



The 2018 GC McLagan Hedge Fund Administration Survey

A wide angle view of services

The 2018 Hedge Fund Administration Survey has been expanded to cover new client demands and allow for a more granular assessment of service received.

The 2018 Hedge Fund Administration (HFA) Survey is a continuation in a series of surveys produced jointly by AON McLagan Investment Services (McLagan) and Global Custodian (GC), following signature of their agreement to co-operate in the management of client experience surveys in the securities services industry from March 2018. A Survey FAQ, published in this edition and online, explains how the relationship works and who to contact in the event of specific queries.

As in 2017, the HFA Survey, which was open for submissions between May and July 2018, asked clients to assess the services that they receive from their fund administrators. Comparison between years was limited, as this year's questionnaire was extensively updated to reflect changes in both client priorities and services provided. Last year's questionnaire included 30 questions across nine service areas. This year's was expanded to 54 questions across 19 service areas (See Methodology). Respondents were, however, offered the option of giving an overall assessment of a service area.

Clients were asked to rate services by stating how much they agreed or disagreed with a statement regarding a service based on a scale of 20 points. For publication, however, results were converted to the seven-point scale (where 1=unacceptable and 7=excellent) familiar to Global Custodian readers.

In the provider write-ups that follow, respondent profiles by size and location are published along with category scores and their variation from the global average. Table 1 provides aggregate scores by category as well as by the respondent segments covered in the provider profiles. This may add further colour to the individual provider profiles. Larger clients, for example, tend to be less generous in their scoring than their smaller peers. As a result, providers with a relatively

TABLE 1: AGGREGATE SCORES BY RESPONDENT PROFILE

| | Global Weighted Average Scores | Firm Size | | | Location | | |
|---|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | Large | Medium | Small | Americas | EMEA | APAC |
| Total | 5.99 | 5.78 | 5.74 | 6.14 | 6.13 | 5.70 | 6.00 |
| Client service | 6.02 | 5.62 | 5.68 | 6.25 | 6.20 | 5.50 | 6.14 |
| On-boarding | 5.71 | 5.41 | 5.34 | 5.96 | 5.87 | 5.32 | 5.82 |
| Fund accounting | 6.21 | 6.14 | 6.04 | 6.28 | 6.30 | 6.02 | 6.18 |
| Investor services | 6.06 | 5.95 | 5.84 | 6.16 | 6.23 | 5.73 | 6.02 |
| Reporting to investors | 6.02 | 5.71 | 5.77 | 6.18 | 6.16 | 5.74 | 5.97 |
| Reporting to managers | 5.86 | 5.60 | 5.50 | 6.07 | 6.04 | 5.44 | 5.97 |
| Reporting to regulators | 6.02 | 5.60 | 5.75 | 6.19 | 6.01 | 5.94 | 6.13 |
| Reporting to the tax authorities | 5.98 | 6.07 | 5.48 | 6.14 | 5.92 | 5.83 | 6.15 |
| Reporting to auditors | 6.09 | 5.89 | 5.88 | 6.21 | 6.27 | 5.74 | 6.03 |
| KYC, AML and sanctions screening | 6.03 | 5.73 | 5.92 | 6.15 | 6.26 | 5.84 | 5.84 |
| Depository services | 5.99 | 5.90 | 5.45 | 6.24 | 6.34 | 5.52 | 6.04 |
| Corporate secretarial services | 5.86 | 4.91 | 5.79 | 5.96 | 6.15 | 5.78 | 5.63 |
| Middle office services | 5.86 | 5.24 | 5.66 | 6.06 | 5.90 | 5.66 | 6.07 |
| Banking services | 6.07 | 6.06 | 5.84 | 6.17 | 6.22 | 5.92 | 5.99 |
| Operations | 6.12 | 5.96 | 5.81 | 6.29 | 6.32 | 5.89 | 6.01 |
| Capital introductions* | 4.63 | N/A | 4.14 | 5.41 | 4.63 | N/A | N/A |
| Cyber-security | 5.99 | 5.94 | 5.87 | 6.07 | 6.09 | 5.69 | 6.16 |
| Price | 5.82 | 5.51 | 5.87 | 5.87 | 5.94 | 5.65 | 5.76 |

* A small minority of HFAs offer this service. While responses were received from several participants, these were insufficient to award individual provider scores for this category.

large cohort of large respondents in their survey sample may find this reflected in some of their category scores.

Aggregate category scores in this year's survey, with the exception of Capital Introductions, fall in a relatively narrow

range (5.71-6.12), suggesting general satisfaction with service consistency. Where, in individual cases, spreads are larger, this is often the result of one or two 'outliers'.

See page 69 for Methodology

Apex Fund Services

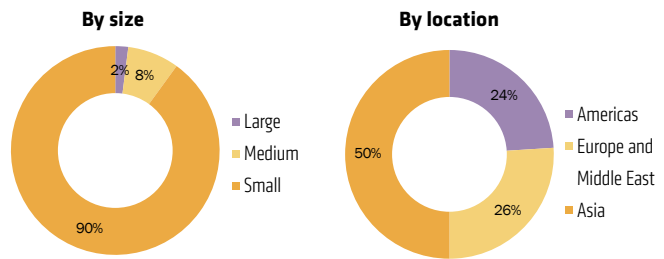
Apex has attracted more responses than any other provider in the survey. That alone is tribute to a consistent strategy, faithfully executed, and a string of acquisitions, successfully integrated. Local operations are name-checked regularly in the comments, and former clients of acquired businesses speak only of their expectations, not their anxiety. “Hopefully now DB has moved onto a more agile platform as part of Apex, they can make improvements to the current service,” writes one of them. But the excellence of the scores, whose averages clear the survey benchmarks with ease in all but two service areas, is the true reward. That for client service comes garlanded with praise. “We have been extremely pleased with this administrator since launching our fund 10 years ago,” writes one respondent. “We still have the same relationship manager and would not consider any change. The team is very attentive and responsive, courteous, diligent and prompt in responding to the needs of our portfolio managers and our small business as a whole.” A second delivers the ultimate accolade: “Apex Fund Services does extremely well in partnering with me, and we consider them an extension of our firm.” Even the less-than-ecstatic clients are readier to blame themselves (“Any delays in reporting [to LPs] are attributable to the GP”) or to find extraneous explanations (“There was some rotation of personnel working for the company, which is not an Apex-specific problem but a general problem in the highly competitive field of fund administration”).

In the core services of fund accounting (“Apex provides monthly data and client statements to us in formats that we designed”), investor services (“They follow our instructions exactly about how investors are to be treated and are willing to go to exceptional lengths to assure investor satisfaction for both small and large investors”) and reporting to investors (“Apex is very flexible and accommodating to investor requests”), managers (“They provide everything I need”), tax authorities (“There has been timely reporting to tax authorities before every due date”), auditors (“My auditors are very complimentary of Apex – they do an excellent job on our audit”) and regulators (“so far, so good”), the flattering comments are equal to the scores. In the more testing field of KYC, AML and sanctions screening checks, the inevitable offences are judged venial (“Some procedures are quite lengthy and troublesome”) or commendable (“Very tough on trusts or holding company structures”). Unusually, there is more praise than grumbling for the on-boarding process. “Apex representatives were available 24/7, answering questions and helping get our fund set up,” writes one with recent experience of the process.

Clients believe Apex prices its services keenly (“competitive with market rates”) and fairly (“I believe Apex earns the fees it charges, and that they are customary and reasonable”), that it takes a long-term view of minnows and start-ups (“friendly to relatively small set-ups”) and that it adapts its rate card to changing circumstances (“Apex reduced its fee when we were struggling to raise assets and has only increased its fees once in ten years”). One client even says that the service is “so exceptional, that we volunteered to pay higher fees.” Where both

scores and comments point to palpable room for melioration is in corporate secretarial services. “The administration service is very good, but they can improve on the corporate secretarial services,” writes one client. A second agrees that “this service has room for improvement.”

PROFILE OF RESPONDENTS



| Weighted average scores | | |
|-------------------------|------|------|
| 2016 | 2017 | 2018 |
| 5.95 | 6.14 | 6.19 |

| Weighted average scores by service area | | |
|---|------------------------|------------------------|
| Service area | Weighted average score | +/- the global average |
| Client service | 6.33 | 5.1% |
| On-boarding | 6.02 | 5.3% |
| Fund accounting | 6.35 | 2.4% |
| Investor services | 6.23 | 2.8% |
| Reporting to investors | 6.16 | 2.4% |
| Reporting to managers | 6.11 | 4.3% |
| Reporting to regulators | 6.34 | 5.3% |
| Reporting to the tax authorities | 6.24 | 4.3% |
| Reporting to auditors | 6.25 | 2.7% |
| KYC, AML and sanctions screening | 6.23 | 3.3% |
| Depositary services* | 6.12 | 2.0% |
| Corporate secretarial services | 5.97 | 1.9% |
| Middle office services | 5.84 | -0.4% |
| Banking services* | 6.37 | 4.8% |
| Operations | 6.25 | 2.2% |
| Cyber-security | 6.31 | 5.5% |
| Price | 6.06 | 4.2% |
| Total | 6.19 | 3.4% |

*Legacy Deutsche Bank services

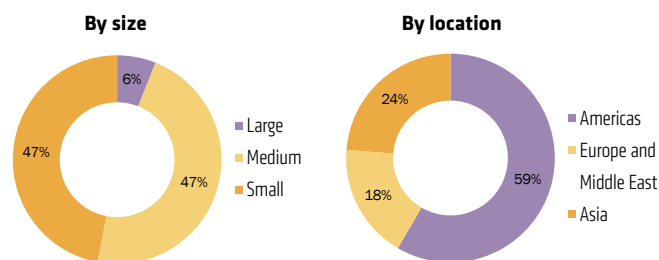
BNP Paribas Securities Services

BNP Paribas is scoring exceptionally well among hedge fund managers exactly where a bank should: banking, middle-office operations and cyber-security. “One-stop services and single contact, very clear team structure and a designated account manager can solve your problem [in a] timely [manner],” says a client. In the core fund administration services, the verdict is bifurcated, with an excellent score for fund accounting offset by a lower (albeit still impressive) score for investor services. In fund accounting, a client is glad to work with a “very experienced team” and employees who are “loyal to the company,” while in investor services, a respondent insists that “BNP is fully capable of handling side letters, etc.” Indeed, the flavour of the comments is redolent of a business that understands the needs of sophisticated clients so well that little needs to be said. In fact, since it completed the acquisition of the Prime Fund Solutions business of Credit Suisse in 2015, bringing single managers as well as fund-of-funds to the French bank, an alternatives business originally focused on the needs of institutional investors and funds-of-funds has widened its appeal. The strategic conviction, that hedge and traditional investment funds are converging as well as globalising, remains intact. As a major custodian, BNP Paribas can offer managers integrated custody and/or depositary services, asset servicing and collateral management, as well as the core administrative functions of fund accounting and investor services. The French bank also possesses a thriving prime brokerage arm, creating opportunities to cross-sell securities financing and borrowing services, or the more selective combination of these services known as “enhanced custody.” In this context, the score for depositary services, albeit delivered by a minority of respondents, reads oddly. It suggests that clients are yet to be convinced by the ability of an in-house depositary to work with the fund administration arm of the same institution in a way that creates efficiencies for them. Reporting in general is not the strongest area for the bank, though the scores for reporting to managers, auditors, investors and tax authorities are eminently respectable. “They provide auditors with timely responses and adequate information,” is the under-stated verdict of one client. BNP Paribas, in fact, has invested in consolidating trade, position, valuation, redemption and subscription, performance and other data, and presenting it to managers in self-organising ways across mobile as well as fixed platforms, so this is likely to be a problem of awareness. Where respondents are unequivocally impressed is in the middle office, where the French bank is well-placed to provide the right blend of services.

All in all, these scores suggest that BNP Paribas is dealing adroitly with the strategic conundrum set by regulations that place investors in the first place and central banks that insist on allocating adequate capital to risk. The post-crisis conviction that alternative asset managers would gravitate to banks with large balance sheets is now being put to the test, as those same balance sheets make it harder for bank-owned providers to compete on price with non-bank administrators – especially

in a marketplace in which the margins in fund management are also shrinking. On price, tellingly, BNP Paribas gets one of the best scores in the survey.

PROFILE OF RESPONDENTS



| Weighted average scores | | |
|-------------------------|------|------|
| 2016 | 2017 | 2018 |
| 5.96 | 5.94 | 6.19 |

| Weighted average scores by service area | | |
|---|------------------------|------------------------|
| Service area | Weighted average score | +/- the global average |
| Client service | 6.18 | 2.7% |
| On-boarding | 5.88 | 2.8% |
| Fund accounting | 6.60 | 6.3% |
| Investor services | 6.15 | 1.5% |
| Reporting to investors | 6.30 | 4.6% |
| Reporting to managers | 5.92 | 1.1% |
| Reporting to regulators | 5.49 | -8.9% |
| Reporting to the tax authorities | 5.92 | -1.0% |
| Reporting to auditors | 6.16 | 1.3% |
| KYC, AML and sanctions screening | 5.95 | -1.3% |
| Depositary services | 5.99 | -0.1% |
| Corporate secretarial services | N/A | N/A |
| Middle office services | N/A | N/A |
| Banking services | 6.50 | 6.9% |
| Operations | 6.25 | 2.1% |
| Cyber-security | 6.26 | 4.5% |
| Price | 6.46 | 11.0% |
| Total | 6.19 | 3.3% |

BNY Mellon Alternative Investment Services

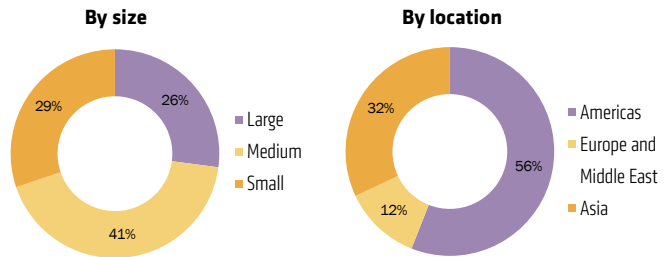
Global custodian banks appeal to managers who like the spread of services to include banking and finance, and value asset safety and sound counterparties. Administration clients have cash and stock borrowing needs that BNY Mellon can meet, not least by intermediating loans advanced by other clients. The “prime custody” service the bank has developed, which offers traditional custody plus a higher level of customer service, aims to meet that sort of need. So it is no surprise to find BNY Mellon scoring well in banking, operations, the middle-office and cyber-security, and not-so-well in process-driven depositary services (“Slow response to remittance instructions” grumbles a client). But this success is not won at the expense of the core services. “Very knowledgeable in fund accounting” writes one client. A second says “the fund accounting team at BNY has been an extension of my team.” Likewise, approval of investor services goes beyond expecting the bank to execute instructions flawlessly. “The investor services team at BNY has been extremely helpful in developing custom client reporting for some of our more complex products,” says a respondent. “They are always available for a call to discuss items and are helpful in providing solutions.” But what will please BNY Mellon most is the improvement in reporting, where the investment in the NEXEN client portal is paying off. Investor reporting attracts a generous score and reporting to auditors a better one. “BNY provides exceptional audit support for our accounts,” says a client. Other comments suggest the NEXEN roll-out is incomplete. “No online portal, or at least not a usable one,” says a client. “We access all data through end-of-day reports and data feed.” A second notices “other administrators focus a lot of resources on technology, giving clients the ability to run their own independent report, drill down into the raw data, and provide more real time FTP feeds. This is an area where I see BNY falling behind.”

The scoring of regulatory reporting is respectable rather than good – although a client says the “BNY reg[ulatory] reporting team is always responsive and helpful, sharing information from regulators, or other clients, to ensure we are consistent with our peers” – but it is not an area BNY Mellon emphasises. As a client concedes, “It is impossible to flexibly respond to the new regulation or the differences and the gaps between the regulations of each country.” Where the bank will want to invest more time is client service, which was an issue last year too, though BNY Mellon has fans (“We have a great working relationship with both our relationship manager, former client service officer and our many department managers. All have been extremely responsive and receptive to feedback, as well as extremely helpful on all fronts”), as well as detractors (“general poor service”). The current hiring spree, driven by the growth of the business, should help improve perceptions of on-boarding as well as responsiveness to clients.

Assets under administration have grown by a quarter over the last five years to \$742 billion, and that has entailed some large and complex transitions. While some clients are happy with what happens (“Over the past couple of years we have on-boarded more than 15 entities and all have been completed without

exception/delays/issues”), others are not (“There is no understanding of local laws. They insist only on their own country law”). In coupling excellence to growth, much will depend on finding the right combination of technology and service.

PROFILE OF RESPONDENTS



| Weighted average scores | | |
|-------------------------|------|------|
| 2016 | 2017 | 2018 |
| 5.33 | 5.23 | 5.87 |

| Weighted average scores by service area | | |
|---|------------------------|------------------------|
| Service area | Weighted average score | +/- the global average |
| Client service | 5.50 | -8.6% |
| On-boarding | 5.27 | -7.8% |
| Fund accounting | 6.29 | 1.3% |
| Investor services | 6.19 | 2.2% |
| Reporting to investors | 5.90 | -2.0% |
| Reporting to managers | 5.66 | -3.4% |
| Reporting to regulators | 5.52 | -8.3% |
| Reporting to the tax authorities | 5.98 | 0.0% |
| Reporting to auditors | 6.03 | -0.9% |
| KYC, AML and sanctions screening | 6.10 | 1.2% |
| Depositary services | 5.17 | -13.8% |
| Corporate secretarial services | N/A | N/A |
| Middle office services | 6.15 | 4.8% |
| Banking services | 6.38 | 5.1% |
| Operations | 6.10 | -0.3% |
| Cyber-security | 6.30 | 5.2% |
| Price | 5.71 | -1.9% |
| Total | 5.87 | -2.0% |

Circle Partners

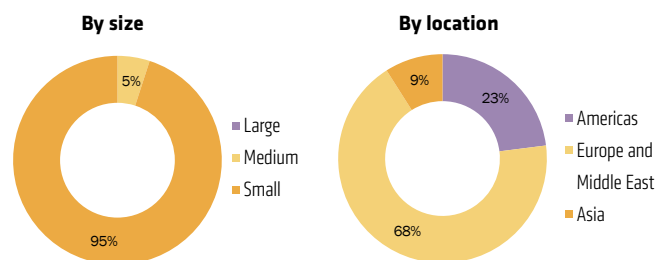
“Circle is a great administrator to work with, and I would highly recommend this firm to my peers in the industry,” writes a happy client. The overall average score certainly speaks of a firm that has the confidence of its small to mid-sized hedge fund clients, and there are testimonials to back it up. “I have only ever experienced excellent services from Circle Partners, with many key personnel I am in daily contact with having been at Circle for many years,” writes one respondent. Others echo this assessment, arguing that “Circle has consistently provided quality service” and that the firm delivers “great value for the quality of service they are able to provide.” One respondent describes the service as “perfect.” Of course, not everyone is happy as that (“The level of service of the NL entity has decreased,” grumbles one client), and at least one respondent would like a price cut (“Fees need to come down and they have not, unfortunately”).

But the most striking aspect of the Circle performance is that the firm earns even better scores in peripheral services (which a minority of its respondents assess) than it does in the core fund administration services of accounting and investor relations (which almost every respondent addresses). Certainly, the scores for fund accounting and investor services are not as high as the comments suggest they ought to be. “We have different sub-funds with different strategies and types of investments,” writes one user of the fund accounting services. “Circle Partners provides accurate and timely accounting for each of the sub-funds.” Another client argues that “they have a very strong and knowledgeable accounting team, who are great to work with,” while a third respondent insists his fund accountant is “one of the top diligent guys we ever met!” Likewise, in investor services, clients have noticed only a “flawless process until now” and a “very responsive investor services team.”

There is a similar disjunction between the scores and the comments in reporting to managers (“Communications between the administrator and the manager are very fluid, questions/comments/issues are solved very quickly”) and to investors (“Perfect, no errors”). Closer analysis of the scores – which finds shortcomings highlighted by averages are, in fact, highly specific – resolves these mysteries in favour of the firm. There is one reporting field in which Circle Partners unequivocally excels. The firm prides itself on its financial reporting services across all reporting frequencies and accounting standards. “Interaction between administrator and fund auditors is very smooth, rarely, if ever, we need to intervene,” attests a respondent. A second agrees that “Circle provides accurate schedules, reports and data to our auditors” and “is responsive to our auditors’ queries.” There is a score to match. For a firm founded as recently as 2000, Circle Partners has maintained an admirable discipline in sticking to fund accounting, investor services, middle-office services and financial, regulatory and tax reporting as it has expanded its geographical reach. Clients are now serviced from offices in Luxembourg, Switzerland, the United Kingdom, Slovakia, the United States, the Cayman Islands, the British Virgin Islands and Curaçao as well as the native Netherlands of the founders. But at least one client would like to see Circle Partners

be more adventurous. “They should strive more to find a right banking partner,” advises a client. “There are two banks and none of them offers proper service.”

PROFILE OF RESPONDENTS



| Weighted average scores | | |
|-------------------------|------|------|
| 2016 | 2017 | 2018 |
| 5.74 | 5.99 | 6.10 |

| Weighted average scores by service area | | |
|---|------------------------|------------------------|
| Service area | Weighted average score | +/- the global average |
| Client service | 6.22 | 3.4% |
| On-boarding | 5.80 | 1.5% |
| Fund accounting | 6.00 | -3.3% |
| Investor services | 5.97 | -1.5% |
| Reporting to investors | 5.69 | -5.4% |
| Reporting to managers | 5.70 | -2.7% |
| Reporting to regulators | 6.50 | 8.0% |
| Reporting to the tax authorities | 6.29 | 5.2% |
| Reporting to auditors | 6.24 | 2.6% |
| KYC, AML and sanctions screening | 6.38 | 5.7% |
| Depository services | N/A | N/A |
| Corporate secretarial services | 6.83 | 16.4% |
| Middle office services | 6.59 | 12.5% |
| Banking services | N/A | N/A |
| Operations | 6.28 | 2.6% |
| Cyber-security | 6.23 | 4.0% |
| Price | 5.92 | 1.7% |
| Total | 6.10 | 1.9% |

Citco

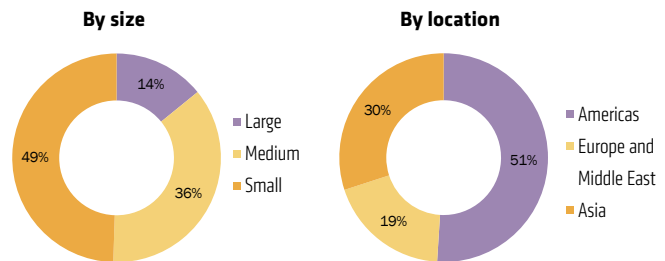
Only two administrators attracted more responses than Citco. The established qualities of the firm are evident in a fine set of scores across client service, fund accounting, investor services, operations and every variety of reporting. “Citco has extensive industry knowledge, provides very prompt feedback, is professional and courteous and does an excellent overall job,” writes a client of longstanding. A second respondent, with the firm less than a year, adds that Citco has “exceeded expectations since we launched ... The team is dedicated, responsive, and I see them as a partner in our business in our early stages and as we grow in years to come.” In fund accounting, the services are variously described as “great,” “excellent” and distinguished by “quality and consistency.” Even a client who acknowledges accounting errors were made agrees the “fund accounting team has been timely, responsive, and makes an ongoing and sincere effort to provide high quality work and meet expectations.”

Scores and comments for reporting to investors (“consistently accurate and delivered in a timely fashion”) and to managers (“excellent and accessible”) are equally flattering. In the comparatively novel field of cyber-security – where Citco earns its best score – there are similar accolades: “Citco have excellent systems and monitoring of cyber-security risks; a real strength for them over the last couple of years.” The firm continues to believe in proprietary technologies as the best way to keep abreast of the evolving industry, but the Citco One reporting tool and the Aexeo transfer agency platform attract mixed reviews. One client “love[s] having Aexeo on my desktop, and with their grid reporting capabilities, I can really dig into and have full transparency into my books and records from an accounting, P&L and position perspective.” But another says, “We do not find their on-line Aexeo system very useful.” Likewise, one respondent sees Citco One as “investor-friendly to navigate,” while a second says that “the portal is clunky and not liked by investors.” At Citco, technology has been an issue for a while, and as every systems installation proves, the gap between implementation and changes in perceptions can be surprisingly long. Implementations also take time (“Looking forward to having a portal/way to access the KYC [that] Citco has on file for our investors”) and, as they proceed, technology colours everything. Here, respondents praise and blame technology across areas as various as audit (“Citco’s system has certain limitations that require manually adding up figures”), reconciliations (“Their technology has helped streamline our daily/monthly process and reduced the redundancy that would normally be required”), reporting to investors (“Citco One ... provides a secure way to communicate investor-specific information”), KYC, AML and sanctions screening (“The burden has increased over the years ... but Citco has improved their technology in response to these challenges”) and client service overall (“Citco is willing to do the ‘extras’ – they are sometimes limited by their own systems/software”).

But, as the client who notes that it was not technology but inadequate review of documents that delayed a subscription, the continuing success of Citco hinges on the quality of its people and processes at least as much as the quality of its technology.

“I have used Citco over the past fifteen years at various firms and am very pleased with how that have grown their platform and increased the value proposition that they offer,” concludes a client.

PROFILE OF RESPONDENTS



| Weighted average scores | | |
|-------------------------|------|------|
| 2016 | 2017 | 2018 |
| 6.02 | 6.20 | 6.07 |

| Weighted average scores by service area | | |
|---|------------------------|------------------------|
| Service area | Weighted average score | +/- the global average |
| Client service | 6.26 | 4.0% |
| On-boarding | 5.80 | 1.6% |
| Fund accounting | 6.30 | 1.5% |
| Investor services | 6.09 | 0.5% |
| Reporting to investors | 6.00 | -0.4% |
| Reporting to managers | 6.02 | 2.8% |
| Reporting to regulators | 5.81 | -3.6% |
| Reporting to the tax authorities | 6.25 | 4.6% |
| Reporting to auditors | 6.17 | 1.4% |
| KYC, AML and sanctions screening | 5.84 | -3.2% |
| Depository services | 6.04 | 0.8% |
| Corporate secretarial services | 5.58 | -4.9% |
| Middle office services | 5.65 | -3.6% |
| Banking services | 6.01 | -1.1% |
| Operations | 6.19 | 1.1% |
| Cyber-security | 6.39 | 6.8% |
| Price | 5.91 | 1.6% |
| Total | 6.07 | 1.4% |

HSBC Securities Services

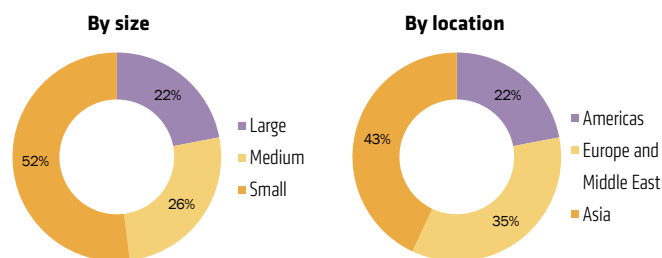
HSBC has enjoyed a sizeable presence in hedge fund administration since it acquired Bank of Bermuda in 2003. The hedge fund industry has changed substantially since then, and HSBC has re-shaped its exposure to it in pursuit of sustainable profitable growth. In common with its parent, HSBC Securities Services has pursued of late that mandate by investing heavily in an upgrade of the digital technologies that underpin its fund administration business, including the core fund accounting and investor services platforms. The first service area in which the benefits become visible tends to be reporting. So HSBC will be disappointed by its score for reporting to managers, though detailed examination suggests that the problem is one of raised expectations, which HSBC has lifted considerably in recent years.

The bank boasts not just of its library of Application Programming Interfaces (APIs) – software tools that are crucial to mobile reporting in particular – but applying robotic process automation, artificial intelligence (AI) and machine learning (ML), distributed ledger technology (DLT) and Big Data tools. Unsurprisingly, managers are as a result looking for more and richer and more accessible data from HSBC. Certainly, the latest digital techniques have the potential to cut data processing costs by eliminating duplication, intermediation and reconciliation, and by automating query handling. They can accelerate the processing of subscriptions and redemptions, speed up the production of valuations, and increase transparency into transactions and portfolios. But in this survey, HSBC has in most areas yet to collect its reward for endeavours of this kind. An exception is regulatory reporting. This is not surprising. As a global bank, HSBC is ideally placed to help managers comply with evolving regulatory demands in multiple markets, and the bank duly collects its highest score for exactly that. The scoring of other forms of reporting is respectable rather than outstanding. “Overall, reporting to investors is fine,” is the downbeat summary of one respondent. Another summarises the performance of the bank in reporting to auditors by confirming there are “no issues between HSBC and our auditors.” Nevertheless, clients are aware the bank is investing to transform and enhance its reporting capabilities. “HSBC have a strong foundation of reporting and are undertaking a large-scale technology programme to address delivery shortcomings,” writes one of them. The high scoring of depositary services suggests clients also grasp the wider strategy of the bank, which sees a major opportunity in alternative UCITS funds in Asia as well as Europe.

Like the alternative investment funds (AIFs) regulated under the Alternative Investment Fund Managers Directive (AIFMD), managers of UCITS must appoint a depositary bank to safeguard the interests of investors. Another opportunity HSBC is attacking is exchange-traded funds (ETFs), where it hopes to capitalise on the current trend away from active to passive investing. The advantage its global network offers, especially to managers of emerging market funds, is obvious – and the detailed scoring suggests clients already attach a value to the consistency of the service across locations. The bank also seems to be striking a

good balance between the centre and the periphery. “Central as well as disseminated/functional client service,” is what one client likes about the HSBC client service model. “The central relationship manager is very strong at providing a sense of partnership with regular on-site and hosted meetings.”

PROFILE OF RESPONDENTS



| Weighted average scores | | |
|-------------------------|------|------|
| 2016 | 2017 | 2018 |
| 5.40 | 5.89 | 5.73 |

| Weighted average scores by service area | | |
|---|------------------------|------------------------|
| Service area | Weighted average score | +/- the global average |
| Client service | 5.63 | -6.5% |
| On-boarding | 5.30 | -7.2% |
| Fund accounting | 6.03 | -2.8% |
| Investor services | 5.78 | -4.6% |
| Reporting to investors | 5.69 | -5.5% |
| Reporting to managers | 5.50 | -6.1% |
| Reporting to regulators | 6.21 | 3.1% |
| Reporting to the tax authorities | 5.99 | 0.3% |
| Reporting to auditors | 5.76 | -5.4% |
| KYC, AML and sanctions screening | 6.01 | -0.4% |
| Depositary services | 6.09 | 1.6% |
| Corporate secretarial services | 5.84 | -0.3% |
| Middle office services | 5.68 | -3.1% |
| Banking services | 5.31 | -12.6% |
| Operations | 5.40 | -11.8% |
| Cyber-security | 5.95 | -0.6% |
| Price | 5.24 | -9.9% |
| Total | 5.73 | -4.4% |

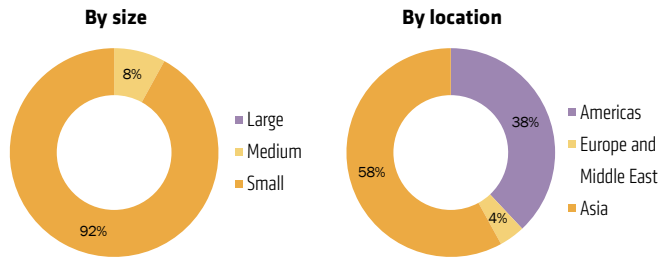
Maples Fund Services

“We have been a client of Maples Fund Services for nearly a decade and greatly value and appreciate our relationship with them,” says a client. “Their people are very professional and provide high-quality service, their work is accurate, and they are responsive to our questions on a timely basis.” A second client praises a “diligent and responsive team.” The score for client service in general is commensurately robust and even better in terms of consistency across locations. Consistency matters because Maples is not just independent but a truly global administrator, operating from a further nine jurisdictions in addition to its native Cayman Islands. Understandably, the firm aims to deliver it.

The firm also collects a handsome set of scores for its fund accounting services. “We have never had an error in NAV, once finalised,” notes one client. A second adds that “we have not had any issues in terms of timeliness and accuracy.” In the other core service area of investor services, Maples also shines. “Maples has worked with management and investors to satisfy the regulatory requirements while being flexible and responsive,” is the verdict of one user of the service. In the linked area of KYC, AML and sanctions screening due diligence, a client appreciates the fact that “Maples KYC and AML teams update management re[garding] changes and correspond with our investors and regulatory agencies [in a] timely [manner].” On the reporting side, the firm wins plaudits. “Accurate and timely reporting,” writes a client. “Responsive to management and investor requests; knowledgeable of the industry and associated rules and regulations and flexible in terms of ad-hoc deliverables.” The score for interactions with auditors (“Our auditors are satisfied with the record keeping provided to assist in their audit of our financial statements”) is outstanding, but the enthusiasm of the comments and the scoring wane as respondents assess other kinds of reporting. “Maples web portal satisfies our needs in terms of monthly NAV reporting and investor reporting” is the dull verdict of one manager on reporting to managers. Another client says of reporting to investors that “Maples has promptly distributed communications to our investors on a one-off basis when requested and has done so exactly as we requested.” However, one respondent is impressed by the regulatory reporting. “It has been very smooth for our regulatory reporting, including FATCA and CRS,” he writes. “Maples has been very helpful to provide bi-weekly and now monthly reports for us to track our investors’ outstanding documents for KYC/CRS etc. [We] much appreciated their dedicated work about our fund.” There is praise also for the “depository-lite” service that Maples developed to help managers distributing funds in Europe under the Alternative Investment Fund Managers Directive (AIFMD). “Maples handles our investor depository services to the satisfaction of management and investors,” writes a user of it. The firm is now planning other new services. One client would like the plans to include capital-raising (“It would be good if Maples had a capital introduction effort”), but Maples will be mindful of the need not to test the satisfaction of its small and mid-sized clients with the current level of fees (“Maples fees are fair and in line

with industry practice”) or put the quality of its existing services at risk. “Maples Fund Services is an excellent administrator, and we are very happy with services provided, cost, and the team assigned to our fund,” is the advice issued by one client.

PROFILE OF RESPONDENTS



| Weighted average scores | | |
|-------------------------|------|------|
| 2016 | 2017 | 2018 |
| 5.77 | 5.96 | 5.88 |

| Weighted average scores by service area | | |
|---|------------------------|------------------------|
| Service area | Weighted average score | +/- the global average |
| Client service | 6.03 | 0.2% |
| On-boarding | 5.66 | -1.0% |
| Fund accounting | 6.27 | 1.0% |
| Investor services | 6.11 | 0.8% |
| Reporting to investors | 5.78 | -4.0% |
| Reporting to managers | 5.44 | -7.1% |
| Reporting to regulators | 5.71 | -5.1% |
| Reporting to the tax authorities | 5.63 | -5.8% |
| Reporting to auditors | 6.29 | 3.3% |
| KYC, AML and sanctions screening | 5.52 | -8.5% |
| Depository services | 6.05 | 0.9% |
| Corporate secretarial services | N/A | N/A |
| Middle office services | 6.79 | 15.7% |
| Banking services | N/A | N/A |
| Operations | 5.95 | -2.8% |
| Cyber-security | 6.37 | 6.4% |
| Price | 5.76 | -1.0% |
| Total | 5.88 | -1.8% |

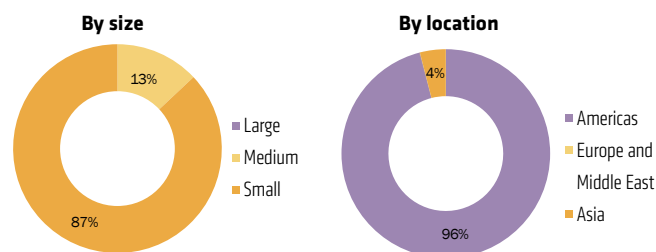
Opus Fund Services

Opus is growing its franchise among mid-sized managers in North America. It now services more than 300 firms, managing more than 500 funds between them, and this year added Halifax to its Bermuda, Cayman, Chicago, Dublin, Manila, New York and San Francisco network. Growth does not seem to have altered the friendly face of the firm. “Dedicated and helpful staff,” writes a client. “They really seem to care.” Another declares himself “very satisfied,” adding that Opus “performs as promised” and is “dependable.” The score for on-boarding could scarcely be bettered but growth inevitably creates problems of its own, as comments indicate. They are by turns phlegmatic (“Since we had no actual expectations we can say we were very satisfied”), specific (“Opus would only provide schedules for the months that they were engaged”), expectant (“I believe they are trying to resolve their staffing issues”), understanding (“We learned that the team was short-handed”) and dismayed (“always out of the office, lack of diligence”). Volume also seems to be creating issues on the compliance side of the business, and in KYC, AML and sanctions screening in particular. While one individual is singled out for providing “excellent services for AML/KYC review,” there are gripes about turnover, lack of staff dedicated to the task, and limited communication when issues arise.

The average score for investor due diligence is not the best that Opus collects. Nor is it in the core services that Opus earns its best scores, but it would be churlish to read too much into averages that still impress. “Both the portfolio accounting team and financial accounting team always have strived and made the best effort to go through monthly NAV process on every month although our fund requires very detailed attention,” states one client. A second says “our fund accounting team is excellent – always responsive to any questions that I may have,” while a third finds the firm “very responsive to questions during the NAV approval process every month when I reconcile my calculations with Opus’s results.” An individual is name-checked as “very responsive and pro-active and a very nice person too.” Though one client complains that incorrect statements were sent to investors and the firm was “highly unresponsive during that time,” there are similar tributes in investor services. “Our investor relations team has been solid,” writes one respondent “They are responsive to my questions and requests.” Where Opus really shines, however, is in reporting to managers (“The Opus portal provides us with all the information we require via an easy to use interface”), investors (“Opus IR team always has tried to make sure our clients get what they need in a timely fashion”) and auditors (“excellent attention to detail, and full responses to all auditor requests”). Even tax reporting, which not many respondents assessed, wins a plaudit (“Excellent FATCA / CRS services provided to our firm”), though the average score is ordinary. Together, scores and comments suggest a certain inconsistency in both client experience and across the range of services provided. Even on price, which is normally mono-directional, one client says that Opus is “fair and willing to adjust when a fund faces unique special circumstances, which we appreciate very much,”

while a second avers that “they raised our prices ... for no valid reason.” As a client puts it, Opus are “responsive, high touch with rapid turnaround for most queries and requests, especially regarding fund accounting and financials, but we have issues in other departments.”

PROFILE OF RESPONDENTS



| Weighted average scores | | |
|-------------------------|------|------|
| 2016 | 2017 | 2018 |
| 6.43 | 6.36 | 6.14 |

| Weighted average scores by service area | | |
|---|------------------------|------------------------|
| Service area | Weighted average score | +/- the global average |
| Client service | 5.91 | -1.8% |
| On-boarding | 6.38 | 11.6% |
| Fund accounting | 6.32 | 1.9% |
| Investor services | 6.31 | 4.1% |
| Reporting to investors | 6.14 | 2.0% |
| Reporting to managers | 6.36 | 8.7% |
| Reporting to regulators | N/A | N/A |
| Reporting to the tax authorities | 5.35 | -10.5% |
| Reporting to auditors | 6.52 | 7.1% |
| KYC, AML and sanctions screening | 5.68 | -5.8% |
| Depository services | N/A | N/A |
| Corporate secretarial services | N/A | N/A |
| Middle office services | 6.30 | 7.4% |
| Banking services | N/A | N/A |
| Operations | 6.92 | 13.1% |
| Cyber-security | 5.55 | -7.2% |
| Price | 6.01 | 3.2% |
| Total | 6.14 | 2.5% |

Quintillion

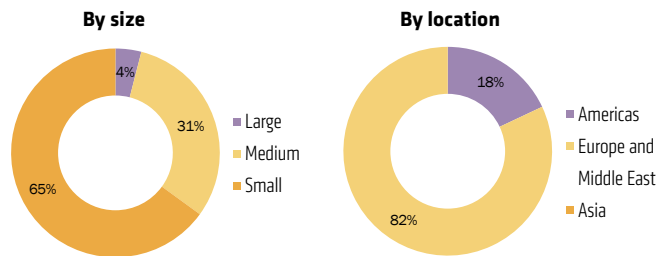
After five years in the ownership of US Bancorp, Quintillion is still admired for its personal touch and commitment to quality. “They are the most client-centric administrator I have dealt with in 15 years,” writes one client. Another is delighted by “outstanding service – we are very happy.” A third confirms that “we receive excellent service from Quintillion in all areas.” The fact that Quintillion has not lost a single client since it was acquired in October 2013 and more than doubled the assets under administration to well over \$30 billion in the same period, is a tribute to the good sense of the parent, as well as to its reach across the Atlantic and the reassuring size of its balance sheet. The value of a demonstrably successful post-acquisition transition, in a consolidating industry, should not be under-estimated. The hands-off approach has made it much easier to introduce clients gently to the complementary-but-optional services that US Bancorp can add to the core fund administration services – depositary banking, collateral management, global custody, and FX and cash management – without any sense of them being compulsory buys or a hard-sell.

Judging by the names of the respondents, being owned by a large bank has also turned Quintillion into a credible contender for massive global mandates. Major asset managers will certainly struggle to find fault with the on-boarding process. “Much less painful and more straightforward than I had anticipated,” says one client with recent experience of it. Any painful memories are probably dulled by the Quintillion policy of assigning to the on-boarding process the same people that will provide the services once a client is on-board, since it inevitably forges personal bonds. The Quintillion approach to fund accounting is equally distinctive, with valuations reconciled to independent data and thoroughly checked prior to publication, reducing the risk of errors being published. It takes more time, but clients obviously like the results. “We have never experienced any problems with fund accounting,” notes one client. “The fund accounting service is high quality with very rare mistakes,” adds another. “Deliverables could sometimes reach us earlier – [that] is the only minor complaint.” The reporting scores, while still impressive, are more equivocal. Managers are pleased by the reporting to regulators (though it is not a service which Quintillion emphasises) and say their auditors are delighted by what they get as well. “Our auditors – a big four company – are impressed and comment favourably about Quintillion every year,” writes one respondent. Another says Quintillion “take the pain out of the audit process, which is a high accolade indeed.”

Reporting to investors and managers does not rise to the same heights, but closer examination suggests respondents would like to be offered a choice of reporting models even if their current preferences are clearly being satisfied. Something similar is true of their assessment of reporting to tax authorities, where Quintillion is lightly admonished for giving insufficient priority to upcoming tax changes rather than under-performing in a crucial area (nor is it a field in which the firm claims to specialise). In investor services, the issue seems to be one of flexibility. A respondent says HWM Mantra, which Quintillion uses for

investor services, “appears to be quite a rigid system.” Another client notes that “investor services client services can take some time to respond to queries.” But a third has found Quintillion “very flexible and helpful in completing forms for investor subscriptions and redemptions.”

PROFILE OF RESPONDENTS



| Weighted average scores | | |
|-------------------------|------|------|
| 2016 | 2017 | 2018 |
| 6.08 | 5.92 | 5.95 |

| Weighted average scores by service area | | |
|---|------------------------|------------------------|
| Service area | Weighted average score | +/- the global average |
| Client service | 5.83 | -3.1% |
| On-boarding | 6.04 | 5.6% |
| Fund accounting | 6.13 | -1.2% |
| Investor services | 5.86 | -3.2% |
| Reporting to investors | 5.93 | -1.6% |
| Reporting to managers | 5.67 | -3.2% |
| Reporting to regulators | 6.10 | 1.3% |
| Reporting to the tax authorities | 5.55 | -7.2% |
| Reporting to auditors | 6.13 | 0.7% |
| KYC, AML and sanctions screening | 5.40 | -10.4% |
| Depositary services | 6.04 | 0.7% |
| Corporate secretarial services | N/A | N/A |
| Middle office services | 6.52 | 11.1% |
| Banking services | 6.52 | 7.3% |
| Operations | 6.74 | 10.2% |
| Cyber-security | 6.05 | 1.1% |
| Price | 6.15 | 5.7% |
| Total | 5.95 | -0.6% |

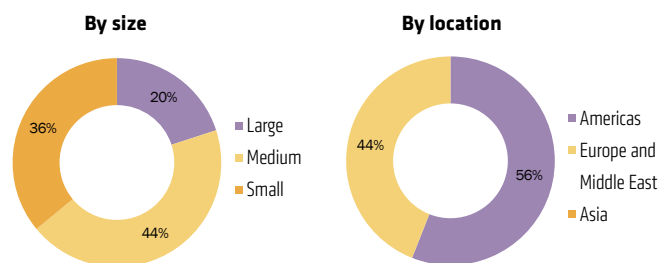
SEI

Now one of the biggest administrators in the world in terms of both assets under administration and the number of funds serviced, SEI competes for the business of the largest managers. Some have responded to this survey, though the respondents come from virtually all points on the spectrum. Their collective verdict is a solid rather than spectacular set of scores, in which all services are judged along a relatively narrow spectrum. This is a predictable consequence of servicing larger and more sophisticated clients, whose high expectations are not leavened by a sense of gratitude. Nowhere is this more obvious than in the score for on-boarding, where a respectable score is much harder to achieve when an administrator is transitioning on to its platform a large and complex multi-asset class fund distributed in more than one jurisdiction. But in competing for business of that kind SEI retains the advantages of both a distinctive corporate character, an increasingly valuable independence of the major banking groups, and what one respondent describes as the “high calibre of employees.” Its network of operations, which now service clients from the Bahamas, the British Virgin Islands, the Cayman Islands, India, Ireland, Jersey, London and Luxembourg as well as the United States, may not be truly global (it lacks an Asian dimension), but it is nevertheless extensive enough for most managers based in North America and Europe.

In the details of the scoring, it is no surprise to find SEI doing best in exactly the areas its combination of people and technology dictates that it should: operations, cyber-security and most varieties of reporting. The SEI Investor Dashboard – where investors can retrieve fund documents and both account and fund level data, including NAVs, but managers can still control who sees what – clearly impresses clients. Curiously, assessments of the Manager Dashboard, which aims to offer hedge funds customisable packets of forward- as well as backward-looking information, does not attract as much enthusiasm. But interactions with auditors are working smoothly. Though one respondent says his firm internalised the process after “a couple of bad audits in 2013-14,” a second client writes that “they do a great job interfacing with our audit teams.” In the core services of fund accounting and investor services, the average scores hint at work still to do. One client is full of praise for a “great fund accounting team – very helpful!” But a second one, who shadows the work of SEI in preparing the monthly NAVs, says that he is “finding a few errors each month,” and cites a concrete example. Staff turnover is the issue cited by a third respondent. “From the fund accounting side, we have one individual who performs all SEI reporting functions,” he writes. “The person responsible has changed a number of times over the past few years.” A fourth client cites variation in talent. “Manager is strong accountant,” he says. “Middle level day-to-day manager [is] not so strong [an] accountant.” There is a similar observation by another client about investor services. “Calibre of employees is not quite as high as the calibre of the employees that handle the fund accounting,” he writes. As in 2017, SEI is also seen as a relatively expensive provider. The detail suggests the issue lies in resistance to price

reductions rather than the starting point. It is probably unfair too. SEI may be willing to forfeit business on grounds of price, but the firm has certainly not escaped the downward pressure on fees in the fund administration industry.

PROFILE OF RESPONDENTS



| Weighted average scores | | |
|-------------------------|------|------|
| 2016 | 2017 | 2018 |
| 5.49 | 5.67 | 5.69 |

| Weighted average scores by service area | | |
|---|------------------------|------------------------|
| Service area | Weighted average score | +/- the global average |
| Client service | 5.69 | -5.4% |
| On-boarding | 5.78 | 1.2% |
| Fund accounting | 5.99 | -3.4% |
| Investor services | 5.66 | -6.7% |
| Reporting to investors | 5.82 | -3.3% |
| Reporting to managers | 5.40 | -7.8% |
| Reporting to regulators | 5.92 | -1.8% |
| Reporting to the tax authorities | 5.11 | -14.5% |
| Reporting to auditors | 5.80 | -4.7% |
| KYC, AML and sanctions screening | 5.80 | -3.8% |
| Depository services | 5.42 | -9.7% |
| Corporate secretarial services | N/A | N/A |
| Middle office services | 5.78 | -1.4% |
| Banking services | N/A | N/A |
| Operations | 6.11 | -0.2% |
| Cyber-security | 5.87 | -1.9% |
| Price | 5.15 | -11.5% |
| Total | 5.69 | -4.9% |

SS&C GlobeOp

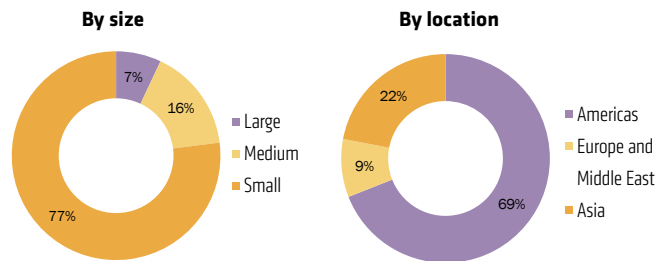
SS&C is a massive provider, with growth and acquisitions over the last five years nearly tripling assets under administration to \$1.5 trillion. Unsurprisingly, the firm received a lot of responses, which makes these scores doubly impressive, given the scale of the challenge of maintaining quality and consistency across such a volume and range of funds, strategies and managers. SS&C faces the additional difficulty of incorporating acquisitions, so the firm will be reassured by a solid score for its dedicated on-boarding teams. “We have not seen any negative changes,” says one recently acquired client. Another says “On-boarding with SS&C was faster and much easier than anticipated.” The score in a second field rich in scope for friction – KYC, AML and sanctions screening – is as good. SS&C has expanded its service to meet enhanced KYC requirements in off- and well as on-shore jurisdiction, and it pays off, though one client thinks the service could be better still: “SS&C should provide the AML results on a regular basis to their clients even if no one is flagged.”

So the firm will be disappointed that its score in the adjacent field of investor services is not even better. There are happy clients (“very responsive and prompt to investors’ queries”), but one client has experienced staff turnover. A third confirms that the service “has improved as a new individual has been brought onto our account.” A fourth adds that “they are prompt and efficient, particularly more recent hires.” In the other core service the score is unequivocally fine. “In the nearly fifteen years that SS&C GlobeOp has provided fund accounting services to the funds [that] we manage, they have never made a fund accounting error that impacted the NAV in any meaningful way (and by meaningful I mean by more than one basis point),” writes a client. In middle-office services, where SS&C aims to automate, it is surprising to find a client grumbling about having to input swaps manually. But another says he has “successfully on-boarded multiple MO services” and sees “continuing improving processes to ensure streamline and [improve] efficiency.”

The benefit of owning the technology from which clients are serviced is equally evident in an excellent score for operations. It is less evident in reporting, where high scores for reporting to investors (“We were very frustrated with the investor reporting relationship but that has improved dramatically”), auditors (“Our fund auditor has now, two years in a row, commended our team at SS&C for providing them with exceptional service”) and regulators (“We have received excellent service from this particular team at SS&C – the team members have gone out of their way to ensure that reports are filed on time and accurately”) are offset by a less-than-excellent score for reporting to managers. “We have had to contract with other vendors to get useful reporting,” is the harsh verdict of one user. In fact, SS&C provides direct access to its accounting and processing platforms, with access through its secure portal an additional option. That another client counters “SS&C has a good platform, which suits our needs in terms of reporting,” it provides an apt measure of the challenge created by size and growth: it is impossible to satisfy every need perfectly and continuously. But SS&C is clearly getting it right most of the

time. “They solicit and are also very receptive to unsolicited client feedback on the quality of client service, and on any issues/problems (which are rare) and address any issues/problems quickly and effectively,” says a client.

PROFILE OF RESPONDENTS



| Weighted average scores | | |
|-------------------------|------|------|
| 2016 | 2017 | 2018 |
| 5.57 | 5.99 | 5.96 |

| Weighted average scores by service area | | |
|---|------------------------|------------------------|
| Service area | Weighted average score | +/- the global average |
| Client service | 5.99 | -0.4% |
| On-boarding | 5.68 | -0.5% |
| Fund accounting | 6.26 | 0.9% |
| Investor services | 6.07 | 0.1% |
| Reporting to investors | 6.03 | 0.2% |
| Reporting to managers | 5.82 | -0.7% |
| Reporting to regulators | 5.94 | -1.4% |
| Reporting to the tax authorities | 5.68 | -5.0% |
| Reporting to auditors | 6.04 | -0.8% |
| KYC, AML and sanctions screening | 6.23 | 3.3% |
| Depository services | 6.14 | 2.5% |
| Corporate secretarial services | 5.63 | -3.9% |
| Middle office services | 6.01 | 2.5% |
| Banking services | 6.11 | 0.5% |
| Operations | 6.24 | 2.0% |
| Cyber-security | 5.75 | -4.0 |
| Price | 5.69 | -2.3% |
| Total | 5.96 | -0.5% |

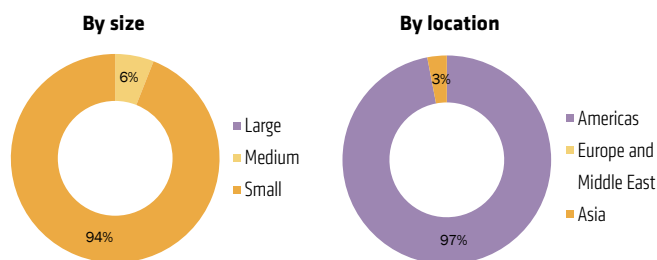
Trident Trust

“Came from a bad relationship with another administrator,” writes a client. “Trident has been absolutely fantastic and a core strength in what we offer clients is the quality of their work. They are amazingly responsive. They are a key part of our team.” He is not alone. Trident leads the survey with scores that clear the benchmarks with ease in every service area that matters, and the client service is in a class of its own. “Trident is always responsive to both us and our clients and takes the time to be sure the issue is settled to everyone’s satisfaction,” says a respondent. For another, Trident is simply “amazing, responsive, adaptable. Top-notch service all around.” A third appreciates “the team-oriented approach and the professionalism exhibited by all members of our team at Trident Trust.” The clients are, of course, of a particular size. The Trident operational teams, which are always based in an on- or offshore fund domicile – the Bahamas, the British Virgin Islands, Canada, the Cayman Islands, Cyprus, Guernsey, Hong Kong, Jersey, Luxembourg, Malta, Mauritius, Singapore, the UAE and the United States – service mainly smaller and medium-sized managers. But the clients are undeniably enthusiastic about the firm.

In the core services of fund accounting (“always reliably provide accurate reporting to us and are happy to help with explanations when necessary”) and investor services (“Trident will bend over backwards to help get a client in the door no matter how late the client sends in documents”), their satisfaction is effectively complete. In the potentially awkward sphere of KYC, AML and sanctions screening, the score is even better. “If Trident has a question about how a client completed the forms, they always ask me before contacting the client,” says one respondent. Another, who says that “we have not had any issues to date with any investors,” adds that Trident is helping to devise “a process whereby we know that all screenings have passed inspection. We want to know that there will not be any further reasons to go back to an investor and ask for more information.” Most varieties of reporting attract similarly high scores and positive reviews. “Our auditors routinely tell me how responsive Trident is to their requests,” says a client of the reporting to auditors. “Trident’s work product is complete and well ordered.” Another says, “We have yet to discover any material error in their calculations. When there is a discrepancy it is always our error.” A respondent who shadows all reporting in-house thinks Trident offers more reporting to managers than he needs. Even in the field of tax reporting, which many managers prefer to do themselves, Trident collects a stellar set of marks. True, there is a grumble about investor reporting. “The turnaround time for our monthly trading package and client statements takes a significant amount of time,” writes a client. “We rarely receive it before the 15th of each month, whereas our expectation was around the 10th of the month.” But the score, based on a near-complete turn-out by respondents, is as good as perfect. The score for regulatory reporting is not as impressive, but a client still notes that “in a recent regulatory audit, Trident spent much time on the phone with fairly incompetent examiners, helping them to understand their reports and chasing down

old data and supporting data to the reports.” Trident even has clients who think they are not paying enough: “We have always felt we receive more value than we pay for with Trident.”

PROFILE OF RESPONDENTS



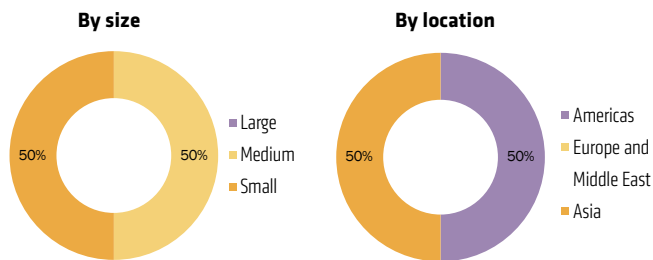
| Weighted average scores | | |
|-------------------------|------|------|
| 2016 | 2017 | 2018 |
| 6.41 | 6.58 | 6.46 |

| Weighted average scores by service area | | |
|---|------------------------|------------------------|
| Service area | Weighted average score | +/- the global average |
| Client service | 6.84 | 13.7% |
| On-boarding | 6.47 | 13.2% |
| Fund accounting | 6.59 | 6.2% |
| Investor services | 6.69 | 10.5% |
| Reporting to investors | 6.82 | 13.3% |
| Reporting to managers | 6.42 | 9.6% |
| Reporting to regulators | 5.46 | -9.4% |
| Reporting to the tax authorities | 6.22 | 4.0% |
| Reporting to auditors | 6.25 | 2.7% |
| KYC, AML and sanctions screening | 6.56 | 8.7% |
| Depository services | 6.82 | 13.7% |
| Corporate secretarial services | 5.84 | -0.4% |
| Middle office services | 6.10 | 4.0% |
| Banking services | 6.76 | 11.2% |
| Operations | 6.71 | 9.6% |
| Cyber-security | 4.73 | -20.9% |
| Price | 6.59 | 13.2% |
| Total | 6.46 | 7.9% |

MUFG Investor Services

The fund administration arm of the Japanese banking group has built a sizeable business, covering private equity and real estate as well as hedge and mutual funds. Its commitment to the industry is evident in the acquisitions made in 2013 (Butterfield Fulcrum), 2014 (Meridian Fund Services), 2015 (UBS Alternative Fund Services) and 2016 (Rydex Fund Services). And, although MUFG has not attracted a lot of responses, those that assessed the services clearly like what they get. “They tend to offer more different kinds of services to the customers and save a lot of client’s compliance time and so we would continue to on-board new funds to them, if any,” is the verdict of one manager. MUFG collects outstanding scores for all varieties of reporting, and there are comments to match across reporting to managers (“There is no issue as a daily service”), investors (“They have flexibly responded to requests from investors”) and auditors (“They provide auditors with timely response and adequate information”). In the core services of fund accounting and investor services – there is no issue with the KYC, AML and sanctions screening due diligence either – MUFG clears the benchmarks with ease. “Very experienced team and staff are loyal to the company,” writes one client of the fund accounting services. “We have worked with some of the team members for over ten years.” The bank shines in operations too. “One-stop services and single contact, very clear team structure and a designated account manager can solve your problem [in a] timely [manner],” writes a respondent. Clients with experience of on-boarding are not quite as enthusiastic (“It takes a long time to review the agreement”), but they are few in number. The score for client service is not the best but it is soundly based. “Very responsible client service,” says a client. “You can always get a person to answer your questions.”

PROFILE OF RESPONDENTS

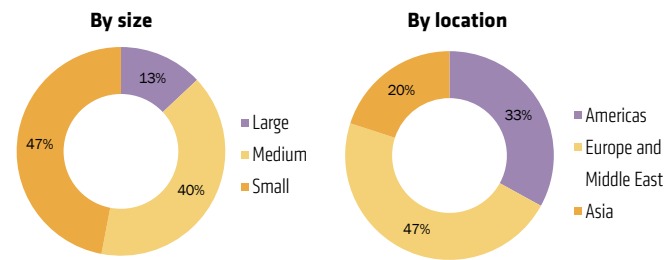


| Weighted average scores | | |
|-------------------------|------|------|
| 2016 | 2017 | 2018 |
| 6.04 | 5.91 | 6.24 |

Northern Trust

Northern Trust Hedge Fund Services (HFS) has a clear idea of the type of client that it wants to service (the largest global fund managers) and a distinctive idea of what it can offer them (a comprehensive operations partnership that reaches beyond fund accounting and investor services). Those managers and these ambitions are not much in evidence in the responses to this survey, though predictable strengths in banking (in April HFS launched a cash optimisation service to help hedge fund managers monitor and manage liquidity) and depositary services (HFS clients have access to an in-house depositary via the Northern Trust Company) are visible. Comments, if not scores, also suggest that HFS get client service right. One client says that it is “very rare that SLAs are not met” and that “should this happen, they are excellent at advising us well in advance so that we can work together to resolve any issues.” Another client has also experienced similar responsiveness. “When Northern Trust was notified of our dissatisfaction with the service we were receiving, steps were taken to remediate the relationship issues within three months,” he writes. “These changes resulted in a higher level of service and complete turnaround in the relationship.” HFS is certainly looking to keep its services aligned with a changing asset management industry. Earlier this year, the private equity and hedge fund units were merged into a single alternative fund services business, on grounds that managers now range across private equity, real estate, infrastructure and crypto-assets as well as hedge fund strategies. Though one client would like Northern Trust to go further and include the mutual fund business too (“Be good if they integrated GFS and HFS”), the bank would be unwise to tamper with success. Built on the foundation of the 2011 acquisition of Omnium, the hedge fund administration business of Citadel, HFS has grown assets under administration five-fold in the intervening seven years to more than \$350 billion. Fittingly, in January this year, the Omnium relationship reached its apotheosis with the internalisation by HFS of the Omnium technology platform and people too.

PROFILE OF RESPONDENTS



| Weighted average scores | | |
|-------------------------|------|------|
| 2016 | 2017 | 2018 |
| 5.42 | 5.28 | 4.80 |

State Street

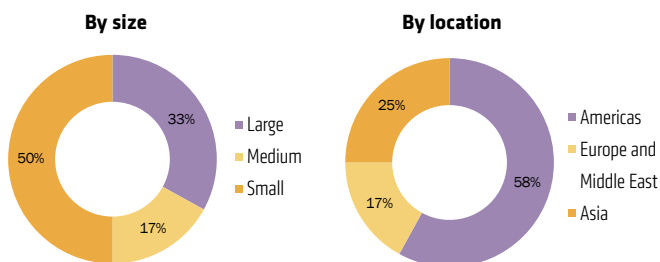
State Street has happy clients, but not many of them have voted in this survey. Though the respondents include high-scoring firms at both ends of the size spectrum, they are lost in the averages. The net result is an aggregate outcome lower than its predecessor for a third year in succession. In fact, not a single score clears the survey benchmarks. True, the sample is not large, and may be self-selected. Certainly, the client comments refuse to flatter the bank on client service (“You always have to call and email few times in order to get an answer”), or banking services (“It is very troublesome procedures to make instructions to make payment to pay fees and expenses”) or fund accounting (“State Street requires hand holding on occasional accounting transactions”). One client attributes his service problems to a failure to retain staff. “High staff turnover, and therefore you have to work from the beginning with a new person every few months,” he writes. A second client, who cites the same issue, reckons there is a structural component too. “Their operations are a bit separated and, due to poor communication, you never know which team helps you on which part of your operations,” he writes. “You could not even reach a specific person to solve your problem.” A third has also encountered a “poor operations set-up, people are not responsible, and you always have to reach different persons for different parts.” State Street is of course in the middle of a major cost-cutting exercise designed to improve its profitability, and this may account for some of the service gaps clients are experiencing. The recently announced acquisition of Charles River Systems indicates the bank is now interested in servicing the front-office end of the asset management industry, as well as its back- and middle-office..

Methodology

The 2018 Hedge Fund Administration Survey asked respondents to address 59 questions across 18 service areas (See Table 1). Scores for a 19th category, Future Relationship, were not included in the total calculations presented here. For the majority of questions, respondents were asked to assess their administrators by determining how much they agreed or disagreed with a series of statements about services. Respondents were also given the option to provide one overall assessment of a service area rather than answering individual questions. For each service area, respondents were also invited to provide commentary. A total of 930 completed questionnaires were received on behalf of 37 fund administrators. After clean-up and validation, 902 responses remained. In order to receive a full write up in the survey, an administrator needed to receive at least 10 responses. Five responses is the minimum sample number required to assess a service provider adequately enough to publish their average scores, both in absolute terms and relative to the average scores in each service area. As a result, we were able to provide full write ups for 12 separate administrators and shorter commentary on an additional three. The analysis published in this report is based on average scores given by respondents. They are weighted for the size (measured by assets under management, or AuM) and complexity (measured by the number of asset classes and investment strategies pursued) of the respondent. Scores for any question or service area attracting less than four responses are excluded from the calculations. The suppression of scores for this reason does not mean the provider does not supply the service in question; it means only that an insufficient number of respondents scored the service to assess its quality with confidence.

We are most grateful to all fund managers who took the time and trouble to complete a respondent questionnaire, as well as to the hedge fund administrators who encouraged their clients to do so and who completed a provider questionnaire of their own. As a thank you, hedge fund managers who participated in this survey are entitled to a free benchmarking report comparing their assessments to those of peers using the same service providers. This will be sent by McLagan to all respondents automatically.

PROFILE OF RESPONDENTS



Weighted average scores

| 2016 | 2017 | 2018 |
|------|------|------|
| 5.58 | 5.07 | 4.90 |

