

Operational Stabilization and Structure:

Background and Client Challenge:

An alternative investment firm had committed significant capital and business focus to expanding their multi-asset class investment structure with several of market-leading funds in the marketplace. Their focus was to invest significant capital into residential mortgage-backed securities and other structured products and while not trading them actively, experienced material growth across their transaction and portfolio activities for investment and operationally supporting this work. Before C&A's involvement, the firm had made some decisions on platforms and process providers as part of this launch but the firm was experiencing various issues with managing the high growth as well as new product complexities given the firm's experience with pay-down products was limited and the historical core accounting and operational platforms were not strong in these product offerings.

Senior management of the firm engaged C&A to help stabilize the operational activities of the firm to support the new asset class structure and to backstop various managerial functions to add depth to the existing team on several different project streams within the firm. A mix of process re-structuring, platform design and implementation, middle office role development and direct staffing support on operational reconciliation and data quality roles was provided in addition to direct support on a strategic level to helping to support the day-to-day and strategic positioning of internal management team members as the firm developed its operating team structure to better support the new asset classes.

Solution:

C&A executed both a management support and tactical project track program to reinforce the firm's management and staff while also providing strategic guidance to senior management to help support the management team being positioned to take on various new roles and changes in the firm's operating environment. C&A also help guide the firm with several key "structural decisions" to reposition functions and activities to help anchor more of a "best practice" view of how various firm functions would not only be more efficient but also "less conflicted" to help improve the firm's governance structure and "checks and balances" given the higher operational profile of the self-administrated fund structure in this firm.

Results:

Various operational activities were separated from the fund accounting structure and reformulated into distinctly accountable operational roles in a more deliberately structured operations function. Some functions were also integrated into new middle office roles to better support the fund and risk management functions of the firm.

New platforms were acquired and integrated into the firm to support reconciliation of third party data streams as well as new settlement and cash management tools for the higher transaction level in the portfolios from an operational standpoint. Data integration with the firm's custody agent was part of this deployment.

Separately, C&A also worked with the firm and its pre-existing platform vendors to acquire a number of new service uses of the existing platform to better leverage the firm's investment into those platforms for both the accounting and operations functions.

The firm also was able to continue building its presence in the asset class while the above activities were being more aggressively integrated into the firm's investment operational processes.