you be able to access the expertise you need? What are response times like? What are the escalation procedures if there is an issue? Look for a provider who can help with your strategic as well as day-to-day issues.

8. WHAT IS YOUR APPROACH TO COMMUNICATING AND SUPPORTING REGULATORY CHANGES?

Regulation is evolving faster than ever. It's easier to keep ahead of evolving regulatory obligations if a provider is committed to delivering focused and relevant communication. Their commitment should be backed by expertise and solutions to give you the services you need when you need them.

9. HOW CAN YOU HELP ME MEET INCREASED TAX TRANSPARENCY REQUIREMENTS?

You want to ensure a provider will meet all obligations to tax authorities and they are anticipating future changes. Regulations such as the Common Reporting Standard (CRS) and the Foreign Account Tax Compliance Act (FATCA) require a disciplined and well-informed approach.

10. HOW CAN YOU HELP ME KEEP UP WITH INDUSTRY TRENDS?

Finally, keeping an eye on industry trends will help you manage your programme more effectively. Consider industry memberships. Do they, for example, sit on any industry task forces? How will information be shared with you? Regular seminars, for example, can provide you with new information as well as contacts.

30+

YEARS NORTHERN TRUST HAS BEEN
ADMINISTERING ALTERNATIVE ASSETS

\$450

BILLION

ASSETS UNDER ADMINISTRATION

\$531

BILLION

ASSETS UNDER CUSTODY GLOBALLY

Contact Us

To learn more about how Northern Trust can help support your alternative investment portfolio, contact Douglas Gee, head of business development, EMEA, at douglas_gee@ntrs.com or +44 (0)20 7982 2376 (London).

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