

The Emerging Manager's Guide

Starting a New Fund? We're Here to Help.

North Carolina | New York | California | Maryland | Cayman Islands | Singapore | Lahore

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INTRODUCTION: LAUNCH WITH CONFIDENCE

Launching a fund is an exciting but complex endeavor. Success requires more than just a sound investment strategy — it demands a solid foundation in operations, compliance, infrastructure, and investor alignment.

At **Akram Assurance Advisory & Tax**, we specialize in supporting emerging managers. From early-stage planning to audit readiness and institutional onboarding, we help you navigate each step with clarity and confidence.

Implication: This upfront investment reduces risk, accelerates your launch timeline, and establishes credibility with investors.

This guide highlights the key areas essential to fund formation and long-term success, equipping you with both strategic insight and practical support.



1. BUSINESS PLANNING

Build a Strong Foundation

We work with you to:

- Define your fund's value proposition and market positioning
- Forecast operating budgets, revenues, and capital needs
- Establish organizational roles, governance, and incentive alignment
- Identify and track key performance indicators (KPIs)

Build a roadmap for growth, scalability, and fundraising

Outcome: A compelling, data-driven business plan aligned with investor expectations and institutional standards.

Implication: A strong business plan helps attract capital, align your team, and navigate scaling challenges confidently.



2. FUND STRUCTURES

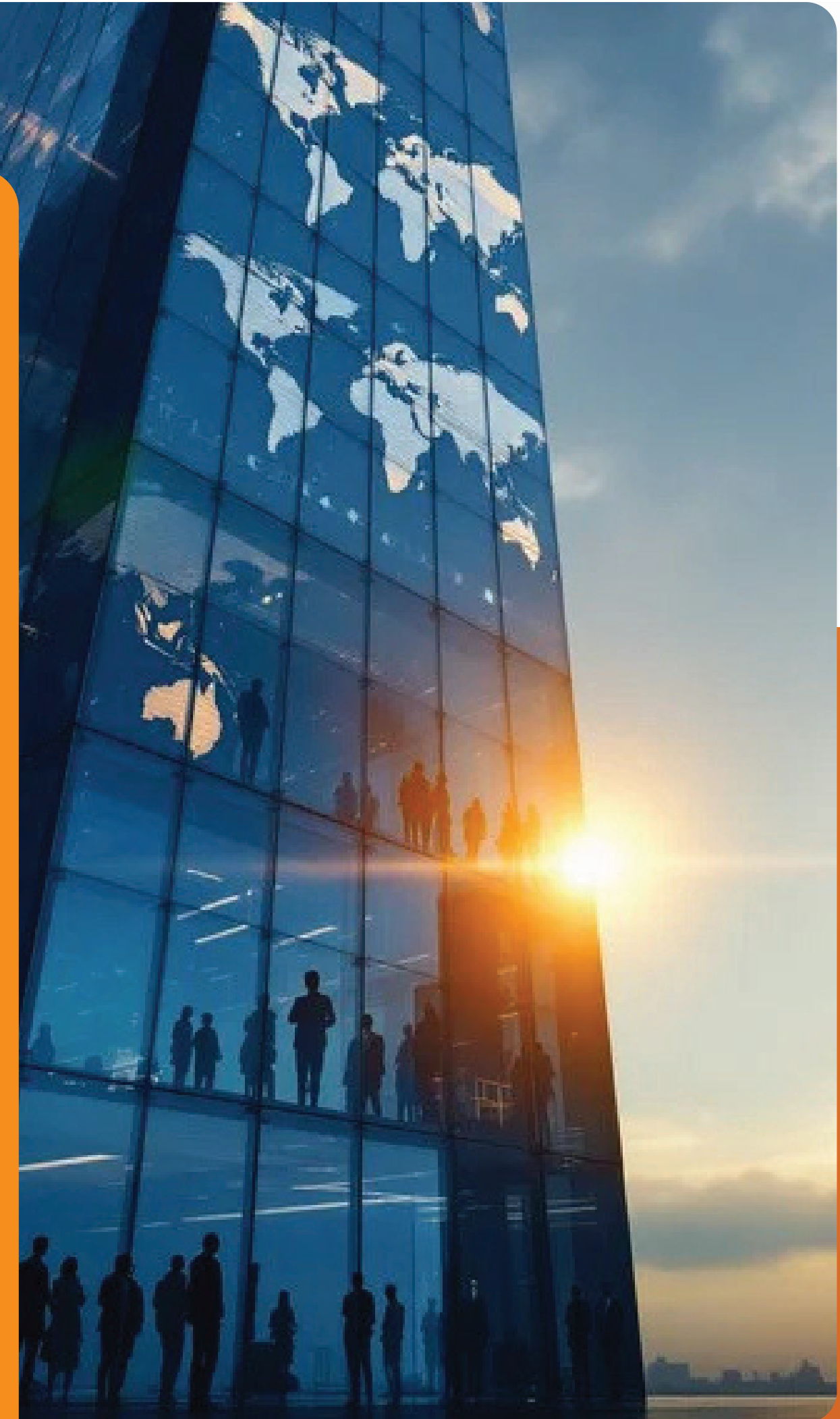
Align with Strategy and Investor Profiles

Choosing the right fund structure affects every aspect of your operations — from tax treatment and compliance to investor access and exit planning.

We collaborate with legal and tax professionals to:

- Recommend optimal legal structures (LPs, LLCs, master-feeder, onshore/offshore)
- Navigate jurisdictional and regulatory considerations
- Consider investor type (institutional, retail, HNWIs, non-U.S. investors)
- Set up governance frameworks and GP/LP dynamics

Outcome: A well-structured fund that supports your investment strategy, meets regulatory requirements, and aligns with investor preferences.



FIVE MAIN TYPES OF FUND STRUCTURES

1 STANDALONE DOMESTIC FUND

Definition:

A single investment vehicle set up in the fund manager's home jurisdiction (e.g., U.S. or UK) to cater primarily to **domestic investors**.

Key Features:

- Typically structured as a limited partnership (LP) or limited liability company (LLC) in the U.S.
- Subject to domestic regulatory and tax regimes (e.g., SEC regulation in the U.S.).
- Investors are usually taxable domestic entities or individuals.
- Simpler and lower-cost structure compared to offshore or hybrid models.

Use Case:

Used when all investors are domestic and do not require offshore tax neutrality.

2 STANDALONE OFFSHORE FUND

Definition:

A single investment vehicle established in an offshore jurisdiction (e.g., Cayman Islands, BVI, Luxembourg) to serve primarily **non-domestic or tax-exempt investors**.

Key Features:

- Usually structured as a corporation or mutual fund.
- Offers tax neutrality for foreign investors.
- Not directly subject to U.S. or EU taxation unless investing in local jurisdictions.
- Often used by non-U.S. investors or U.S. tax-exempt entities (like pension funds or endowments) that want to avoid "unrelated business taxable income" (UBTI).

Use Case:

Attractive to international investors or tax-exempt U.S. entities who need a tax-efficient investment structure.

3 MASTER-FEEDER FUND

Definition:

A structure where multiple feeder funds (typically a domestic and an offshore fund) invest into a single **master fund**, which holds the actual portfolio of assets.

Key Features:

- Common in hedge funds and mutual funds.
- Allows domestic and offshore investors to pool capital into the same portfolio.
- The master fund is usually offshore (e.g., Cayman Islands).
- Helps streamline management, reduce duplication, and improve efficiency.

Use Case:

Best for managers raising capital from both U.S. taxable and non-U.S. investors, allowing them to share the same investment strategy.

FIVE MAIN TYPES OF FUND STRUCTURES

4 MINI-MASTER FUND

Definition:

An alternative to the master-feeder structure, where the onshore fund acts as both a feeder and master, with only the offshore fund feeding into it.

Key Features:

- Simplifies the structure by eliminating the need for a separate offshore master fund.
- Reduces complexity and administrative costs compared to full master-feeder.
- Less common than traditional master-feeder.

Use Case:

Suitable when there is a dominant domestic investor base but some offshore interest, and the manager wants to avoid full master-feeder complexity.

5 SIDE-BY-SIDE STRUCTURE

Definition:

Multiple separate funds (e.g., one domestic and one offshore) that each manage their own portfolios **independently** but in **parallel**.

Key Features:

- Each fund has its own set of books, investors, and sometimes strategies.
- Portfolio management may be identical, but executed separately.
- Allows flexibility in customization for different investor groups.
- Typically, it incurs higher operational and compliance costs.

Use Case:

Used when legal, tax, or regulatory reasons make pooling assets impractical or undesirable.

Summary Comparison:

| Structure | Investor Types | Pooled Assets? | Complexity | Tax Efficiency |
|---------------------|--------------------------------|----------------|------------|-----------------|
| Standalone Domestic | U.S. taxable investors | No | Low | For U.S. |
| Standalone Offshore | Non-U.S. or U.S. tax-exempt | No | Low | For offshore |
| Master-Feeder | Mix of U.S. and non-U.S. | Yes | High | High |
| Mini-Master | Mostly U.S. with some offshore | Yes | Medium | Medium |
| Side-by-Side | Segregated investor types | No | High | High (flexible) |



3. CAPITAL RAISING

Develop an Institutional-Grade Fundraising Strategy

Securing capital as an emerging manager means standing out in a competitive landscape. We help position your fund for success with:

- Refined investment narrative and fundraising strategy
- High-quality investor decks, PPMs, and pitchbooks
- Track record presentation and performance attribution support
- Investor outreach strategy and CRM implementation
- Mock due diligence sessions and onboarding readiness

Outcome: Enhanced investor trust and a fundraising process that reflects professionalism, transparency, and institutional readiness.



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4. FEES

Design Transparent and Competitive Fee Structures

Fee models are under growing scrutiny. Investors seek fairness, alignment, and clarity.

- We assist you in:
- Designing management and performance fee structures
- Considering tiered pricing and founder share classes
- Benchmarking against industry norms
- Evaluating fee impact on fund economics and investor appetite

Outcome: A fee model that balances investor interests with your long-term profitability.



5. OPERATIONAL INFRASTRUCTURE & SERVICE PROVIDERS

Establish Scalable, Institutional-Grade Operations

Institutional investors evaluate your infrastructure as much as your strategy.

We help you:

- Identify and engage with experienced service providers (admins, custodians, legal, audit)
- Implement accounting systems, NAV calculations, and financial reporting tools
- Build scalable tech stacks and investor portals
- Establish redundancy, cybersecurity, and continuity protocols

Outcome: Operational infrastructure that fosters investor confidence and meets regulatory scrutiny from day one.



6. MANAGING AUDITS

Ensure Accuracy, Transparency, and Timeliness

An effective audit process adds credibility and assurance for stakeholders.

We offer:

- Financial statement preparation (U.S. GAAP, IFRS, ASC 946)
- Independent fund and management company audits
- Coordination with fund administrators, custodians, and legal teams
- Internal control reviews and audit readiness assessments

Outcome: A smooth, transparent audit process that enhances investor confidence and compliance standing.





BE PREPARED TO ANSWER THE FOLLOWING QUESTIONS

- Can you describe your trading strategy?
- Are you registered with the SEC, the Commodity Futures Trading Commission (CFTC), and any relevant state regulatory bodies?
- Will your investments focus on publicly traded securities, privately held companies, or both?
- What is the makeup of your current investor base, and which types of investors are you aiming to attract?
- What are your expectations regarding investment timing and liquidity?

7. RISK MANAGEMENT, COMPLIANCE & REGULATORY CONSIDERATIONS



Proactively Manage a Complex Regulatory Landscape

Compliance is not just about avoiding penalties — it's about building a resilient and trustworthy firm.

We help you:

- Register with the SEC, CFTC, NFA, or other jurisdictions
- Create comprehensive compliance programs and written supervisory procedures (WSPs)
- Develop risk assessments, testing, and reporting protocols
- Train your team on ethical and compliance standards
- Stay ahead of regulatory filings and examination cycles

Outcome: A culture of compliance that supports sustainable growth and investor assurance.



8. CYBERSECURITY

Protect Data, Investors, and Your Reputation

Cybersecurity is no longer optional. A single breach can damage your fund's reputation and investor trust.

We provide support in:

- Conducting cybersecurity risk assessments and gap analyses
- Designing incident response and disaster recovery plans
- Implementing multi-layered security protocols (encryption, MFA, endpoint protection)
- Selecting and monitoring third-party IT and cyber vendors
- Preparing for cybersecurity audits and LP due diligence

Outcome: A secure IT ecosystem that satisfies both investor and regulatory standards.



9. DUE DILIGENCE

Be Fully Prepared for Institutional Scrutiny

Before investing, LPs will rigorously evaluate every aspect of your firm. We help you:

- Organize a virtual data room and prepare investor DDQs
- Structure governance, compliance, and risk documentation
- Present clean, audited financials and policies
- Address DEI and operational diligence expectations
- Conduct mock diligence reviews and interview prep

Outcome: Confidence and credibility during investor evaluation — and better conversion rates.



10. TAX CONSIDERATIONS

Navigate Complex Tax Landscapes Efficiently

Tax planning is essential to preserve investor returns and ensure compliance across jurisdictions.

We guide you through:

- Fund and management entity structuring (U.S. and cross-border)
- Partnership allocations, waterfall models, and carried interest
- U.S. and non-U.S. investor tax reporting (K-1s, FATCA, CRS)
- Annual tax filings, elections, and estimated payments
- Exit planning and tax-efficient distributions

Outcome: A tax structure that optimizes after-tax returns and reduces risk for both managers and investors.



11. MOVING FORWARD WITH YOUR FUND

Long-Term Support for Long-Term Success

Launching your fund is just the beginning. At Akram Assurance Advisory & Tax, we commit to your long-term success through:

- Ongoing advisory in fund governance, compliance, and finance
- Scalable audit and tax services as your firm grows
- Regular risk assessments and operational reviews
- Strong relationships with legal, operational, and cybersecurity partners
- Dedicated support tailored to emerging managers



12. OUR FINANCIAL SERVICES PRACTICE

We provide comprehensive, end-to-end services for emerging and established fund managers:

- Fund audit and assurance (GAAP, IFRS, ASC 946)
- Domestic and international tax compliance and structuring
- Compliance consulting and regulatory filings
- Operational infrastructure and fund setup
- Investor reporting and financial back-office support



OUR PARTNERS



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