



CORGENTUM

INTEGRATED DUE DILIGENCE –
*Corgentum's Full Service
Background Investigation and
Operational Due Diligence Model*

It has become increasingly apparent to investors that there are many drawbacks in disconnecting the background investigation process from the operational due diligence process.

Fixing a Broken Background Investigation Model

Most investors no longer need to be convinced about the benefits of performing a background investigation on a hedge fund or private equity manager.

All one has to do is consider the prospect of unknowingly investing with a fund manager that has previously been convicted of a crime or lied about their educational or professional background. As any investor who has had a third-party firm perform a background investigation in the past knows all too well, traditional background investigations are generally very limited in their actionable advice.

Furthermore, many issues often come up during an initial background investigation screen, which require a further understanding of the fund manager's business to vet fully. Unfortunately for investors, many background investigations simply stop at identifying issues, not evaluating them. This often leaves investors scratching their heads wondering if ultimately they should be concerned about any findings.

To address this issue, Corgentum Consulting has recently announced the launch of a new service model, which integrates the background investigation process into the firm's industry leading operational due diligence reviews. Specifically, under this model, Corgentum provides investors with:

- The industry's most comprehensive operational due diligence reviews
- Background investigations on US based managers performed in-house by Corgentum personnel



Corgentum's Fully Integrated Operational Due Diligence and Background Investigation Model

Corgentum's full service model of combining background investigations into the operational due diligence process offers clients a seamless, integrated operational and investigative due diligence solution.

The firm's model addresses a long standing disconnect in the operational due diligence space. Traditionally operational due diligence consultants have outsourced the background investigation process to stand-alone investigative firms.

While there is an obvious loss of control under this old process, many investors may question what the downsides are of such arrangements. Specifically, investors often raise two common questions:

"As long as I am sure that my hedge fund manager hasn't been convicted of a crime or lied about their resume, who cares whether the group performing operational due diligence is also the group performing background investigations?"

"Why don't I just hire a separate background investigation firm myself?"

The answer to these questions lies in gaining a better understanding of the hidden risks presented in disconnecting the operational due diligence and background investigation process.



Disconnecting Operational Due Diligence and Background Investigations - The Hidden Risks

	<i>Traditional Background Investigation Process</i>	<i>Corgentum's Integrated Model</i>
<i>Does the background investigation provide any ratings or risk assessments?</i>	X	✓ - Corgentum provides ratings and risk assessments of items uncovered during investigative due diligence
<i>Is there guidance on who to investigate?</i>	X	✓ - Corgentum provides guidance on which key persons and entities to investigate
<i>Customized reports designed to address the risks of each manager?</i>	X	✓ - Corgentum provides customized background investigations that review the unique background and reputational risks of each manager in context
<i>Willingness to deal directly with fund personnel?</i>	X	✓ - Unlike traditional background investigation firms which make investors do the heavy lifting, Corgentum deals directly with fund managers under review and can also conduct direct interviews with fund management.
<i>Pro-active in coordinating the signing of required releases?</i>	X	✓ - In certain cases, employers and educational institutions require the signing of releases to confirm specific details. Corgentum can coordinate the signing of any required releases, alleviating the burden on the investor.
<i>Performs all background investigation work in-house?</i>	X	✓ - Traditional background firms may outsource reviews to other sub-contractors. This represents a real risk for investors with regards to the quality and consistency of investigations being performed. Corgentum performs all background investigation work on US based managers in-house.
<i>A streamlined process integrated into the overall due diligence review?</i>	X	✓ - Corgentum offers a streamlined background review process directly integrated into the overall operational due diligence process.

Solving the Data Overload Problem

The problem with most traditional background investigation firms is that they generally focus on verifying and collecting information, not evaluating it. This often results in a data dump mentality where investors receive voluminous reports filled with pages of patently useless information and media reports. The focus of these traditional investigations is not on providing an explanation of the findings or guidance of how to interpret the information.

Corgentum's solution is to provide investors with investigations that:

- Contain risk assessments across each key background investigation category
- Explains what findings mean in a user-centric way – for example, the difference between a traditional report which states only *"four lawsuits found"* versus Corgentum's more detailed explanation of, *"one lawsuit found, with three related appeals all of which were dismissed"*
- Provides perspective on findings – as an example this the difference between a traditional report which states, *"we located five UCC filings"* versus Corgentum's assessment of the findings *"these five UCC filings reviewed do not represent a material concern and are related to the leasing of equipment"*

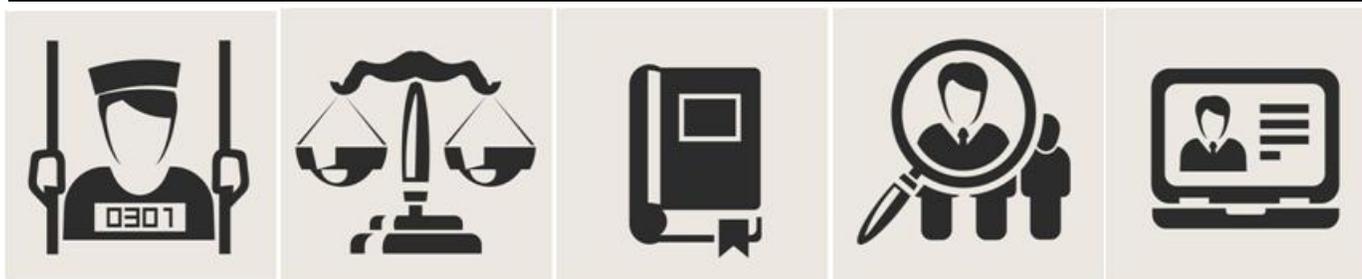
A new model that shifts focus from data dump verification to an investor focused evaluation of background investigation data



Comprehensive Background Coverage

Corgentum's investigations cover a comprehensive list of key background and reputational risks across five core areas.

CRIMINAL	LITIGATION	REGULATORY	FACTUAL INFORMATION	MEDIA
Arrest records	Docket searches	Searches of US regulators including SEC, FINRA and CFTC/NFA	Employment and education verifications	Online searches of web content
Parole and probation records	All federal and state courts	Non-US regulators records searches	Asset searches (property, vehicles etc.)	Broad media search
Sex offender searches	Bankruptcy, foreclosures and tax case searches	OFAC and global sanctions search	Social security verification	Industry-specific periodicals and scholarly article searches
Driver's license search / traffic citations	Judgments and liens searches	Federal agency decisions	Fictitious names / DBA searches	Social media screens



The Benefits of an Integrated Operational Due Diligence Model



Corgentum's new integrated, full service solution offers investors and due diligence analysts that work with Corgentum many advantages often missing with other consultants and stand-alone background investigation firms.

Similar to the firm's approach to operational due diligence, Corgentum's background investigation research is a bottom-up, comprehensive data driven process. Our background reviews are focused on providing investors with actionable risk assessments and recommendations to help our clients make better informed investment decisions.

Corgentum's integrated background investigation model is designed with investors in mind. This results in a user-centric report that has many benefits over traditional stand-alone investigation firms including:

- Offering guidance on which persons and entities to investigate (often missing with traditional background investigation firms)
- Less clutter - more meaningful and actionable information
- Explanation and perspective on findings
- Secure online access to reports
- Real-time status updates as the review process progresses
- Turnaround time is key –initial results are available the same day



ABOUT CORGENTUM CONSULTING

Corgentum Consulting is a specialist consulting firm which performs operational due diligence reviews and background investigations of fund managers. The firm works with investors including fund of funds, pensions, endowments, banks and family offices to conduct the industry's most comprehensive operational due diligence reviews. Corgentum's work covers all fund strategies globally including hedge funds, private equity, real estate funds, and traditional funds. The firm's sole focus on operational due diligence, veteran experience, innovative original research and fundamental bottom up approach to due diligence allows Corgentum to ensure that the firm's clients avoid unnecessary operational risks.

Contact Corgentum for more information about how our integrated operational due diligence model can enhance and streamline your due diligence process.

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