



# MF Consultancy

## Investment Funds & Financial Services

### Overview

MF Consultancy delivers legal advice and solutions to managers and general partners of investment funds, as well as to fund investors and service providers.

We specialize in the provision of advice to managers of hedge funds and private equity funds on the formation and structuring of investment funds in the principal fund domiciles, including the Cayman Islands and the British Virgin Islands.

MF Consultancy delivers legal advice and solutions in the following areas:

### *Fund Formation*

Provision of advice on the formation of all types of open- and closed- ended investment fund vehicles:

- limited companies
- limited partnerships
- segregated cell vehicles

### *Product Structuring*

Provision of advice on structuring:

- single manager funds
- multi-manager funds/FoFs
- master/feeder funds
- multi-class/multi-strategy funds
- side-by-side funds
- private label funds
- family funds

### *Operational Structuring*

Provision of advice on the structuring of management companies and general partners, and their interface with the investment fund.

### *Domicile choice*

Analysis of the needs that drive structure and domicile choice, including:

- strategy
- liquidity profile
- target investor base
- regulatory requirements (AIFMD, FATCA)

## ***Documentation***

Preparation of key fund documentation:

- offering memorandum
- investor circulars
- Mem & Arts
- limited partnership agreements
- board minutes
- regulatory filings
- side letters

Preparation or review of service provider agreements:

- investment management agreement
- advisory agreement
- administration agreement
- prime brokerage agreement
- custodian agreement

## ***Jurisdictional Support***

Sourcing of local service providers in the fund's domicile and implementing the provision to the fund and manager of the following services:

- incorporation/registration
- registered office provision
- corporate secretarial
- governmental and regulatory filings

## ***Liquidity Management***

Providing advice to managers on key liquidity management techniques throughout the lifecycle of the fund:

- redemption notice periods
- gates
- lock-ups
- NAV and dealing suspensions
- side pockets
- wind-down and liquidation

## ***Portfolio Transactions***

Provision of advice on the legal implementation and documentation of portfolio transactions:

- share or asset acquisition/disposal agreements
- investor circulars
- board resolutions
- legal due diligence on investments

## ***Advice to Fund Investors***

Provision of advice to investors in funds:

- review of offering memoranda
- advice on key considerations: fees, liquidity restrictions, etc
- regulatory checks on manager and general partner
- preparation of legal due diligence reports on funds and managers
- negotiation and documentation of side letters
- advice on disputes and class rights

## ***Independent Non-Executive Directors***

Drawing upon our experience of providing advice to the alternative asset management industry, MF Consultancy provides independent non-executive directors to the boards of hedge funds and general partners.

Independent non-executive directors provide the following services:

- review of offering memoranda and key documents
- review of key commercial terms: manager fees, liquidity restrictions, etc
- liaising with manager/general partner in fund formation phase
- review of corporate governance procedures
- legal & regulatory compliance checking
- provision of “substance” in or outside of relevant jurisdictions

## ***Our Work: a Sample***

### ***Fund structuring***

- establishing hedge funds (single-manager, multi-manager, stand-alone, master-feeder, side-by-side, etc) in the Cayman Islands and British Virgin Islands in core asset classes and strategy groups: L/S equity, global macro, CTA/managed futures, multi-strategy, etc
- establishing segregated portfolio companies (SPCs) in the Cayman Islands and British Virgin Islands as vehicles for multi-strategy and multi-manager vehicles
- establishing a master-feeder structure in the British Virgin Islands for a major Swiss asset manager
- structuring a Cayman Islands SPC to act as a multi-class FoF vehicle designed for investment by members of various worldwide diasporas, and advising on the portfolio M&A
- advising a US\$600m Swiss family office on housing of discrete investments with differing liquidity profiles in multi-cell SPCs established in the Cayman Islands; structuring additional offshore investment funds and management structures to implement active management and external funding of family investments
- establishing limited partnerships in the Cayman Islands and the British Virgin Islands for private equity offerings by managers in North America, Europe and the Far East; advising on drawdowns and new fundings totalling US\$4bn
- assisting general partner with negotiation and documentation of side letter with investor making US\$250m cornerstone investment
- establishing offshore vehicles to act as “synthetic” managed account platforms
- advising US managers on master-feeder structures in the Cayman Islands and the British Virgin Islands, and implementing those structures
- advising asset managers and private banks in MENA on replication of limited partnership mechanisms (capital accounts, draw downs, etc) using corporate entities
- advising managers in UK and Switzerland on interface between offshore and onshore funds, and co-domiciliation issues
- advising managers on remuneration structures (asset/performance fee, hurdle, HWM, etc)
- advising managers and general partners on founder equity arrangements

### ***Lifecycle advice for managers***

- advising hedge fund managers post-financial crisis on offshore liquidity management techniques such as gating, lock-ups and side pockets
- assisting manager with negotiation of side terms with US\$200m institutional investor, and hardwiring into separate institutional share class; advising manager and fund directors on communication of side terms to other investors
- advising managers and general partners on investor relations (remuneration, side letters, new share classes, suspension of dealings/redemptions, etc)

- advising a UK manager on the restructuring of its investment management arrangements across multiple jurisdictions
- advising a Swiss investment advisor with removal of rogue fund manager by means of investor vote; preparation of investor communications, general meeting and court documents
- advising managers and investors on “key man” exits, related investor communications, share class restructuring and service agreement renegotiation
- advising fund boards on management and disclosure of conflicts of interest
- advising fund boards on dealings with manager in connection with remuneration, valuations and investor communications
- advising fund boards on management of service providers (managers, advisors and administrators) and on reconciliation of various conflicts of interest
- advising fund boards on their fiduciary duties, and on compliance issues, in different fund types in multiple jurisdictions; particularly Cayman Islands, British Virgin Islands and Luxembourg

### *Regulatory advice for managers*

- assisting managers and general partners with regulatory filings and dealings with financial regulators in UK, Cayman Islands, British Virgin Islands and Luxembourg
- advising managers and general partners on AIFM Directive, and providing gap analysis on their management structures and fund products
- advising managers on EU private placement regimes; reviewing sales documentation and providing guidance on distribution restrictions
- providing managers with compliance training: policies and procedures for conflict management, AML, investor due diligence, etc

### *Advice for investors*

- preparing legal due diligence reports for Swiss investment bank on investments into hedge funds and private equity funds; review of offering documents; identification of “red flags” for attention of investor
- advising a UK pension fund on its investment in a series of absolute return hedge funds
- assisting investor in mis-managed Cayman Islands fund to negotiate redemption of US\$20m investment on agreed terms, by means of communications with the fund’s board
- advising institutional investor on negotiation of side terms with large UK hedge fund manager; hardwiring of agreed terms into separate institutional share class in the fund; review of fund documentation and liaising with manager and fund directors
- advising investors on manager/general partner remuneration structures (asset/performance fee, hurdle, HWM, etc)
- advising investors on their status as “shareholders” in or “creditors” of a fund, according to statutory and case law in the Cayman Islands and the British Virgin Islands; considering issues of redemption notice, suspension of dealings, etc.

## **Contact**

info@mf-consultancy.com