



MAPLES  
GROUP

# STRATEGIC RELATIONSHIP AGREEMENTS

Relationship-driven Solutions  
for Institutional Investors

[maples.com](http://maples.com)



# STRATEGIC RELATIONSHIP AGREEMENTS OVERVIEW

With institutional investors under increasing pressure to maximise returns, finding innovative ways of redefining the traditional relationship between allocators and managers could play a significant role in enabling outperformance. This idea of a relationship-based structure and compensation agreement is the foundation of the Strategic Relationship Agreement ("SRA"), which has been embraced by both top-tier managers and sophisticated investors.

Formerly known as a Managed Custody Account, an SRA is a relationship-based agreement that seeks to:

- Create a governance structure that allows the investment team of an asset allocator to work more efficiently with an asset manager;
- Make the asset manager a fiduciary to the asset allocator at the relationship level instead of at the individual fund / asset level;
- Enhance alignment of interests between the asset allocator and the asset manager, usually through a fee netting agreement which increases compensation for the manager based on the success of the overall relationship rather than the individual sleeves or investments; and
- Reduce contracting time and costs for both the asset allocator and asset manager by capturing key terms in the SRA agreement and dramatically reducing the contracting burden for future investments under the SRA structure.

SRAs create an umbrella relationship with an individual manager that transcends multiple structures – including commingled funds, managed accounts, fund-of-ones and direct co-investments. By using SRAs, allocators have the ability to efficiently deploy capital across any of a manager’s funds, strategies or other investment

opportunities – such as co-investments. Management and performance fees are calculated at the aggregate level across all investments with a given manager, creating incentive for managers to share responsibility for optimising allocations across their own strategies and offerings.

**Client’s Portfolio**  
Strategic Relationship Agreement

<b>Structure</b>	Separately Managed Account ("SMA") with prime broker and term credit facility	Hedge Fund	Fund-of-One	Limited Partnership	Special Purpose Vehicle	SMA with investor’s current custodian
<b>Strategy</b>	Liquid Structured and Direct Corporate Credit	Credit Opportunities Fund	Real Estate Loans	Direct Corporate Lending	Fund-of-Funds with credit facility	Direct Illiquid Investments and Co-investments
<b>Assets</b>	Leveraged Loans and High Yield Bonds	BCDs, REITs, Credit-focused Closed End Funds and other opportunistic income	Directly originated financing of commercial real estate and multi-family properties	Directly Originated Loans, Middle Market, Project Finance and Asset-backed Loans	Stressed / Distressed Debt, Post-reorg Equities, Rescue Capital and Asset-backed Investments	Private Equity, Direct Loans, Post-reorg Equities, Rescue Capital and Asset-backed Investments



# ADMINISTRATION SERVICES

Successful operation of an SRA requires a robust infrastructure and coordination between multiple involved parties – including managers, investors and custodians.

The SRA structure increases reporting complexities and creates an additional fee calculation waterfall. Governance best practices would recommend the use of a third party administrator that can address the operational complexities inherent to SRAs to ensure data integrity and accuracy in the measures that matter. This may include the verification and reconciliation of assets and valuations, performance monitoring, fee calculations and consolidated reporting.

The Maples Group has a proven track record for excellence and is well versed in the complexities of the SRA structure. We have the capabilities and expertise to ensure that the terms of an SRA are executed properly and that the operational complexities of this new paradigm are addressed.

Our full service solution is comprised of the following elements:

- Maintain a set of books and records for the SRA including aggregating investment information for the commingled funds from the administrator and / or custodian as required;
- Independently record all expenses for the SRA;
- Calculate portfolio performance and risk metrics;
- Rapid integration with fund managers, prime brokers and custodians with the flexibility to support position and transaction data capture;
- Automated reconciliation tools to help ensure data consistency and integrity;
- Access to independent market data vendors for verification of valuations, corporate action events and security master data;
- Independent management and performance fee calculations for all elements encompassed within complex SRA contractual agreements; and
- Customisable, intuitive reporting that consolidates data from multiple structures into meaningful information.

## Client's Portfolio

### Strategic Relationship Agreement

<b>Structure</b>	SMA with prime broker and term credit facility	Hedge Fund	Fund-of-One	Limited Partnership	Special Purpose Vehicle	SMA with investor's current custodian
<b>Strategy</b>	Liquid Structured and Direct Corporate	Credit Opportunities Fund	Real Estate Loans	Direct Corporate Lending	Fund-of-Funds with credit facility	Direct Illiquid Investments and Co-investments
<b>Maples Group Admin Services</b>	Full admin	Shadow admin	Full admin	Shadow admin	Full admin	Shadow admin with pricing support

# CONSOLIDATED REPORTING

Our consolidated reporting can help to articulate the value of your SRA programme.

We have significant experience in the provision of insightful information to managers, investment teams and trustees through our industry-leading consolidated reporting offering.

Using our standard reports as a foundation – and further customising them to suit each client's

needs – we can help to unlock and illustrate the specific value of an SRA programme. On a periodic basis, we can provide both managers and investors with reports that consolidate investments, transactions, performance and risk analytics, and fees and expenses associated with all of the elements encapsulated within the SRA.







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It is critical to have a third party track the performance of the hedge funds, drawdown funds and separate account performance, in addition to the fee savings. A third party administrator is imperative in order to effectively communicate performance and fee savings to one's governing board.

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**Tim Barrett**

Chief Investment Officer and Associate Vice  
Chancellor of Texas Tech University

# CONTACTS

For further information on our services, please contact:

## Americas

### Mark Weir

+1 514 228 2217  
mark.weir@maples.com

### James Perry

+1 857 256 4327  
james.perry@maples.com

## Asia

### Eastern Fong

+852 3655 9005  
eastern.fong@maples.com

## Europe

### Christina McCarthy

+353 1 697 3224  
christina.mccarthy@maples.com

### Kieran Fox

+353 1 512 3178  
kieran.fox@maples.com

## Middle East

### Fred Tabbal

+971 4 511 4201  
fred.tabbal@maples.com



The Maples Group is a leading independent global fund services provider operating in key financial centres across the Americas, Asia, Europe and the Middle East. Working within these jurisdictions, the Maples Group offers a wide range of services and operational support to alternative investment funds and institutional investors. The Maples Group's expert teams and innovative technology provide clients with high-quality service and adaptable solutions that create value and enhance effective management



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