

CURRENT GLOBAL ODD MODEL

- ‘Investor/allocator pay’ model with extreme duplication across the market
- Driven by large institutional FOFs and global banks selling their own product
- Large fiduciaries have in-house teams, although some also outsource
- \$7,500-\$15,000 per fund cost for both hiring in-house or outsourcing
- Fund pay model currently not generally used in the United States
- Only outsourcing provides a truly independent assurance opinion

THE GENERAL ODD PROCESS



Phase 1

Documentation review.

Phase 2

Confirmatory due diligence including in depth service provider confirmations.

Phase 3

Site visits, interviews with investment manager back office team, systems demonstrations, other onsite demos.

Phase 4

Analysis, write-up, and issuing of opinion.

'FUND PAY' PROS



Investors don't individually pay.



Everyone can access the report for free.



The manager is accountable every year.



The manager is informed of their gaps.



Experts are conducting the ODD reviews.

'FUND PAY' CONS



FOFs won't buy into the model.



Conflicts of interest/less independence.



Managers are nervous and hesitant.



Managers do try to influence reporting.



Thousands of ODD staff lose their jobs.