



Private debt

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FUND ADMINISTRATION

Operational considerations as breadth and depth expands

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CHANGING MANAGER NEEDS

Finding the right support as funds become more complex

Featuring Broadridge Financial Solutions | Opus Fund Services | SS&C Advent



The importance of support as complexity rises

Interview with Aani Nerlekar

The complexity of how private debt funds are structured and managed is increasing. Cost and expenses related to private debt funds are also becoming more intricate. Newly launches, in particular, need to identify where to keep their expenses low and use their budget in ways to help maximise their output.

“As managers move into new asset classes, they need an accounting system to handle them. In cases where the client is still building their fund, they may need to hire additional staff to manage multiple accounting solutions, which comes at a cost,” highlights Aani Nerlekar, Director, Solutions Consulting at SS&C Advent.

As the private debt space matures, fund structures have become more complicated, requiring more administrative management. “In years past, funds would have a simple master-feeder structure, with one on-shore master and an offshore feeder. In today’s market, you could have 50 or 60 different legal entities to

manage, with full audit and reporting required,” Nerlekar points out.

To support manager’s growth strategies, SS&C has focused its development effort on supporting operational complexity in an inherently systemised way. “We can offer outsourced or co-outsourced solutions to clients. The buying decision involves more than technology; it involves the functional expertise to help with daily tasks. For example, managers might not want to hire and pay somebody to do reconciliation. We can offer reconciliation services through our team at a much lower cost to these firms,” Nerlekar said.

Nerlekar also outlines a growing need for systems to help manage investor accounting: “Allocations and fee structures used to be much simpler. Now, investors can participate in certain deals which adds another layer of complexity to your fee calculations and fee terms. As a result, we are seeing a lot more demand for our investor accounting solutions to manage private debt funds.”

Having access to a single solution that combines portfolio and investor accounting processes across asset classes can be very effective. “We provide a middle- and back-office solution from end to end, from portfolio to investor accounting and reporting. All of this capability in one solution coming from the same vendor is quite powerful. One of our greatest strengths as a firm is that we don’t just offer clients one piece of the puzzle – we offer all the key pieces,” Nerlekar explains.

Additionally, SS&C provides seamless integration to third-party providers, such as market data feed providers Bloomberg and ICE and third-party order management systems. SS&C also provides investor portals for an enhanced end-user experience.

A modernised platform for private debt

“We are working to provide a modernised web-based platform for private debt. Clients will be able to log into Geneva directly from their web browser to get access to all the information they need – be it reporting, accounting, reconciliation, transactions, etc.,” Nerlekar revealed.

Web access would dramatically change the user experience, providing greater usability and keeping costs down: “Users will no longer have to worry about upgrading their system, which can be time-consuming. We will automatically push upgrades, which means clients won’t incur any additional costs.”

The new platform will provide private debt managers with a key capability – reading PDF documents and turning them into data that can be processed. Nerlekar comments: “The private debt asset classes are still manual, and there is a lot of overhead involved in translating documents into data. We spend millions planning and modernising our platform with strategic acquisitions like Vidado, a high powered Artificial Intelligence application that reads hand written data sources and converts it to readable, actionable digitised data.

“Many private loans are still transacted on paper or via email. We currently have a dedicated loans team, which takes all of that information and converts it into a data format that can be read by a system. Our enhanced platform will be able to ingest an email or a PDF and convert that into a transaction.”

Staying ahead of the curve

Keeping up-to-date with the industry changes, including regulation, is another element in providing a high-quality service to private debt managers.

In Nerlekar’s view: “Investors are requesting more transparency and more robust reporting from private debt managers. We are up to date on building solutions to help them provide this to their clients. We actively work to make sure we build into our system functionality and features related to any new regulation.”



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One example of this is the end of Libor in 2021. The widely used benchmark for short-term rates will be replaced by the Secured Overnight Financing Rate (SOFR) at the end of the year. From its perspective, SS&C is prepared for this shift.

“The move from Libor to SOFR is a hot topic in the debt world. We are going to SOFR capability available for all our clients and prospects in February. Although the deadline for existing loans was pushed to 2023, any new loans issued as of June 2021 use SOFR, and we want to make sure our clients are ready.

“We invest heavily in our solutions and have two major releases a year. We have a dedicated development team, which is focused on making sure we stay ahead of the curve,” Nerlekar notes. ■

Aani Nerlekar

Director, Solutions Consulting, SS&C Advent



Aani Nerlekar is a Director of Solutions Consulting based in San Francisco. He brings a wealth of hands-on experience to the team, working closely with prospects in understanding their business needs, functional and technical requirements for portfolio, fund structure, legal entity and investor accounting. Aani is also part of the Global Solutions Management team, working with Product Development on prioritising the roadmap, and assisting with the design of new features in Geneva.

Economic conditions are ripe for distressed debt.

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