

Successfully Launching and Servicing a Registered Private Fund

By Tony Fischer

For many years, we at UMB Fund Services have seen the need and demand for a simplified process for launching and servicing registered private funds – funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940.

Traditionally, an investment manager wanting to start a registered private fund was left to “gather” a group of service providers and navigate the complex (and often costly) process with little direction. For many, this has been the primary deterrent to registering private funds.

REACH A RETAIL AUDIENCE

As investment managers look to grow their business in a scalable way, registering an existing private fund strategy and gaining retail accessibility can be an excellent option. For many of these managers, the opportunity to reach a retail audience is an exciting opportunity to reach new clientele while offering an institutional-quality product. Some of the additional advantages of registering a private fund include:

- Ability to accept an unlimited number of accredited investors, allowing the manager to reduce the fund’s minimum investment
- Increased fund transparency for investors, platforms and intermediaries along with an independent board
- Easier access to fund distribution platforms and intermediaries, bringing greater visibility and access to investors

While offering a registered private fund is an attractive option for many managers and the marketplace continues to have a growing demand for these products, it is important for investment managers to consider the needs and requirements that come with creating and operating a registered fund, such as:

- Managing the initial registration process
 - Setting up a board of directors
 - Hiring a custodian, chief compliance officer, statutory underwriter and fund counsel

- Performing regulatory and financial administration activities

- SEC registration and reporting
- Potentially high volumes of investor activity

While the items to consider when registering a product can seem overwhelming, capable fund administrators can play an important role in making this doable.

Recognizing the need in the marketplace and calling on our core expertise and experience in providing a variety of services to funds supported by a robust technology platform, UMB Fund Services offers a turnkey solution that streamlines this entire process, while lowering start-



Tony Fischer

services, compliance consulting, audit services, distribution and marketing services, risk management and insurance, and overall sponsorship, coordination and program management.

PROVIDE TURNKEY SERVICES

The platform offering follows the general model of our popular and successful Investment Managers Series Trusts, first offered by UMBFS in 2007 with a second trust launched in 2013, which provide turnkey services that enable managers to launch and operate a mutual fund quickly and cost-effectively. At year-end 2015, funds in the trusts had reached \$12.8 billion in assets. Through these trusts, we also helped clients launch 16 new mutual funds last year.

At UMB Fund Services, we are focused on providing the highest quality of client

“Offering a registered private fund is an attractive option for many managers and the marketplace continues to have a growing demand for these products.”

up costs and overhead. This solution makes registering private funds a realistic option for more investment managers.

UMB’s turnkey solution was the first in the marketplace for launching and servicing private funds. It offers firms the ability to work with a team of top-tier select professional services firms to manage the process, while allowing the possibility of using the clients’ existing preferred service firms. In addition, this solution provides assistance in establishing and working with a board of directors – facilitating meetings and managing service providers – all while lowering overhead due to the sharing of certain expenses across the platform.

This platform’s service providers offer a variety of services, including fund accounting, administration, transfer agency, blue sky, tax reporting and custody services, as well as registration and legal

service. We partner with our clients to provide insight, guidance and education so they feel prepared for the future and confident in their ability to succeed as a business in an often complex and ever-changing marketplace. We embrace that complexity and challenge ourselves each day to help our clients feel prepared and supported through all of it.

We also recognize it is critical that we continue to innovate and provide product solutions that enable our clients to succeed and differentiate themselves from competitors. Our customizable approach, commitment to service and deep industry experience are at the core of our success, enabling us to be a true asset to our clients and contribute meaningfully to their success.

Tony Fischer is President of UMB Fund Services.