



## Allison Yacker Discusses Trends Regarding Hedge Fund Managers and Separately Managed Accounts

January 5, 2017

New York Financial Services co-chair, Allison Yacker, was interviewed by *Hedge Fund Legal & Compliance Digest* on the advantages and legal implications for investing in separately managed accounts. Allison noted that hedge fund managers need to be "ready to deal with the legal, operational and regulatory burdens associated with managed accounts." She stated, "When opening a managed account, a manager must be prepared to implement its investment mandate through the investor's chosen platform or service providers. Therefore, before opening the account, the manager has to consider whether it can fulfill its investment mandate within those parameters, including from a cost, technology and overall infrastructure perspective. With regards to costs, the ongoing costs of running a commingled fund are borne pro rata by all investors, while the sole investor in a separately managed account bears those costs alone. The manager must therefore evaluate its transaction and execution costs and how that will affect the expense ratio and the ultimate returns to the managed account investor."

Meeting disclosure requirements also is a significant concern, with Allison adding, "If a manager operates both a commingled fund and a managed account, or is considering doing so, the manager should make sure that the offering memorandum for the fund contains risk factors that adequately disclose the risks associated with managing both a fund and a managed account, including disclosure of any potential risks that investors in the fund can suffer based on the activities of the managed accounts, such as withdrawals from the account." ("[Understanding the Practical, Operational and Legal Implications of Offering Managed Accounts to Investors Seeking to Avoid Drawbacks of Commingled Investment Vehicles](#)," January 5, 2017)

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