

# European Service Provider Insights

SPECIAL REPORT 2020

## TECHNOLOGY

Manager understanding comes of age

## CYBERSECURITY

DIY routes must be avoided

## INVESTMENT ENVIRONMENT

Challenges encourage creativity

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# Due diligence assessments on the rise

## Constellation Advisers: Best Outsourced Accounting Firm

The increase in transparency demands within the investment industry has led to an upshot in business for firms offering due diligence assessments. Carrying out this work allows these due diligence practitioners to be at the forefront of evolving industry best practice.

"We anticipate that hedge funds will continue to face increased infrastructure, reporting and regulatory requirements by institutional investors, a tough capital raising climate and continued fee compression. As such, managers will have to take a serious look at how they are currently operating their business," says Greg Farrington, President of Constellation Advisers.

Firms like Constellation can help investors meet these challenges head-on. The firm supports all non-investment functions of an organisation and by doing so, can do it in a more cost-effective manner while providing its clients with better efficiencies and additional bandwidth. Delegating key, non-investment related functions to experienced outsourced partners can help funds of all sizes to optimise and streamline their operations.

"Furthermore, innovation is challenging but vital to the overall growth and evolution of the business, Farrington continues, "we always want to remain true to our core tenants of proving best in class accounting, financial, operational, regulatory and compliance support services to our clients. However, with the rise of the competitive landscape, we also want to remain innovative as we expand our service offerings to offer additional solutions to our clients."

One example of these new services is the Partnership Representative. This was introduced in response to the new IRS regulations and sees Constellation naming a qualified and knowledgeable practitioner as the Designated Individual.

Hedge funds currently account for 60% of Constellation's clientele and Farrington expects this to continue expanding; overall the firm's business has grown from around 350 clients in 2018 to over 500 to date in 2020.

"We have a "client first" approach and will continue to keep that at the forefront as we deliver a superior level of services and strategic advice to our clients.... Not only are we accounting, operations and compliance experts, but we are due diligence practitioners as well. We routinely perform operational due diligence assessments on behalf of some of the largest and most active global institutional allocators, pensions, endowments and foundations. These engagements allow us to remain at the

forefront of evolving industry best practices and serve as trusted advisers to our global client base," he notes.

Farrington underlines the firm provides a highly customisable institutional level service offering which is delivered on either a co-sourced or fully outsourced basis. "We tailor each engagement to the client's specific requirements from the beginning and modify our level of support as the client grows and scales," he says.

The firm plans to continue investing in technology, people and processes across the firm and will also open more offices in the US and internationally in the coming years. More specifically, Constellation plans to open an office in Chicago in the second quarter of 2020, followed by the launch of an office in London in 2021. ■



**Greg Farrington**  
President, Constellation Advisers

Since joining Constellation in early 2009, Greg Farrington has focused his efforts directing teams on buy side due diligence, regulatory and compliance requirements, operational assessments, internal controls, and working with traditional and alternative investment management clients and their institutional allocators. Greg has over 18 years of investment management expertise. Across Constellation's client base, Greg coordinates relationships with executive management, and oversees project execution teams for formal reporting and remediation of any potential concerns of clients. He is responsible for the due diligence and consultative services lines, as well as the implementation and ongoing maintenance of client regulatory and compliance programmes, including directing teams in response to a client's regulatory examination or inquiry. Greg has extensive expertise advising hedge funds, private equity firms, investment advisors, endowments, foundations, trusts, family offices, high net worth individuals, fund administrators, prime brokers, and other financial institutions. Prior to Constellation, Greg was employed with Deloitte & Touche where he was responsible for the delivery of alternative investment consultative and attest services to hedge funds and private equity firms. Greg was one of the founders of Investment Management Due Diligence Association and is a member of National Association of Corporate Directors.