

A high-quality administration model

By Derek Adler

International Financial Administration was born out of a desire to offer a higher quality of service than was generally available to asset managers – and that remains elusive today. The firm's model is based on outsourcing key areas of the administration process, such as net asset value calculation, to IFA Group's operation in the UK, while carrying out work such as legal and regulatory filing and share registry activity in the BVI office.

This deals with one of the perennial problems of carrying out fund servicing work in the Caribbean, and indeed other international fund jurisdictions, a shortage of skilled high-quality staff, especially at an affordable price. A limited pool of local talent is in demand from a range of financial services businesses, while expatriates are often costly, involve an extensive work permit application process, and in many cases do not stay long.

By contrast, IFA's UK office, located in a Midlands market town, has access to a deep pool of staff with bookkeeping and accounting experience who enjoy the challenge of working in a global multi-billion-dollar industry, provide a stable workforce, and allow the firm to offer its clients a cost-effective service where the focus is on timeliness and accuracy.

From my personal experience in the fund management industry I know the frustration of managers with late or inaccurate administration work, particularly regarding the all-important NAV calculation. IFA differs from many administrators in its response, which is to reconcile all the figures and accrue for every single fee, including administration, directors, management and performance fee, on a daily basis.

The firm can actually produce a P&L as well as an NAV every single day. While some



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service providers are scrabbling at month-end to issue an NAV in order to handle subscriptions and redemptions, the last day of the month is just another day at IFA. This explains why the firm continues to take on established funds whose managers complain that they haven't received NAV figures for months. This approach may sound obvious, but it's exceptional enough for the firm's US web address to be dailyNAV.com – no small selling point in that highly competitive market.

IFA's other distinguishing characteristic is its willingness to service smaller funds that are often shunned by the large industry players. Hedge funds starting out with USD5m or USD10m have long found it difficult to find affordable administration services appropriate to their size and development stage, but now the bar is being raised higher, with funds managing up to USD50m being dropped by their service provider because they no longer fits the administrator's business model.

IFA's approach chimes perfectly with the development of the fund business in the BVI, which offers a competitive domicile for all sizes of funds, with its well thought-out legislative infrastructure, as well as a regulator that offers the right combination of flexibility and effective oversight, using its relationship with administrators to police the activities of funds established in the islands.

The BVI Financial Services Commission appreciates IFA's input and knows when the firm submits an application that its due diligence has been extremely tough. This attitude has helped to propel the BVI back to the forefront of international fund jurisdictions, evidenced by the remarkable growth of the islands' law firms over the past few years, and given the fund industry a global credibility and acceptability. IFA is proud to have played its part in that process. ■