



Deloitte Valuation
Conference
AIFMD valuation topics for asset
servicers

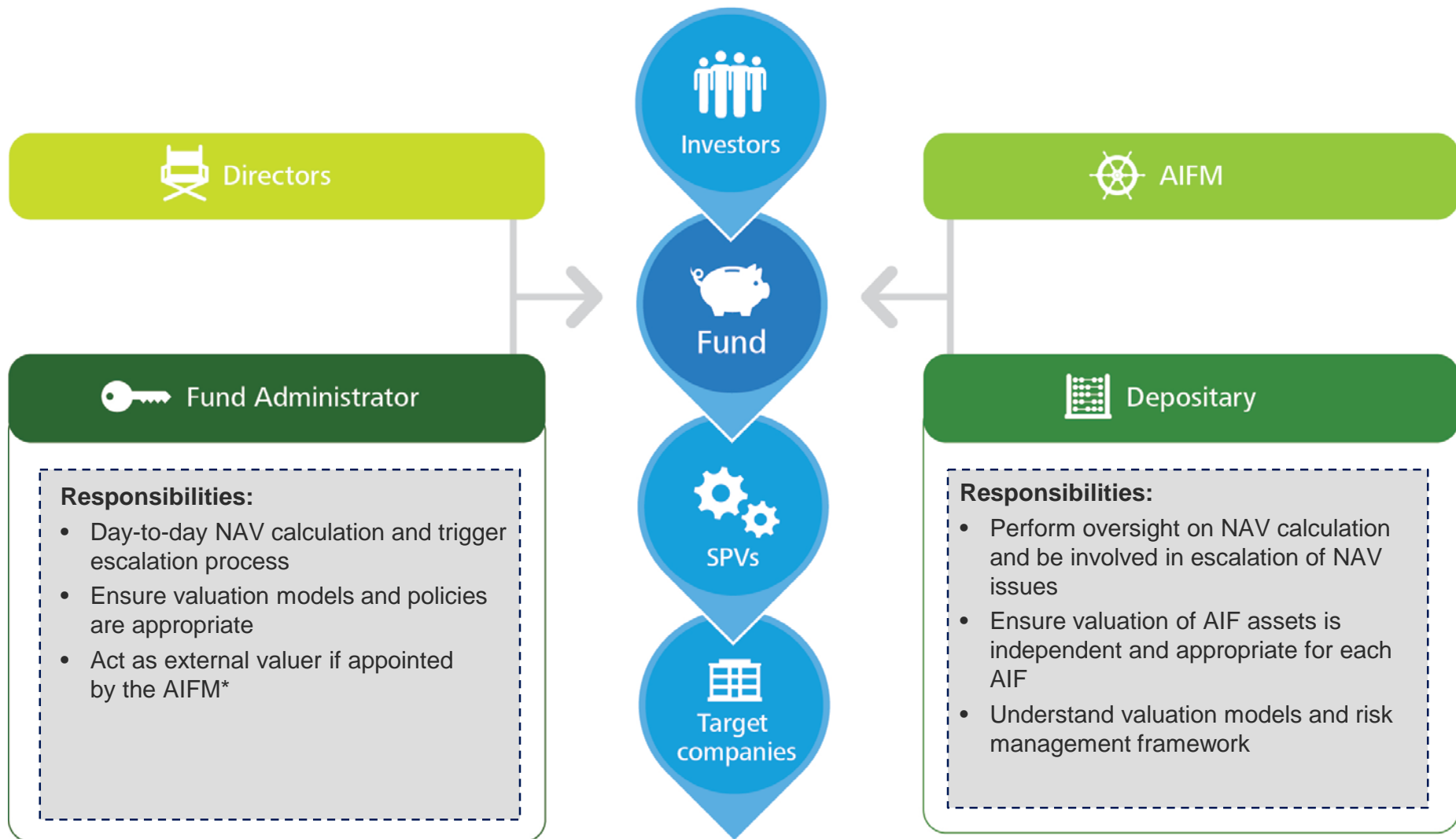
24th February 2015

Agenda

Introduction	3
Focus on Roles and responsibilities of the Fund Administrator and Depositary	6
Case studies	9
Panel	13
Q&A and wrap-up	15

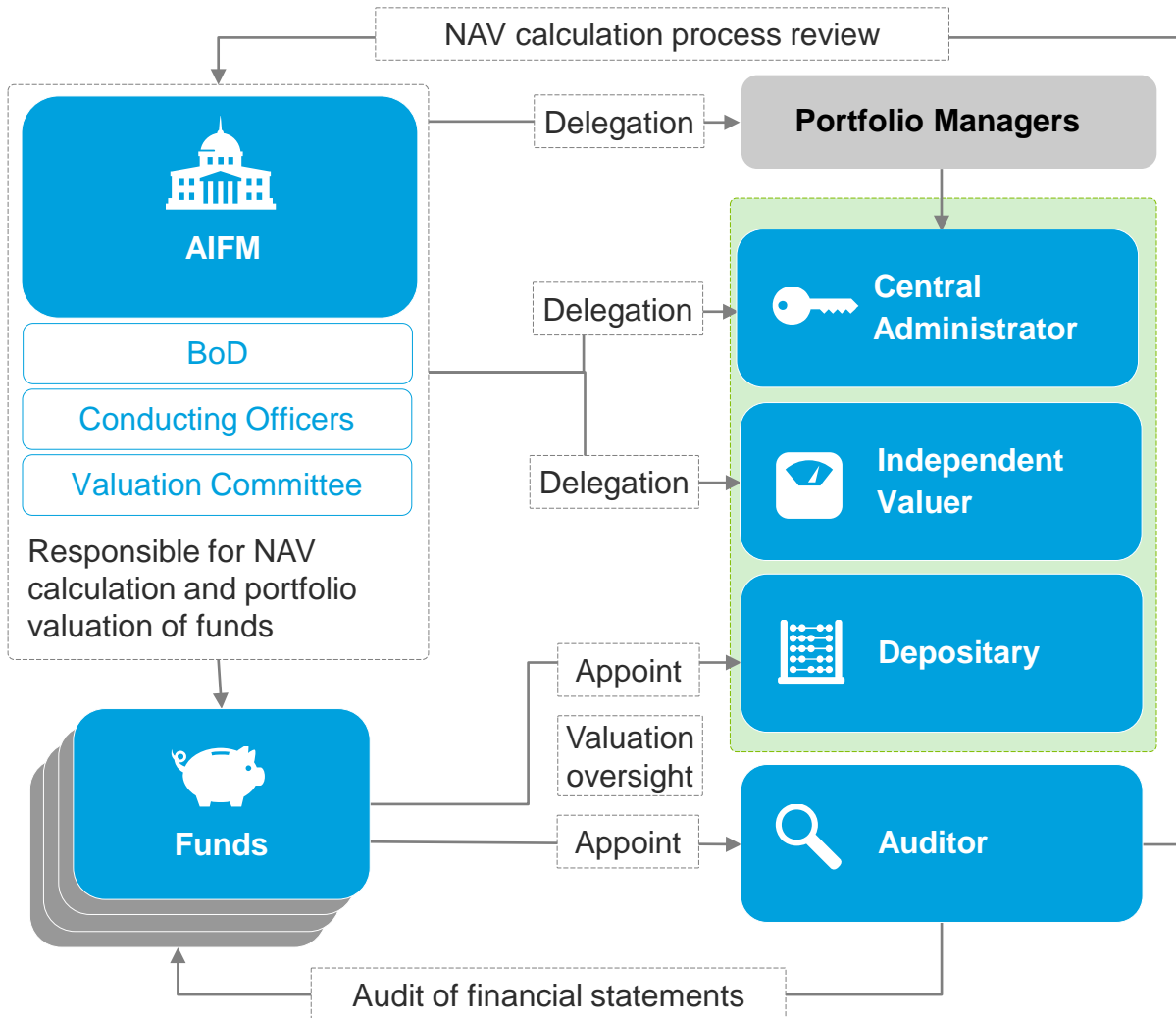
Valuation for alternative investment funds (AIF)

Overview of key stakeholders and related responsibilities



Valuation: multiple actors with multiple responsibilities

What are the main questions we will treat today?




- Due diligence, how far must everyone go?
- External Valuer, is it a permanent stakeholder?
- How far do providers need to go in the review of valuation models?
- Do services participate to the Valuation Committee?
- NAV oversight by the Depository Bank
- Investor disclosure
- Escalation process

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Roles and responsibilities of all actors in the valuation value chain

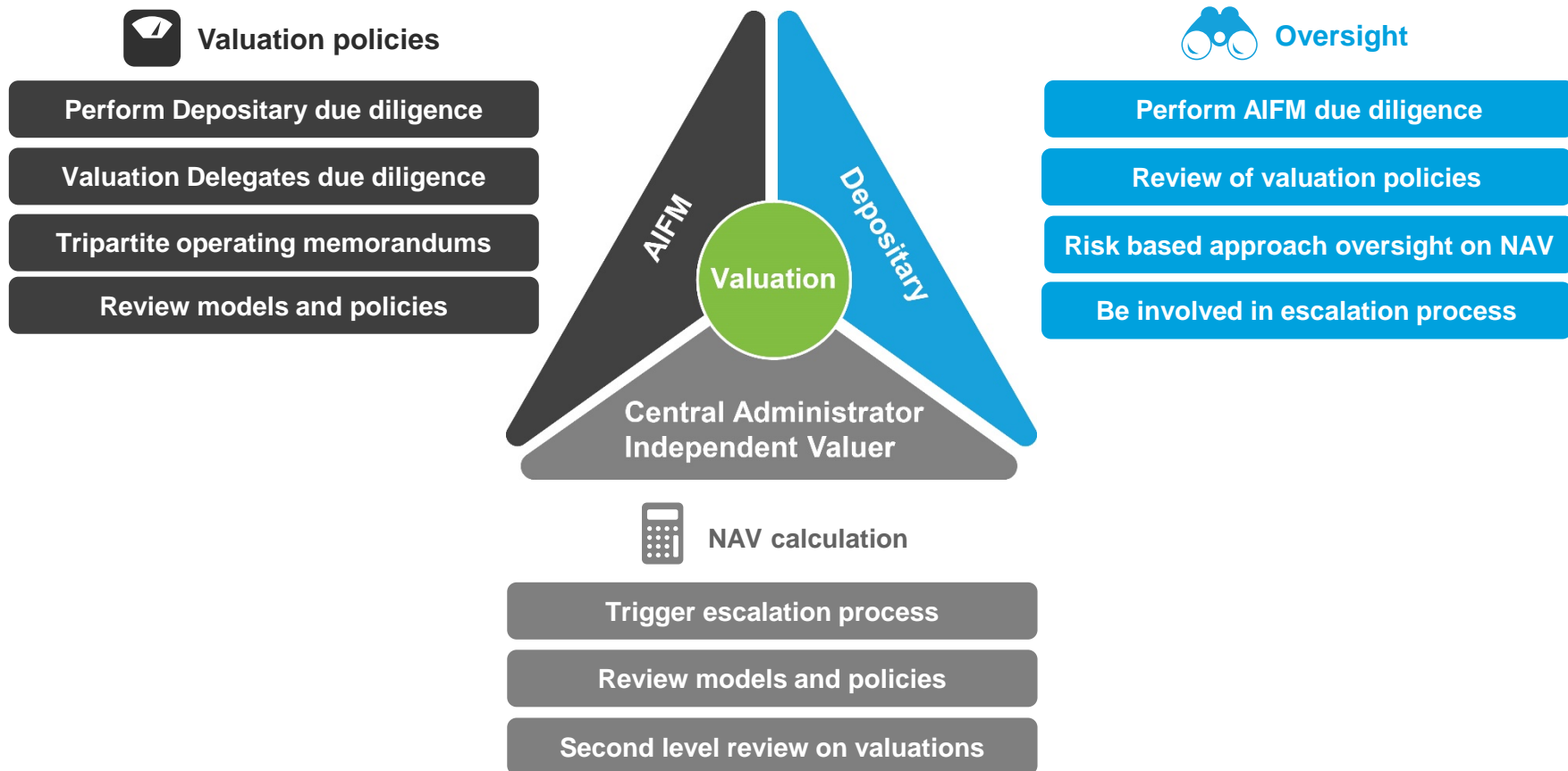
 Main scope for today

	Define and implement valuation model and policy	Perform valuation function	Oversight of valuation delegates and models	Escalation and intervention on valuation issues	NAV Calculation
Board Directors, conducting officers and/or Valuation committee	<ul style="list-style-type: none"> Ultimately responsible for valuation Understand and approve model and policy for each share class 	<ul style="list-style-type: none"> Make decisions on valuation issues following escalation process 	<ul style="list-style-type: none"> Perform due diligence on models and delegates 	<ul style="list-style-type: none"> Ensure escalation process is in place Make decisions based on escalation Liaise with Auditors and valuation delegates 	<ul style="list-style-type: none"> Oversight on Fund Administration delegate
Risk Manager	<ul style="list-style-type: none"> Review valuation model and policy appropriateness vs AIF risk profile 	<ul style="list-style-type: none"> May not be involved in Portfolio Management 	<ul style="list-style-type: none"> Ensure DB can perform oversight vs risk profile of the fund (information flow) 	<ul style="list-style-type: none"> Be involved in the escalation process and intervention 	<ul style="list-style-type: none"> Ensure NAV process is appropriate
Internal Valuer	<ul style="list-style-type: none"> Set-up valuation policy and models per asset class (inc. regular update) 	<ul style="list-style-type: none"> Perform valuation* On-going review of models & policy 	<ul style="list-style-type: none"> Oversight of valuation expert appointed (where applicable) 	<ul style="list-style-type: none"> Trigger and initiate escalation process 	<ul style="list-style-type: none"> Provide Data/price for NAV Calculation
External Valuer	<ul style="list-style-type: none"> Set-up valuation policy and models per asset class (inc. regular update) 	<ul style="list-style-type: none"> Perform valuation* On- going review of models & policy 	<ul style="list-style-type: none"> Oversight of valuation expert appointed (where applicable) 	<ul style="list-style-type: none"> Trigger and initiate escalation process 	<ul style="list-style-type: none"> Provide Data/price for NAV Calculation
Depository	<ul style="list-style-type: none"> Ensure policy and procedure is independent and appropriate 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> Ensure valuation is independent and appropriate 	<ul style="list-style-type: none"> Ensure escalation process is appropriate Be involved in the escalation process 	<ul style="list-style-type: none"> Perform oversight on NAV Calculation Be involved in NAV escalation process
Central Administration**	<ul style="list-style-type: none"> Only if appointed as external valuer 	<ul style="list-style-type: none"> Only if appointed as external valuer 	<ul style="list-style-type: none"> Review valuation models and policies 	<ul style="list-style-type: none"> Only if appointed as external valuer 	<ul style="list-style-type: none"> Day-to-day NAV calculation Trigger escalation process in case of NAV issues

* If an external valuation expert is appointed, review of the valuation

** If CA is appointed as External Valuer, roles and responsibilities are more important

Market practices addressing the regulatory obligations



The level of requirements can vary depending on the following aspects:

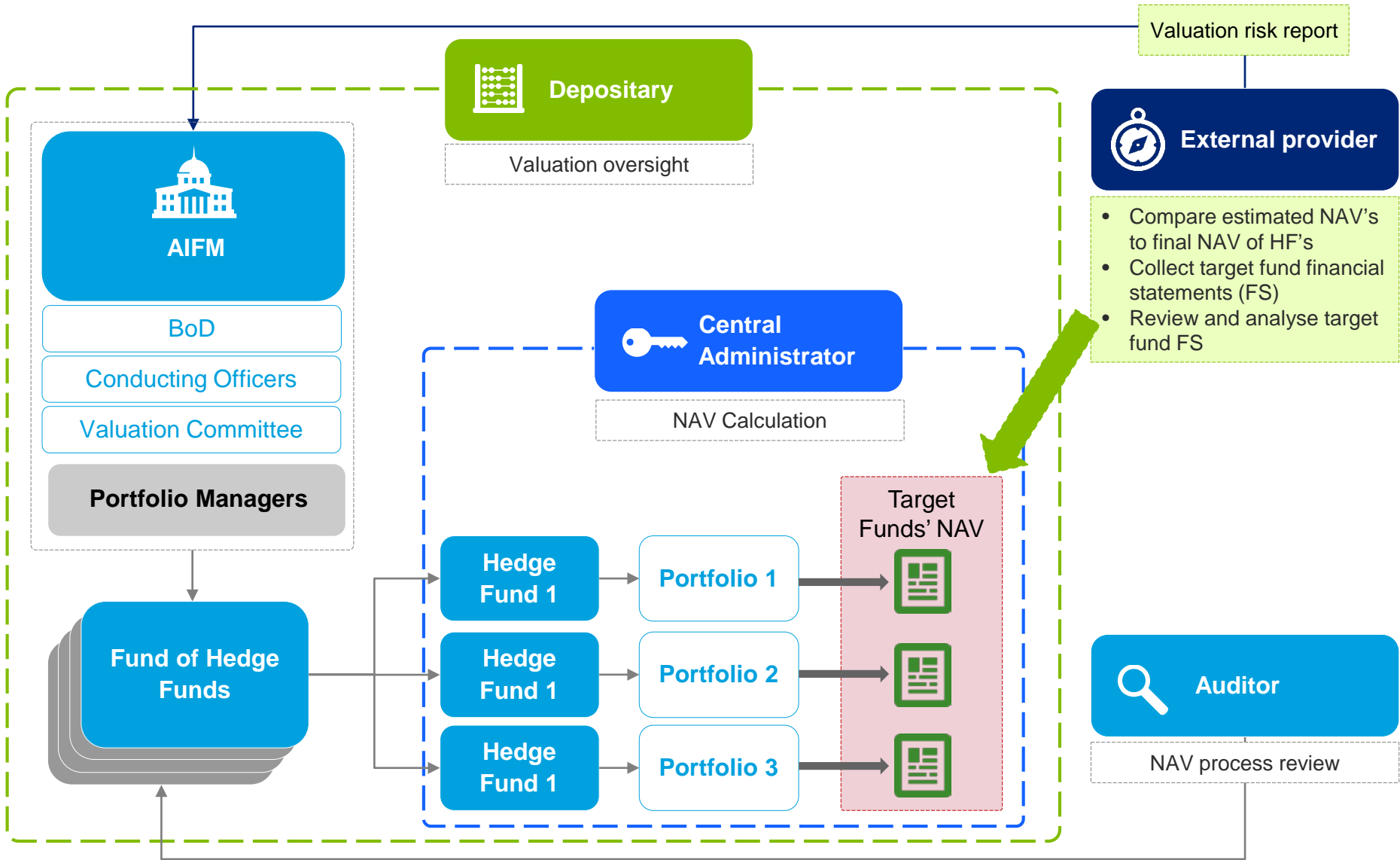
- Operational set-up (integrated vs non-integrated)
- Asset classes (PE, RE, HF, Marked to Model)
- Risk profile and valuation lifecycle of the fund
- Risk appetite of the actors

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Case studies (1/3)

Fund of Hedge Funds*



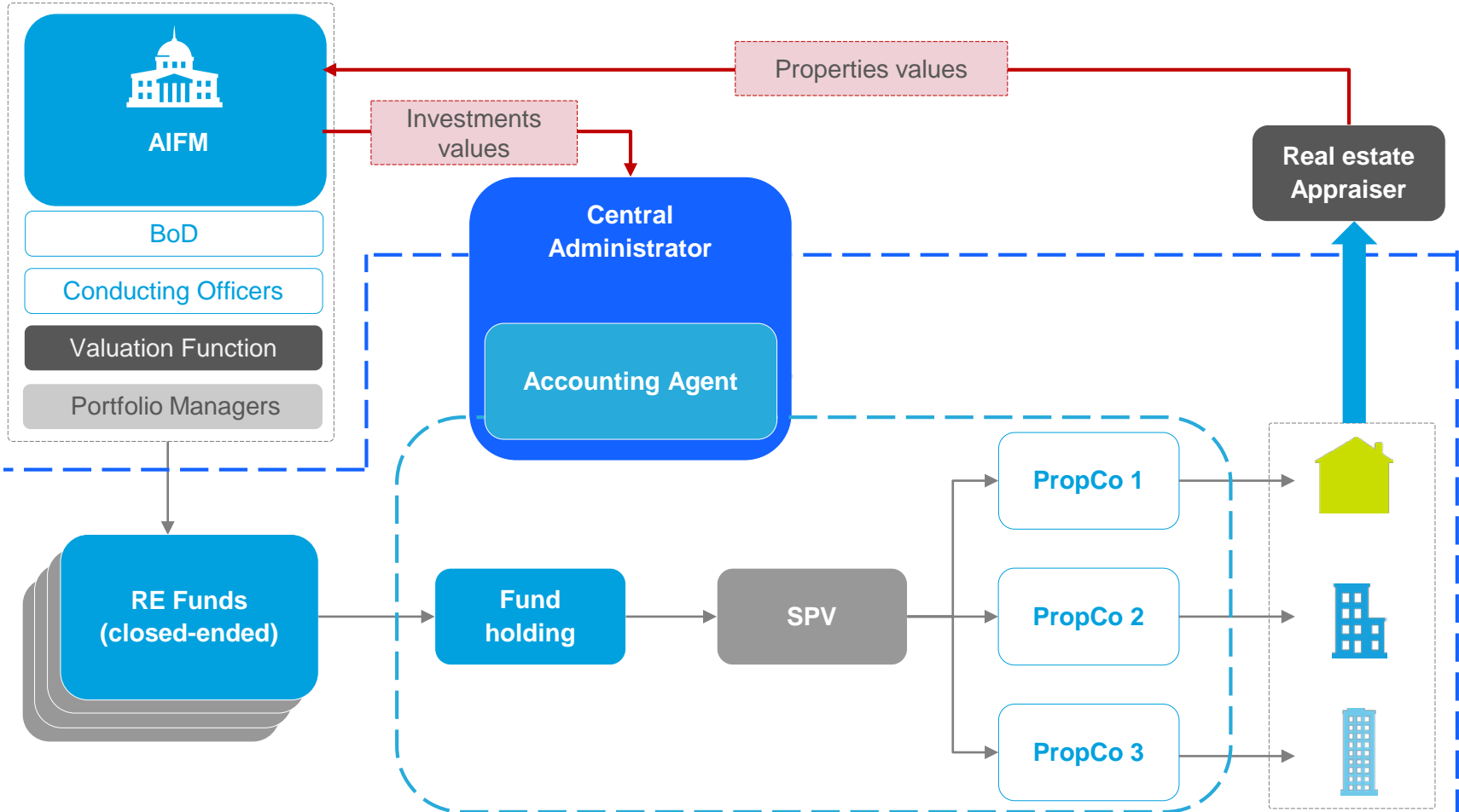
Case studies (2/3)

Real Estate Fund



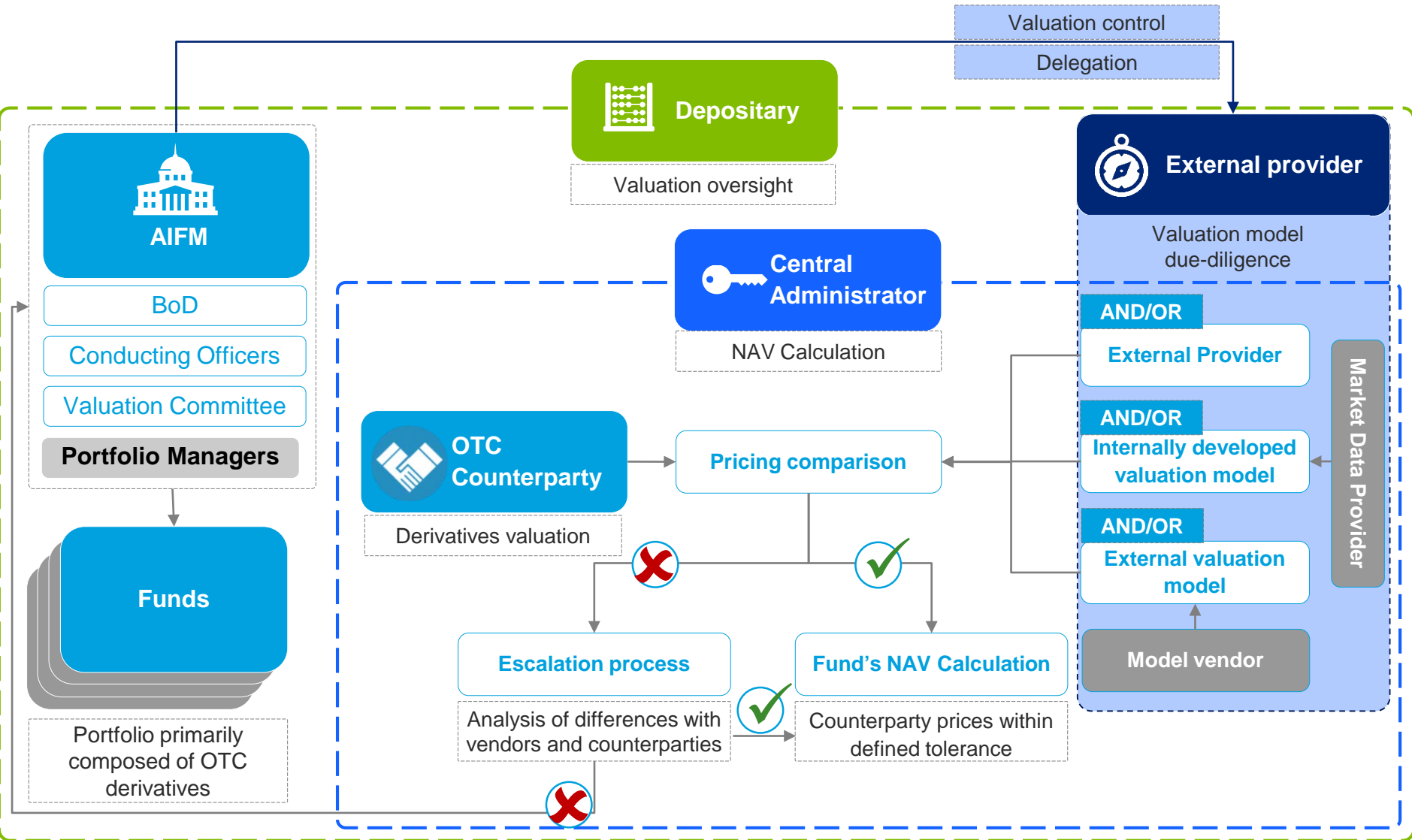
- Understand the set-up
- Risks identified and mitigated?
- Procedures applied / up-to-date?
- Structure monitoring (ownership, cash, etc.)

Depository



Case studies (3/3)

Mark to model*



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Our panellists



Arnaud Bon

Private Equity & Real Estate Leader SGG Group

Arnaud joined SGG in 2009 as Operational Leader of the Fund Servicing department. Today, he is the firm's Private Equity & Real Estate Industry Leader.

As a Paris bar registered lawyer, he previously worked for Allen & Overy as a lawyer for Alternative Investment clients. Arnaud has advised on innovative alternative fund structuring and organizational models for leading fund managers.

He has a Master's degree II in Business and Financial Law and Magistère of Business Law from Sorbonne University (Paris).

Born in France, Arnaud is a native French speaker, as well as fluent in English; he is also proficient in Greek.



Pierre-Antoine Boulat

Managing Director

Function: Chief Executive Officer UBS Fund Services (Luxembourg) S.A. and Head Asset Servicing Delivery at UBS in Luxembourg

Pierre-Antoine Boulat joined UBS Global Asset Management as Head of the Operations and IT Global Program Office in October 2006.

He was appointed Head of Fund Services in Luxembourg in September 2011, responsible for the successful development of Global AM's internal and third-party full value chain (from Management Company Services to Fund Administration and Transfer Agency) offering to institutional and quasi-institutional (Wealth, Family Offices, Financial Intermediaries, Asset Managers, Banks) client franchise in the market as well as the availability of a commercial, profitable and high quality capability offering.

From May 2012, in the context of the Integrated Bank in Luxembourg, Pierre-Antoine took up additional role in Asset Servicing Europe, and is today Head of Asset Servicing Delivery in charge of client relationship management and client service.



Yvan de Laurentis

Head of Depositary and Fiduciary Services

Born in Marseille, France in 1974, Yvan graduated in Economics from the *Ecole Supérieure de Commerce de Marseille-Provence* in 1997.

Since October 2004 Yvan has been heading and actively supporting the development of BNP Paribas Securities Services Luxembourg's Depositary and Fiduciary Services departement. In that role he is in charge notably of the fund depositary supervision, the fund hosting solution, the monitoring of funds investment rules and the legal fund engineering department.

He is also an active of Member of ALFI and various committees and working groups including the Luxembourg DepoBank Forum and HR & Training Committee.



Nico Thill

Directeur and Head of Investment Fund Services Banque de Luxembourg

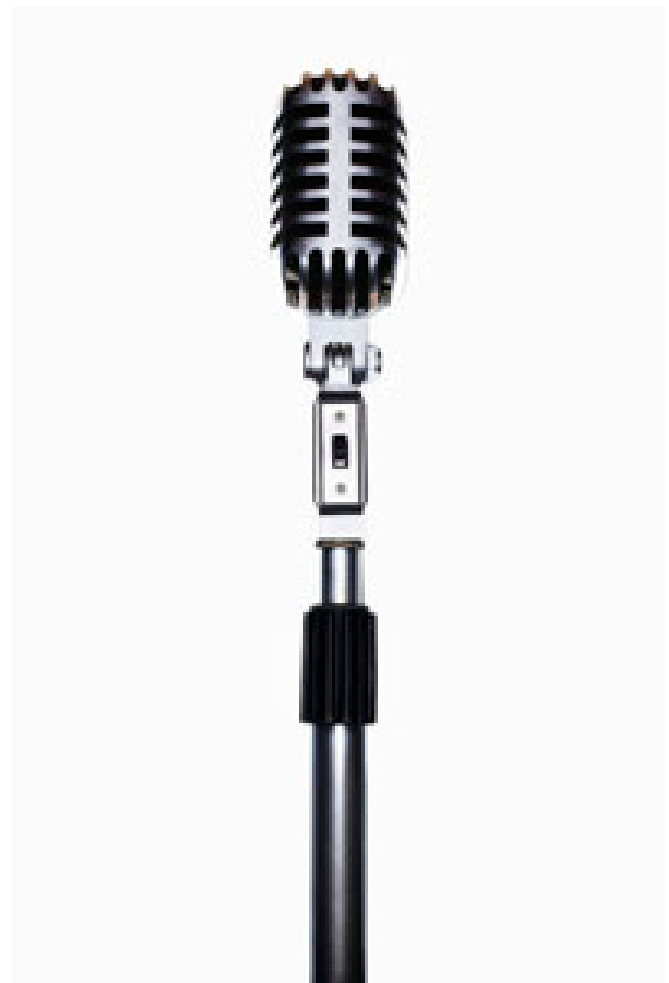
Nico Thill, born in 1968, has over 20 years experience in the Luxembourg's investment funds industry. He is currently member of the management of Banque de Luxembourg where he heads the Investment Fund Services' business. Nico Thill holds a degree in Business Administration from the University of Liège and a degree in Commercial Engineering from the Hautes Etudes Commerciales in Liège, Belgium.



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Q&A



Thank you

If you have any questions or comments, please contact valuation@deloitte.lu

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