

Sponsored by



AIMA

# Investor Relations

An AIMA Guide to Sound Practices



---

## DISCLAIMER

The information contained in this guide has been prepared by the Alternative Investment Management Association Limited ("AIMA") in conjunction with Formidium Corp. ("Formidium") for general informational purposes for users of this guide only.

This guide does not constitute or offer legal, tax or other advice and users of this guide should not rely on it as such. Although care has been taken as to what is contained in this guide, no attempt has been made to give definitive or exhaustive statements of law or any opinions on specific legal or tax issues and no representation is made, or warranty given that the information is complete or accurate. As more legislation and regulatory guidelines are issued or updated, the accuracy of the information contained in this guide may alter. Anyone requiring advice on any of the matters referred to herein should consult lawyers or other professionals familiar with the appropriate jurisdiction and legislation.

To the extent permitted by law, none of AIMA, Formidium or any of their respective employees, agents, service providers or professional advisors assumes any liability or responsibility for or owes any duty of care for any consequences of, any person accessing, using, acting or refraining to act in reliance on the information contained in this guide. None of AIMA, Formidium or any of their respective employees, agents, service providers or professional advisors shall be liable to any person for any loss or damages (including, for example, damages for loss of business or loss of profits) arising in contract, tort or otherwise from the access or use of (or inability to use) this guide.

**Electronic copies of the Guide to Sound Practices for Investor Relations (2024 Edition) are subject to a limited licence and are reserved for the use of AIMA members only.** Users of this guide are responsible for complying with all applicable copyright laws. AIMA permits users of this guide to make copies of this guide as necessary and incidental to users' viewing of it; users of this guide may take a print of so much of the guide as is reasonable for private purposes. Users of this guide must not otherwise copy it, use it or re-publish it in whole or in part without this section nor without first obtaining consent from AIMA (which AIMA reserves the right to refuse without giving a reason). The rights in the contents of this guide and their selection and arrangement, including copyright and database rights, belong to AIMA.

English law will govern any legal action or proceedings arising between users of this guide and AIMA or any member of the working group in relation to this guide and users of this guide submit to the exclusive jurisdiction of the English courts.

© The Alternative Investment Management Association Limited, 2024

---

# TABLE OF CONTENTS

DISCLAIMER	i
FOREWORD	iii
GLOSSARY	iv
1. Introduction	1
1.1 What is “investor relations”?	1
1.2 Impact of regulatory and compliance obligations on IR	2
1.3 Impact of technology	3
2. IR Team Structure	5
3. Investor Communications	8
3.1 Regular communication and transparency	9
3.2 Market and competitive analysis	10
3.3 Investor letters	10
3.4 Investor education	11
3.5 Addressing investor complaints	11
3.6 Crisis communications	12
4. Marketing	13
4.1 Communicating the manager’s story	13
4.2 Marketing documents	13
4.3 Database reporting	16
4.4 Thought leadership	16
4.5 Social media and media engagement	17
5. Fundraising	18
5.1 Identifying prospects	18
5.2 Regulatory notifications related to fundraising	23
5.3 Responding to inbound investor interest	23
5.4 Replying to RFPs	23
5.5 <i>Ad hoc</i> requests for information	23
5.6 Investor ODD process	24
5.7 Negotiating side letters	25
6. Investor Capital Flows	26
6.1 Onboarding (investment) procedures	26
6.2 Offboarding (redemption) procedures	27
APPENDIX A: About AIMA	28
APPENDIX B: About the Sponsor	29

---

## FOREWORD

This second edition of AIMA's Guide to Sound Practices for Investor Relations (the "Guide") is the initiative of AIMA's Sound Practices Committee. AIMA first published the Guide in June 2016.

The intention of this Guide is to be general in nature so that it is most useful for members globally. There may be specific regulatory requirements which are not discussed in this Guide that will apply to managers in various jurisdictions and which may conflict with what is described in this Guide. Managers should comply, first and foremost, with all applicable regulations in their respective jurisdictions.

Managers must consider their unique business models and where they are in the maturity of their business lifecycle as they review these principles. Managers are advised to work closely with investors to understand their individual needs.

Again, the sound practice considerations set out in the Guide should not be regarded as definitive or "best" practices. As a general resource, the Guide should not be regarded as a substitute for professional advice, which should still be obtained where appropriate. Further, the Guide does not replace any applicable legal or regulatory requirements, which are likely to be more detailed than the sound practices described.

© The Alternative Investment Management Association Limited, 2024

All rights reserved. No part of this publication may be reproduced in any material form (including photocopying or storing it in any medium by electronic means and whether or not transiently or incidentally to some other use of this publication) without written permission by the copyright holder except in accordance with the provisions of the UK Copyright, Designs and Patents Act 1988 or under the terms of a license issued by the Copyright Licensing Agency. Application for permission for other use of copyright materials including permission to reproduce extracts in other published works shall be made to The Alternative Investment Management Association Limited. Full acknowledgement to authors, publishers and source must be given. **Warning:** The doing of an unauthorised act in relation to copyright work may result in both a civil claim for damages and criminal prosecution.

---

## GLOSSARY

AIFM	an alternative investment fund manager as defined in the EU or UK version of Directive 2011/61/EU of the European Parliament and the Council of 8 June 2011 on Alternative Investment Fund Managers, as amended (as applicable)
AML/KYC/CFT	anti-money laundering, know-your-customer and countering the financing of terrorism
AUM	assets under management
DDQ	due diligence questionnaire
governing body	board of directors for an entity established as a company or, with respect to other types of entities, the body performing similar functions, which, depending on the legal structure, could include a management company, trustee or general partner and, in certain circumstances, includes an “independent review committee” under applicable Canadian law
IR	investor relations
manager	the entity that performs the day-to-day portfolio and risk management functions for a product and/or is responsible for the day-to-day business, operation or affairs of a product. A manager for purposes of this Guide may be: (i) a discretionary investment manager; (ii) a non-discretionary investment advisor; (iii) a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended; (iv) a commodity trading advisor under the U.S. Commodity Exchange Act; and/or (v) an AIFM. Depending on the circumstances, “portfolio manager” and “investment fund managers” (each as defined under applicable Canadian law) and any other similar entities under applicable local law may also be considered managers
NAV	net asset value
ODD	operational due diligence
PII	personal identifiable information
RFP	request for proposal

# Introduction



Raising and retaining investor capital is critical to success in the investment management industry. Fund managers must build a compelling case as to why they should be entrusted to preserve and grow a fund's assets, and by extension the assets of the fund's investors. Managers have a responsibility to ensure that investors have adequate information to effectively monitor and make informed decisions regarding their fund investments.

## 1.1 What is “investor relations”?

Investor relations (“IR”) is a strategic management responsibility that aims to integrate finance, communication, marketing and regulatory compliance. IR is the face and voice of the manager, working to gain credibility, trust and visibility for the manager in the investment community. Without these three components, managers may not be able to attract investors or they may be faced with investor retention issues and, consequently, an inability to execute their investment strategy in a convincing manner or to adequately plan.

The elements of IR can be grouped into the four main categories:

- Business development;
- Marketing;
- Investors services (sometimes called “client services”); and
- Regulatory compliance.

The most common functions of IR in each category are described briefly in Figure 1.

**Figure 1. Categories of IR Functions**

Business Development	Marketing
<ul style="list-style-type: none"> <li>• Foster, develop and maintain relationships with qualified investors to understand their needs and requirements;</li> <li>• Identify and validate investor qualifications and fulfil any necessary pre-engagement regulatory requirements prior to engaging in discussion that provides non-public details of the manager and/or its investments;</li> <li>• Once validated, follow up on referrals and similar opportunities as appropriate;</li> <li>• Represent the manager to the investment community, providing valuable insights on such aspects as its investment philosophy, culture and strategic focus;</li> <li>• Assist other departments with their goals and communication strategies;</li> <li>• Track investor sentiment and market trends; and</li> <li>• Participate in the identification and design of new products.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop and implement IR marketing strategies;</li> <li>• Define the manager's brand and establish a consistent messaging platform;</li> <li>• Represent the manager to the investment community, providing valuable insights on such aspects as its investment philosophy, culture, and strategic focus;</li> <li>• Verify potential investor qualifications to receive marketing material or other relevant investor details;</li> <li>• Create and distribute IR marketing materials, such as presentations, investor decks, fact sheets and due diligence documentation, as appropriate and permitted by applicable regulations;</li> <li>• Establish the manager as a thought leader; and</li> <li>• Coordinate and conduct required training and education for key manager personnel.</li> </ul>
Investor Services	Regulatory Compliance
<ul style="list-style-type: none"> <li>• Manage and maintain trust with existing investor relationships;</li> <li>• Assist with the onboarding of new investors;</li> <li>• Provide verified, qualified investors and prospects with timely and accurate information about the manager and any appropriate funds, as applicable;</li> <li>• Prepare and distribute regular investor reporting, coordinating with internal and external information sources;</li> <li>• Conduct investor updates and initial and ongoing ODD calls and meetings;</li> <li>• Respond to verified, qualified investor inquiries and action and record any complaints promptly and professionally; and</li> <li>• Measure and analyse investor satisfaction where possible.</li> </ul>	<ul style="list-style-type: none"> <li>• Stay abreast of regulatory changes and developments affecting the IR function and the manager's business generally;</li> <li>• Review the regulatory compliance of all IR material and communications based on its contents, form and proposed use before such materials are released to investors and, where applicable, the public;</li> <li>• Develop and maintain a system for tracking and managing investor inquiries and complaints, if any;</li> <li>• Collaborate with the manager's legal team to implement a compliance program for the IR team;</li> <li>• Provide regular training to employees on IR compliance policies and procedures, including restrictions on non-IR team communications and activity which may be construed as marketing or solicitation; and</li> <li>• Monitor social media for potential compliance issues related to the manager or its staff.</li> </ul>

## 1.2 Impact of regulatory and compliance obligations on IR

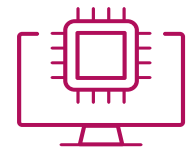
Many of the functions performed by IR professionals involve highly regulated activities. Because this Guide would be an unreadable tome of regulatory prescription that would be out of date as soon as it was published if it was too specific about the regulations that apply in this area, the Guide is set at a higher level. However, IR professionals should take steps to educate themselves on the applicable legal requirements that apply to their activities and to keep themselves informed as those requirements evolve over time.

A coordinated effort among all areas of the manager's team is required to align its activities with the relevant regulations in all applicable jurisdictions. The IR team must work closely with compliance and legal staff to ensure that all interactions – including initial contact, marketing material distribution and written or verbal communications with investors and potential investors – are compliant with applicable regulations. Managers should establish clear guidelines and controls for communication with investors and the public, and for the review, distribution and retention of any materials that are subject to regulation.

*IR professionals should take steps to educate themselves on the applicable legal requirements that apply to their activities and to keep themselves informed as those requirements evolve over time.*

## 1.3 Impact of technology

Technology can assist IR teams in carrying out their duties, enabling more accurate recordkeeping and better service for fund investors. There are numerous technology offerings that can assist IR teams in better servicing investors and accomplishing their duties. Technology may be available as stand-alone software or as part of a holistic solution. However, any technology use requires diligence in recordkeeping and consistency with record contents and quality, as well as vigilance to protect against any cyber security risks, data loss and inappropriate access to sensitive personal data.



*Any technology use requires diligence in recordkeeping and consistency with record contents and quality, as well as vigilance to protect against any cyber security risks, data loss and inappropriate access to sensitive personal data.*

### CRM platforms

Most IR teams use some form of customer relationship management ("CRM") platform, typically linked to their email and calendar systems in order to more seamlessly capture related communication records and meetings. A CRM system consolidates records into one location and can be backed up in accordance with regulatory requirements for record retention. CRM platforms are capable of creating reports on the data captured and importing market or other data to assist analysis, among many other features.

Investor information typically housed in CRM systems includes contact details, transaction history and balances, investment consultant affiliation(s), email correspondence and notes regarding phone calls and meetings. The manager must be mindful of the data protection and privacy laws in different regulatory jurisdictions and their own internal policies for processing and storing sensitive PII. Access to a CRM system should be restricted to only those staff that require access to perform their duties given the sensitive and confidential nature of the information, including PII.



---

## Secure investor portals

Managers also may use secure investor portals, allowing investors to access fund- and investment-specific information on a website tailored to them that lies behind a password-protected firewall. These portals allow investors to obtain information at their convenience in a secure environment. Although the manager may still want or need to actively distribute some or all of this information to investors, a secure investor portal, where investors can access materials on demand, can enhance transparency and improve operational efficiency.



*AI use is likely to be reviewed during a regulatory examination and has been the subject of regulatory inquiries in several global jurisdictions. If it is used, AI should be used judiciously. It should not be a replacement for human interaction, relationship building and decision making.*

## Emerging influence of artificial intelligence

Although uses of artificial intelligence (“AI”) are still in their relative infancy, AI may provide new opportunities and conveniences to IR teams. AI can be used to:

- Improve communication by answering standard investor questions and provide information about the manager, potentially streamlining the RFP process;
- Help IR teams stay informed about market trends and analyse data in various sources of information;
- Predict investor behaviour through analysis and sentiment data; and
- Improve investor targeting.

At present, AI is an area of regulatory focus and managers should be mindful that their use of AI may be, or become, subject to conditions and restrictions, as well as regulatory scrutiny. AI use is likely to be reviewed during a regulatory examination and has been the subject of regulatory inquiries in several global jurisdictions. If it is used, AI should be used judiciously. It should not be a replacement for human interaction, relationship building and decision making.

## IR Team Structure

# 2

IR is not a one-size-fits-all function. The structure of the IR department depends on many variables including a manager's size, investment strategy and corporate structure, as well as the nature and number of the fund structures the manager manages.

As a manager grows in AUM and complexity, the generalist IR approach often gives way to specialisation by function, geography, investor channel or product.

- For smaller managers, the IR function will most often be comprised of one person focused on meeting the IR requirements for the manager, perhaps in addition to other responsibilities.
- At medium-sized managers, the functions are more likely to be separated between business development and investor services responsibilities.
- Larger managers may subdivide the responsibilities and functions further and add a more robust marketing function.

Careful consideration must be given to the regulatory implications when deciding on how to structure the IR function. Managers must also pay close attention to any regulatory requirements for specific staff-related qualifications, ongoing training and exams.

Some managers choose not to have an internal resource dedicated exclusively to IR during their initial phase of operations. In this start-up phase, the portfolio manager, chief operating officer and/or chief financial officer may be involved in investor services, marketing and business development in addition to their main responsibilities. Some managers will outsource some or all of the IR function to qualified third parties. Others may not prioritise asset raising beyond their initial seed capital.

---

IR professionals should coordinate with colleagues from other departments, especially compliance, as well as the fund's governing body and external service providers, to present the manager effectively and accurately to their investors. The IR staff needs to be informed by all business areas on any material events or changes so that relevant information can be appropriately communicated to investors. The IR staff also can be a useful in collecting market data and indicators of investor sentiment to share with relevant areas of the manager.

## Interactions with other staff

The IR team typically is the first point of contact for potential investors. It is tasked with first validating the qualification of these potential investors to receive information, then articulating the investment strategy clearly and accurately. It also must provide regular updates to existing investors. To gain this knowledge and familiarity with the portfolio, IR professionals should work closely with the manager's portfolio managers and analysts.

Some managers may elect to have a designated product specialist function within the investment team, who is responsible for assisting members of the IR team to develop knowledge of the investment strategy and the portfolio and provide expert support when dealing with prospective and existing investors.

As a matter of sound practice, managers should consider inviting the IR staff to participate in regular market or investment committee meetings to expand their knowledge of the manager's view of the performance and market attributes of the investment products.

It would also be considered sound practice for IR professionals to:

- provide the feedback between the marketplace (investors) and the investment team, which is important for a manager's competitive positioning and ongoing product development;
- participate jointly with senior staff across the manager when designing new products and provide insight on investor interest, the competitive landscape and fund term trends;
- offer feedback on how proposed changes to the portfolio management strategy, policies or procedures are likely to be received by investors and investment consultants; and
- work closely with the trading, operations, IT, finance and legal/compliance teams on preparing for investor ODD visits.



*Managers should consider inviting the IR staff to participate in regular market or investment committee meetings to expand their knowledge of the manager's view of the performance and market attributes of the investment products.*

## Interactions with fund service providers

IR staff should develop strong relationships with the fund's third-party service providers as these providers can often share useful market insight and trends garnered from their unique perspective working across a broad cross section of the industry.

IR professionals also work closely with a fund's administrator during the investor onboarding process and for related investor compliance matters (including AML/KYC/CFT and sanctions), ongoing investor reporting and processing investor transactions. The IR staff should gain working knowledge of each

applicable administrator's investor portals and other related systems. Often an administrator's investor services function can be engaged to liaise with the fund's investors to address queries and provide investment data upon request to the investor and/or manager.

Depending on the terms of its arrangement with the fund, the fund's administrator will ensure all capital transactions (subscriptions, redemptions and transfers) are processed, monitor capital activity, ensure AML/KYC/CFT and sanctions requirements applicable to the fund are fulfilled and communicate with and report to the manager, investors and any related parties as necessary.

More information about the role and functions of a fund administrator may be found in AIMA's *Guide to Sound Practices for Selecting and Periodically Assessing Administrators*.

IR professionals also often liaise closely with the capital introduction or "cap intro" teams at a fund's prime broker(s) when a fund has engaged one (see **Section 5.7** of the Guide). Further information about the role and functions of the prime broker, including capital introductions, may be found in AIMA's *Guide to Sound Practices for Selecting and Periodically Assessing Prime Brokers*.

## Outsourcing to third parties

There are many potential benefits to a manager from outsourcing some of the IR functions to a third-party service provider. These may include:

- Benefitting from the service provider's increased expertise;
- Enabling the internal IR team to focus on other important tasks;
- Providing scalability to meet rapid growth or cyclical business cycles; and
- Allowing cost savings from staffing by providing the fund manager with access to experienced IR professional and resources it otherwise would need to hire outright.

As with all outsourcing, responsibility for any IR functions that are outsourced remain with the manager. Given the vital role of fundraising to a manager's business and the panoply of applicable related regulations, any outsourced IR functions must be monitored and supervised carefully and any issues addressed promptly. Managers must not simply "set it and forget it".

Managers considering outsourcing should review AIMA's *Guide to Sound Practices for Outsourcing by Investment Managers*.



*IR professionals also work closely with a fund's administrator during the investor onboarding process and for related investor compliance matters (including AML/KYC/CFT and sanctions), ongoing investor reporting and processing investor transactions. The IR staff should gain working knowledge of each applicable administrator's investor portals and other related systems. Often an administrator's investor services function can be engaged to liaise with the fund's investors to address queries and provide investment data upon request to the investor and/or manager.*

# Investor Communications

# 3

The quality and timeliness of investor services and communications are becoming increasingly important to a manager's success. This is particularly true as investors and managers move towards a partnership model that may include customised solutions, knowledge sharing or other forms of proactive servicing.

This section primarily addresses investor services and communication. The objectives of the IR team are to share the manager's story consistently, comprehensively and accurately with existing and prospective investors and to build confidence in the manager in the investment community. It is crucial to the overall success of the manager to build trust and support long-term relationships.

Sound practices for effective investor communications include:

- **Knowing the audience:** Building strong relationships with investors and knowing their investment goals is crucial to successful communication. The IR team should have a deep understanding of the types and frequency of reports and communications provided to investors, the investment community and relevant regulatory authorities and what each contains.
- **Creating a feedback loop:** IR teams should collect feedback from investors through meetings and regular communication. These insights should be shared with the IR and investment teams to improve strategies and meet investor expectations.
- **Maintaining regular and effective communication:** Once established, clear and consistent communication channels should be maintained to allow for regular and effective communication.
- **Ensuring any complaints or concerns are actioned immediately:** Although they are hopefully few and far between, complaints and other concerns

---

should be dealt with promptly after they are raised and in accordance with any regulatory requirements and additional manager policies and procedures.

- **Using diverse communication channels:** Messages should be tailored to meet the specific needs of the target audience. Clear and concise language should be used.
- **Always complying with applicable laws and regulations.**

### 3.1 Regular communication and transparency

Regular communication and transparency are the foundation of a successful IR strategy. The manager can provide transparency by sharing insights into investment strategies, risk management and performance and explain any deviations of the strategy objectives and overall health of the manager. Investors and interested parties should receive frequent updates from the manager. These updates should be timely, accurate, concise and readily accessible.

The IR team must also be cognisant of what information is to be shared externally, and with whom. Selective disclosure is a regulatory concern, but there also is the broader concern of precedent: Once something has been offered, it can be very difficult to stop providing it.

Examples of investor reporting and communication include:

- Periodic financial and performance reports, such as:
  - o An overview of the manager's fund reporting including valuation, performance and capital flows;
  - o Detailed performance metrics, subject to applicable regulation, which may include, among other things:
    - Portfolio attribution, holdings case studies, top/bottom performance contributors;
    - Benchmark comparison;
    - Risk analysis;
    - Changes in exposure; and
    - Factors driving performance.
- Other information to be communicated may include the following where applicable:
  - o Performance estimates;
  - o Updates on the manager's investment strategy;
  - o Announcements of material developments;
  - o Notices of investor meetings or events; and
  - o White papers or other thought leadership.

---

## 3.2 Market and competitive analysis

Effective communication of market and competition data requires a strategic and multifaceted approach. The IR team should monitor and gather information about its competitors, identify and understand changes in market trends and know the regulatory environment.

The IR team should analyse the manager's performance and market position as it relates to similar investment vehicles and indices. By defining the manager's areas of strength and those that require improvement and changes, the IR team can convey a clear message to investors.

## 3.3 Investor letters

Given the increased focus on fund transparency, investor letters have become a crucial aspect of a manager's communication with investors. The investor letter provides detailed information on the fund's performance as well as the manager's view of the market.

Investor letters are typically distributed monthly or quarterly and generally include the final net asset values for the period. Investor letters should represent the manager's opinions and include both qualitative and quantitative information regarding recent performance (e.g., a graphical summary of performance, attribution, exposure and other statistical metrics). The letter may provide general market information and the outlook of the opportunities associated with the strategy.

The letter should include information on top-down changes to strategies and allocations, significant changes to the overall investment strategy or risk exposures, the introduction of new strategies and an explanation for any shifts in approach.

The narrative on the performance drivers and detractors may include specific examples. From a compliance perspective, if a manager is going to discuss specific positions, the attribution commentary should be fair and balanced across contributors and detractors to the extent possible.

The investor letter also is an opportunity for the manager to reflect on and provide content on the performance during the period. For example, after a period of underperformance, the letter should consider an explanation of what went wrong during the period, as well as the manager's reasoning for why things might be different going forward. Often the letter provides return information for market benchmarks or other fund index returns as a point of comparison.

Investor letters should include an organisational section covering changes to key personnel, change to counterparty relationships, new office locations and other relevant business updates.

In general, managers value confidentiality and therefore are sensitive to investors sharing their letters with the press or other parties. Most managers only send their investor letters to existing investors to ensure the letter is not deemed an advertisement or marketing subject to applicable regulatory restrictions. However, others may include prospective investors in their distribution list for a particular

---

communication where they have specifically requested this information within the scope of their due diligence, taking care to ensure that doing so does not trigger the same advertising/marketing regulation concerns.

## 3.4 Investor education

The goal of investor education is to build investor confidence in the manager. Investors should have the information and knowledge of at least the following:

- The terms and conditions of investment, which are included in the offering documents.
- The background of the principals.
- The registration status of the manager and its principals. Registration may provide investors with access to key information about the manager's management, products, services and finances.
- The potential for returns, which comes with greater risk. This crucial trade off should be understood to meet the risk/reward profile of the investors and to mitigate fraud.
- To the extent applicable, the manager's commitment to sustainability and responsible business practices.
- Audited financial statements and other mandatory reporting or regulatory filings.

The IR team should ensure that communication is consistent, fair and accessible to investors. Managers should adopt a multifaceted approach to communication to meet the diverse preferences of investors while accounting for regulatory requirements and restrictions.

In addition to periodic reporting, managers can educate investors through in-person meetings, during seminars, webinars and workshops and in producing white papers or other educational materials on various investment topics.

## 3.5 Addressing investor complaints

Managers must have a process for recording and following up on investor complaints. A manager's policies and procedures should define what constitutes a "complaint", aligning with any applicable regulatory definition.

In the event of an investor complaint, IR professionals should immediately notify the chief compliance officer/head of compliance for further investigation. Complaints should be formally documented with the required supporting information and maintained in a complaint file. Depending on the jurisdiction, there may be additional regulatory requirements.

In certain jurisdictions, regulators may require that complaints be reported as they occur, or during the regulatory examination process. They may also dictate a time frame within which a manager is required to address a complaint. Legal counsel (in-house and/or outside) should be consulted for guidance on how to address a complaint before any action is taken.



*Managers must have a process for recording and following up on investor complaints. A manager's policies and procedures should define what constitutes a "complaint", aligning with any applicable regulatory definition.*



---

Finally, while most complaints tend to come into the IR department, all employees of the manager should be aware of the manager's complaint identification and escalation protocol. This education can occur through firm-wide annual compliance training and/or periodic attestations or certifications.

## 3.6 Crisis communications

If a manager is confronted by a crisis event - whether macro or specific to the manager - it is imperative to communicate with investors and other relevant stakeholders in a clear, timely and effective manner. Crisis communications should not be, or appear to be, selective or preferential.

Close collaboration between the manager, administrator, compliance team, legal counsel and the fund's governing body is necessary to deliver a thoughtful and appropriate message to investors in a timely and fair manner. It is also critical that managers ensure that all staff is clear on the "message to the market" with respect to a significant event. Staff should be briefed on which members of the manager's organisation are authorised to answer questions and speak about the situation. Although all staff, junior and senior, should be clear on the message, they must be equally clear on the restrictions placed upon them.

Managers should create an extraordinary events policy and related procedures, including a pre-defined process that allows for appropriate, effective and timely communication by authorised persons of events within and outside of the business. This policy should also consider any required regulatory notifications, which may be determined by the nature of the issue.

Many managers engage a public relations agency to speak with the media on their behalf, whether addressing crisis circumstances or ordinary inquiries. Please refer to AIMA's *Guide to Sound Practices for Public Relations*.

# Marketing

# 4

Brand building is a driving focus for managers. The establishment of a strong and recognisable brand can solidify investor perception of a manager as a trusted partner. Developing a reputation as a source of valuable insights and education is a key component of brand building.

## 4.1 Communicating the manager's story

The key to successful marketing is effective communication. Managers must identify an investor's allocation criteria and then decide how best to demonstrate that their strategy meets those criteria. Marketers must convey what differentiates the manager and the strategies it employs from their peers, notably the three Ps of "people", "process" and "performance," and ensure the message is clear and consistent. This message must be defined internally and be relayed through marketing materials, websites, social media, email and meetings. The manager's brand should be synonymous with these key strengths.

Conveying this edge enables investors to effectively compare strategies and identify the key factors that distinguish the manager from its competitors. Attributes to highlight may include innovative strategy details, expertise of the portfolio management team, a firm or fund's longevity, the endurance of its operational infrastructure and characteristics of its business structure.



*Marketers must convey what differentiates the manager and the strategies it employs from their peers, notably the three Ps of "people", "process" and "performance," and ensure the message is clear and consistent.*

## 4.2 Marketing documents

Although most managers do not advertise, nearly all of them produce marketing material that is used to illustrate the manager's capabilities and highlight their edge. Performance of both the manager and the relevant fund(s) is a core component of many of these materials. Unsurprisingly, performance is also the

---

focus for many regulators, as reflected in the myriad rules that apply to the presentation and calculation of performance in marketing documents.

Managers should note that the rules on performance reporting may vary across and within jurisdictions where there are multiple relevant regulatory bodies. Managers that operate multiple strategies and/or in multiple jurisdictions are likely to find that their marketing professionals will have to work closely with their legal and compliance teams to identify regionally specific regulations and steps to become compliant in those respective areas.

The compliance and legal teams should work with the IR team to develop internal protocols or procedures for vetting marketing materials, to ensure the eligibility of the recipient, the accuracy and appropriateness of the information provided, required disclosures and adherence to all applicable jurisdictional regulations. In reviewing marketing documents for compliance, particular attention must be given to accuracy, suitability, clarity and balance of the content. Managers must also ensure that their marketing materials are consistent with each other as well as with regulatory filings and other investor communications.

While all contributing sources can and should be involved in a review of material (such as performance reporting staff for returns data or portfolio management/risk for investment information), a final review and sign-off by compliance should be obtained and kept on file. A sign-off sheet or log detailing all parties involved in the review and their role in the approval process should be considered as a matter of sound practice, as such evidence often is requested by regulators.

Managers must preserve a copy of any final document, archiving it to evidence what they approved for use and when. All subsequent updates with a description of the changes should be maintained. Regulators from numerous jurisdictions require managers to retain records related to the recipients of distributed marketing materials. Suitability and solicitation rules in each region are an overriding factor in decisions about the information a manager can provide, to whom it is provided and the basis on which it is provided. As such, managers should ensure an appropriate level of recipient information (at least the applicable regulatory minimum at all times) is included within their systems. Compliance exam log requests seek to confirm that the process of distributing marketing materials complies with internal and external policies as well as with applicable regulations.

## **Tear sheets/fact sheets**

Tear sheets, fact sheets and profiles are one- or two-page documents that are often viewed as a “snapshot” version of the comprehensive marketing presentation. These generally offer a succinct synopsis of the manager’s profile and/or the investment vehicle. Although tear sheets, fact sheets and profiles include less detail, care must be taken to ensure that brevity is not misleading to the prospect/investor.

Tear sheets typically include:

- A brief description of the strategy;
- An indication of the investment terms, where permitted; and
- A list of key service providers.

---

**Manager tear sheets** often are requested and provided at venues such as capital introduction events, where fund-specific information is inappropriate to distribute to a broad audience due to regulatory restrictions around public distribution of marketing materials.

**Fund tear sheets** are an effective way of providing a snapshot of a fund to a qualified recipient in advance of a more detailed discussion on potential investment. Although these tear sheets typically include performance data, it tends to be limited to a table of confirmed monthly/annual returns to comply with space constraints and minimise the risk of cherry picking. However, in a multi-share class or partnership series structure, ensure accurate representation of the relevant class or series – typically the highest fee structure and/or provide approved composite performance with proper disclosure of the potential return impact. All returns should be expressed net of fees and accompanied by appropriate disclosures.

## Presentations

Marketing presentations are comprehensive marketing documents, used to update existing investors on the funds they have invested in or to provide significant detail to a qualified potential investor to evaluate the fund. Depending on applicable regulations, they may include details relating to:

- Investment philosophy and strategy;
- Investment process;
- Biographies of key professionals;
- Performance track record along with additional analysis (e.g., alpha generated over time) and graphical illustrations of relevant quantitative characteristics;
- Case studies on specific investments;
- Operational infrastructure;
- Identities of fund service providers; and
- Fund terms.

Compliance will need ample time to review any proposed presentation for regulatory and compliance concerns.

## Performance

Marketing material that includes fund or investment performance details receives intense regulatory scrutiny and frequently is the subject of regulatory action when it is not compliant. Requirements for and restrictions to performance marketing may differ considerably by regulatory jurisdiction and registration status. What is permissible in one jurisdiction may not be permitted in others, and likewise based on the manager's registration status.

Nonetheless, there are common regulatory considerations that managers may need to address when engaging in performance reporting such as:

- **Applicable regulations:** Regulatory bodies in many jurisdictions impose significant form, substance and reporting requirements on the presentation of performance results to ensure transparency and protect investors.
- **Financial reporting standards:** These standards direct how financial performance is measured, reported and disclosed. Some examples include Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS).
- **Sustainability reporting:** In many jurisdictions, regulations and standards are being imposed related to disclosure of environmental, social and governance performance metrics.
- **Internal control requirements:** Regulatory frameworks may require managers to establish and maintain effective internal controls to ensure the accuracy of their performance reporting.

A full discussion of the regulatory aspects of performance marketing is beyond the scope of this Guide, and managers should consider obtaining specific legal advice from counsel with respect to the requirements in relevant jurisdictions.

## 4.3 Database reporting

Databases can be an important source of information for managers, investors and the industry at large to gain access to performance data across strategies. Managers may report their results to certain database providers that allow their participants to then access this performance data directly.

Both investors and managers use databases for creating or choosing benchmarks to assess relative performance of funds or managers. Databases can also be a useful tool to compare strategy- or industry-wide performance against other asset classes or the broader markets.

Managers should assess the purpose of a given database prior to committing to provide data to it, either on a one off basis or on an ongoing basis. They should consider the relevance of the user base, information security protocols, ease of submitting data, the regulatory eligibility of users who may access their data and any other potential compliance concerns. Much is at stake for managers, on a regulatory and reputational basis.

In all events, the manager should ensure that the level of information provided to databases also does not exceed the level of transparency provided to existing investors.



*The manager should ensure that the level of information provided to databases also does not exceed the level of transparency provided to existing investors.*

## 4.4 Thought leadership

Thought leadership can be important for managers and their staff as it is a way of establishing brand credibility and authority and a positive awareness in the marketplace. Managers should carefully consider the target audience and intent behind any thought leadership initiatives to ensure effective resource management and a successful campaign. Engaging with the intended target audience and responding to feedback is essential.

---

For a further discussion of the benefits of thought leadership by managers, see AIMA's *Guide to Sound Practices for Public Relations*.

## **4.5 Social media and media engagement**

Engagement with the media generally and social media in particular is becoming an important aspect of any IR function. Although there are potential benefits from its proper use, there are also many potential risks. A full discussion on the use of social media and other media engagement is covered in some detail in AIMA's *Guide to Sound Practices for Public Relations*.

# Fundraising

# 5

The first step in fundraising is identifying the fund's intended investor base. Consideration should be paid to AUM of the manager and fund, fund structure and liquidity, fund strategy, applicable regulatory requirements, geographical location of the manager, operational infrastructure of the manager, fund terms to determine which classes of investors might be the best fit and the nature and location of the potential investors.



*Managers should gather as much information as possible on a particular investor to determine whether the fund profile fits within the investor's universe and investment targets.*

## 5.1 Identifying prospects

Outbound marketing can be a critical aspect of fundraising for managers who are not prohibited from general solicitation. The following questions often are considered by managers in assessing potential investors:

- Does their investment policy allow for alternative fund allocations?
- Which strategies are of interest?
- Is a minimum track record required?
- Is a minimum level of AUM required?
- Does the investor work with a consultant?

Managers should gather as much information as possible on a particular investor to determine whether the fund profile fits within the investor's universe and investment targets.

---

## Using databases

Commercial databases provide qualitative and quantitative information on investors. Typically, databases cultivate relationships with investors and collect information from them on an ongoing basis. Managers may subscribe to databases for a fee and use the information to research prospective investors.

## Identifying who to contact

If managers are authorised on a regulatory basis to contact a prospective investor, they then must identify which investors are likely to be interested. This information may be available from subscription databases or public sources, or may be provided by referrals from existing contacts.

Once prospective investors are identified, the manager should document the eligibility and investment profile of an investor, with detailed records of all subsequent correspondence retained. This will assist in providing an audit trail for compliance purposes as well as providing transparency to colleagues regarding the interaction with a current/potential investor.

Managers should treat any PII collected and stored in relation to investors and prospective investors in a manner that complies with all applicable data collection and data privacy obligations applicable to the manager and the fund.

## Key investor channels

Fund investors may fall anywhere on the spectrum from institutional to high-net worth individuals. Managers may encounter them through direct contact or by introduction from an intermediary. Family offices and funds of funds often are the first step for nascent managers moving beyond “friends and family.” Larger, more established funds often attract pension fund and/or other institutional investor allocations. Each investor channel has its unique structure and set of considerations, and a broad description of each is provided below. Certain investors may also rely heavily on the advice of their investment consultants.

Some classes of investors, such as pension plans, insurance companies, banks and high-net-worth individuals, will raise specific regulatory considerations which will vary among jurisdictions. Care should be taken to understand the regulatory requirements that may be applicable to engaging each type of investor in each relevant country.

### Institutional

- **Sovereign wealth funds (“SWFs”):** SWFs are state-owned investment funds, typically funded from a state’s surplus or reserves that may invest globally, often for diversification, to benefit its respective economy or citizens. Given the size of most SWFs, allocations are generally very large in order to make an impact on their overall portfolio. This often restricts SWFs to make allocation to only the largest funds. SWFs may also consider alternate structures for investments, such as equity stakes in the manager or co-investment opportunities.
- **Pension plans:** Public pensions will have a governing board of trustees and tend to rely heavily on the advice and ratings of investment consultants. Like



---

sovereign wealth funds, pension funds typically make larger allocations but do not want to take a majority investment in a fund. Managers should also be aware that public pensions are by their nature public and, as a result, investment committee minutes and other materials may be made available to the media and public at large. Public pension plans may also be subject to lobbying laws and general or bespoke restrictions that the manager will need to be aware of and comply with.

- **Insurance companies:** Insurance companies operate within strict risk limits mandated by regulators. As a result, they often have stringent risk reporting needs that necessitate a high level of transparency or a managed account structure.
- **Endowments and foundations (“E&Fs”):** E&Fs manage a significant pool of capital dedicated to supporting the ongoing mission and operations of their respective sponsors. Larger institutions will have a sizeable internal investment team while smaller institutions may outsource analysis, due diligence and/or allocation decisions to an investment consultant or outsourced chief investment officer. E&Fs tend to have a long-term investment horizon and may be more comfortable with more volatile and/or less liquid strategies. Depending on their mission, E&Fs might also have an environmental, social and governance mandate, which could limit the portfolios in which they invest (or limit/exclude specific holdings if investing within a managed account structure). Depending on their nature, some endowments may also be subject to lobbying laws and other general or bespoke restrictions.

## Hybrid

- **Family offices:** A family office provides investment management for a single family entity, while a multi-family office may provide investment management services or private investment banking to multiple high-net-worth families. Family offices vary widely in terms of size and sophistication.
- **Funds of funds:** Funds of funds remain an attractive source of capital for smaller managers who do not have the scale to access larger institutional investors directly.

## High-Net-Worth

- **Platforms/private banks/wealth managers:** Private banks provide investment management and financial planning services to high-net-worth investors. Private bankers may make specific fund recommendations to clients based on their investor profile and risk tolerance. Many private banks have an alternatives platform, which provides the “menu” of funds that have been approved following rigorous due diligence for their clients to select from.
- **High-net-worth individuals:** These investors, including those in a manager’s personal or professional network (“friends and family”), are often the first investors in a new fund. They typically invest smaller amounts (with minimum investments governed by applicable local regulations) and are known to act quickly, sometimes providing “Day 1” capital. Managers must follow all applicable regulations (whether arising from their own jurisdiction, the fund’s or the investors’) and meet any additional operational burdens, such as fulfilling tax requirements.

---

## Intermediaries

Managers may have relationships with intermediaries such as capital introduction teams, investment consultants, third-party marketers/placement agents and a range of platforms. Each of these intermediaries can serve as a great resource to augment a manager's existing fundraising program. However, each of these types of arrangements can be subject to specific regulation in various jurisdictions depending on the nature of the services provided and care should be taken in relation to starting and maintaining such relationships and overseeing the activities of those providers. Managers must ensure that any intermediaries are qualified, properly registered and licensed, where required, and have the necessary regulatory knowledge to engage in duties on behalf of the manager and the fund. There are specific obligations, restrictions and prohibitions in various jurisdictions around the world related to the use of third-party marketers and/or placement agents.

Managers should establish ample policies, procedures and controls for engaging any intermediaries, taking into account all applicable regulatory obligations and potential business risks of the outsourced functions.

### Capital introductions

Capital introduction – or “cap intro” – is a common service of prime brokerage and has the dual purpose of assisting both their own clients and managers.

Cap intro teams often provide an array of services including research on investor trends, feedback on marketing materials, organising investor conferences or facilitating introductions to qualified investors or allocators. They also can provide strategic guidance on business development, market positioning and profile-raising for managers. Cap intro teams often work closely with an in-house “consulting” group that can produce industry surveys, peer group or quantitative analyses and operationally focused events that bring together managers and qualified prospective investors.

### Investment consultants

Investment consultants provide a range of services to institutional investors, covering all asset classes. Institutional Investors who use consultants typically are allocators with significant assets with an interest to outsource some or all their investment process to a third party that is better resourced or has specific expertise. Sovereign wealth funds, corporate and public pensions, endowments, foundations, insurance companies and some family offices are examples of investment consultant clients.

Investment consultants may provide investment advisory services, manage discretionary mandates and perform outsourced chief investment officer CIO functions. Their services may include bespoke asset allocation proposals, manager research, investment due diligence, ODD, manager recommendations and educational programs. Some consultant groups provide generalist services across asset classes and others are specialists in a certain area.

Investment consultants often “rank” or “rate” managers based on investment and operational criteria. These consultants are compensated by their clients through fees agreed between the consultant and the client and are wholly independent of the manager, who is not a party to their arrangements.

---

Investment consultants significantly influence certain investor channels. Managers wishing to gain and maintain exposure to such investors must dedicate time and resources to cultivate relationships with relevant investment consulting firms so that they have a thorough understanding of the manager's business.

### **Third-party marketers and placement agents**

Third-party marketers and/or placement agents ("3PMs") can support a manager's marketing efforts by serving as an external resource in asset raising. They may be hired as an extension of an IR team seeking specialised marketing support or as an alternative to hiring in-house IR professionals, especially for managers with a small asset base.

Experienced and successful 3PMs can offer a formidable platform of potential investors. A manager may hire a 3PM to (i) target investors in a particular geography outside of their scope, (ii) provide vetted introductions for a specific fund launch, or (iii) simply to help refresh a manager's brand identity. The value add with 3PMs is their ability to assist asset raising efforts and create exposure to potential pools of capital.

Prior to the commencement of fundraising, the manager, the 3PM and any additional relevant parties such as the fund will enter into an agreement which will define the terms of the relationship, including compensation, fundraising guidelines and any restrictions on taking on related mandates. Importantly, this agreement must include terms related to how regulatory obligations will be addressed.

### **Other platforms**

The investment platforms of managed accounts or feeder funds may offer additional opportunity to managers wishing to access further pools of investor capital. For a further discussion of platforms, see AIMA's *Guide to Sound Practices for Platforms*.

## **External conferences**

Capital introduction teams, media organisations and other service providers host hundreds of alternative fund conferences around the world each year.

External conferences provide:

- Opportunities to connect directly with qualified investors;
- Platforms for brand building and thought leadership;
- Relevant content on industry practices and trends; and
- Venues for peer networking.

Managers should identify and abide by any applicable regulatory restrictions regarding what can and cannot be discussed at external conferences based on the location and the attendees of the event. Managers should seek assurances ahead of a conference on attendee qualifications in order to ensure materials and any planned comments are tailored accordingly.

---

## 5.2 Regulatory notifications related to fundraising

Marketing is regulated in most jurisdictions and the nature of this regulation can vary greatly, requiring additional resources and expense. As a result, managers may focus on jurisdictions that have the most familiarity with regulation and the highest likelihood of attracting investment.

Because marketing regulations can be very broad, IR professionals should understand the requirements of a jurisdiction prior to contacting or otherwise engaging with potential investors.



## 5.3 Responding to inbound investor interest

Any unsolicited communication of interest on behalf of an investor should be appropriately documented to establish that it was indeed an instance of inquiry originating from the investor (or a “reverse solicitation” in jurisdictions that have that concept for regulatory purposes) and not because of any marketing (direct or indirect) or contact from the manager.

Standard practice is having a prospect complete a short questionnaire providing information about themselves and providing reasonable assurance that they are qualified to invest in the fund(s) in question. This serves the dual purpose of providing the IR professional and the compliance department with necessary information on the prospective investor.

Managers should consult with counsel if there is any doubt as to whether regulations permit them to send requested materials about the fund, or even engage in discussions that may be construed as marketing. There are outright bans on certain content – or on fund material altogether – without first undergoing registration in many countries.

*Because marketing regulations can be very broad, IR professionals should understand the requirements of a jurisdiction prior to contacting or otherwise engaging with potential investors.*

## 5.4 Replying to RFPs

Some institutions, namely large public institutional investors, issue formal RFPs when conducting a new manager search. The process may be handled directly or outsourced to an investment consultant. RFP announcements are frequently reported by investors and alternative fund focused media outlets. The RFP also specifies the submission deadlines and any minimum qualifications or regulatory requirements necessary for a fund to be eligible for investment.

Although RFPs may request content that can be found in a manager’s DDQ, responses should be tailored according to the specific information requested.

As with other marketing materials, the compliance team should review completed RFPs for accuracy, consistency and regulatory compliance prior to submission.

## 5.5 Ad hoc requests for information

*Ad hoc* requests for information are regularly received by managers during their engagement with potential investors. These requests can range from further details about the manager to details of the strategy and the fund in question. Where related to fund performance, the requests may require the provision of a

---

simulation, such as applying a different benchmark, leverage or fee structure – or to isolate and illustrate the performance of only a subset of a fund’s investments over a period of time.

There are significant compliance and commercial concerns that a manager must consider carefully when dealing with such *ad hoc* requests. On a commercial basis, the manager must determine how much information it is willing to provide about its internal policies and procedures. It also must determine whether it is willing to provide all investors with the same level of transparency into its investment process due to concerns about selective disclosure, which is a regulatory concern in many jurisdictions.

As is the case with all externally released information, managers must take due care to ensure that any *ad hoc* information is factually correct, fair and not misleading. Responses to *ad hoc* requests should be reviewed by the compliance department before submission, and records of both what was sent and to whom must be archived, as well as the basis for responding to the request.

## 5.6 Investor ODD process

Investors have high expectations for the effective implementation of the fund’s investment strategy. The ODD process scrutinises a manager’s internal controls, operational risk management and business and operational infrastructure, including its service providers and the fund’s service providers. Any manager accepting new investments or maintaining its current investor base should be prepared to undergo this evaluation. In many cases, an investor’s ODD team has the authority to veto potential investments. Managers must successfully pass investors’ ODD reviews to secure and retain their allocations.

### DDQs and fund documents

As part of the ODD process, investors typically request at least the following information:

- Articles and/or bylaws of the fund (in the case of limited partnerships, the limited partnership agreement) and any other documents constituting the rules or instruments of incorporation or formation of the fund, including amendments or supplements;
- A fund structure chart showing any subsidiary vehicles or side pockets;
- Audited financial statements, including for all feeder and master entities where applicable, since inception for the relevant fund(s);
- Historical risk reports and marketing material to illustrate the performance history of the fund under review. Investor newsletters may be requested;
- A completed AIMA Illustrative Questionnaire for the Due Diligence of Investment Managers or other questionnaire requested by the investor;
- A summary of the differences in terms across share classes, including share classes that are currently closed for investment; and
- Portfolio valuation data for the longest dated share class of the fund since inception.

---

Investors may also request copies of a manager's policies and procedures. Managers may share these documents in advance, either in full or redacted, provide a summary document, make them available for onsite review only or decline to share them entirely.

## Due diligence meetings

The manager should have a member of the IR team present throughout any ODD meetings, which may include verification and at-desk demonstrations of processes or workflows.

Verification is a key part of any due diligence process. Investors often expect to see the following verification or demonstrations, for example:

- Process of a trade from execution to settlement;
- Cash, trade and position reconciliations;
- Operations manual;
- Month-end NAV review with detail on pricing sources used;
- Cash payment process;
- Compliance monitoring program and files and the compliance manual;
- Regulatory audit results and correspondence (where permitted by law);
- Counterparty exposure reports and evidence of counterparty monitoring;
- A matrix summarising counterparty terms (anonymised); and
- Evidence of business continuity/disaster recovery and cyber security testing.

After an ODD meeting, managers should pro-actively seek feedback from the ODD team, follow up on any outstanding items and to learn about market practices they have seen elsewhere that can be used to supplement their own.

## 5.7 Negotiating side letters

Institutional investors, particularly pension plans and sovereign wealth funds, often seek specific terms and conditions to govern their investments. When such specific terms and conditions are agreed, the fund and/or its manager often document the agreed terms and conditions in a "side letter" agreement.

Any applicable regulatory restrictions on preferential treatment must be considered in advance of agreeing to any side letter terms. Any applicable regulatory requirements for pre- and/or post-investment disclosure must to regulators and other investors also be met.

# 6

## Investor Capital Flows

Effectively managing the capital activity and onboarding and offboarding of investors is crucial for a smooth investor experience and efficient operations. Managers should work closely with legal and compliance counsel to ensure that all fund documents clearly define investment terms, AML/KYC/CFT and sanctions checks, and other onboarding and offboarding requirements and develop a process for seamlessly managing investor capital activities.

### 6.1 Onboarding (investment) procedures

During the investor onboarding process, IR staff works closely with the fund's service providers, particularly the fund administrator, to ensure that investors receive the appropriate fund documents and meet all investor due diligence requirements. The IR team should establish a detailed, user-friendly process to guide investors through the necessary steps and ensure they meet all investor due diligence requirements.

As investors are onboarded, the IR team should confirm the frequency and types of communications investors will require.

#### Documentation

Upon request from a qualified prospective investor, IR staff should provide the investor with the relevant fund's offering and subscription documents.

- The offering document describes the offering of shares, units or partnership interests and terms of the investment in all material respects. It should provide all necessary information to enable a prospective investor to make an informed decision as to whether or not to purchase the shares or interests in the fund.

*Another essential part of the subscription documentation is the representations the investor makes as part of the AML/KYC/CFT identification and verification process and the sanctions checking process. This information must be completed and essential related due diligence undertaken by the fund, the manager and/or the administrator, depending on the circumstances, pre-investment to satisfy any applicable AML/KYC/CFT and sanctions obligations.*



- The subscription document is a contract between the investor and the fund. The subscription document contains critical information in relation to the investor. Once signed by the investor and accepted by the fund, the agreement is final and its terms represent a binding contract between the fund and its investors.

Another essential part of the subscription documentation is the representations the investor makes as part of the AML/KYC/CFT identification and verification process and the sanctions checking process. This information must be completed and essential related due diligence undertaken by the fund, the manager and/or the administrator, depending on the circumstances, pre-investment to satisfy any applicable AML/KYC/CFT and sanctions obligations.

For more information on AML/KYC/CFT customer due diligence requirements, see AIMA's *Guide to Sound Practices for Customer Due Diligence*.

## 6.2 Offboarding (redemption) procedures

Managers should establish a defined set of policies and procedures for processing redemptions. The IR staff should notify the necessary teams internally of any intended redemptions and the related dealing dates.

The manager has ultimate responsibility for instructing the fund's administrator to settle redemption requests within the timeframe established by the governing fund documents. However, AML/KYC/CFT and sanctions checks may need to be refreshed prior to a redemption, which may delay redemption processing.

An investment may be terminated for any number of reasons, but processing a redemption in a professional manner can leave a positive impression that may lead to reinvestment in the future.



*The manager has ultimate responsibility for instructing the fund's administrator to settle redemption requests within the timeframe established by the governing fund documents. However, AML/KYC/CFT and sanctions checks may need to be refreshed prior to a redemption, which may delay redemption processing.*



---

## APPENDIX A: About AIMA

The Alternative Investment Management Association (AIMA) is the global representative of the alternative investment industry, with around 2,100 corporate members in over 60 countries. AIMA's fund manager members collectively manage just over US\$4 trillion in hedge fund and private credit assets.

AIMA draws upon the expertise and diversity of its membership to provide leadership in industry initiatives such as advocacy, policy and regulatory engagement, educational programmes and sound practice guides. AIMA works to raise media and public awareness of the value of the industry.

AIMA set up the Alternative Credit Council (ACC) to help firms focused in the private credit and direct lending space. The ACC currently represents over 250 members that manage over US\$2 trillion of private credit assets globally.

AIMA is committed to developing skills and education standards and is a co-founder of the Chartered Alternative Investment Analyst designation (CAIA) – the first and only specialised educational standard for alternative investment specialists. AIMA is governed by its Council (Board of Directors). For further information, please visit AIMA's website, [www.aima.org](http://www.aima.org).



---

## APPENDIX B: About the Sponsor



Formidium is a global fund administrator established in 2016. The firm has built a global presence with offices in the U.S., India, Canada, and Singapore, supporting over 500 clients, over 1,300 multi-asset funds, and serving \$30B+ in assets under administration (AUA) across 25+ jurisdictions.

Formidium's leadership team consists of industry veterans with extensive experience of fund services, technology, and compliance. It's proprietary technology solutions provide unparalleled flexibility to meet bespoke client needs, far exceeding off-the-shelf systems. Formidium also provides ManCo accounting, co-sourcing capabilities, and compliance services, offering a full-service solution to organizations.

With a team of over 600 professionals, Formidium combines deep industry expertise and round-the-clock support. Guided by "Adapt & Prosper," the firm redefines fund administration, empowering clients to thrive.

Learn more at [www.formidium.com](http://www.formidium.com).



The global representative of the alternative investment industry