

Fund of Funds Valuation – SFS Price Collection

Traditionally, Fund of Hedge Funds (FoHF) portfolios have been marked to market on the basis of the final administrator price of the underlying hedge fund investments. Due to the dependency on the reporting timelines of the underlying investments, FoHF often report financial figures to their investors late in the month and on an unpredictable timeline.

Swiss Financial Services (SFS) pursues the objective to close the books and distribute reliable, quality financials for our FoHF mandates on a pre-defined schedule. Over the last 15 years we established a valuation process supported by our exclusive Price Collection System (PCS) for our FoHF clients as well as other clients requiring reliable price information for their specific Hedge Fund investments. Key Elements of our service offering are:

- A dedicated highly experienced team
- Strict pricing policies and procedures
- Automated checks and balances for quality assurance

Presently, the PCS-Team follows:

- 150 Fund of Hedge Fund Portfolios
- 1'700 underlying Funds
- 2'000 Investments (Classes / Series)
- 4'000 prices per month
- 2'000 contact relationships

The aggressive schedule by some FoHF means that many fund investments are valued by using estimated prices communicated by the underlying Fund Manager. For this reason, strict reviews of the quality of the received prices and the financial impact on the portfolio valuation are essential. SFS has automated many of these critical tasks.

The PCS-Team constantly chases missing prices, not only “Manager estimates” but also “Final Administrator”, even two or three months after the books of the FoHF have been closed. The PCS-Team also regularly compares the “Manager estimate” used for the accounting versus the “final” obtained by the underlying Administrator received only weeks later. This comparison is not only done on basis point difference, but also on an impact on the overall portfolio.