

CASE STUDY: HEDGE FUND

New York-Based Hedge Fund

A New York City-based hedge fund actively trading through multiple brokers and utilizing shareholder allocations along with master-feeder structures, was looking for a cost-effective, integrated shareholder accounting and general ledger system to shadow their fund administrator's work on a daily basis.

The Challenge

Like many hedge funds, the firm was primarily using manual processes and spreadsheets to shadow their external fund administrator for shareholder accounting and general ledger purposes. While this approach worked, it was not optimal. They realized that an automated accounting solution would offer the potential to streamline operations and use internal resources more efficiently.

The Solution

Fate often works in unexpected ways. While conducting a reference call for a competitive product, the reference mentioned FundCount. After visiting FundCount's website and speaking with the company, the firm realized that FundCount software offered more functionality than the other vendor.

FundCount's integrated accounting and reporting software turned out to be a good match for the firm's needs and a license was signed. FundCount streamlines operations and improves data accuracy by tracking all partnership and portfolio accounting activities through a single general ledger. In addition, it handles the entity structures and fee calculations typical of the hedge fund industry. →

The Results

The firm is using FundCount software to maintain the general ledger and shareholder allocations. Direct feeds with the firm's custodians for cash and market value reconciliation and with their portfolio management system for portfolio activity enhances efficiency and reduces human error due to manual input.

To validate information and ensure calculations are accurate, the firm maintains a parallel system that shadows their external fund administrator. They appreciate that FundCount software identifies any discrepancies and provides another level of independence from their administrator. "It gives us more control," said one of the firm's partners. "And, it helps us identify things that we otherwise would not have been able to identify."

Creating timely, reliable reports is a key component of any accounting system. In addition to using FundCount's wide range of standard reports, the firm requested a custom control module for calculation of management fees. FundCount created the module and is also working on reconciliation reports specific to their needs. More development work is anticipated in the future.

When asked about the decision to use FundCount, the firm's partner replied, "FundCount software was well-priced and can handle what we need. It was a good fit for our company."

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—Firm Partner

North America: +1 617 586-3365

Europe: +44 (0) 7507 641-036, +41 43 215-5780

Asia-Pacific: +61 2 8320-083, +65 6813-2470

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fundcount.com