

# The Importance of Managers of All Types and Sizes Being Earnest in Their Approach to Fund Holdings



Christopher Kundro is Managing Director of Global Fund and Allocator Services within SS&C Technologies. He is based in New York. He oversees the firm's APAC hedge fund services business and related operations in the U.S. and Canada. He also has responsibility for the Asset Allocator Services business, which provides services and technology solutions to institutional investors such as pensions, endowments, foundations, sovereign wealth funds, family offices and fund of funds managers globally. Kundro argues that institutions investing in alternative or traditional funds must manage their related operational risks while continually enhancing their operations and systems related to their fund holdings. The commitment to operational excellence ensures clients better manage their portfolios while avoiding risks emanating from less than robust practices or perhaps more sinister risks from fraud or misrepresentation. Hubbis met with him recently to learn more of his views, to hear about the firm's newly revamped platform for asset allocators, and to understand some of the key messages he delivers to actual and potential clients, as articulated in a recent whitepaper.

## GET IN TOUCH

[View Christopher Kundro's LinkedIn Profile](#)

[Find out more about SS&C Technologies](#)



**Christopher Kundro**  
SS&C Technologies

### **SS&C Technologies**

**Holdings**, listed on Nasdaq under the ticker SSNC, is the world's largest hedge fund and private equity administrator and the largest mutual fund transfer agency. Its website outlines how SS&C's unique business model combines end-to-end expertise across financial services operations with software and solutions to service even the most demanding customers in the financial services and related industries.

SS&C owns and operates the entire technology stack across securities accounting, front-to-back-office operations, performance and risk analytics, regulatory reporting, and other processes.

### **Don't fly blind**

"SS&C's trusted and proven technology delivers an unparalleled level of scalable capabilities for the most complex portfolios, the most sophisticated strategies and the highest volumes of transactions," Kundro reports. "We deliver clients the technology with which they can manage their entire portfolio of funds, separately managed accounts and

related holdings, which in turn gives them the ability to drill down into the underlying holdings within those funds. In short, we deliver basic performance data and risk metrics around their holdings, without which they are essentially flying blind."

### **Getting the basics right**

There is usually a large amount of document management required to get all the information a family office or any allocator needs about their fund holdings. SS&C receives documents from funds and extracts all the necessary information to determine the value of the investments and whether any transactions are related to them, such as subscriptions, redemptions or capital calls.

The third element of the offering is operational, representing all of the typical back-office work for clients related to their fund investments, including reconciliation with any

locations in 40 countries and over 20,000 clients across the financial services and health industries.

### **The next-gen Asset Allocator Platform**

Kundro points to SS&C's June 27 announcement of the launch of its next-generation Asset Allocator Platform for institutional investors. Powered by FundHub, the integrated software-plus-service solution supports institutional investors as they buy or trade funds, managed accounts and related asset classes.

Kundro reports existing clients are quickly migrating onto the platform, along with new clients such as the University of Wyoming Foundation. This particular foundation had converted its portfolio of more than 100 private funds, with SS&C's team of experienced fund accountants facilitating the conversion of historical performance data back to 1998.

**"Asset allocators need to invest more in their operations and use external expertise to handle the complexity of the incredibly diverse investments they hold today. It used to centre on a handful of long-only investments, and now they're investing in alternatives, private equity, direct investments such as real estate, and so forth."**

custodians. The fourth and final element is accounting to run the client's official or shadow books and records.

SS&C Technologies was founded in 1986 and is headquartered in Windsor, Connecticut. The company has over 27,000 employees across over 100 office

### **A holistic view**

"FundHub provides my office with a holistic view of our portfolio holdings and fund document repository, putting performance analysis, portfolio and fund management at our fingertips," Philip Treick, University of Wyoming Foundation Chief Investment Officer, was quoted as





commenting in the release. “With the SS&C service team collecting, reconciling and processing all investment activity and managing treasury operations on a timely basis, my team can focus on the business of investing while still maintaining full control of our investment operations.”

Kundro explains the concept behind FundHub is to enable SS&C’s Global Asset Allocator Service teams to better support clients worldwide in managing, analysing, processing and accounting for all investments regardless of an asset class.

“The new and advanced technology delivers fund data aggregation and analysis, holdings look-through, document management, and ABOR and IBOR reporting on a

investment and operations professionals to obtain more accurate and timely information and focus on value-added activities. “The platform leverages advances such as AI to offer an upgraded and significantly improved overall offering,” Kundro states.

He also refers to a recent SS&C whitepaper that identifies and analyses some of the key challenges among family offices and other asset allocators around managing operational risk associated with their multi-strategy fund holdings.

### **Ignore these matters at your peril**

“In the past, some hedge fund failures were due to operational reasons, and nothing to do with

**“The risks and the action needed are the same the world over. There is nothing essentially different in the APAC markets than anywhere else in these matters, although perhaps risks are more elevated related to some smaller and less proven managers, for example.”**

single integrated platform,” he says. “The solution also provides reporting and analytical tools for performance measurement, liquidity planning, and exposure analysis to help investors better manage complex portfolios. It is all-encompassing, and when combined with our investment operations and accounting services, enables managers to manage their portfolios better”.

### **Building on excellence**

The new platform leverages SS&C’s capabilities as the world’s leading fund administrator and financial software provider, enabling

bad investments,” he reports. “Asset allocators need to invest more in their operations and use external expertise to handle the complexity of the incredibly diverse investments they hold today. It used to centre on a handful of long-only investments, and now they’re investing in alternatives, private equity, direct investments such as real estate, and so forth.”

### **Risk mitigation required**

Another key trend is a shift towards multipool management, such as via the increasing ranks of multifamily offices.

"A family is managing its assets but also those of several other families, and the parties to this structure need to ensure they have the precise information on their holdings and are not exposed to risks such as fraud," Kundro reports. "We always tell these parties there needs robust operational due diligence. I always explain this by telling them investment risks are risks you plan on taking, but operational risks are risks you never planned on taking and might not even know about until too late."

Some of these operational risks are caused by inefficient processes, technologies or procedures. For example, some risks might be less than sophisticated information and verification, while others might be brought about by fraud and misrepresentation.

### Mind the gaps

"The clients we work with focus on key areas, such as accuracy and timeliness of reporting, the

accounting treatment for their investments, and operational oversights such as missed capital call notices," he reports. "Take a pension fund, for example. These gaps could result in them needing more cash on hand than they might have projected or expected, which could impact their pensioners."

The whitepaper also includes a section titled 'What to Do,' outlining the necessary steps these clients should take. Accurate and timely consolidated pictures of all the holdings are key. Not many managers fully understand on a timely basis what their fund holdings are or the other vital data around those holdings, such as returns, performance, risk analytics, etc.

### Similar risks and needs the world over

"The risks and the action needed are the same the world over,"

Kundro comments. "There is nothing essentially different in the APAC markets than anywhere else in these matters, although perhaps risks are more elevated related to some smaller and less proven managers, for example."

Managing investment operations is not only about mitigating operational risk but also about supporting risk-taking by providing the optimal platform for enabling the investment team to support new investments to accomplish the ultimate objective continually.

"We truly focus on helping our clients maximise risk-adjusted returns for all of their stakeholders," Kundro says. "Get these things wrong, and the implications are immense. Get them right, and you are at a significant reputational advantage, and you sleep easier at night." ■

