

*The*  
**2020**

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PRIVATE  
EQUITY FUND  
ADMINISTRATION  
**SURVEY**

# AUTOMATION SHIFTS THE FOCUS

In this year's Private Equity Fund Administration Survey, a number of providers, asked to comment on industry developments over the past year, drew attention to the trend towards outsourcing of administrative functions as digitisation and automation make inroads into previously manual processes.

What is evident from this year's results is that managers are also expanding their horizons in search of opportunities and that those administrators able to service multiple jurisdictions are reaping benefits. The accompanying table, indicates that Geographical Coverage is the most highly rated aspect of service by this year's response pool. By contrast, Technology is the lowest rated category, though it remains in Good territory (5.00-5.99). This may well be misleading, however, as not all technology investment by providers is visible as a client interface, but rather powers improvements in other complex and expensive areas of service.

The table also shows that despite the tribulations brought on by the pandemic,

Scores have slipped a little since last year, but overall client sentiment remains positive in the PEFA survey.

Category	Average Score	Average Score Previous Year	Difference
Client service	5.89	6.19	-0.30
On-boarding	5.84	6.07	-0.23
Geographical coverage	6.19	6.27	-0.08
Reporting to limited partners	5.88	6.11	-0.23
Reporting to general partners	5.90	5.80	0.10
Reporting to regulators	6.03	6.29	-0.26
KYC, AML and sanctions screening	5.76	6.10	-0.34
Depositary services	5.87	6.06	-0.19
Capital drawdowns and distributions	6.12	6.09	0.03
Technology	5.50	5.68	-0.18
<b>Total</b>	<b>5.90</b>	<b>6.03</b>	<b>-0.13</b>

providers have managed to retain the goodwill of survey respondents, even if category scores have slipped from last year's highs. Interestingly, one category,

Reporting to General Partners, has even recorded a slight increase. This is perhaps an example of technology working "behind the scenes".

## Methodology

In this year's Private Equity Fund Administration survey, we have focused our attention on the fund managers' views who have traditionally formed the bulk of the respondents, rather than the small cohort of institutional investors for which, in previous years, a separate questionnaire was produced and the results combined into a single score.

We have also simplified the survey completion process. There is only one question in each service 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 a number of optional qualifying questions to add colour as well as an optional comment

box per category. This has allowed us to gather a richer and more nuanced view of client experiences.

The published results use Global Custodian's conventional seven-point scale familiar to readers of the magazine (where 7.00 equals Excellent and 1.00 equals unacceptable).

Five responses are the minimum sample number required to assess a service provider adequately enough to publish their results. This year, six providers have passed that threshold.

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)

of the respondent. This year, slightly greater weight was given to the larger respondents, who tend to be the more demanding in terms of service expectations. Scores in any question or service area which attracted less than three responses are excluded from the calculations as we regard fewer than that to be an insufficient number to assess perceptions with confidence.

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 more information on bespoke reports, please contact [beenish.hussain@globalcustodian.com](mailto:beenish.hussain@globalcustodian.com)

# Apex Group

Roughly half of Apex Group’s private equity fund clients are based in Europe with the other half spread across all other global regions. Indeed, Geographical coverage provides the firm’s highest category score (6.07) in this year’s PEFA survey. Apex assesses its total AUA in private equity at \$303 billion.

Apex year-on-year scores have risen in five categories, as has their overall average score. In addition to Geographical Coverage, individual categories exceeding the Very Good threshold (6.00) include Client Service, Reporting to General Partners, Depository Services and Capital Drawdowns and Distributions. Apex also outperforms the survey average in seven categories as well as exceeding the overall survey average.

When it comes to Client Service, many of the client comments are geographically focused. “Superb service from Apex Isle of Man office. They have a dedicated team, low staff turnover and high competency,” says one client.

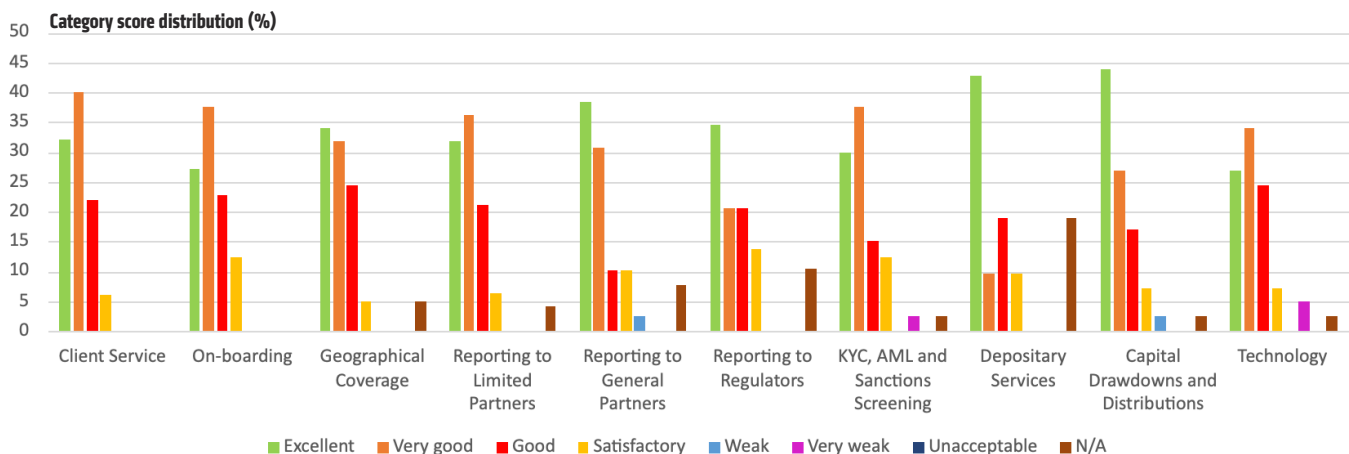
As for Capital Drawdowns, one respondent praises a “fully integrated process, high reactivity - usually same day or T+1 between initial instruction and effective dispatch of notices to investors”, though one or two others indicate a desire for further automation.

In terms of recent developments in its own service, Apex points to a “significant focus on our ESG consulting and rating services, which we recently launched”. There is, says the firm, a renewed focus in this area “as the global pandemic has highlighted how critical it is to prioritise society and environmental issues.”

Looking ahead, Apex suggests a realisation that working from home can be successful and applying to private equity deal execution change the traditional way in which investments are made. As a result, digital platforms for PE fund raising and secondary market exchange will flourish, leading to increased accessibility both to institutional and, perhaps, a wider group of individual or retail investors.

Category scores: annual comparison			
Category	2020	2019	Difference
Client Service	6.05	6.03	0.02
On-boarding	5.87	5.86	0.01
Geographical Coverage	6.07	6.11	-0.04
Reporting to Limited Partners	5.95	5.55	0.40
Reporting to General Partners	6.00	6.11	-0.11
Reporting to Regulators	5.85	6.36	-0.51
KYC, AML and Sanctions Screening	5.83	6.01	-0.19
Depository Services	6.00	6.12	-0.12
Capital Drawdowns and Distributions	6.00	5.93	0.07
Technology	5.72	5.54	0.18
Overall	5.95	5.88	0.07

Category scores relative to global benchmarks			
Category	Average Score	Global Average	Difference vs Global
Client Service	6.05	5.89	0.16
On-boarding	5.87	5.84	0.03
Geographical Coverage	6.07	6.19	-0.12
Reporting to Limited Partners	5.95	5.88	0.07
Reporting to General Partners	6.00	5.90	0.10
Reporting to Regulators	5.85	6.03	-0.18
KYC, AML and Sanctions Screening	5.83	5.76	0.07
Depository Services	6.00	5.87	0.13
Capital Drawdowns and Distributions	6.00	6.12	-0.12
Technology	5.72	5.50	0.22
Overall	5.95	5.90	0.05



# Citco Fund Services

Citco believes strongly that the private asset industry is at a tipping point where our industry's operating model will move swiftly from manual processes and email dependency to digitisation and automation."

This assertion is further elaborated in Citco's own contribution to the survey exercise: "The ability to collaborate online has been pushed to the top of most people's agenda in these difficult times. GPs are looking to do things digitally. Hosting investor presentations via video, a critical need to sign everything digitally, a huge growth in use of online communication platforms, a reliance on cloud-based document sharing tools."

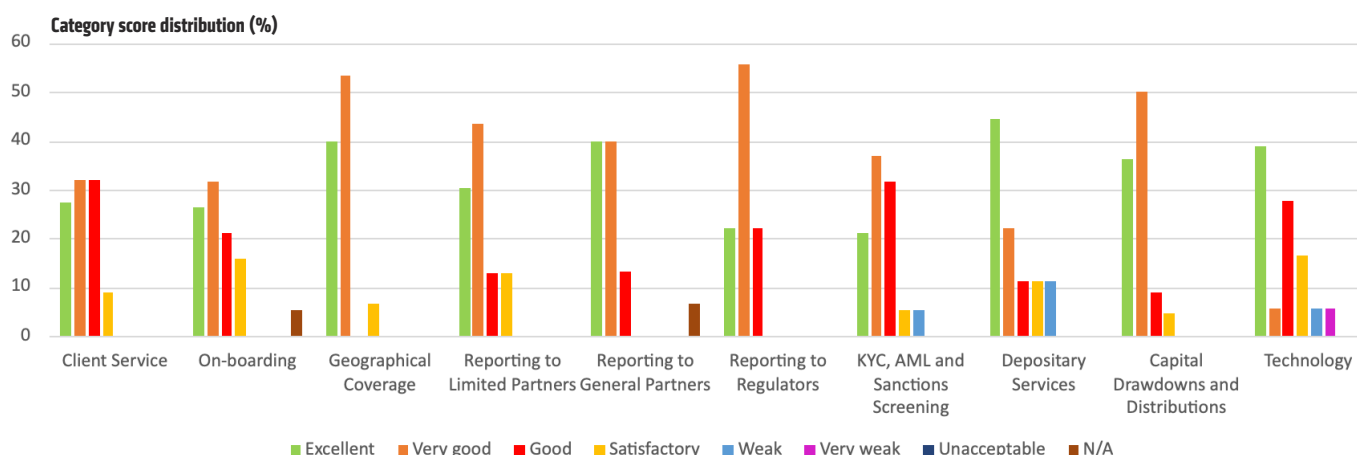
Although Citco's year-on-year scores have dropped a little in most categories, it has recorded significant increases in Depositary Services and Reporting to General Partners. It's overall average also remains above the global survey average, outperforming in five categories, most notably Reporting to General Partners. It beats the Very Good threshold (6.00) in this and three other service categories: Geographical Coverage, Capital Drawdowns and Distributions and Reporting to Limited Partners.

With regards to Capital Drawdowns, one APAC-based client comments that, "They are able to accommodate our requests to process capital drawdowns and distributions even at times when the turnaround is substantially shorter than usual." It is interesting, however, that despite the growing emphasis on automation, another respondent from the region welcomes the fact that, while automated services were offered, "Citco has accommodated to our request of not using the automation services as most of our investors... still prefer the traditional method."

Citco itself points to investment in several technology initiatives in 2019, including Citco Waterfall, a new comprehensive tool covering both deal-by-deal and total return waterfalls. Other areas of investment include its portal covering core services, a data room to provide secure communication channels, a standalone SaaS-based treasury application and a web-based toolkit of data services. "We believe the move toward automation will only gain further traction in a full or partial remote-working environment," says the firm.

Category scores: annual comparison			
Category	2020	2019	Difference
Client Service	5.82	6.23	-0.41
On-boarding	5.80	6.18	-0.38
Geographical Coverage	6.32	6.36	-0.04
Reporting to Limited Partners	6.04	6.10	-0.06
Reporting to General Partners	6.24	5.80	0.44
Reporting to Regulators	5.95	6.29	-0.34
KYC, AML and Sanctions Screening	5.70	6.21	-0.51
Depositary Services	5.83	5.27	0.56
Capital Drawdowns and Distributions	6.25	6.56	-0.31
Technology	5.53	5.93	-0.40
<b>Overall</b>	<b>5.96</b>	<b>6.18</b>	<b>-0.22</b>

Category scores relative to global benchmarks			
Category	Average Score	Global Average	Difference vs Global
Client Service	5.82	5.89	-0.07
On-boarding	5.80	5.84	-0.04
Geographical Coverage	6.32	6.19	0.13
Reporting to Limited Partners	6.04	5.88	0.16
Reporting to General Partners	6.24	5.90	0.35
Reporting to Regulators	5.95	6.03	-0.08
KYC, AML and Sanctions Screening	5.70	5.76	-0.06
Depositary Services	5.83	5.87	-0.04
Capital Drawdowns and Distributions	6.25	6.12	0.14
Technology	5.53	5.50	0.04
<b>Overall</b>	<b>5.96</b>	<b>5.90</b>	<b>0.06</b>



# Maples Group

Maples has long been a rated participant in Global Custodian’s Hedge Fund Administration Survey and is a more recent entrant to the PEFA survey. Although outsourced administration in the hedge fund space has been standard practice for quite some time, the firm notes that it is only in recent years that private equity funds have begun to adopt a similar model, on the back of increased investor demands and regulatory scrutiny.

Maples returns to the survey this year after a break in 2019, when it received insufficient responses for analysis. The firm has a geographically diverse PE fund client base, each with assets under management of up to \$5 billion.

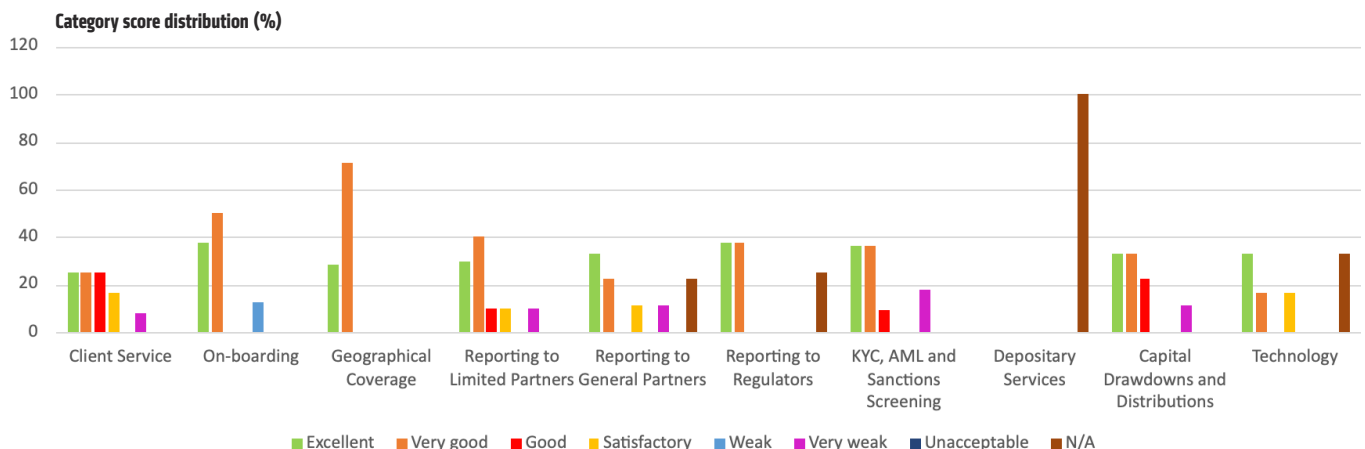
Results this year should please Maples’ management, with four of the nine categories covered by the firm rated above 6.00 (Very Good) and an overall average of 6.00. It also outperforms the global average in five categories, as well as overall. This is most notable in Technology, which is 0.79 points above the survey average. “Technology continues to be a key priority for us and we have made a number of significant investments to enhance our overall infrastructure,” says the firm. “These include the rollout of new standard and customised reporting solutions, introduction of new technology solutions for credit funds, and the continued implementation of new technology for process efficiency and risk mitigation.”

Although not one of its highest category ratings, Maples does exceed the survey average for KYC, AML and Sanctions Screening, on which it has placed significant emphasis, given the intense global regulatory focus and heightened awareness of the risks associated with money laundering.

The administrator has introduced a proprietary technology solution that centralises KYC workflows and data for investors. Judging by client comments, this is timely. “Extra seminars and information on KYC & AML procedures of Maples would be welcome,” says one APAC-based client.”

Category scores: annual comparison			
Category	2020	2019	Difference
Client Service	5.50	n/a	n/a
On-boarding	6.14	n/a	n/a
Geographical Coverage	6.21	n/a	n/a
Reporting to Limited Partners	5.83	n/a	n/a
Reporting to General Partners	5.86	n/a	n/a
Reporting to Regulators	6.50	n/a	n/a
KYC, AML and Sanctions Screening	5.95	n/a	n/a
Depository Services	n/a	n/a	n/a
Capital Drawdowns and Distributions	5.87	n/a	n/a
Technology	6.29	n/a	n/a
Overall	6.00	n/a	n/a

Category scores relative to global benchmarks			
Category	Average Score	Global Average	Difference vs Global
Client Service	5.50	5.89	-0.39
On-boarding	6.14	5.84	0.30
Geographical Coverage	6.21	6.19	0.02
Reporting to Limited Partners	5.83	5.88	-0.05
Reporting to General Partners	5.86	5.90	-0.04
Reporting to Regulators	6.50	6.03	0.47
KYC, AML and Sanctions Screening	5.95	5.76	0.19
Depository Services	n/a	5.87	n/a
Capital Drawdowns and Distributions	5.87	6.12	-0.25
Technology	6.29	5.50	0.79
Overall	6.00	5.90	0.09



# Northern Trust

Northern Trust has been administering private capital and fund of private capital vehicles for the last 25 years. The organisation's centres for excellence in private capital administration are in Chicago and Guernsey.

It is represented in this year's survey after an absence in 2019 due to insufficient responses. Going by the numbers alone, results are mixed, with four categories – Client Service, Geographical Coverage, Reporting to Regulators and Capital Drawdowns and Distributions – rated Good (5.00-5.99) and six rated Satisfactory (4.00-4.99)

Client comments are, however, for the most part, complimentary. "It has been a pleasure working with the entire team at Northern Trust Chicago," says one client. "Senior management is knowledgeable and available to assist and answer questions at all times. The administrative support provided by the team is excellent."

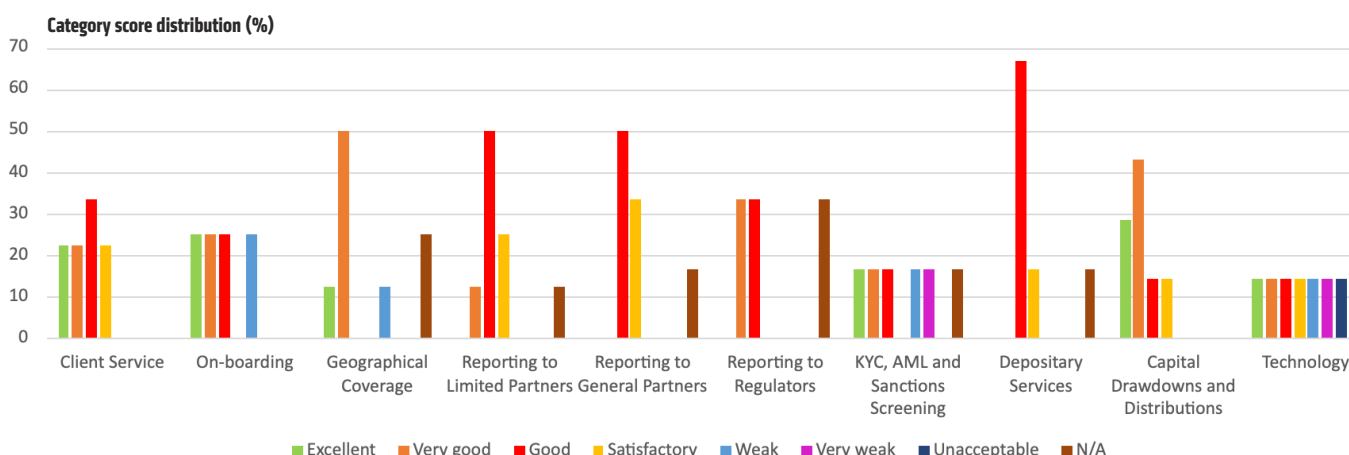
One new client praises the onboarding experience: "The team has gone above and beyond to ensure our continuous satisfaction with their services, including but not limited to senior management availability and involvement at every step of the process."

While ratings for Technology and Reporting to both General and Limited Partners client show ample room for improvement, Northern Trust itself seems aware of the challenges in this regard. Clients have both a need and an appetite for more transparency, flexibility and the ability to access their data, the bank suggests. "That has resulted in an increased focus on technology and need for additional self-serving reporting tools available 24/7," it says. One client observes: "While there are system limitations on what could be provided to the GP, the administrator is very willing to build customised reports to be transparent and help out."

Looking ahead, the bank foresees business growth from two sources: the potential access to private equity for defined contribution plans; and, perhaps more immediately, COVID-19 challenges that are expected to result in more investment managers outsourcing some of their back-office functions.

Category scores: annual comparison			
Category	2020	2019	Difference
Client Service	5.21	n/a	n/a
On-boarding	4.95	n/a	n/a
Geographical Coverage	5.50	n/a	n/a
Reporting to Limited Partners	4.81	n/a	n/a
Reporting to General Partners	4.63	n/a	n/a
Reporting to Regulators	5.40	n/a	n/a
KYC, AML and Sanctions Screening	4.43	n/a	n/a
Depository Services	4.81	n/a	n/a
Capital Drawdowns and Distributions	5.80	n/a	n/a
Technology	4.00	n/a	n/a
Overall	4.99	n/a	n/a

Category scores relative to global benchmarks			
Category	Average Score	Global Average	Difference vs Global
Client Service	5.21	5.89	-0.68
On-boarding	4.95	5.84	-0.89
Geographical Coverage	5.50	6.19	-0.69
Reporting to Limited Partners	4.81	5.88	-1.07
Reporting to General Partners	4.63	5.90	-1.27
Reporting to Regulators	5.40	6.03	-0.63
KYC, AML and Sanctions Screening	4.43	5.76	-1.33
Depository Services	4.81	5.87	-1.05
Capital Drawdowns and Distributions	5.80	6.12	-0.32
Technology	4.00	5.50	-1.50
Overall	4.99	5.90	-0.92



# SS&C Technologies

With the majority in North America, SS&C nevertheless has a global private equity and venture capital client base. It is one of the standout performers in this year's survey with seven categories comfortably in the Very Good territory (6.00-6.99) and the remaining three rated, Good. It also outperforms the survey average in all categories, with the exception of KYC, AML and Sanctions Screening, and Technology. This last category, having recorded a 0.31-point fall since last year, now equals the 5.50 global average score.

While 27% of respondents rate the firm's Technology as Excellent (7.00), and 36% as Very Good (6.00), some 12% regard it as only Satisfactory or Weak, suggesting a wide range of experiences in this regard. Client comments do not add much colour in this category, though one notes: "We have worked with other administrators with fairly inflexible IT systems (general ledger system, LP reporting system); however, SS&C has been very adaptable and responsive to requests to accommodate structure, reporting requests and preferences. Systems are reliable and provide sufficient data output."

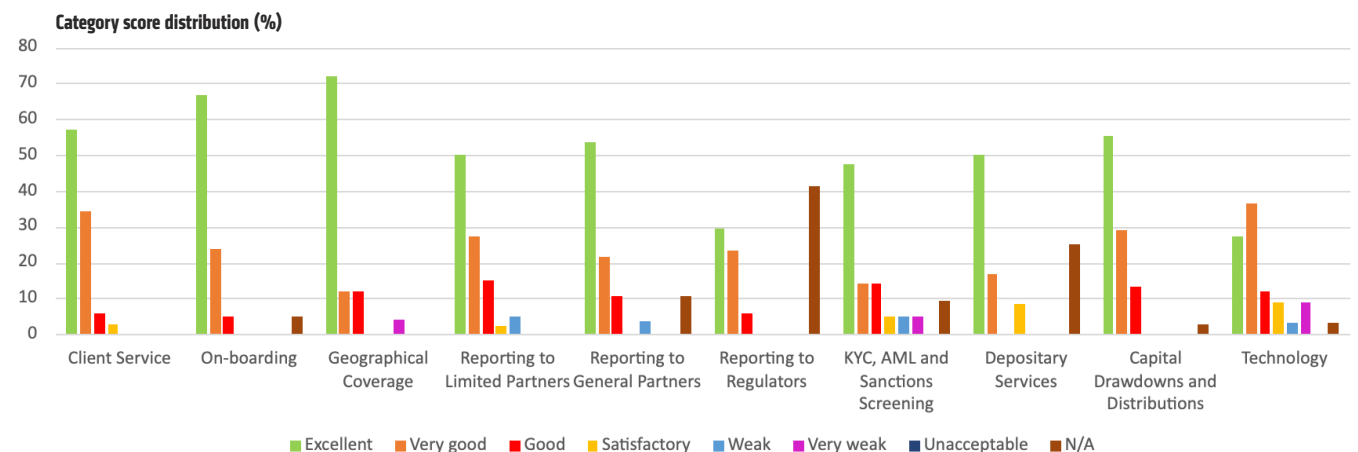
Although SS&C does not act in a depositary capacity, it does provide a number of supporting services which appear to be well appreciated by respondents.

Client Service garners the most additional comment, all of it complimentary. "This administrator excels in client service and responsiveness to our needs and deliverables," says one. A number of individual team members are namechecked by happy clients. "The team in general is very available, we don't have to wait longer than 24 hours on a response for the most part," says another smaller US client.

The firm says it has seen significant growth in the number and type of firms that have historically self-administered now exploring a service provider relationship. Service requests are also expanding. "Such conversations are focused around private equity and venture capital fund administration but often are greater in scope and include evaluations of investor portals, tax, management company, portfolio management processes, data aggregation as well as connectivity," it observes.

Category scores: annual comparison			
Category	2020	2019	Difference
Client Service	6.42	6.46	-0.04
On-boarding	6.59	6.28	0.31
Geographical Coverage	6.27	6.49	-0.22
Reporting to Limited Partners	5.99	6.18	-0.19
Reporting to General Partners	6.30	6.51	-0.21
Reporting to Regulators	6.41	6.23	0.18
KYC, AML and Sanctions Screening	5.63	6.35	-0.72
Depositary Services	6.47	5.90	0.57
Capital Drawdowns and Distributions	6.39	6.23	0.16
Technology	5.50	5.81	-0.31
Overall	6.20	6.25	-0.05

Category scores relative to global benchmarks			
Category	Average Score	Global Average	Difference vs Global
Client Service	6.42	5.89	0.53
On-boarding	6.59	5.84	0.75
Geographical Coverage	6.27	6.19	0.08
Reporting to Limited Partners	5.99	5.88	0.11
Reporting to General Partners	6.30	5.90	0.41
Reporting to Regulators	6.41	6.03	0.38
KYC, AML and Sanctions Screening	5.63	5.76	-0.12
Depositary Services	6.47	5.87	0.61
Capital Drawdowns and Distributions	6.39	6.12	0.28
Technology	5.50	5.50	0.00
Overall	6.20	5.90	0.30



# Trident Trust

Trident Trust administers approximately \$25 billion managed by 123 managers across 322 funds – a number that has increased over the past year. During that time, Trident has made a substantial investment in the build-out of its fund administration business in Asia and is seeing a growth in its client base in the region as a result.

While a number of providers in the survey have pointed to the increased outsourcing of back-office functions by PE managers, Trident attributes this trend partly to pressure from investors in order to strengthen governance. This has been accompanied by regulatory pressure to appoint third-party administrators in jurisdictions such as the Cayman Islands.

Trident is a standout performer in this year's survey with a stellar 6.63 overall average – 0.72 points above the overall survey average. It also surpasses all survey category averages. In comparison with its own scores from 2019, it is up in most categories, apart from Client Service, Reporting to General Partners and Capital Drawdowns and distributions. These three nevertheless continue to record scores comfortably in the Very Good range (6.00-6.99).

The firm's lowest category score, albeit still more than respectable, is for Technology and judging by client comments, there is some pressure for improvement in that area. "Truly an area that desperately needs investment," says one disgruntled client, though half of respondents for Trident actually awarded top marks for this category.

Client Service comes in for the most consistent praise. "I couldn't speak more highly of my team at Trident and I would recommend them to anyone. [Two specific staff members are namechecked.] They are responsive, proactive, super helpful, the work provided is flawless. I just really, really enjoy working with them. High quality services." Another comments: "We like the people we work with there. They are very collaborative and provide great guidance. We are interested in their technology upgrades and it will be a factor in directing future business."

Category scores: annual comparison			
Category	2020	2019	Difference
Client Service	6.48	6.72	-0.24
On-boarding	6.47	6.33	0.14
Geographical Coverage	6.91	6.77	0.14
Reporting to Limited Partners	6.87	6.65	0.22
Reporting to General Partners	6.38	6.75	-0.38
Reporting to Regulators	6.77	6.62	0.15
KYC, AML and Sanctions Screening	6.81	6.80	0.01
Depositary Services	7.00	6.77	0.23
Capital Drawdowns and Distributions	6.52	6.55	-0.03
Technology	6.13	5.86	0.27
<b>Overall</b>	<b>6.63</b>	<b>6.53</b>	<b>0.10</b>

Category scores relative to global benchmarks			
Category	Average Score	Global Average	Difference vs Global
Client Service	6.48	5.89	0.59
On-boarding	6.47	5.84	0.63
Geographical Coverage	6.91	6.19	0.72
Reporting to Limited Partners	6.87	5.88	0.99
Reporting to General Partners	6.38	5.90	0.48
Reporting to Regulators	6.77	6.03	0.74
KYC, AML and Sanctions Screening	6.81	5.76	1.05
Depositary Services	7.00	5.87	1.13
Capital Drawdowns and Distributions	6.52	6.12	0.40
Technology	6.13	5.50	0.63
<b>Overall</b>	<b>6.63</b>	<b>5.90</b>	<b>0.72</b>

