



# Markit Valuation Solutions for the Alternative Investment Fund Managers Directive

## Improve transparency in the valuation process

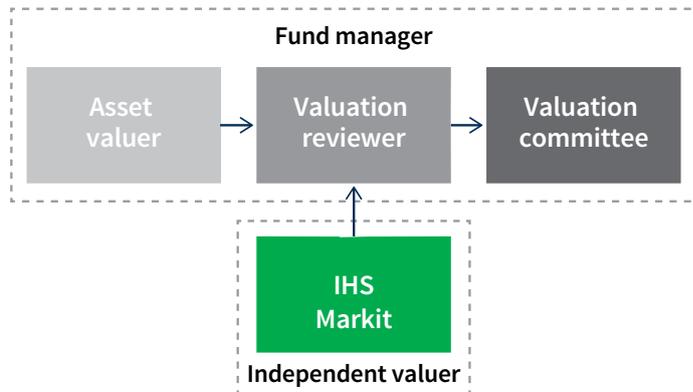
IHS Markit delivers independent and transparent solutions for fund managers requiring compliance to the valuation rules of the Alternative Investment Fund Managers Directive (AIFMD). Our objective valuations bring transparency to the valuation process either as an independent third party or external valuer.

Valuations are fuelled by our independent over the counter (OTC) derivative, bond and loan pricing services and our database of global public company data. Detailed valuation reports provide transparency into our valuation process, including inputs and methodologies, to offer additional insight to clients and enable more efficient audit reviews.

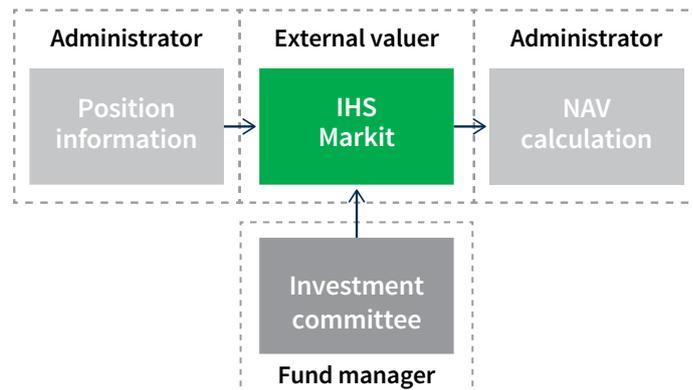
### KEY STATS

- 1,000+**  
illiquid debt / equity valuations per quarter
- 85,000+**  
evaluated bonds priced daily
- 6,400+**  
loan facilities priced daily
- 30,000+**  
public company comparables
- 35**  
global equity industry sectors

## Support for internal valuation teams



## External valuer service



## Independent Valuations

### Support for internal valuation teams

IHS Markit provides annual indicative valuations to internal valuation teams to as a quality check.

Under AIFMD L<sup>1</sup> article 19.4(b), valuations performed by the asset valuer, must be functionally independent from the portfolio management team and have a separate remuneration policy.

The asset valuer generates and delivers valuations to the valuation reviewer, who makes the final determination of asset values based on the manager's valuation policy. Final valuations are delivered to the valuation committee for approval.

Under AIFMD L<sup>2</sup> article 71.3(d), the valuation committee defines and revises the manager's valuation policy. This should include the requirement to review individual asset values and compare these with values generated by an independent valuer.

Under AIFMD L1 article 19.10, the valuation committee is responsible for ensuring that assets are properly valued, and that only approved valuations are used in NAV calculations.

<sup>1</sup> Directive 2011/61/EU of the European Parliament and of the Council, 8 June 2011.

<sup>2</sup> Commission Delegated Regulation (EU) No. 231/2013, 19 December 2012.

### External valuer service

IHS Markit provides quarterly external valuations for input to NAV calculations

Under AIFMD L1 article 19.4(a), valuations are calculated by an external valuer, independent from the fund manager. The external valuer uses data obtained from the fund's administrator or from the fund manager.

The external valuer performs valuations and makes the final determination of asset values based on the valuation policy agreed with the manager's valuation committee. Final valuations are delivered to the administrator for input into the NAV calculation process.

Under AIFMD L1 article 19.10, the valuation committee is responsible for ensuring that valuations are performed in line with the manager's valuation policy and that these values are used in the calculation of the fund's NAV.

## Valuation Coverage

Valuations to support internal valuation teams	External valuer service	Asset class	Instrument types
✓	✓	Unlisted equity	Enterprise valuations, equity valuations
✓	✓	Illiquid debt	Mezzanine debt valuations, private placement valuations
✓		FX	Spot, forwards, NDFs, FVAs, swaps, options, exotic structures across major and emerging market currencies
✓		Equities	Options, indices, swaps (div, var, vol, correlation), exotic structures
✓		Commodities	Forwards, swaps, options on physical, financial, energy and metals
✓		Rates	Swaps, swaptions, caps/floors, inflation, CMS, exotic structures
✓		Credit	CDS, TRS, indices, options, CDOs, CLNs
✓		Structured products	TARNs, auto-callable, PRDCs, etc. across asset classes
✓		Cleared derivatives	Price distribution from ICE, CME, LCH, Eurex, JSCC, SGX
✓		Cash products	Evaluated bonds, consensus loans and ABS/MBS products

IHS Markit provides coverage for liquid and illiquid positions for fund managers adopting the internal valuation team model or opting to use an external valuer.

## More information on IHS Markit products and services

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