

Geneva® Fundamentals

Everything You Need to Know About Fund Structure Accounting

Why it matters

Alternative investment fund structures are getting increasingly complex. Each fund within a given structure is a “legal entity” unto itself. It’s important to be able to account for and report on each entity accurately and allocate profit and loss down to the investor level.

Master/Feeder example

Let’s start with a basic two-tier master/feeder fund structure. A typical structure might include two feeder funds, one US onshore and one offshore, in which investors place their capital. These feeder funds in turn acquire shares in a master fund, which may be onshore or offshore. P&L generated by the master fund must be allocated to the feeder funds, and from there to individual investors. In addition to reporting on the master fund, the manager must be able to account for and report on P&L at the feeder fund level. Moreover, onshore and offshore investors may be treated differently for tax purposes—for example, offshore investors may be subject to tax withholding on dividends from US investments.

Given the nuances and complexities of fund structure or legal entity accounting and reporting, it pays to have a technology platform that can automate P&L allocations, ensuring greater accuracy while alleviating a significant burden on the fund operations team.

More complex fund structures

For a variety of reasons, from market outperformance to tax advantages, newer fund structures tend to be increasingly innovative—which means more complex from an accounting perspective. These include:



Hybrid Funds. Hybrids combine the longer-term investment strategies, investor commitments and capital calls of closed-end private equity funds with trading and hedging strategies associated with open-end hedge funds. These funds tend to include a mix of publicly listed equities and private, hard-to-value illiquid assets, which makes accounting for P&L, generating a NAV and calculating investor fees extremely complex.



Special Purpose Vehicles (SPVs). These are legal entities—essentially companies—formed to carry out a very specific investment mandate. They are strictly separated from their parent funds or companies and their balance sheets, and must maintain their own books and records.



Multi-tiered fund structures. The complexity of multi-tiered fund structures can be a significant operational burden; for example, some fund structures have 50–100 legal entities per fund. When managing these structures—whether it’s a closed-end, open-end, or hybrid fund—it is essential to accurately process allocations through the structure down to the investors, based on opt outs, deal by deal investments, or other parameters.

The more complex fund structures a firm enters into, the greater the need for a system that enables you to account accurately for all investments, capital and cash activity, and to deliver the reporting necessary for your books and records, as well as client and regulatory transparency and tax reporting.

How Geneva® Can Help

SS&C Advent's Geneva® portfolio accounting platform offers full support for complex, multi-tiered fund structures. Geneva simplifies and streamlines the processes involved in managing fund structures, including:

- Setting up fund structures
- Moving capital from one legal entity to another
- Correctly associating transactions and positions within a given structure and all feeders
- Automatically generating trial balances and NAVs for each legal entity

Proven Technology for the Life of Your Business

Well known and widely used in the hedge fund arena, Geneva has evolved with the alternative segment, and today spans private equity, private credit, real estate and real assets in addition to hedge funds. Geneva gives firms the flexibility to pursue new strategies and diversify their lines of business as opportunities arise, without the need for expensive and inefficient integrations, while providing the transparency and reporting detail that investors demand.

Geneva enables firms to manage complex investment vehicles, multiple investment strategies, and tiered fund structures. More than 350 firms worldwide, ranging from under \$100 million to over \$100 billion in assets, trust Geneva for their most complex accounting needs. What's more, SS&C Advent is continually reinvesting in enhancements to keep our clients ahead of an ever-evolving global marketplace. To learn more about Geneva, visit our [website](#), or request a demo today.

ABOUT SS&C ADVENT

SS&C Advent helps over 4,300 investment firms in more than 50 countries—from established global institutions to small start-up practices—to grow their businesses, minimize risk, and thrive. We have been delivering unparalleled precision and ahead-of-the-curve solutions for more than 30 years, working together with our clients to help shape the future of investment management.

Find out how you can take advantage of our industry-leading solutions to support your business goals. To learn more about the right solutions and services for you, contact advent@sscinc.com.

For more information contact your SS&C Advent representative or email sales@advent.com.

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