



CRYSTAL
CAPITAL PARTNERS

MANAGER DUE DILIGENCE FRAMEWORK

The Institutional Infrastructure Checklist

Six questions to run against any alternative investment manager before allocating, the same standard Crystal applies before a manager is added to its platform.

"Institutional" does not mean large or famous. It refers to a specific, checkable set of machinery that determines whether a manager can be wrong on a position and still be standing on the other side of it, or becomes a forced seller into a falling market.

☐ Independent Risk Function

Ask: Who can cut exposure, and on whose timetable?

A risk function that sits apart from the portfolio manager and is empowered to reduce exposure on its own schedule, not one that waits for a lender to force the decision through a margin call. Concentration sets how far a fund can fall. This function decides whether the manager, or the manager's lender, controls the exit.

☐ Independent Administration & Valuation

Ask: Who verifies what the fund actually owns?

Positions and valuations confirmed by a third-party administrator, not solely represented by the person who made the investment decision. Marks you cannot independently verify are marks you are taking on trust.

☐ Depth of Research Bench

Ask: Does the thesis survive if one person leaves the room?

A process built on institutional research infrastructure rather than the judgment or conviction of a single individual, however talented. When the process lives inside one person, you are not underwriting a strategy. You are underwriting a biography, and you cannot diversify a biography.

☐ Established Compliance & Operations

Ask: Was this infrastructure built before the stress event, or during it?

Operational and compliance systems that were tested and functioning prior to a market dislocation, not assembled in response to one. Infrastructure improvised under stress is the definition of unproven.

☐ Durable Capital Base

Ask: Is the capital structured to survive a drawdown, or to be dictated by one?

A capital and redemption structure built to endure a reversal, so leverage and liquidity mismatches do not force selling at the worst possible moment. A track record earned entirely in one up-cycle has never had to prove this.

☐ Liquidity Match

Ask: Do redemption terms, asset liquidity, and leverage terms actually line up?

The liquidity a fund offers investors should match the liquidity of what it holds and the terms of any leverage against it. When they diverge, the liquid book gets sold to meet demands the illiquid book created, and the part that "survives" often survives only because no one could reach it. That is not risk management. That is a mismatch that happened to break the right way.

Crystal applies this due diligence framework when evaluating managers across hedge funds, private equity, and private credit before they are made available on the platform.

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