

GAINES CAPITAL LORENZ FUND

CASE STUDY

BACKGROUND

Andrew Abbott and James Ziemba spent the early years of their careers as engineers working in the oil and gas industry. As their paths continued to cross, they discovered they shared similar values, career goals and interests. Leaving their engineering roles behind, they teamed up to launch Gaines Capital in 2020.

After launching Lorenz Fund, a multi-strategy hedge fund targeting low correlation and positive skew, they worked with their original administrator for two years before learning that the firm wanted to scratch their existing contract and *raise their monthly fees by 82%*. This motivated the two partners to search for a new administrator, specifically focusing on competitive fees, high-quality service and leverageable technology as primary considerations.

Andrew shared, "There was never an egregious error with our original provider but it became apparent that they were not an institutional caliber service provider. It was a great fit for getting our fund off the ground, but we wanted our investors to have a higher standard of service. We wanted a portal where they could review statements, and timely service with quick responses to questions. Unfortunately, there were some times when investors were left waiting for two days for a response from their overseas staff. This was unacceptable as we are a firm dedicated to the highest quality of service to our clients."

Institutional **Caliber Service** and **Better Technology** Lead to Improved Experience for Emerging Manager

OBJECTIVES



Competitive, transparent pricing with no hidden fees or fee negotiation periodically



Institutional caliber service, dedicated team with quick response and data delivery time



Regulatory requirements with streamlined data and timely reports on a secure platform



Leverageable technology and innovative web portals with easy access for investors to review statements and reports

ACHIEVEMENTS

▲ High-Touch Service Coupled with Competitive Pricing

For emerging managers, fees are a primary consideration. In their search for a new administrator, Andrew and James spent two months researching other options and narrowed it down to two possible providers. Andrew shared, "From the beginning, we thought NAV looked like a great firm. The fees quoted to us were completely transparent from the start, whereas we felt other firms unfortunately had a "nickel-and-dime" approach. Many fees were disclosed weeks into our conversations. As a small business, we needed all fees to be disclosed upfront."

He continued, "Other firms also didn't seem 100% sure about how much to charge for our NFA requirements; it felt like they were pulling numbers out of thin air. We were trying to plan for our business because numbers are tight as an emerging manager. We couldn't run the risk of having unexpected additional fees randomly tacked on strictly because of the product we were trading or regulator request. It just wasn't an option for us."

▲ Streamline Reporting with Regulatory Requirements

From a compliance standpoint, there were other concerns related to particular NFA rules. Andrew shared, "Other firms didn't seem fully versed in certain NFA rules and specific items we need to legally disclose for the fund to be compliant. They were hesitant to include these details in our contract. With NAV it was easy, simple and streamlined. Pricing was transparent, which was a huge value to us. In the end, we chose NAV for several reasons. The investor portal provided an immediate benefit for our investors, and the pricing offered a great value."

▲ Seamless Transition Process

For fund managers, making the decision to switch to a new administrator often raises concerns about disruption, security and added costs. But transitioning to NAV was never a problem for Gaines Capital. Andrew shared details about their transfer process. "Transitioning to NAV was seamless. Our monthly statements were completed and distributed quickly. Madhusudan and his team had an "all-hands-on-deck" approach to getting us up and running. We were so pleased that we weren't relegated to the back of the line due to the smaller size of our fund."

He added, "NAV's responsiveness and quick turnarounds are a step up from our previous administrator. Client service has been excellent. The timely delivery of our reports is very nice, and the price is reasonable for what is offered. As a business owner, we want to partner with firms dedicated to quality and service, and we think NAV has demonstrated that to us."

KEY RESULTS



High-quality service
and competitive
pricing



Timely regulatory
and streamline
reporting



Seamless and
successful
transition



Dedicated team
with quick
response time