



cutting through complexity

# Alternative Investments

An overview



ALTERNATIVE INVESTMENTS







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KPMG Alternative Investments Practice is comprised of audit, tax and advisory professionals, each with extensive experience of alternative investment products and their sponsors, including:

- Green funds
- Hedge funds
- Infrastructure funds
- Private equity funds
- Real estate funds
- Structured credit funds
- Venture capital funds

## Overview

### **How has the alternative investments industry changed over the past few years?**

All signs indicate that it's changing faster than ever. Increased globalisation, more cross-border transactions, significant regulatory scrutiny and change, the convergence of asset classes, and the emerging influence of institutional investors have all contributed to the accelerated pace of change in the sector.

As a result, the cost and complexity of running an alternative investments organisation have risen considerably. Aside from the significant challenge of generating attractive investment returns, investment managers must now navigate trends, implement their organisations business strategy and enhance transparency and reporting, all while simultaneously managing costs and risks.

### **How can alternative investment managers compete successfully in such an environment?**

With the assistance of an experienced professional services firm that can help navigate the challenges and risks of a volatile environment.

We are confident that KPMG Ireland is the firm to support you.

## The KPMG Difference

### 1. Extensive experience in the sector

Throughout the lifecycle of the fund, from formation and capital accumulation to realisation and exit, our professionals have the experience to help you deal with the issues and challenges that will impact you and your business.

### 2. Outstanding team leadership

We deploy an actively engaged and seasoned team, led by senior professionals positioned to provide real-time guidance in a challenging environment that demands responsiveness.

### 3. Depth and breadth of services

We work with a broad range of investment managers from the alternative investment product groups, from global financial institutions to start-up investment managers, and funds of varying structures from private partnerships to offshore vehicles and listed funds.

### 4. Global strength and capabilities

We work closely with KPMG teams across our global network to give you access to the resources necessary to address your most complex challenges. In 60 jurisdictions round the world, there are over 3,000 professionals working exclusively with investment funds. In Ireland, more than 500 professionals including 17 partners working with alternative investment funds and their sponsors in major financial centres.

### 5. Unrivalled financial services capabilities

KPMG's Alternative Investments practice is an integral element of the firm's Financial Services practice which serves over 20,000 clients worldwide. We have over 35% of the audit market share of alternative investments in Ireland.

## A broad-based approach

To help you deal with the intricacies of an increasingly interconnected financial environment, we co-ordinate the capabilities of our audit, tax and advisory functions to help ensure that your business decisions are considered from a variety of perspectives, including the vantage point of investment managers, investors, and other service providers.

As part of this approach, we can provide you with dedicated local resources, in key international financial centres and offshore jurisdictions who are knowledgeable about local regulations and operations, but who are also integral to our international network and have direct access to resources around the world.

# Globally recognised for outstanding service

We are proud to be consistently recognised with prestigious awards, including "Best Audit Services" at the Hedge Fund Services Awards 2014 for the fourth year running.



## Audit services

Our guiding principle for audit is simple: an auditor's judgment about the financial statements must be grounded in an intimate knowledge of a client's business, industry, processes, accounting policies, vendors, internal controls, governance and financial reporting issues. This is an active audit approach, engaging our partners and managers to bring a market-focused perspective to craft the most appropriate approach to your engagement and to deliver a high-quality client service.

Our audit professionals bring traditional audit backgrounds and an array of experience, including services with leading fund organisations, the regulators and asset management organisations.

Our audit services include:

- Manager and fund statutory audit
- Technical accounting advice
- Global Investment Performance Standards (GIPS)
- Attestation of internal controls and Service Organisation Control reports (formerly SAS 70)
- Full data & analytics capabilities.

## Tax services

Our tax approach is focused on the smooth delivery of co-ordinated tax services, with technical specialists aligned to the sector issues. Our local tax team regularly works with our global colleagues to deal with a wide variety of technical areas, including:

- Funds and investment transaction structuring
- BEPS
- US tax reporting
- UK reporting status
- German tax reporting
- VAT services
- FATCA.

Our philosophy on tax consultation and entity structuring is to make the tax advice work with your business plan, and we believe that effective tax planning emanates from the free flow of ideas, in a series of open and timely communications between us, your management team, lawyers and other consultants.

Our tax compliance team emphasises a full-service delivery approach designed to meet your reporting deadlines. These professionals work together to address your particular needs, as well as updating you on emerging tax issues affecting your business.

We also serve as a premier resource to resolve complex tax issues to support your business decisions. We work together to offer you the best advice, drawing upon shared insights and leading practices.

We also offer a range of tax services specifically for the Alternative Investments sector, including:

- Tax planning and structuring
- Impact of BEPS
- Mergers and acquisitions tax
- Co-ordinated local and foreign tax advice at all levels
- Transfer pricing
- Tax accounting methods
- Capital allowance valuations and advice
- Compliance and reporting services
- Legislative developments and updates.

### Advisory services

Delivering the right blend of advisory services requires an understanding of your business processes, internal controls and risk profiles. Our professionals can tailor solutions to match your size, complexity, developmental stage and business objectives. We combine our broad knowledge and extensive sector expertise to address the diverse needs of our growing client base. Depending on your needs, we can offer a service to match. Some of these services include:

- Business acquisition and start-up
- Structuring (tax & accounting)
- Due diligence (financial, business, regulatory and operational)
- Business integration / separation risk management (business operations, IT, accounting and compliance)
- Client service operating model strategy
- Fund product profitability and realisation
- Valuations
- Exit strategies.



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## Regulatory and compliance

- Co-ordinated approach and programmes for ethics and compliance
- Compliance and regulatory risk management (including AIFMD, FATCA, EMIR, Form PF etc.)
- Fraud risk management
- Independent forensic testing.

## Risk Management

- Combined ERM framework (risk governance, assessment, quantification and aggregation, monitoring and reporting, control enhancement
- Market risk
- Credit risk
- Operational risk
- Investment risk
- Liquidity risk.

## Technology

- IT strategy (buy vs build, scalability)
- Vendor selection assistance
- Cyber security.

## Business process improvement

- Front-to-back office operations reviews
- Outsourcing and offshore operational risk management
- Derivative settlement and valuation process services
- Data flow analysis and improvements for enhanced performance reporting
- Vendor selection assistance
- Restructuring.

## Internal controls

- Documentation, testing, remediation and sustainability assistance
- Operational and financial controls development, documentation and implementation assistance
- Internal audit services (co-outsourcing, outsourcing).

## IPO support

- Assistance with listing reporting requirements
- Assistance in the preparation of historical financial statements, disclosures, and pro-forma financial information
- Tax structuring
- Support in the design and implementation of ongoing financial reporting processes for a public company
- Design and delivery of training for the new accounting and reporting requirements
- Restructuring to address debt issues.



### **We are where you are**

KPMG's global network of Alternative Investments professionals gives you access to the resources necessary to address your most complex challenges, whether they are across borders, or functions. Internationally, KPMG affiliates are among the most significant accounting and auditing firms in such leading financial centres as:

- Bermuda
- Cayman Islands
- Channel Islands
- Curacao
- Hong Kong
- Frankfurt
- London
- Luxembourg
- Malta
- Mauritius
- New York
- Toronto
- Zurich

With the recent acquisition of Rothstein Kass , we are now the market leader in providing the highest level of service to hedge funds of every size and at every stage of growth, while also enhancing our already strong position in the alternative investment space – including private equity, real estate, infrastructure and hedge funds.

In the investment world, there are few sure bets. But one thing is certain: What you need today, more than ever, is a firm that understands the dynamic nature of the marketplace and its enormous growth potential. A firm that has the experience professionals, industry insight, and global footprint to anticipate new challenges to help you address them, and to realise your own growth ambitions.

**We are confident that firm is KPMG.**



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For more information, please contact:



**Vincent Reilly**  
*Partner & Head of Alternative Investments*  
t: + 353 1 410 1378  
e: [vincent.reilly@kpmg.ie](mailto:vincent.reilly@kpmg.ie)



**Daniel Page**  
*Head of Asset Management Advisory*  
t: +44 776 965 0353  
e: [daniel.page@kpmg.ie](mailto:daniel.page@kpmg.ie)



**Frank Gannon**  
*Partner-in-charge,  
Investment Management Advisory*  
t: + 353 1 410 1552  
e: [frank.gannon@kpmg.ie](mailto:frank.gannon@kpmg.ie)



**Jorge Revilla Fernandez**  
*Director, Alternative Investments*  
t: +353 1 410 2776  
e: [jorge.revilla@kpmg.ie](mailto:jorge.revilla@kpmg.ie)



**Michael Hayes**  
*Partner & Head of  
Alternative Investments Tax*  
t: + 353 1 410 1656  
e: [michael.hayes@kpmg.ie](mailto:michael.hayes@kpmg.ie)



[kpmg.ie/alternatives](http://kpmg.ie/alternatives)

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