

In recognition of the continued explosive growth of the hedge fund industry in Europe, and its requirements for specialised services, PricewaterhouseCoopers has dedicated substantial resources and professionals to serve this industry.

Our experienced professionals in London and Continental Europe understand the critical success factors of the hedge fund industry. Many of them having participated in extended international assignments to the US and various offshore financial centres. This has provided them with practical first-hand knowledge of the international marketplace as well as an awareness of what other industry participants are doing. Our offices within Europe, the United States and offshore jurisdictions work regularly together to provide a seamless global approach to address the issues and provide solutions to our hedge fund clients.

The PricewaterhouseCoopers' European Hedge Funds Group includes a dedicated team of audit, tax, consulting and legal professionals in offices around Europe – combining experience and expertise in establishing investment management and securities operations, advising on complex and structured financial instruments, regulatory compliance programs, risk management processes, due diligence and tax planning. In providing services, our European Hedge Funds Group is in regular communication with our Global Alternative Investment Management Team in the US and elsewhere.

The sheets in this folder give further details of the services we provide and of some of the complex issues faced by both emerging hedge fund managers and financial institutions that are establishing hedge funds. Our partners and managers possess the practical experience, as well as the technical expertise, to provide responsive, timely and value-added service to you as you grow.

*“When working with PricewaterhouseCoopers, you will be supported by a dedicated client service team. Whatever your needs, we have the resources to meet them – quickly and efficiently.”*

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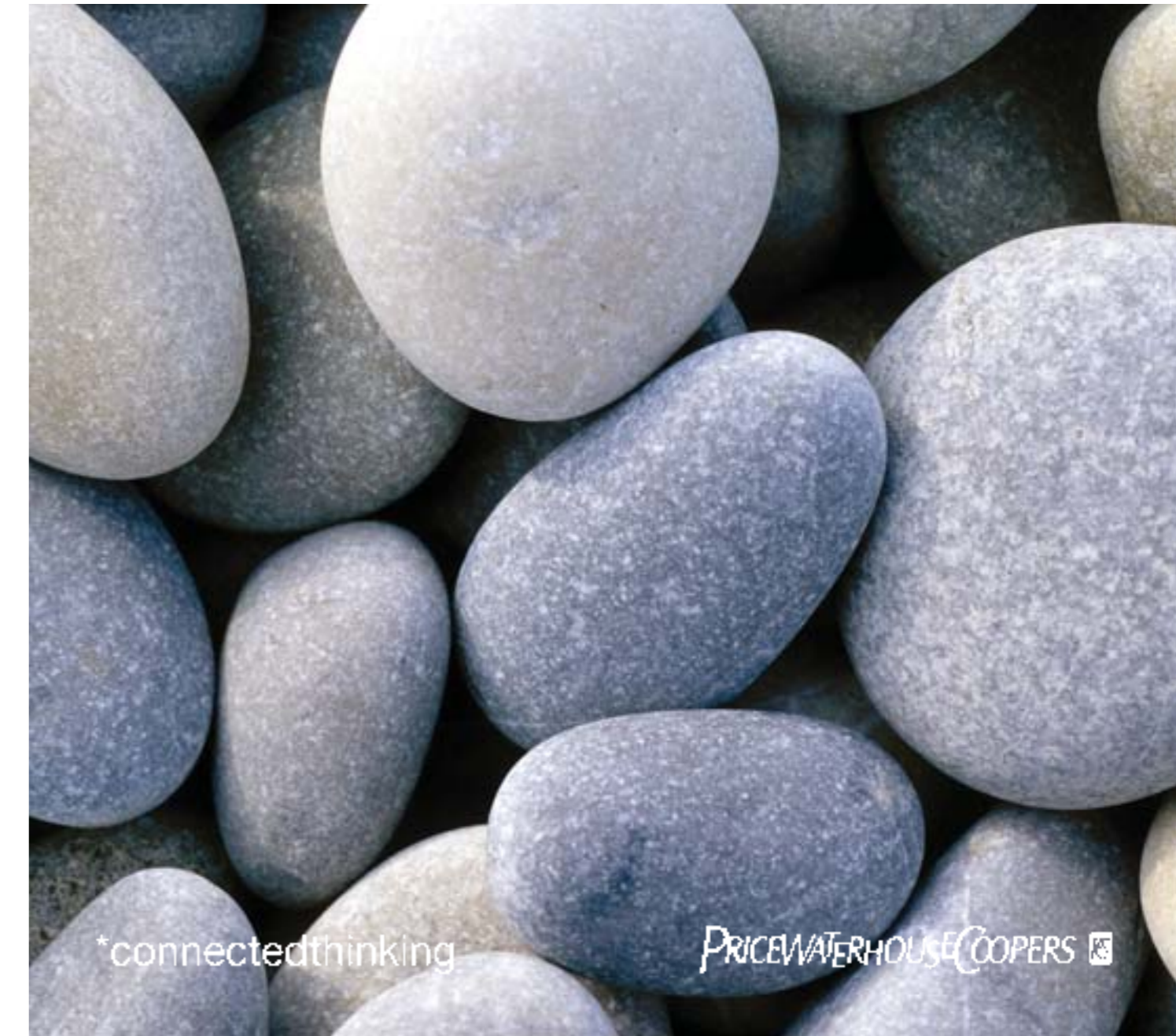
The member firms of the PricewaterhouseCoopers network ([www.pwc.com](http://www.pwc.com)) provide industry-focused assurance, tax and advisory services to build public trust and enhance value for its clients and their stakeholders. More than 130,000 people in 148 countries share their thinking, experience and solutions to develop fresh perspectives and practical advice.

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# European Hedge Funds\*



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# How can we work with you?

PricewaterhouseCoopers is the pre-eminent firm serving the global investment management community. We would be delighted to discuss your business plans and professional service needs, in particular as they relate to hedge funds. Our European Hedge Funds Group forms part of our Global Alternative Investment Management Team and a list of contacts in Europe and worldwide can be found on the sheet contained in this folder.

We began investing resources to serve the investment management industry over thirty years ago – well before the other international accounting firms – and our clients include investment managers, distributors and other sponsors of onshore and offshore portfolio products, structured vehicles, and other alternative investment management products. We serve as independent accountants, tax and business advisers to over a thousand hedge funds globally, ranging from start-up managers to multi-national, multi-billion dollar alternative investment strategy managers – many of whom maintain complex structures and employ complex investing strategies.

Our leadership position has enabled us to develop a broad and deep range of services within the hedge fund industry. We are a leading authority on the tax planning, regulatory and structuring issues associated with forming and operating hedge funds, whether in Europe or offshore. We bring a unique combination of globally coordinated business advisory and consulting experience, accounting, regulatory, systems and tax expertise, industry knowledge and established relationships with the major

participants in this marketplace. In Europe, our correspondent law firm, Landwell, can also assist you with addressing the legal issues involved in establishing a new investment management business, in setting up your hedge fund, and in marketing the fund to investors in Europe and worldwide.

When working with PricewaterhouseCoopers, you will be supported by a dedicated client service team. Our client service philosophy is built around a multidisciplinary and internationally coordinated team focused on the hedge fund industry and on your organisation. Whatever your needs, we have the resources to meet them – quickly and efficiently.



Setting up and running a hedge fund business can be as challenging as running the hedge fund itself. The following are some of the matters that will need to be addressed by you and your professional advisers:

Structuring	Operations	Compliance
<ul style="list-style-type: none"> <li>• Business plan</li> <li>• Financial projections</li> <li>• Choice of fund domicile</li> <li>• Product structuring</li> <li>• Private placement memorandum</li> <li>• Legal issues</li> <li>• Tax structuring for management companies</li> <li>• Personal taxation of principals and employees</li> <li>• Inter-territory transfer pricing</li> <li>• Management and performance fees</li> <li>• Higher water mark/hurdle rate</li> <li>• Frequency of redemption and pricing</li> <li>• Listing of fund on an exchange</li> </ul>	<ul style="list-style-type: none"> <li>• Selection of service providers – prime broker, administrator, custodian and transfer agent</li> <li>• System selection and support</li> <li>• Infrastructure</li> <li>• Office accommodation</li> <li>• Control environment</li> <li>• Risk management</li> <li>• Recruitment and human resources issues</li> <li>• Due diligence on investees (e.g. fund-of-funds)</li> <li>• Monitoring of risk profile</li> <li>• Training and support</li> <li>• Performance fee accounting</li> <li>• Financial accounting and reporting</li> <li>• Accounting for complex instruments</li> <li>• Valuation methodologies</li> <li>• NAV calculations</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory authorisation</li> <li>• Compliance monitoring</li> <li>• Reporting to regulators</li> <li>• Marketing and distribution: local regulations</li> <li>• “Chinese walls” for institutions and carve-outs</li> </ul>
		Investors and Capital
		<ul style="list-style-type: none"> <li>• Source of seed money for fund</li> <li>• Maintenance of investors’ capital accounts</li> <li>• Shareholder registers</li> <li>• Reporting to investors – frequency, format, medium</li> <li>• Tax reporting to investors</li> <li>• Equalisation</li> <li>• Regulatory capital for adviser</li> </ul>

