



*The*

**2019**   
**McLagan**

HEDGE FUND  
ADMINISTRATION  
SURVEY

# Less is more

A shorter questionnaire this year has yielded assessments in a relatively narrow aggregate range with clients on the whole appearing content with the quality of services available.

The 2019 Hedge Fund Administration Survey marks the second year that AON McLagan Investment Services (McLagan) and Global Custodian (GC), have co-operated in the management of client experience surveys in the securities services industry. The questionnaires for this survey (both client and service provider) were developed entirely by McLagan. There is a good deal of consistency between the 2018 and 2019 surveys. That said, changes were made this year to shorten the questionnaire and a section on prime custody was added.

Recognising that the questionnaire may be longer than some fund managers have time to complete, we offered the option for respondents to give an overall assessment of a service area, making it possible for a respondent to complete the survey in as few as 19 questions. For each service area, respondents were also invited to provide commentary.

A total of 717 completed questionnaires were received on behalf of 37 fund administrators. Five responses was 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 write ups for 11 separate administrators.

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 in any question or service area which attracted 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

TABLE 1: AVERAGE SCORES BY SIZE AND LOCATION

HFA 2019	Global Weighted Average Scores	Firm Size			Location		
		Large	Medium	Small	Americas	EMEA	APAC
<b>Client service</b>	5.86	6.04	4.95	5.13	6.25	5.27	5.88
<b>On-boarding</b>	5.72	5.68	4.92	5.82	6.03	5.35	5.74
<b>Fund accounting</b>	5.99	6.08	5.22	5.85	6.33	5.51	6.11
<b>Investor services</b>	5.81	5.92	5.19	4.86	6.21	5.63	5.52
<b>Reporting to investors</b>	5.82	5.38	5.38	4.98	6.07	5.56	5.77
<b>Reporting to managers</b>	5.86	5.84	5.27	5.78	6.25	5.46	5.83
<b>Reporting to regulators</b>	5.96	6.24	5.14	5.70	6.25	5.72	5.92
<b>Reporting to the tax authorities</b>	5.82	5.36	5.11	5.44	6.25	5.31	6.08
<b>Reporting to auditors</b>	5.96	5.89	5.36	4.77	6.29	5.64	5.90
<b>KYC, AML and sanctions screening</b>	5.79	5.60	5.33	5.76	6.02	5.50	5.87
<b>Prime custody</b>	5.29	n/a	4.45	6.56	7.00	4.41	6.57
<b>Middle office services</b>	6.07	6.37	5.42	5.91	6.36	5.80	6.03
<b>Operations</b>	6.11	6.30	5.13	6.08	6.45	5.73	6.14
<b>Price</b>	5.69	5.74	4.44	4.70	6.21	5.33	5.37
<b>Overall</b>	<b>5.85</b>	<b>5.87</b>	<b>4.98</b>	<b>5.32</b>	<b>6.23</b>	<b>5.45</b>	<b>5.84</b>

service to assess its quality with confidence.

Table 1 indicates that, unlike in many other Global Custodian surveys, respondents have assessed their fund administrators within a fairly narrow range across all categories. The lowest overall category score, for example, is 5.29, for Prime Custody, though that is something of an outlier, introduced for the first time this year. The second lowest scoring category, Price, records an average of 5.69, while the highest rated category, Operations, receives an average of 6.11. This is one of only two categories to rate above 6.00, the other being Middle Office Services.

Mid-tier clients are the least generous in their assessments.

Leaving aside Prime Custody, their scores range from 4.92 at the lower end (for Onboarding) to 5.14 for Reporting to Regulators. From a geographical perspective, it is interesting to note a significant gap in overall appreciation of administrators between respondents based in the EMEA region and those in the Americas. The latter offer an overall assessment of an impressive 6.23, while the former are harsher, scoring their providers an average 5.45. This may be attributable to the fact that many of the largest respondents to the survey are US-based, but it is nevertheless an intriguing difference.

See page 72 for Methodology

# Apex Group

Weighted average scores			
2016	2017	2018	2019
5.95	6.14	6.19	6.06

Apex again attracts the most responses. Though down on 2018, scores clear the benchmarks in every area. There is variation in the scoring by geography. Americans mark Apex more generously than Asians, who mark higher than Europeans, though the division of labour means this can be misleading. “The service in Shanghai is great,” as a client puts it. “But KYC processing in headquarters always takes too long.”

The same is true of size: smaller clients mark Apex much higher than large or middling ones. “Highly recommend this administrator to hedge fund managers, including relatively small/emerging managers/funds like our fund,” writes a small client.

Yet the consistency of the overall score in each of the last four years is still striking. It certainly suggests multiple acquisitions are integrating well, though the dip in the score for client service suggests strains are being felt. “PE owned,” writes one client. “Clearly want to acquire more and get bigger. Issue is they are trying to assimilate business at the same time causing lack of managerial and fund client service bandwidth and experience.”

Though many clients still think Apex is competitive and transparent on price, several – notably at recent acquisitions – mention price increases. This matters, given the client base. “Apex is becoming slightly more expensive – it would be good if they can remain more competitive than other players in this industry, especially to capture the small funds/managers,” says one respondent.” Others have noticed “few people handling too much work” and what one calls “staff turnover and growing pains following mergers.” But there are other reasons at work. “The level of technology is not good enough,” says a respondent. “As a result, the quality of service depends heavily on having the right contact point in the organisation.”

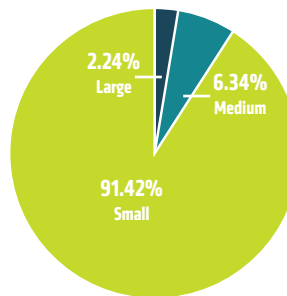
It is possible to find detailed grumbles in every service area, but plenty of Apex reps are name-checked for their responsiveness and positive comments are legion. “Heads of business lines and offices are there when we call and quickly address issues,” reads one comment. The same is true of on-boarding (“good A-Z job”), fund accounting (“Do an excellent job with difficult funds”), and investor services (“diligent follow-ups”).

Reporting too is praised in its various aspects: to managers (“able to accommodate several versions ... without added expense”); investors (“very accommodating in keeping investor relations dialogue up to date”); regulators (“Apex completes all regulatory filings before deadlines and responds to all supervision queries”); and tax authorities (“All of our K1s were delivered well ahead of other funds this year – all because of their hard work”).

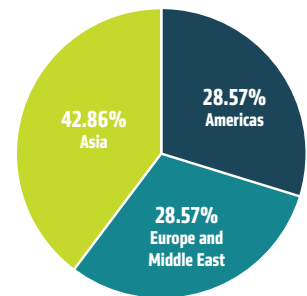
Even the awkward field of KYC checks earns a plaudit: “Apex keeps open lines of communication with us and lets us know of any delays and missing information from prospective shareholders ... As practical as possible, always cognisant of the requirements of the underlying legislation.

Profile of respondents	
Number of responses received	329
Assets under Administration (AuA)	US\$96.45 billion
Number of locations serviced	24

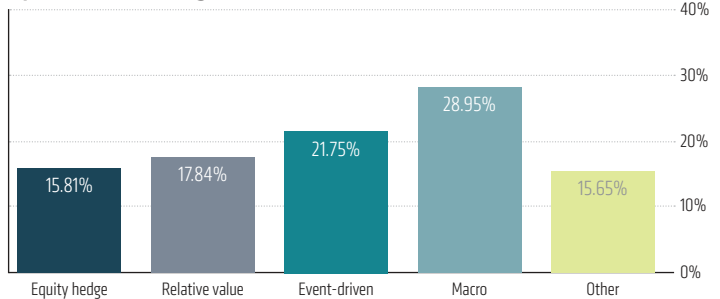
Size of respondents by AuM



By location



By investment strategies



Weighted average scores by service area		
Service area	Weighted average score	+/- the global average
Client service	6.12	4.44%
On-boarding	5.86	2.45%
Fund accounting	6.17	3.01%
Investor services	5.98	2.93%
Reporting to investors	6.00	3.09%
Reporting to managers	5.89	0.51%
Reporting to regulators	6.16	3.36%
Reporting to the tax authorities	6.15	5.67%
Reporting to auditors	6.23	4.53%
KYC, AML and sanctions screening	5.98	3.28%
Prime custody services	5.66	6.99%
Middle office services	6.24	2.80%
Operations	6.31	3.27%
Price	5.96	4.75%
<b>Total</b>	<b>6.06</b>	<b>3.59%</b>

# BNP Paribas Securities Services

Weighted average scores			
2016	2017	2018	2019
5.96	5.94	6.19	5.98

“Respond promptly, work quality is good and staff with industry knowledge and experience,” writes a client of the French bank. “A good working partner for business growth.” However, the score for client service is less impressive than it was a year ago, despite acknowledgements that BNP Paribas is “approachable and responsive,” offers “excellent customer service across all divisions and attention to detail” and provided “excellent treatment even as fund administered decreased.”

Service is an issue with clients of all sizes, but there is otherwise limited consistency in the scoring of the various services by managers large, small and medium-sized. Consistency across the regions is also elusive, with the bank scoring highest in North America and lowest in Europe, with Asia in between. What is consistent is the scores the bank collects for reporting of all kinds. “The standard of reporting to the manager at this administrator is excellent,” says one client. A second adds that the quality of the reporting is good and [BNP Paribas is] able to meet the deadline. They also help on providing *ad hoc* reports in case of need.” Reporting to investors is appreciated for its “professional advice, assistance and work[ing] together to set the schedule for flexible reporting with accuracy.”

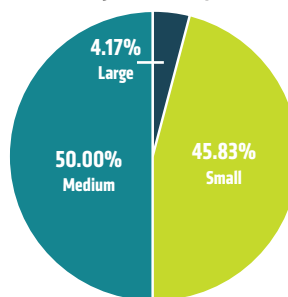
When it comes to working with auditors, comments are as positive as the scores. “The reports that are required to be provided to the auditors have been provided in a timely manner,” says a client. “The audit request or queries have also been answered promptly and patiently to the auditors.” Another client says the bank sets the reporting schedule and follows it up remorselessly to ensure the audit report is completed before the deadline. “They also help in providing information/data to fix the issues that came across in preparing the auditor reporting,” he adds. The same client has found the same high level of service in delivering tax reports, where deadlines are met and off-the-run information is provided.

The core services of fund accounting (“Easy to contact and fast response time”) and investor services (“Contactable and responsive”) are both down on last year, but there is no obvious explanation. “The investor services team are very helpful,” observes a client. “The staff are willing to stay late in order to complete the investor request. We are satisfied with the services provided by the team so far.” In the related areas of onboarding (“The onboarding is very smooth”) and KYC checks (“Professional team with excellent inter-personal skills”) there is a similar disjunction between the mood of the numbers and the words.

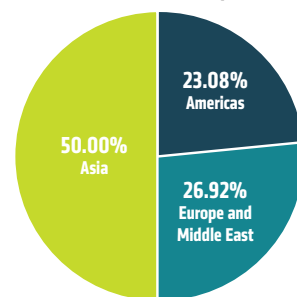
Where BNP Paribas shines unequivocally is in its traditional strengths of operations, custody and the middle-office. “Always meet trade cut-off time with flexible solutions,” notes a client. There are no complaints about “excellent” pricing either.

Profile of respondents	
Number of responses received	28
Assets under Administration (AuA)	n/a
Number of locations serviced	13

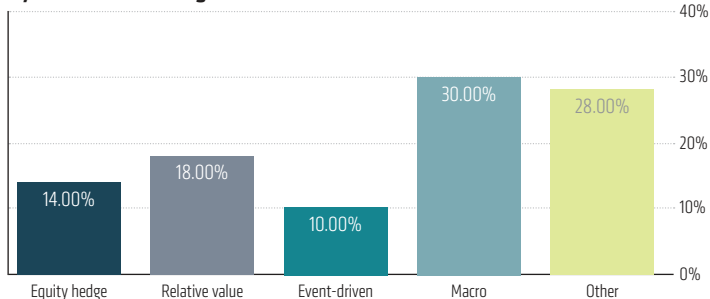
Size of respondents by AuM



By location



By investment strategies



Weighted average scores by service area		
Service area	Weighted average score	+/- the global average
Client service	5.65	-3.58%
On-boarding	5.52	-3.50%
Fund accounting	6.29	5.01%
Investor services	6.04	3.96%
Reporting to investors	5.90	1.37%
Reporting to managers	6.06	3.41%
Reporting to regulators	5.83	-2.18%
Reporting to the tax authorities	6.01	3.26%
Reporting to auditors	6.04	1.34%
KYC, AML and sanctions screening	5.77	-0.35%
Prime custody services	6.72	27.03%
Middle office services	6.04	-0.49%
Operations	6.24	2.13%
Price	6.02	5.80%
<b>Total</b>	<b>5.98</b>	<b>2.22%</b>



# Citco

Weighted average scores			
2016	2017	2018	2019
6.02	6.20	6.07	6.26

This is an excellent set of results. Favourable marks from American clients in particular lift the scores above both 2018 and the global benchmarks in almost every area. “We are a demanding client, so we expect a lot out of them, and in return we get a lot,” is how one client calls it.

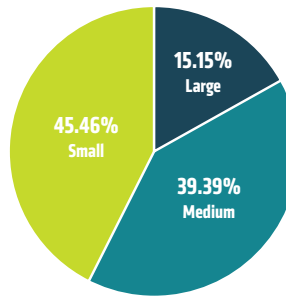
The leitmotiv of the client service comments is how familiar Citco is with the hedge fund industry. “Citco understands our business” is as good as client testimonials get. Another respondent who recently onboarded a new separately managed account is “impressed by their understanding of our fund and how that translated to the product.” A third singles out the round-the-clock operations and middle-office for praise. “Very effective service model that follows the sun for a manager that trades all global markets,” he says.

This combination of global reach and domain knowledge has allowed Citco to charge a premium price, at a time when industry economics are exerting downward pressure. “The general feeling is that capabilities and quality warrant higher pricing,” says one client, and a second echoes the sentiment: “The fees charged are very reasonable in comparison to the services received.” But a third respondent is looking for a reduction. “We would like to address the topic of our fees given we have grown quite a bit in size,” he writes. “We are optimistic that Citco will be commercial given the amount of competition out there.” For now, pricing continues to attract a premium score. In fact, the scores as whole falter in the related areas of investor servicing and KYC checks only. Even there the new CitcoOne platform – the firm is engaged in a major and long-awaited transformation of its reporting technology – is at last making an impact. “Citco has definitely shown us a more advanced technology on the investor services front,” writes a client. “With the launch of CitcoOne, both investors and us are able to obtain reports/information from the website on a real time basis. This approach has obviously provided a more secure way for us to retrieve data from their website.”

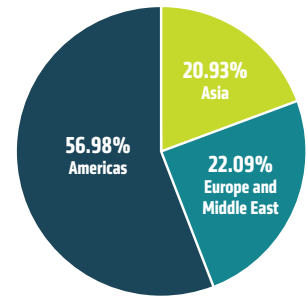
In fact, the technology lifts the scores for reporting in every field, since users can access the information they need directly. “They have impressed me with their technology and their seamless transmission of data into our database which we utilise for our client reporting,” notes a respondent. Another says CitcoOne has improved reporting to auditors too. “Our auditor is able to retrieve the data required directly from the portal without the need to send the information by email,” he says. Clients have also noticed people stay longer at Citco than some other administrators. “We are looking into a long-term relationship and appreciate that staff turnover is pretty low and therefore actually long-term relationships can be developed,” says a client.

Profile of respondents	
Number of responses received	86
Assets under Administration (AuA)	US\$686 billion
Number of locations serviced	16

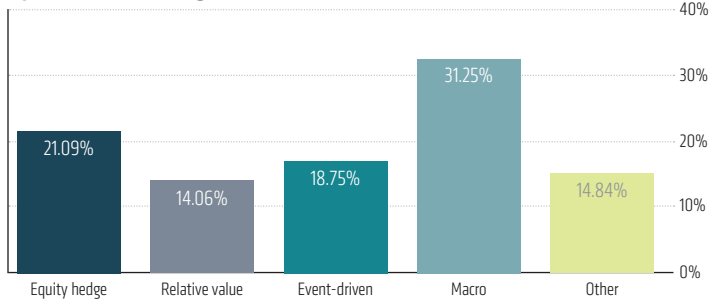
Size of respondents by AuM



By location



By investment strategies



Weighted average scores by service area		
Service area	Weighted average score	+/- the global average
Client service	6.41	9.39%
On-boarding	6.24	9.09%
Fund accounting	6.35	6.01%
Investor services	6.16	6.02%
Reporting to investors	6.13	5.33%
Reporting to managers	6.28	7.17%
Reporting to regulators	6.38	7.05%
Reporting to the tax authorities	6.51	11.86%
Reporting to auditors	6.41	7.55%
KYC, AML and sanctions screening	5.80	0.17%
Prime custody services	n/a	n/a
Middle office services	6.13	0.99%
Operations	6.42	5.07%
Price	6.20	8.96%
<b>Total</b>	<b>6.26</b>	<b>7.01%</b>

# SS&C GlobeOp

Weighted average scores			
2016	2017	2018	2019
5.57	5.99	5.96	6.15

“We view SS&C as an integral part of our plan to grow our business,” writes a client. For such an acquisitive firm, it is a tribute to staff that the score for client service is so steady over time. “So far, it has been one year, and the service continues to be excellent,” writes a client of an administrator purchased in 2018. “If things stay the same, we wish to work with this administrator as long as we can.”

Judging by the score for onboarding, new clients experience similar steadiness. “Gone positively and without incident,” records one user. Fluctuations in reporting are equally rare. Clients appreciate their own reports (“Tremendous continuity here which makes for a very efficient process”), and especially those prepared for their auditors, tax collectors and regulators. “SS&C does the lion’s share of the ‘heavy lifting’ in terms of AFS prep,” notes a respondent. “We would be lost without them.” There are “no complaints” about tax reporting, and one client adds that “the FATCA/CRS team has been useful and has provided significant assistance in this area.” The already high score for regulatory reporting has risen further. “We have been very impressed with SS&C’s proactive approach in this area,” writes a client. “They seem to be very much on top of this complicated area and have proven to be an invaluable resource both in terms of helping us meet requirements but also keeping us informed of evolving regulations.”

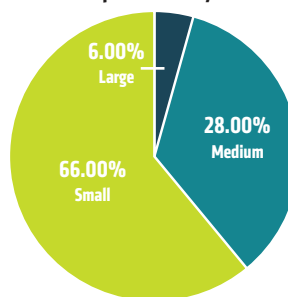
Of course, not every client is happy with these services but, if there are meaningful issues for SS&C to address, they lie in the two core service areas: fund accounting and investor services, the last of which was an issue last year. In fund accounting, clients express concern about human and technological inflexibility. “Anything outside of the standard 2 and 20 seems to run into issues,” writes a client. “Lack of responsiveness, with slow turnaround times on queries. Only one or two key people understand details.”

In investor services, the comments (“Staff in investor services are always helpful and response to our investor requests [are] timely”) are at odds with the slippage in the score, but maybe long memories are at work. “This is the one area at SS&C that has improved significantly over the years,” writes a respondent. “The current IR team is helpful and diligent.”

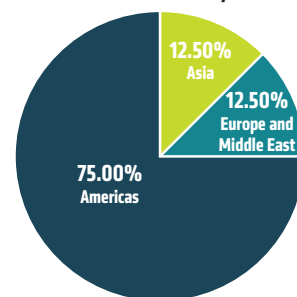
There are no such disjunctions in KYC checks (“Much like an offensive lineman in football, the less you hear of/from this group, the better - other than requesting annual certifications our interactions have been minimal”), middle-office services (“Excellent service”) and especially operations. “Great service, personal touch,” is how one client describes his interactions with the operations teams. “The fact that they have very little turnover helps a great deal as we work with people who intimately know our business.”

Profile of respondents	
Number of responses received	64
Assets under Administration (AuA)	US\$830.55 billion
Number of locations serviced	10

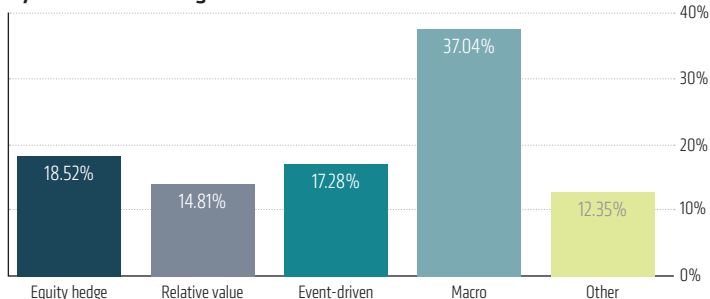
Size of respondents by AuM



By location



By investment strategies



Weighted average scores by service area		
Service area	Weighted average score	+/- the global average
Client service	5.96	1.71%
On-boarding	5.88	2.80%
Fund accounting	6.19	3.34%
Investor services	5.88	1.20%
Reporting to investors	6.17	6.01%
Reporting to managers	5.90	0.68%
Reporting to regulators	6.27	5.20%
Reporting to the tax authorities	5.97	2.58%
Reporting to auditors	6.22	4.36%
KYC, AML and sanctions screening	6.21	7.25%
Prime custody services	7.00	32.33%
Middle office services	6.14	1.15%
Operations	6.21	1.64%
Price	5.84	2.64%
<b>Total</b>	<b>6.09</b>	<b>4.10%</b>

# HSBC Securities Services

Weighted average scores			
2016	2017	2018	2019
5.40	5.89	5.73	5.76

Weighted average scores by service area		
Service area	Weighted average score	+/- the global average
Client service	6.11	4.27%
On-boarding	5.04	-11.89%
Fund accounting	6.28	4.84%
Investor services	6.00	3.27%
Reporting to investors	5.89	1.20%
Reporting to managers	5.37	-8.36%
Reporting to regulators	5.96	n/a
Reporting to the tax authorities	5.57	-4.30%
Reporting to auditors	6.13	2.85%
KYC, AML and sanctions screening	5.70	-1.55%
Prime custody services	3.50	-33.84%
Middle office services	6.19	1.98%
Operations	6.07	-0.65%
Price	5.64	-0.88%
<b>Total</b>	<b>5.76</b>	<b>-1.54%</b>

The alternative fund administration group at HSBC has come a long way since its parent bought Bank of Bermuda back in 2003 at the height of the hedge fund boom. It is now a servicer of multi-asset class strategies and a variety of fund vehicles that stretches way beyond AIFs and UCITs. The technology investments evident a year ago have continued, and now include upgrading the longstanding Advent Geneva fund accounting and Multifonds transfer agency platforms.

Digitising as much of the client-facing work as possible is a sensible response to downward pressure on fees and the increased appetite for data transparency. Certainly, it helps secure a high score in fund accounting. “Monthly NAV computation service by HSBC continues to be on a timely and accurate basis,” writes a client. The score for KYC checks, where the bank is automating as much of the process as possible, is almost as good.

Technology ensures a solid set of scores across all types of reporting. Direct access to data via HSBCnet is now supplemented by self-service tools such as virtual assistants and chatbots. These investments have yet to translate into consistent client perceptions across the globe. That said, although HSBC still gets its highest scores from Americans, its clients are more numerous in Europe and especially Asia. With investable assets shifting eastwards, HSBC is well-placed for growth.

# Northern Trust

Weighted average scores			
2016	2017	2018	2019
5.42	5.28	4.80	5.37

These scores are a considerable improvement on 2018. The bank shines in areas where it would be disappointed not to do well, such as operations and especially middle-office services, where it handles the complex lifecycle events and asset servicing needs of the major fund complexes it craves as clients.

The details of the scoring of client service suggest that Northern is achieving consistency across its operations, but shy of excellence in any of them. “A very professional outfit,” is how one client describes the service. The investment Northern Trust is making in automation of KYC screening – including facial recognition technology – earns a handsome reward, with an outstanding score in that area. In fact, Northern Trust stresses the power of its technology, which is based on the Omnium platform which came with the acquisition of the fund administration business of Citadel in 2011, in general.

Reporting scores are inconsistent, but never weak. The respondent who noticed “issues with reporting to auditors in some previous years” confirms that “more recently it has worked well.” Remaining competitive on price is an issue for any bank-owned administrator contending with stand-alone providers, and the average score on that front suggests the respondents regard Northern Trust as relatively expensive. However, the details indicate that Northern Trust is not only transparent on what it charges, but willing to be reasonable about reductions too.

Weighted average scores by service area		
Service area	Weighted average score	+/- the global average
Client service	5.03	-14.16%
On-boarding	5.38	-5.94%
Fund accounting	5.53	-7.68%
Investor services	5.22	-10.15%
Reporting to investors	5.74	-1.37%
Reporting to managers	5.06	-13.65%
Reporting to regulators	5.32	-10.74%
Reporting to the tax authorities	3.45	-40.72%
Reporting to auditors	5.05	-15.27%
KYC, AML and sanctions screening	6.28	8.46%
Prime custody services	2.80	-47.07%
Middle office services	5.96	-1.81%
Operations	5.69	-6.87%
Price	4.33	-23.9%
<b>Total</b>	<b>5.37</b>	<b>-8.21%</b>

# Opus Fund Services

## Weighted average scores

2016	2017	2018	2019
6.43	6.36	6.14	5.52

## Weighted average scores by service area

Service area	Weighted average score	+/- the global average
Client service	5.39	-8.02%
On-boarding	5.56	-2.80%
Fund accounting	5.87	-2.00%
Investor services	5.34	-8.09%
Reporting to investors	5.31	-8.76%
Reporting to managers	5.98	2.05%
Reporting to regulators	5.30	-11.07%
Reporting to the tax authorities	6.27	7.73%
Reporting to auditors	5.40	-9.40%
KYC, AML and sanctions screening	4.60	-20.55%
Prime custody services	n/a	n/a
Middle office services	6.30	3.79%
Operations	6.26	2.45%
Price	5.76	1.23%
<b>Total</b>	<b>5.52</b>	<b>-5.64%</b>

“Very satisfied,” writes a client. “Performs as promised. Dependable.” But these scores will disappoint a firm used to outperforming in this survey. Opus is growing – “Quick and painless” is how one new client describes the onboarding experience – and this may be straining service quality. “The different groups do not communicate well with each other,” explains one client. Another says that “the fund accounting and investor relations teams always perform adequate work. Not necessarily exemplary, but no major issues came up. The compliance and GAAP teams, on the other hand, have been very difficult to work with.”

KYC checks, an issue last year, attracts the lowest average score. “Slightly less than professional,” is one assessment of the quality of the work. “Typically very unresponsive” is another. Reporting to auditors is down sharply too. “Our auditors have been extremely frustrated with the work product provided to them by Opus,” notes a client. Investor services (“The turnaround time used to be better”) and investor reporting (“Needs to be improved”) are also down, and there are sharp criticisms in the comments. Likewise, the assessment of fund accounting is less generous than it was in 2018 but does retain admirers. “Fund accounting team are great,” writes a respondent. They are knowledgeable and doing a great job with our portfolio. They are quick to turn things around and with very minimal errors.”

# SEI

## Weighted average scores

2016	2017	2018	2019
5.49	5.67	5.69	5.97

“We have been working with SEI for more than 13 years and I can confidently say they only get stronger,” writes a happy client. “Every inquiry is addressed in a timely fashion, reporting is consistent – despite a few players from the team having changed over time, which is natural, things have remained the same or improved. The level of service is unmatched against other administrators that we have worked with concurrently.”

As it happens, the overall score has indeed improved in each of the last four years, but it leaps forward in 2019. Scores are up in all but three service areas and clear the global benchmarks in half of them. A second client adds that, having once considered changing provider, it has now given SEI “a lot more business and recommended them to other funds looking for an administrator.”

The scores are also consistent, with no conspicuous signs of vulnerability. “SEI is very proactive and also responsive to client needs and service quality is consistently of a very high standard,” confirms a client. The scores for onboarding (Very clear and open communications lines with the team”), KYC checks (“The SEI team for AML is very good”), reporting to managers (“Our clients regularly praise the reporting received from the administrator”) and reporting to regulators (“Timely, accurate reporting sent to the regulators”) are all impressive.

## Weighted average scores by service area

Service area	Weighted average score	+/- the global average
Client service	6.19	5.63%
On-boarding	5.85	2.27%
Fund accounting	6.06	1.17%
Investor services	6.17	6.20%
Reporting to investors	5.62	-3.44%
Reporting to managers	5.89	0.51%
Reporting to regulators	6.19	3.86%
Reporting to the tax authorities	5.72	-1.72%
Reporting to auditors	5.83	-2.18%
KYC, AML and sanctions screening	5.93	2.42%
Prime custody services	n/a	n/a
Middle office services	5.80	-4.45%
Operations	6.07	-0.65%
Price	5.82	2.28%
<b>Total</b>	<b>5.97</b>	<b>2.05%</b>



## State Street

Weighted average scores			
2016	2017	2018	2019
5.58	5.07	4.90	4.42

Weighted average scores by service area		
Service area	Weighted average score	+/- the global average
Client service	3.55	-39.42%
On-boarding	5.06	-11.54%
Fund accounting	5.09	-15.03%
Investor services	4.29	-26.16%
Reporting to investors	5.29	-9.11%
Reporting to managers	5.16	-11.95%
Reporting to regulators	4.73	-20.64%
Reporting to the tax authorities	2.26	-61.17%
Reporting to auditors	3.81	-36.07%
KYC, AML and sanctions screening	3.90	-32.64%
Prime custody services	n/a	n/a
Middle office services	3.85	-36.57%
Operations	3.72	-39.12%
Price	4.15	-27.07%
<b>Total</b>	<b>4.42</b>	<b>-24.44%</b>

This is the fourth successive occasion on which State Street has recorded a lower overall score in this survey than the previous year. In just one service area in five does the average score clear the threshold that separates the adequate from the poor, and not one ends up the right side of the global threshold. This may be part of the price of spending so much of the recent past endeavouring to reduce expenses and bolster the capital position.

Hopes that clients will be cheered by better technology have yet to be realised. “Helpful staff, but not top-shelf systems and infrastructure” as a client puts it. Even in the core service area of fund accounting – arguably the original *raison d’être* of State Street in developing services for asset managers and asset owners – the outcome is not flattering. Reporting to managers and investors, where the services attract two of the better scores, is undermined by a client comment. “Reporting is mostly via on-line reporting tool, which is not user-friendly,” it reads. True, the respondents are weighted towards the lower end of the size spectrum, where a bank with risk-weighted capital allocations to make is unlikely to find the commercial economics attractive. But even in fields where the bank does well – such as onboarding and, unexpectedly, pricing – the detail shows that clients find the process slow or the information partial.

## Trident Trust

Weighted average scores			
2016	2017	2018	2019
6.41	6.58	6.46	6.01

This year the comments are more familiar than the scores. A name-checked rep is singled out for delivering “incredible customer service in a timely manner.” Not only is he “a joy to deal with” but “the whole team at Trident does a great job and is always there to help.”

But Trident clients that participate in this survey normally attest to near-perfection in the services they receive. This does of course limit the course which the averages can take in a less-than-vintage year. To that extent, the course they have followed in 2019 was a predictable one.

There are still flashes of outright excellence. One is reporting to auditors. “Trident responds quickly to the auditor and after having done it in the first year the second year was almost completely transparent to me, the manager,” writes a respondent. Another is price, where Trident continues to be seen as good value, flexible and transparent. A third is investor services, where the firm has developed a reputation for helping its clients work successfully with their sources of capital. And if the scores do not always bear this out, Trident commands an unusual degree of loyalty. “We are closing one fund, and Trident has been very helpful as we have gone about that process,” a client explains. “But we plan to use Trident for every fund that we currently contemplate, or even imagine, until something adverse changes.”

Weighted average scores by service area		
Service area	Weighted average score	+/- the global average
Client service	5.59	-4.61%
On-boarding	6.00	4.90%
Fund accounting	5.70	-4.84%
Investor services	6.42	10.50%
Reporting to investors	6.10	4.81%
Reporting to managers	5.70	-2.73%
Reporting to regulators	4.98	-16.44%
Reporting to the tax authorities	4.13	-29.04%
Reporting to auditors	6.16	3.36%
KYC, AML and sanctions screening	6.12	5.70%
Prime custody services	n/a	n/a
Middle office services	6.09	0.33%
Operations	6.62	8.35%
Price	6.45	13.36%
<b>Total</b>	<b>6.01</b>	<b>2.74%</b>

# U.S. Bank Global Fund Services

## Weighted average scores

2016	2017	2018	2019
6.08	5.92	5.95	5.30

## Weighted average scores by service area

Service area	Weighted average score	+/- the global average
Client service	3.87	-33.96%
On-boarding	5.54	-3.15%
Fund accounting	5.18	-13.52%
Investor services	6.15	5.85%
Reporting to investors	5.03	-13.57%
Reporting to managers	5.69	-2.90%
Reporting to regulators	5.58	-6.38%
Reporting to the tax authorities	5.38	-7.56%
Reporting to auditors	5.91	-0.84%
KYC, AML and sanctions screening	5.51	-4.84%
Prime custody services	3.56	-32.70%
Middle office services	5.61	-7.58%
Operations	5.63	-7.86%
Price	4.98	-12.48%
<b>Total</b>	<b>5.30</b>	<b>-9.40%</b>

The former Quintillion business has finally assumed the name of the bank that bought the firm six years ago. “We continue to find Quintillion incredibly responsive,” says one client who has stayed through the transition. “Always quick to respond and happy to deal with *ad hoc* requests.”

Although the re-branding is not accompanied by a celebratory set of scores, they are nevertheless solid. Grips are specific, which is always a sign of a good relationship. “This past year we did have an issue with Irish withholding, which I felt really should have been caught by the investor services group at Quintillion,” writes a client. “However, overall Quintillion has been very responsive in client onboarding and meeting investor requests.” In fund accounting, one client is pleased to have “dedicated accountants assigned to our Fund” because it provides “continuity in terms of relationship and fund knowledge.” But a second says that “sometimes the seriousness of an error does not seem to permeate the business, and specific responses/changes to processes/reviews are left quite vague.”

Despite the change of ownership, price is not yet an issue: “Seems like fees are not being increased with the increased need for resources.” A client warms to audit reports which “take the pain out of the audit process, which is a high accolade indeed.” Another warns that it “takes one or two isolated incidents of delayed reporting or clients receiving other clients’ info” to transform attitudes.

### Methodology

As in previous years, the Hedge Fund Administration Survey, which was open for submissions between March and July 2019, asked clients to assess the services that they receive from fund administrators in a number of categories. Since changes this year were limited mostly to excisions of questions, comparisons between years are possible.

This year, five service areas (Depositary Services, Corporate Secretarial Services, Banking Services, Capital Introductions, Cyber Security) and some 23 questions were removed. This year’s questionnaire contained 52 questions across 15 service areas (See Table 1 – scores for Future Relationship were not included in the total calculations printed here.)

This is compared to last year’s questionnaire, which covered 59 questions across 19 service areas. A full list of excisions and the additional Prime Custody questions added can be found online at [www.globalcustodian.com](http://www.globalcustodian.com).

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, respondent profiles by size and location are published along with category scores and their variation from the global average.

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. Without their contribution, this survey would not be possible, but we are particularly grateful for them for their support through the transition of the survey process.

If you have any feedback, we encourage you to contact us with any thoughts, questions or suggestions that you might have.

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