

*The*

**2020** 

MUTUAL  
FUND  
ADMINISTRATION  
**SURVEY**

Whether it's the sunny weather or a reduction in stress resulting from home working, participants in the MFA survey have been generous in their provider ratings this year. On the other hand, it could be consolidation in the industry which has caused the remaining rivals to up their game, and that this is now visible to clients.

For providers, the period of COVID-19 lockdown has no doubt presented a number of operational challenges, not least the increased need for security in communications between and from a highly dispersed workforce. Although firms seem to have adjusted well, the implications for future operations remain unclear at this point.

And so, to the scores. In the first table, we have added percentages to the traditional global custodian 1-7 ratings to indicate both minimum and maximum recorded ratings for each category. This table can also serve as a guide when interpreting the results presented in the individual provider write-ups that follow (See Methodology below). Looking at column 2, for example, it becomes clear that the lowest collective category score, 4.71 for Reporting to Institutional Investors, still equates to just over 67% – not enough to break out the champagne, but not a disaster either.

The chart on the next page orders the score range for each category from narrowest to widest. The categories at the top of the chart – KYC, AML and Sanctions Screening, Client Service and On-

# COME ON IN; THE WATER'S LOVELY!

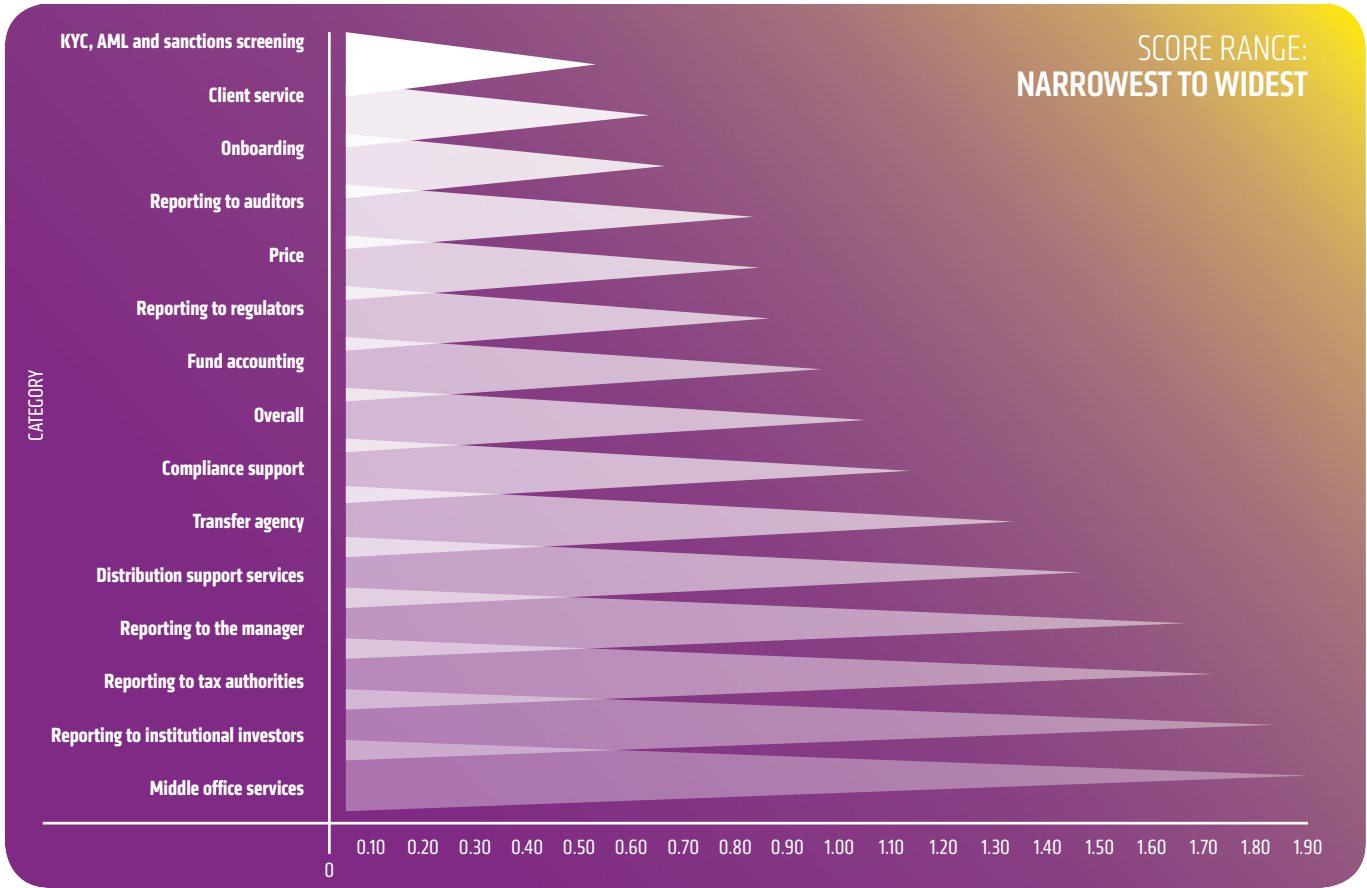
The period of lockdown for MFA providers has no doubt present a number of operational challenges.

boarding – are those where the response pool as a whole appears to feel that much the same level of service is available from most providers in the market. In contrast, those at the bottom of the table – Middle Office Services, Reporting to Institutional Investors and Reporting to Tax Authorities – seem to offer greater scope for competitive differentiation.

The table at the bottom of page 2 shows

the difference in scores among survey participants in the USA – the majority – and the still significant minority based in the UK, who account for the bulk of the remainder. As can be observed, UK-based respondents in all but one category are stricter in the marks they award than their US-based peers. This may also be reflected in the scores of individual providers.

Category	Minimum	% score	Maximum	% score	Global average
Client Service	6.10	87.10	6.73	96.20	6.17
Compliance Support	5.77	82.40	6.88	98.30	6.34
Distribution Support Services	5.00	71.40	6.49	92.70	6.06
Fund Accounting	5.72	81.80	6.69	95.60	6.13
KYC, AML And Sanctions Screening	6.31	90.20	6.82	97.50	6.60
Middle-Office Services	5.00	71.40	6.90	98.60	6.24
Onboarding	6.05	86.40	6.73	96.20	6.34
Price	5.40	77.10	6.23	89.00	5.74
Reporting to Auditors	5.76	82.40	6.57	93.90	6.14
Reporting to Institutional Investors	4.71	67.30	6.55	93.50	6.06
Reporting to Regulators	5.89	84.10	6.74	96.20	6.33
Reporting to Tax Authorities	5.20	74.30	6.93	99.00	6.29
Reporting to the Manager	4.94	70.60	6.63	94.70	5.98
Transfer Agency	5.36	76.50	6.69	95.60	6.24
<b>Overall</b>	<b>5.62</b>	<b>80.30</b>	<b>6.67</b>	<b>95.30</b>	<b>6.18</b>



**METHODOLOGY**

The Mutual Fund Administration Survey asks clients to assess the services they receive from their administrators in a number of categories. There is now only one question in each category where respondents are asked to provide a rating. This is done through a sliding scale from ‘Strongly disagree’ to ‘Strongly agree’. In some categories there are optional qualifying questions to add colour as well as an optional comment box per category.

The published results use Global Custodian’s conventional seven-point scale familiar to readers of the magazine (where 1=unacceptable and 7=excellent) for each category. Five responses were the minimum required for an individual provider write up and responses were weighted by Assets under Management (AuM) of the respondent.

Where a provider received an insufficient number of responses for an individual assessment,

Category	USA	UK	Difference
Reporting to the Manager	6.32	6.90	-0.58
Onboarding	6.57	6.43	0.14
Client Services	6.41	6.25	0.16
KYC, AML and Sanctions Screening	6.80	6.40	0.40
Compliance Support Services	6.53	6.13	0.41
Reporting to Regulators	6.57	6.16	0.41
Transfer Agency	6.51	6.07	0.44
Prices	6.06	5.53	0.53
Fund Accounting	6.51	5.98	0.54
Middle-Office Services	6.64	6.09	0.55
Reporting to Institutional Investors	6.42	5.86	0.56
Reporting to Tax Authorities	6.66	6.07	0.59
Reporting to Auditors	6.48	5.86	0.61
Distribution Support Services	6.29	5.43	0.86

those responses have nevertheless contributed to overall survey averages.

Where a provider has recorded three or more responses per category, average scores can be made available

to the provider concerned for internal use. More granular analyses than are published may also be available to providers. For information on bespoke reports, please contact [beenish.hussain@globalcustodian.com](mailto:beenish.hussain@globalcustodian.com).

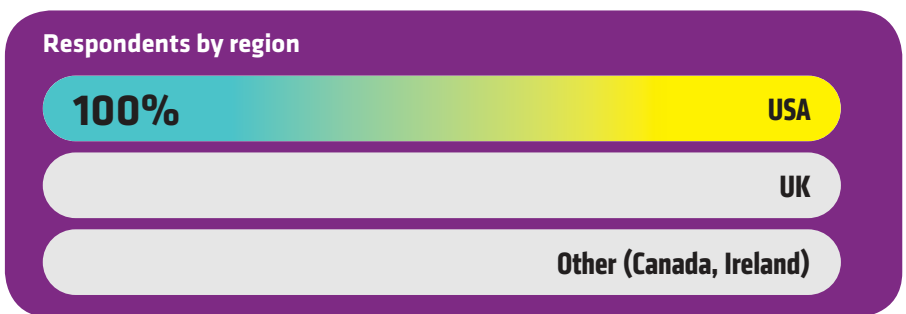
# Apex Fund Services

Through its acquisition strategy, Apex has been one of the shapers of the MFA landscape in recent years. All of the provider’s responses received in this year’s survey have come from US clients. Of the categories covered in the survey, it is active in all bar Distribution Support Services. Middle Office Services, meanwhile, though available, are not used by the bulk of mutual fund clients.

Apex is well regarded by all of the clients who rated it. As the Spread of Opinion table below shows, the majority of clients have rated it Excellent or Very Good in all categories. Reporting to Tax Authorities and Transfer Agency are the only categories where any respondents indulge in the Satisfactory range (14% and 9% respectively). That said, Apex averages in these two categories qualify as Very Good, in aggregate.

The firm exceeds the global average in 10 out of 14 categories and in overall average score too. When it comes to Client Service, one respondent is particularly effusive. “Apex has provided excellent client service since the start of our business partnership,” it remarks. “The client service team is very responsive and extremely detail-oriented.”

Category	Apex	Global average	Difference
Client Service	6.32	6.17	0.15
Compliance Support	6.05	6.34	-0.29
Distribution Support Services	n/a	5.69	n/a
Fund Accounting	6.57	6.13	0.43
KYC, AML and Sanctions Screening	6.56	6.60	-0.03
Middle-Office Services	6.55	6.24	0.31
Onboarding	6.50	6.34	0.16
Price	6.22	5.74	0.48
Reporting to Auditors	6.57	6.14	0.44
Reporting to Institutional Investors	6.50	6.06	0.44
Reporting to Regulators	6.60	6.33	0.27
Reporting to the Manager	6.29	5.98	0.32
Reporting to the Tax Authorities	6.38	6.29	0.10
Transfer Agency	6.04	6.24	-0.20
<b>Overall</b>	<b>6.40</b>	<b>6.18</b>	<b>0.22</b>



Spread of opinion	Excellent (%)	Very good (%)	Good (%)	Satisfactory (%)	Weak (%)	Very weak (%)	Unacceptable (%)	N/A (%)
Client Service	42	50	8	-	-	-	-	-
Compliance Support	36	36	27	-	-	-	-	-
Distribution Support Services	-	-	-	-	-	-	-	100
Fund Accounting	55	45	-	-	-	-	-	-
KYC, AML and Sanctions Screening	57	43	-	-	-	-	-	-
Middle-Office Services	60	40	-	-	-	-	-	-
Onboarding	50	50	-	-	-	-	-	-
Price	56	11	33	-	-	-	-	-
Reporting to Auditors	50	38	-	-	-	-	-	12
Reporting to Institutional Investors	75	-	25	-	-	-	-	-
Reporting to Regulators	60	40	-	-	-	-	-	-
Reporting to the Manager	50	25	25	-	-	-	-	-
Reporting to the Tax Authorities	71	14	-	14	-	-	-	-
Transfer Agency	45	27	18	9	-	-	-	-

# HSBC Securities Services

Reporting to Institutional Investors and Managers appears to be a strong point for HSBC, most of whose ratings come from UK-based clients in this year's survey. Top marks are awarded in these categories by 50% and 43% of respondents respectively. In a year where MFA survey participants appear to have been unusually generous, HSBC has recorded a Very Good overall score (6.02), while still falling slightly short of the global average.

Client comments are largely very positive with one or two expressing minor gripes. "Approachable and knowledgeable staff, attentive to clients' needs," says one asset manager. "Service is very good, but consistency when setting up FX bank accounts could be more streamlined," says another.

When it comes to pricing of services, often a relatively contentious area, clients seem broadly happy. "HSBC provide a fully transparent rate card and offer a flexible approach in negotiations," says one.

Middle Office Services attracts the highest number of top ratings (60% of responses). "HSBC provide a consistent service across all aspects of the service offering and are integrated into our operating model," says one large asset manager. "Overall they offer a partnership approach which is much appreciated".

Category	HSBC	Global average	Difference
Client Service	6.12	6.17	-0.05
Compliance Support	6.32	6.34	-0.02
Distribution Support Services	5.38	6.06	-0.68
Fund Accounting	5.72	6.13	-0.41
KYC, AML and Sanctions Screening	6.31	6.60	-0.28
Middle-Office Services	6.13	6.24	-0.11
Onboarding	6.05	6.34	-0.29
Price	5.61	5.74	-0.13
Reporting to Auditors	5.83	6.14	-0.30
Reporting to Institutional Investors	6.33	6.06	0.27
Reporting to Regulators	6.07	6.33	-0.26
Reporting to the Manager	6.25	5.98	0.27
Reporting to the Tax Authorities	5.93	6.29	-0.36
Transfer Agency	6.11	6.24	-0.14
<b>Overall</b>	<b>6.02</b>	<b>6.18</b>	<b>-0.16</b>

## Respondents by region



Spread of opinion	Excellent (%)	Very good (%)	Good (%)	Satisfactory (%)	Weak (%)	Very weak (%)	Unacceptable (%)	N/A (%)
Client Service	30	50	20	-	-	-	-	-
Compliance Support	57	14	29	-	-	-	-	-
Distribution Support Services	-	33	67	-	-	-	-	-
Fund Accounting	9	64	18	9	-	-	-	-
KYC, AML and Sanctions Screening	50	33	17	-	-	-	-	-
Middle-Office Services	60	20	-	20	-	-	-	-
Onboarding	38	25	38	-	-	-	-	-
Price	33	11	33	11	11	-	-	-
Reporting to Auditors	29	29	29	14	-	-	-	-
Reporting to Institutional Investors	50	25	25	-	-	-	-	-
Reporting to Regulators	33	17	33	-	-	-	-	17
Reporting to the Manager	43	43	14	-	-	-	-	-
Reporting to the Tax Authorities	29	29	14	14	-	-	-	14
Transfer Agency	43	29	29	-	-	-	-	-

# Northern Trust

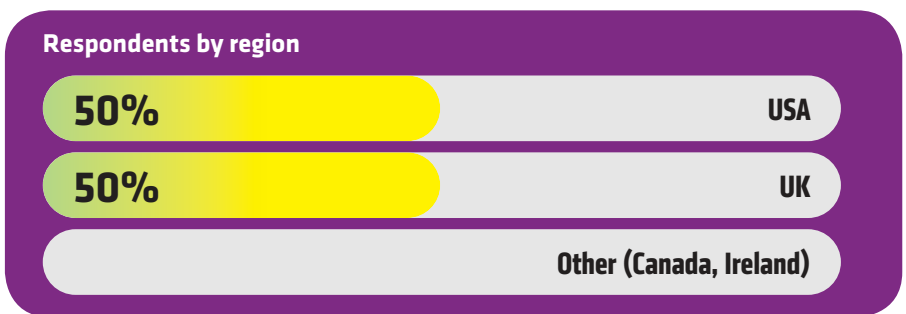
Northern Trust's MFA respondents are divided equally between UK and US, and the former are relatively less generous in the scores they give. They may be assuaged to some extent by the rollout of the bank's enhanced technology platform, Northern Trust Matrix for all EMEA transfer agency clients during 2020, which the bank says "will enable all parties involved in the process to view and act on information in near real-time."

More broadly, the bank is developing its Asset Management Oversight Services (AMOS), offering a fusion of oversight services in portfolio compliance, liquidity monitoring and NAV in a single product bundle for delivery in 2020.

Onboarding records the highest category score (6.54), exceeding the global average by 0.20 points. Eighty percent of responses award top marks for this area of service. "We are currently onboarding additional funds to NT and they have been very accommodating with regards to our required timing," says one UK-based client.

Reporting to Institutional Investors is at the other end of the scale, rating only Satisfactory. "On a number of occasions month-end investor statements have not been released on time from the Irish service," says one client.

Category	Northern Trust	Global average	Difference
Client Service	6.10	6.17	-0.07
Compliance Support	5.77	6.34	-0.57
Distribution Support Services	5.00	6.06	-1.06
Fund Accounting	5.76	6.13	-0.37
KYC, AML and Sanctions Screening	6.43	6.60	-0.17
Middle-Office Services	5.00	6.24	-1.24
Onboarding	6.54	6.34	0.20
Price	5.40	5.74	-0.34
Reporting to Auditors	5.76	6.14	-0.37
Reporting to Institutional Investors	4.71	6.06	-1.35
Reporting to Regulators	5.89	6.33	-0.44
Reporting to the Manager	4.94	5.98	-1.03
Reporting to the Tax Authorities	5.20	6.29	-1.09
Transfer Agency	5.36	6.24	-0.88
<b>Overall</b>	<b>5.56</b>	<b>6.18</b>	<b>-0.62</b>



Spread of opinion	Excellent (%)	Very good (%)	Good (%)	Satisfactory (%)	Weak (%)	Very weak (%)	Unacceptable (%)	N/A (%)
Client Service	43	43	-	14	-	-	-	-
Compliance Support	25	25	50	-	-	-	-	-
Distribution Support Services	-	-	50	-	-	-	-	50
Fund Accounting	14	71	-	14	-	-	-	-
KYC, AML and Sanctions Screening	33	33	-	-	-	-	-	33
Middle-Office Services	-	-	100	-	-	-	-	-
Onboarding	80	-	-	20	-	-	-	-
Price	33	-	33	33	-	-	-	-
Reporting to Auditors	-	80	20	-	-	-	-	-
Reporting to Institutional Investors	33	-	-	-	33	-	-	33
Reporting to Regulators	33	33	33	-	-	-	-	-
Reporting to the Manager	17	17	50	-	17	-	-	-
Reporting to the Tax Authorities	-	67	-	33	-	-	-	-
Transfer Agency	20	40	20	20	-	-	-	-

# Ultimus Fund Solutions

Ultimus puts its mutual fund assets under administration at approximately \$300 billion, comprised, for the most part, of clients with less than \$5 billion AUM, though the largest is above \$50 billion. With an exclusively US-based response pool, the firm has once again recorded stellar scores with an overall average of 6.67, comfortably above the global average. It has also exceeded all category averages.

Over the course of the last year, Ultimus has continued to develop its 'uSuite' of technology applications, enabling connectivity via APIs, new workflows, applications, and robo automation. This includes the redesign of its compliance system to allow clients to hone their portfolio compliance to their specific needs. Compliance Support is the provider's second highest scoring service category (6.84), with 88% of responses awarding it a 7.00, the highest possible score in the survey.

Client comments are overwhelmingly positive. Of particular note is this from one grateful asset manager, regarding Fund Accounting: "The Fund Accounting group is meticulous, dedicated and has many years of experience...Through the many organisational changes occurring at Ultimus over the last five years, my team at Ultimus has remained constant. They are highly responsive to inquiries and

Category	Ultimus	Global average	Difference
Client Service	6.73	6.17	0.56
Compliance Support	6.84	6.34	0.50
Distribution Support Services	6.49	6.06	0.43
Fund Accounting	6.62	6.13	0.48
KYC, AML and Sanctions Screening	6.73	6.60	0.14
Middle-Office Services	6.90	6.24	0.66
Onboarding	6.73	6.34	0.40
Price	6.23	5.74	0.49
Reporting to Auditors	6.56	6.14	0.42
Reporting to Institutional Investors	6.43	6.06	0.37
Reporting to Regulators	6.74	6.33	0.41
Reporting to the Manager	6.63	5.98	0.65
Reporting to the Tax Authorities	6.93	6.29	0.64
Transfer Agency	6.69	6.24	0.45
<b>Overall</b>	<b>6.67</b>	<b>6.18</b>	<b>0.49</b>

## Respondents by region

100%

USA

UK

Other (Canada, Ireland)

Spread of opinion	Excellent (%)	Very good (%)	Good (%)	Satisfactory (%)	Weak (%)	Very weak (%)	Unacceptable (%)	N/A (%)
Client Service	83	11	-	-	6	-	-	-
Compliance Support	88	6	6	-	-	-	-	-
Distribution Support Services	75	13	-	-	13	-	-	-
Fund Accounting	71	24	-	-	6	-	-	-
KYC, AML and Sanctions Screening	83	8	-	8	-	-	-	-
Middle-Office Services	89	-	11	-	-	-	-	-
Onboarding	86	-	-	-	7	-	-	7
Price	47	29	18	6	-	-	-	-
Reporting to Auditors	79	14	-	-	-	7	-	-
Reporting to Institutional Investors	78	11	-	-	-	11	-	-
Reporting to Regulators	88	6	-	-	6	-	-	-
Reporting to the Manager	81	12	-	-	-	6	-	-
Reporting to the Tax Authorities	91	9	-	-	-	-	-	-
Transfer Agency	81	13	-	-	6	-	-	-



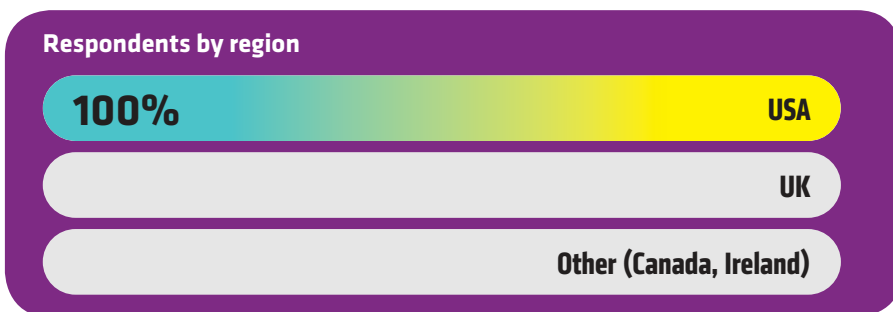
# US Bancorp

US Bancorp has recorded an impressive set of scores this year, beating the overall market average by 0.24 points with all category scores in the Very Good range (6.00-6.99), the only exception being Reporting to the Manager (5.91). This is also one of only three categories where the bank dips below the average for the survey response pool as a whole.

As can be seen in the Spread of Opinion table below, no single response for any category falls below the Good range (5.00-5.99). Most impressive in that regard are the bank’s results for Compliance Support, where 88% of responses rate it as Excellent and KYC, AML and Sanctions Screening, where three-quarters of its participating clients do the same.

With regard to the latter, one client comments that, “US Bancorp has had a very high level of performance in this area over the course of our lengthy relationship by measurements that include fraud and identity theft prevention and detection, as well as key measurement areas attributable to this grouping of functions. You quickly learn that the teams involved with these functions are highly engaged and knowledgeable.”

Category	US Bancorp	Global average	Difference
Client Service	6.47	6.17	0.30
Compliance Support	6.88	6.34	0.54
Distribution Support Services	6.40	6.06	0.34
Fund Accounting	6.69	6.13	0.56
KYC, AML and Sanctions Screening	6.82	6.60	0.22
Middle-Office Services	6.11	6.24	-0.13
Onboarding	6.44	6.34	0.11
Price	5.65	5.74	-0.09
Reporting to Auditors	6.18	6.14	0.05
Reporting to Institutional Investors	6.55	6.06	0.48
Reporting to Regulators	6.54	6.33	0.21
Reporting to the Manager	5.91	5.98	-0.07
Reporting to the Tax Authorities	6.62	6.29	0.33
Transfer Agency	6.65	6.24	0.41
<b>Overall</b>	<b>6.42</b>	<b>6.18</b>	<b>0.24</b>



Spread of opinion	Excellent (%)	Very good (%)	Good (%)	Satisfactory (%)	Weak (%)	Very weak (%)	Unacceptable (%)	N/A (%)
Client Service	63	25	12	-	-	-	-	-
Compliance Support	88	12	-	-	-	-	-	-
Distribution Support Services	50	25	-	-	-	-	-	25
Fund Accounting	71	29	-	-	-	-	-	-
KYC, AML and Sanctions Screening	75	25	-	-	-	-	-	-
Middle-Office Services	60	20	20	-	-	-	-	-
Onboarding	50	33	-	-	-	-	-	17
Price	38	25	38	-	-	-	-	-
Reporting to Auditors	67	17	17	-	-	-	-	-
Reporting to Institutional Investors	67	17	17	-	-	-	-	-
Reporting to Regulators	57	43	-	-	-	-	-	-
Reporting to the Manager	67	-	33	-	-	-	-	-
Reporting to the Tax Authorities	71	29	-	-	-	-	-	-
Transfer Agency	62	38	-	-	-	-	-	-



# Other

Responses were received for another five providers: CIBC Mellon, JP Morgan, SEI, SS&C and State Street. While they were insufficient to allow for individual write-ups, they represent a sizeable pool of assets under management on the side of the respondents and assets under administration, by the providers taken as a whole.

These ratings have also contributed to the global averages recorded both for each category and overall. The Spread of Opinion table shows a broadly satisfied clientele with only 11% of respondents for these providers rating any service area as weak. Given that the category concerned is Price, this is probably not a reflection on the actual quality of services offered. Survey respondents are rarely content to acknowledge that they are getting a good deal pricewise and this group of clients is no exception. Nevertheless, it is worth noting that a third of these respondents regard their provider's pricing as Good.

Client comments are sparse, though both SS&C and State Street do record a number of mostly positive observations. Hopefully these providers, all of whom are long established, will attract more responses in our next MFA survey.

Category	Other	Global average	Difference
Client Service	5.20	6.17	-0.97
Compliance Support	5.73	6.34	-0.61
Distribution Support Services	5.43	6.06	-0.63
Fund Accounting	5.46	6.13	-0.67
KYC, AML and Sanctions Screening	6.38	6.60	-0.22
Middle-Office Services	5.75	6.24	-0.49
Onboarding	5.72	6.34	-0.62
Price	5.00	5.74	-0.74
Reporting to Auditors	5.75	6.14	-0.39
Reporting to Institutional Investors	4.57	6.06	-1.49
Reporting to Regulators	5.68	6.33	-0.65
Reporting to the Manager	5.30	5.98	-0.68
Reporting to the Tax Authorities	5.55	6.29	-0.74
Transfer Agency	6.05	6.24	-0.19
<b>Overall</b>	<b>5.52</b>	<b>6.18</b>	<b>-0.66</b>

## Respondents by region

91%

USA

UK

9%

Other (Canada, Ireland)

Spread of opinion	Excellent (%)	Very good (%)	Good (%)	Satisfactory (%)	Weak (%)	Very weak (%)	Unacceptable (%)	N/A (%)
Client Service	-	50	30	20	-	-	-	-
Compliance Support	33	22	22	11	-	-	-	11
Distribution Support Services	-	40	-	20	-	-	-	40
Fund Accounting	22	33	22	11	-	-	-	11
KYC, AML and Sanctions Screening	33	33	-	-	-	-	-	33
Middle-Office Services	33	33	33	-	-	-	-	-
Onboarding	33	17	33	-	-	-	-	17
Price	11	22	33	22	11	-	-	-
Reporting to Auditors	33	22	33	-	-	-	-	11
Reporting to Institutional Investors	-	25	-	25	-	-	-	50
Reporting to Regulators	38	12	50	-	-	-	-	-
Reporting to the Manager	14	43	29	14	-	-	-	-
Reporting to the Tax Authorities	20	-	40	-	-	-	-	40
Transfer Agency	29	43	-	14	-	-	-	14