

# Hedge Fund Valuation Services

## MEET OBLIGATIONS

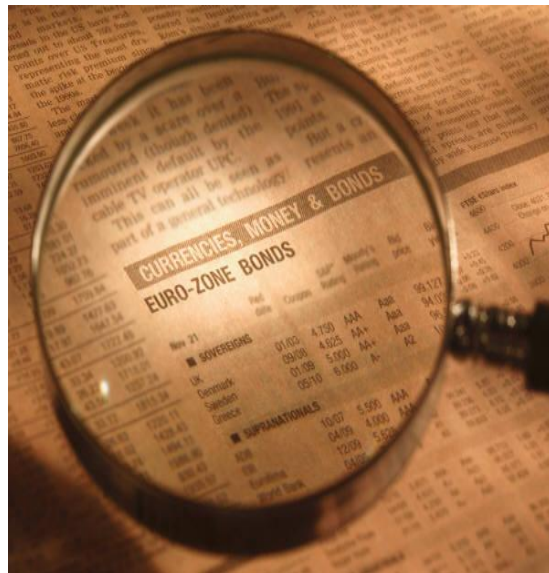
Fulfil regulatory or industry sound practice due diligence obligations.

## REDUCE RISK

Identify and mitigate operational and valuation risks to your firm.

## CUT COSTS

Reduce unnecessary model or data costs associated with your valuation operation.



- Are you required to perform **due diligence** on your valuation procedures by regulatory requirement or industry sound practice?
- Are you fully aware of potential **risk** exposures due to your valuation process and sources?
- Do you think that you could better meet your valuation requirements and/or **reduce costs** by employing different methods?
- If so, then the IBC has a series of services that can help you.

Valuation is a complex and controversial subject and is likely to be subject to more formal regulation in the relatively near future.

The central position of valuation in much of the controversy over hedge funds can be seen by the attention paid to the subject by regulators and industry associations. Currently there are a series of voluntary 'sound practice' recommendations proposed for valuation policy and procedures:

- IOSCO published its nine *Principles for the Valuation of Hedge Fund Portfolios* in 2007 and re-affirmed them earlier this year;
- The Hedge Fund Standards Board has two standards (5 and 6) relating to valuation;
- AIMA has 15 principles it considers to be best practice for hedge fund valuations;
- The MFA covers the area in detail in its sound practice recommendations.

As an independent and specialist consulting practice focused exclusively on valuations, we offer a range of services to assist hedge funds in meeting these 'sound practice' guidelines. Details of these services are provided overleaf.

Our experience suggests that, rather than a bureaucratic overhead, the creation and maintenance of a robust, transparent and justifiable valuation policy and process assists a hedge fund in both keeping existing investors comfortable and making the fund more attractive to external investors.

In addition, the process assists with independent audits and helps to position the fund to meet any formal regulatory oversight if – or more likely, when – this occurs.

#### ABOUT IBC

Ian Blance Consulting (IBC) is an independent practice specializing in financial asset valuations and risks. We provide analysis and advice in a number of key areas, including user best practice and process, regulation and compliance and valuation and model vendor options.

#### ABOUT IAN BLANCE

IBC's Principal, Ian Blance, has over 20 years experience in the research and valuation of securities and derivatives. He is a regular commentator on valuations issues and a frequent conference speaker.

Ian currently acts as technical advisor to the International Valuations Standards Board and provides advice and support to a number of other regulators, standard setters and trade bodies.

For more information on our services please visit us on the Web at: [www.ianblance.com](http://www.ianblance.com)

## Features and Benefits



We provide a truly independent review of your valuation policy and procedures undertaken by the acknowledged industry experts in valuation methods, sources and process.

We use a straightforward, cost effective and proven methodology to assess your fund valuation operation and place it in regulatory, industry and peer group context.

The services are all designed to assist hedge funds in complying with industry 'sound practice' guidelines for valuation and help make the fund more attractive to investors and prepare for more formal valuation regulation.

## Services Offered

- **VALUATION PROCESS REVIEW**  
Full due diligence review of a fund's valuation policies, procedures, methods and sources designed to fulfil sound practice guidelines, identify any valuation risks and rationalize external data and model use. In addition, we offer *ad hoc* reviews of policy or process revisions as a result of new instruments or investment strategy changes.
- **VALUATION POLICY DOCUMENT**  
Advice on the construction of a suitable VPD to meet sound practice or a review of existing VPD to ensure continued fit for purpose.
- **THIRD PARTY REVIEW**  
Full due diligence of third party Valuation Service Providers or other data and model sources either as a precursor to initial subscription or as an ongoing review.
- **VALUATION COMMITTEE SERVICES**  
Provision of advice to fund Valuation Committees on issues arising, either on an *ad hoc*, as required basis or as an ongoing, independent expert advisor to the Committee.

## Other Services

In addition to our range of services offered to help Hedge Funds meet their 'sound practice' requirements, IBC work in a number of other areas, including research and analysis on valuation issues, vendor and third party service and commercial recommendations and strategic regulatory and industry advice. We would be pleased to discuss any of your requirements in the valuation field in more detail.



The Mortons  
Malvern, WR13 6BT  
United Kingdom  
Phone +44 1684 833145  
Mobile +44 7771 661332