

The

2021 ™

MUTUAL
FUND
ADMINISTRATION
SURVEY

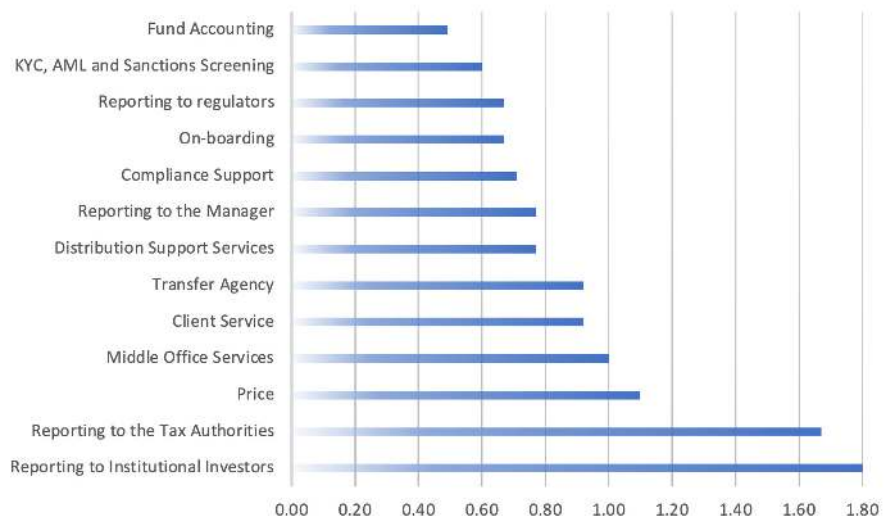
CRISIS? WHAT CRISIS?

Two trends are evident from the last few Mutual Fund Administration surveys. The first is indisputable and the second is speculative. The number of providers rated in the survey has shrunk as mergers and acquisitions across the industry have seen some venerable names absorbed into larger entities. What is not yet clear is the impact of that consolidation on service levels. Global Custodian's tentative assessment is that as the provider landscape has changed, competition among fewer but larger players is leading to greater client satisfaction. Whether this is a result of greater investment in systems and processes being more within reach or simply the need for providers, large and small, to up their game in the face of more clearly identified competition is unclear.

Of course, within the full range of services offered by a mutual fund administrator, competition – and competitive differentiation – is stronger in some areas than others. Figure 1 indicates the range of scores for rated providers in each category. This year it seems that reporting, both to institutional investors and tax authorities, is less commoditised than the core fund accounting function.

Despite the global economy taking a huge hit from the COVID-19 pandemic, the quality of mutual fund administration appears to be going from strength to strength.

SCORE RANGE: NARROWEST TO WIDEST



Methodology

The Mutual Fund Administration Survey asks clients to assess the quality of service received from their administrators across 13 categories. There is only one question in each category where respondents are asked to provide a rating. This is done through a sliding scale from 'Excellent' to 'Unacceptable'. 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 are the minimum required for an individual provider write up.

Traditionally, responses have been weighted by Assets under

Management (AuM) of the respondent, providing in effect a larger voice to the larger – and often more demanding – clients. In practice, the impact of this weighting is slight. This year, for example, the overall average across all providers is 6.40 unweighted and 6.37 weighted. In the tables that follow, this year's scores are presented on an unweighted basis. Where a provider has received an insufficient number of responses for an individual assessment, those responses have nevertheless contributed to overall survey averages. More granular analyses than are published may also be available to providers, including weighted versus unweighted comparisons. For information on bespoke reports, please contact beenish.hussain@globalcustodian.com.

Apex Fund Services

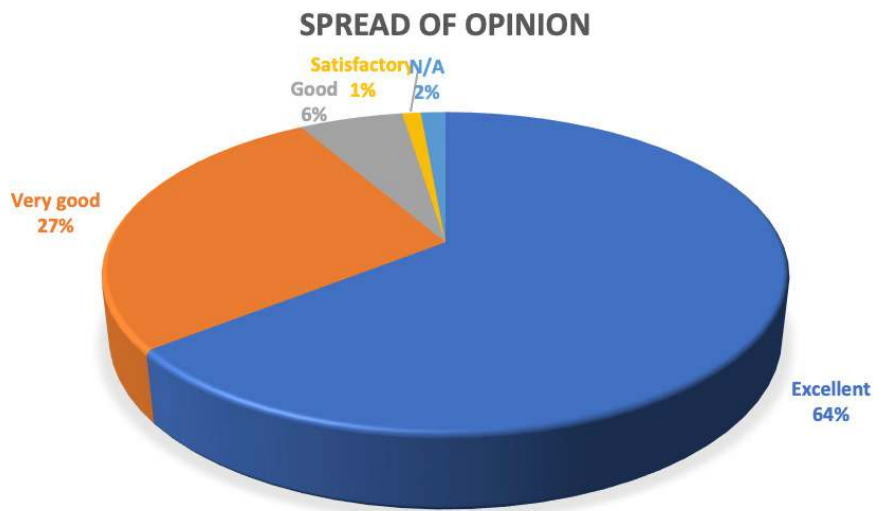
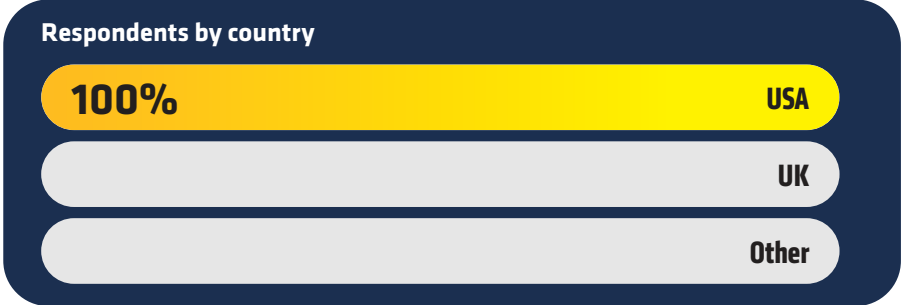
Category	Average Score 2021	Average Score 2020	Difference	Global average 2021	Difference with Global
Client Service	6.70	6.32	0.38	6.40	0.30
Compliance Support	6.33	6.05	0.28	6.36	-0.03
Distribution Support Services	n/a	n/a	n/a	n/a	n/a
Fund Accounting	6.78	6.57	0.21	6.46	0.32
KYC, AML and Sanctions Screening	7.00	6.56	0.44	6.50	0.50
Middle Office Services	6.50	6.55	-0.05	6.46	0.04
On-boarding	7.00	6.50	0.50	6.42	0.58
Price	6.13	6.22	-0.09	6.13	0.00
Reporting to Institutional Investors	6.40	6.50	-0.10	6.26	0.14
Reporting to Regulators	6.71	6.60	0.11	6.56	0.15
Reporting to the Manager	6.44	6.29	0.15	6.25	0.19
Reporting to the Tax Authorities	6.57	6.38	0.19	6.47	0.10
Transfer Agency	6.63	6.04	0.59	6.44	0.19
Total	6.57	6.33	0.24	6.39	0.19

All responses for Apex this year come from US clients primarily or exclusively involved in providing equity-related funds. The firm provides all rated services apart from Distribution Support. It is a global outperformer and a category outperformer in 10 of the 13 service areas rated in 2021. It has also managed to improve on its already excellent 2020 category scores in all areas bar Middle Office Services, Price and Reporting to Institutional Investors, in all of which it was already rated Very Good (6.00-6.99).

Flexibility on pricing was clearly appreciated by one client who noted that, “Apex was very accommodating when we asked to renegotiate fees for our International Small Cap Fund which lost assets rapidly. We appreciate the fee waivers they afforded us until we decided to close the fund.”

Over the past year, Apex has continued to expand its financial services product suite for its clients, including FX, middle-office, management accounting and ESG services, as well as offering hedge fund service and UCITS services for clients interested in expanding distribution into Europe. “In late 2020,” the firm comments, “the SEC approved new rules related to fund-of-funds, derivatives and fair value. Administrators will be working with our clients to ensure compliance over the next year.”

Client comments are overwhelmingly



positive. “We are extraordinarily pleased with the service, expertise and professionalism demonstrated by Apex,” says one large client. Another points to the

stability of fund accounting staff: “Apex has a long-tenured staff with low turnover that we appreciate supporting our fund complex.”

Northern Trust

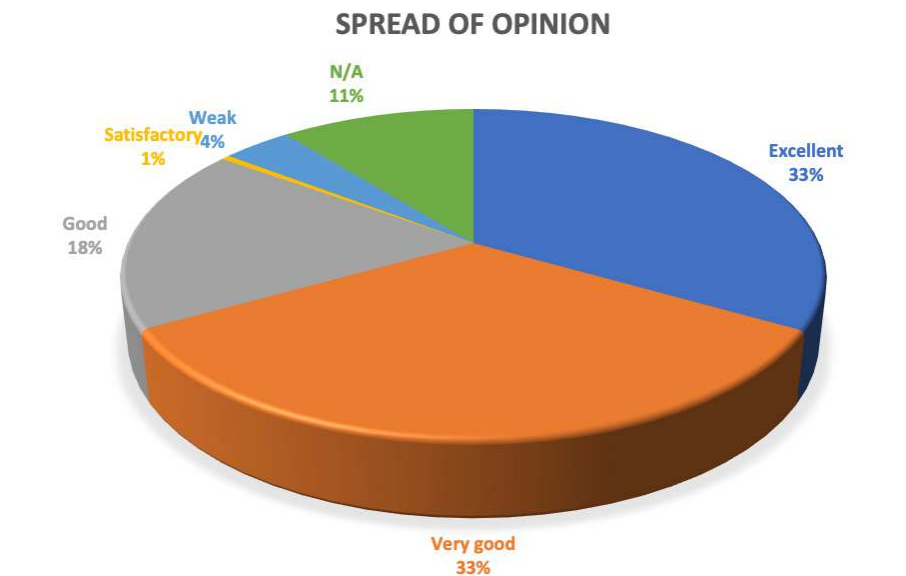
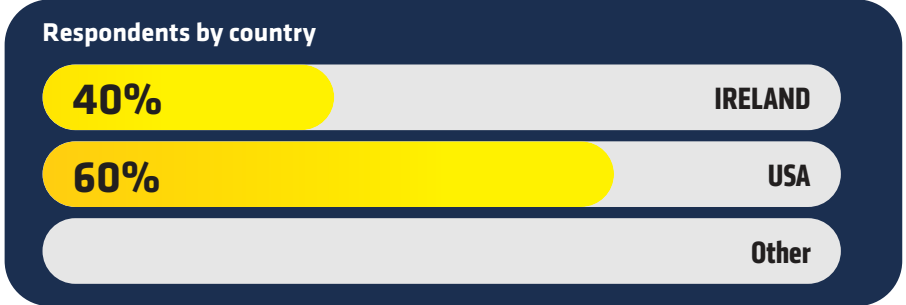
Category	Average Score 2021	Average Score 2020	Difference	Global average 2021	Difference with Global
Client Service	6.00	6.10	-0.10	6.40	-0.40
Compliance Support	6.50	5.77	0.73	6.36	0.14
Distribution Support Services	n/a	n/a	n/a	6.30	n/a
Fund Accounting	5.60	5.76	-0.16	6.46	-0.86
KYC, AML and Sanctions Screening	6.67	6.43	0.24	6.50	0.17
Middle Office Services	6.00	5.00	1.00	6.46	-0.46
On-boarding	6.33	6.54	-0.21	6.42	-0.09
Price	5.40	5.40	0.00	6.13	-0.73
Reporting to Institutional Investors	5.00	4.71	0.29	6.26	-1.26
Reporting to Regulators	6.67	5.89	0.78	6.56	0.11
Reporting to the Manager	6.25	4.94	1.31	6.25	0.00
Reporting to the Tax Authorities	5.33	5.20	0.13	6.47	-1.14
Transfer Agency	6.00	5.36	0.64	6.44	-0.44
Total	5.98	5.59	0.36	6.39	-0.41

Northern Trust MFA clients in USA and Ireland, primarily engaged in equity-related activity, have responded to this year’s survey. The bank has outperformed in three categories in 2021: Compliance Support, KYC AML and Sanctions Screening and Reporting to Regulators.

Despite a measurable rise in its average score, with two-thirds of categories rated Very Good (6.00-6.99), it is up against a very competitive set of global results, most likely benefitting from consolidation in the market down to a handful of large players vying for dominance. Reporting to Institutional Investors is the only category where the bank may be disappointed with its score which sits on the cusp between Good and Satisfactory.

When it comes to Onboarding, Northern Trust faces similar challenges to its peers. Although it scores very well in this category, comfortably in Very Good range, a few clients comment that the process is “time-consuming”. It’s score is slightly down on last year in this regard, suggesting that while clients are tolerant of what is possible in the current COVID-constrained environment, they are hoping for improvements from their providers over time.

By contrast, the biggest improvements in annual scores are in the areas



of Reporting to Regulators (up 0.78 points) and Compliance Support (up 0.73 points), both functions where challenges

for market participants have multiplied in recent years.

SBI-SG

Category	Average Score 2021	Average Score 2020	Difference	Global average 2021	Difference with Global
Client Service	6.67	n/a	n/a	6.40	0.27
Compliance Support	6.71	n/a	n/a	6.36	0.35
Distribution Support Services	n/a	n/a	n/a	6.30	n/a
Fund Accounting	6.86	n/a	n/a	6.46	0.40
KYC, AML and Sanctions Screening	n/a	n/a	n/a	6.50	n/a
Middle Office Services	6.80	n/a	n/a	6.46	0.34
On-boarding	6.50	n/a	n/a	6.42	0.08
Price	6.29	n/a	n/a	6.13	0.16
Reporting to Institutional Investors	n/a	n/a	n/a	6.26	n/a
Reporting to Regulators	6.71	n/a	n/a	6.56	0.15
Reporting to the Manager	6.57	n/a	n/a	6.25	0.32
Reporting to the Tax Authorities	6.50	n/a	n/a	6.47	0.03
Transfer Agency	n/a	n/a	n/a	6.44	n/a
Total	6.62	0.00	0.91	6.39	0.23

The venture bringing together State Bank of India and Societe Generale Securities Services makes its entry into the MFA survey for the first time, drawing on the opinions of its India-based clients. Four of the rated service categories – Distribution Support, KYC, AML and Sanctions Screening, Reporting to Institutional Investors and Transfer Agency – are absent from its service portfolio, but for the remainder, its scores are comfortably in Very Good territory, surpassing the global average by between 0.03 and 0.40 points.

Over the past 12 months, SBI-SG has implemented the latest version (5.50) of Multifonds, a popular application among application among leading global fund administrators, and claims to be the first entity within the APAC region to do so. This upgraded version carries several functional product enhancements raised by SBI-SG based on the domestic regulatory framework in addition to several information security upgrades specified by the risk team of SBI-SG. The provider has also upgraded its hardware infrastructure.

Organisational changes have also been introduced. “With instruments and investment strategies becoming more complex, we felt the need to create a separate Analytics Team within SBI-SG fund administration services which aims at providing exotic performance and risk analytical solutions to our clients,” says the administrator.

Respondents by country



SPREAD OF OPINION



“The core objective of this service is to essay an independent and adequate picture of client portfolio structure, apply consistent methodologies of analytical methods, and provide the required information in a

timely manner.” The analytical solutions include performance measurement, portfolio analysis, performance attribution, risk analysis and ESG disclosures.

Ultimus Fund Solutions

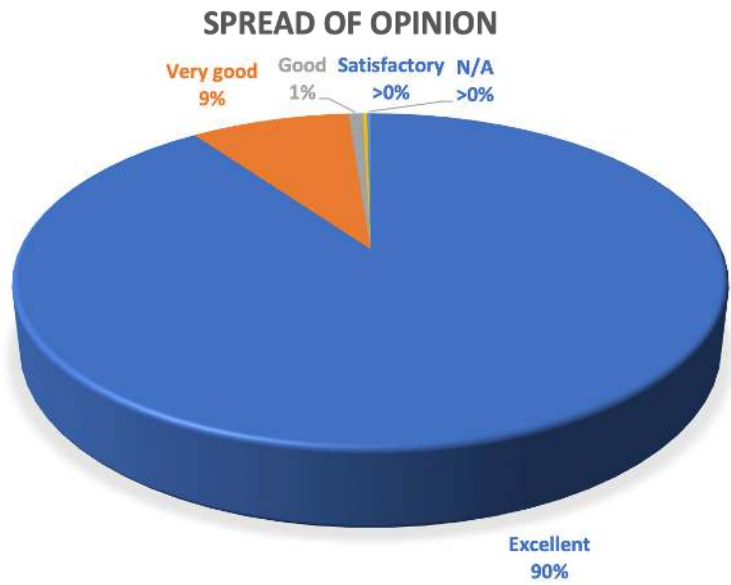
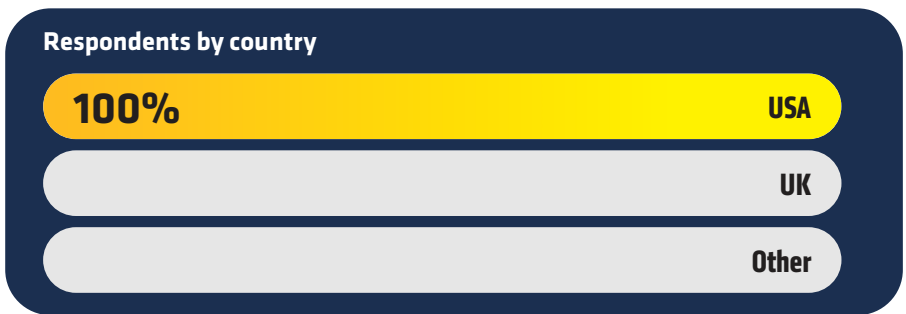
Category	Average Score 2021	Average Score 2020	Difference	Global average 2021	Difference with Global
Client Service	6.92	6.73	0.19	6.40	0.52
Compliance Support	6.92	6.84	0.08	6.36	0.56
Distribution Support Services	6.90	6.49	0.41	6.30	0.60
Fund Accounting	6.92	6.62	0.30	6.46	0.46
KYC, AML and Sanctions Screening	6.89	6.73	0.16	6.50	0.39
Middle Office Services	7.00	6.90	0.10	6.46	0.54
On-boarding	7.00	6.73	0.27	6.42	0.58
Price	6.50	6.23	0.27	6.13	0.37
Reporting to Institutional Investors	6.80	6.43	0.37	6.26	0.54
Reporting to Regulators	7.00	6.74	0.26	6.56	0.44
Reporting to the Manager	6.91	6.63	0.28	6.25	0.66
Reporting to the Tax Authorities	7.00	6.93	0.07	6.47	0.53
Transfer Agency	6.92	6.69	0.23	6.44	0.48
Total	6.90	6.67	6.90	6.39	0.51

Ultimus Fund Solutions is a dedicated fund services provider and remains resolutely upbeat about the industry it serves. “ETFs are all the rage, but we are still seeing mutual funds continue to have positive flows and AUM increases, in addition to seeing numerous new product launches,” says the firm. “In 2020, Ultimus had record new business wins and record conversions from other service providers, both in AUA and absolute terms. Further, perhaps exacerbated by the pandemic, we have seen an increasing number of advisers with in-house services, look at outsourced solutions.”

Ultimus has also been building out a proprietary set of technology-based API solutions to drive efficiencies in its own internal workflows, as well as providing greater transparency for clients.

Its results in this year’s survey are excellent. It outperforms in all categories, for which it also manages to raise its scores even further towards the top mark of 7.00. “Our experience with Ultimus has been excellent from start to finish,” says one client. “We would highly recommend using them as a Fund Administrator.”

Distribution Support, an area which is not universally catered to by fund administrators, wins plaudits from some of this year’s participants. “Even though



Ultimus is not the statutory distributor to our funds, they support us as if we are a Distribution partner,” says one client.

“They stand ready to provide us with industry insight and platform guidance when needed.”

U.S. Bank Global Fund Services

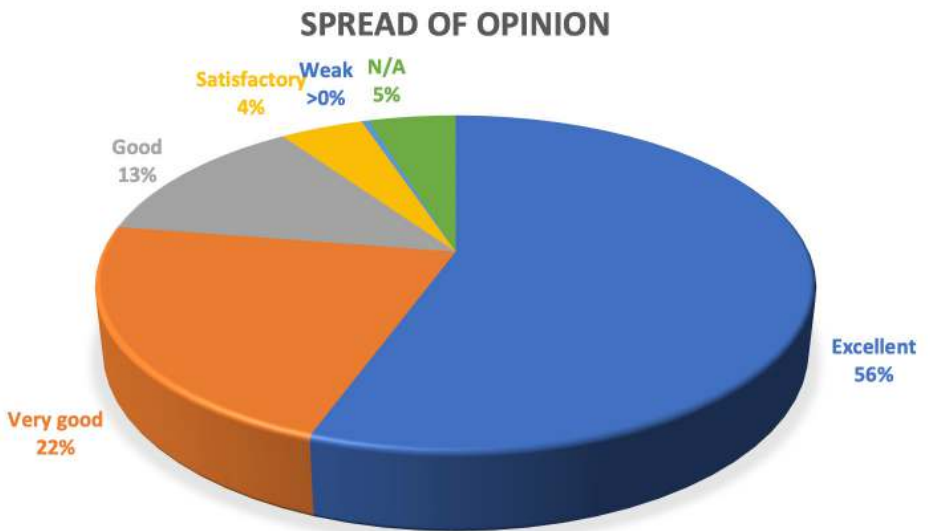
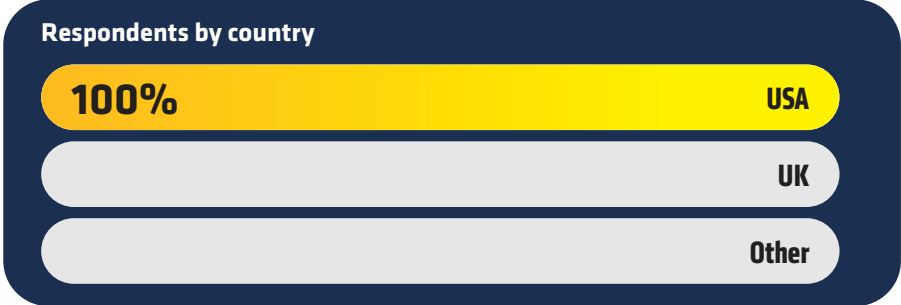
Category	Average Score 2021	Average Score 2020	Difference	Global average 2021	Difference with Global
Client Service	6.43	6.47	-0.04	6.40	0.03
Compliance Support	6.21	6.88	-0.67	6.36	-0.15
Distribution Support Services	6.13	6.40	-0.27	6.30	-0.17
Fund Accounting	6.43	6.69	-0.26	6.46	-0.03
KYC, AML and Sanctions Screening	6.40	6.82	-0.42	6.50	-0.10
Middle Office Services	6.36	6.11	0.25	6.46	-0.10
On-boarding	6.33	6.44	-0.11	6.42	-0.09
Price	6.17	5.65	0.52	6.13	0.04
Reporting to Institutional Investors	6.13	6.55	-0.42	6.26	-0.13
Reporting to Regulators	6.33	6.54	-0.21	6.56	-0.23
Reporting to the Manager	6.14	5.91	0.23	6.25	-0.11
Reporting to the Tax Authorities	6.47	6.62	-0.15	6.47	0.00
Transfer Agency	6.48	6.65	-0.17	6.44	0.04
Total	6.31	6.44	-0.13	6.39	-0.08

U.S. Bank has this year outperformed the global average in three categories: Client Service, Price and Transfer Agency. In other categories, it tacks close to the – admittedly high – global averages. Its own service area scores are well within Very Good Range (6.00-6.99), of a few basis points before last year’s.

The bank’s highest score, 6.48, is for Transfer Agency, for which it receives several positive comments from respondents. “The team’s documentation and ISO certification sets them apart from other Transfer Agents. They have a very good management team that is focused on service levels and ways to improve the business,” says one client.

In its own comments on the state of the market, the bank points to a continued convergence of alternative and regulated product markets, both in legal structure and portfolio composition. “Based on the trends toward increased product complexity and manager requirements, we will continue to invest in our technology, talent and specialty expertise surrounding the legal, regulatory and tax support for our clients.”

In the past 12 months, the bank has introduced several service enhancements, including a complete liquidity risk management support solution, providing daily liquidity classification reporting.



“In the last few years, the Quality Assurance departments in our fund accounting and fund administration teams were combined so that both groups

benefit from a consistent approach to quality standards, system development and integration,” the bank notes.