

The

2022 ™

MUTUAL
FUND

ADMINISTRATION

SURVEY

MFA providers hold their own in the face of change

Following several years of consolidation among mutual fund administrators and a trend towards conversion of mutual funds to ETFs, the 2022 MFA survey nevertheless show that as a whole, clients globally are well served.

This year, five providers, US Bank Fund Services, UMB Fund Services, Ultimus Fund Solutions, CIBC Mellon and SBI-SG Global Securities Services – received sufficient responses for individual write ups (See methodology below for details). Other providers for whom responses were received include BNY Mellon, State Street, Apex Fund Services, Deutsche Bank, J.P. Morgan and SEI. While this is a similar cohort to last year, the relative weight of each provider in the total sample has changed (see Table 1).

Not all of these providers are appealing to the same client constituencies and therefore comparisons should be treated with a degree of caution.

According to Ultimus, for example, federal regulators in the US have enhanced the ability of asset managers to support retail investors in private market strategies. In particular, 2021 saw a notable shift in the creation of interval funds to venture capital and private equity strategies in a market dominated by real estate, credit, and publicly traded equity. “With increasing conversions and launches surrounding venture capital and private equity strategies, we anticipate the increased adoption

| Fund Administrator | Percentage of total responses |
|--------------------|-------------------------------|
| US Bank | 30 |
| UMB | 19 |
| Ultimus | 16 |
| CIBC Mellon | 14 |
| SBI-SG | 8 |
| BNY Mellon | 4 |
| State Street | 4 |
| Apex | 3 |
| Deutsche Bank | 1 |
| J.P. Morgan | 1 |
| SEI | 1 |

of these strategies in an interval fund wrapper well into 2022 and beyond,” says the firm.

CIBC Mellon meanwhile points to a Canadian penchant for greater outsourcing. “Historically, asset managers took a monolithic approach to service models,” says the administrator. “Asset managers are narrowing their strategic focus, emphasising what they do best in house, and exiting non-core activities or even outsourcing them.” At the same time – mid-year turmoil

notwithstanding – digital asset products continue to see uptake, with new products, funds, offerings and sponsors entering the Canadian market. As at February 2022, 22 digital asset products were trading in Canada with C\$6.7 billion in AuM.

In India, SBI-SG points to the strain resulting from the need for mutual funds to release daily NAVs on a T+0 basis within a deadline of 11:00pm (which was hitherto 09:00pm). “This has created a talent drain across the mutual fund administration industry with trained and qualified resources moving away to industries with favourable work timings. Additionally, the cost of service has increased due to the extended work timings which has decreased the fiscal margins of the mutual fund administrators in India.”

Deutsche Bank notes continued significant AuM growth in emerging Asian markets such as India, Indonesia and China, driven by new products and an expanding investor base. “The rise of retail, non-professional, investors investing directly into the capital market, and a corresponding higher volume of subscription and redemption in retail mutual funds emphasised the importance of fund administrators’



system scalability,” says the bank.

Alongside that, it points out, “Asset managers’ interest in ESG-themed funds requires new reporting, and interest in crypto-asset funds requires new approaches to fund administration, fair valuation and accounting.”

Despite challenges from new regulations and client behaviours, Milwaukee-headquartered UMB remains a strong defender of the mutual fund framework, suggesting that the trend to convert mutual funds to ETFs may be over-hasty. “Mutual funds are broadly understood and accepted by the general investing public,” the provider suggests. “Proposed legislation to eliminate the ETF’s capital gains advantage would meaningfully level the playing field.”

Reading the tables

Each of the following provider pages contains one table and two charts, which, if read closely, provide a wealth of information.

At the top of the page are the category and overall scores for each provider. Prior year scores, where available, are provided for comparative purposes, so readers can glean where client perceptions of the service received have changed over the year. The table also provides a three-year average where survey participation allows as well as performance against the global benchmark for each service area.

The first of the two charts breaks down the average score for each provider by client segment defined by AuM. This allows buy-side readers to see how peers of a similar size have rated each provider.

The second chart, new for 2022, shows the standard deviation for each category score. Essentially this shows how far individual scores in each response pool diverge from the mean. Simply put, a low standard deviation suggests that respondents more or less agree with each other in their assessments. The higher the standard deviation, the more opinions vary.

Methodology

The Mutual Fund Administration Survey asks clients to assess the quality of service received from their administrators across 13 categories on a sliding scale from ‘Excellent’ to ‘Unacceptable’. Five responses are the minimum required for an individual provider’s numbers to be published.

A simplified provider questionnaire allows providers to highlight any aspects of service that might have been subjected

to change in the past year and an opportunity to indicate which, if any, of the rated services are not provided.

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.

For all survey-related queries, please contact beenish.hussain@globalcustodian.com

CIBC Mellon

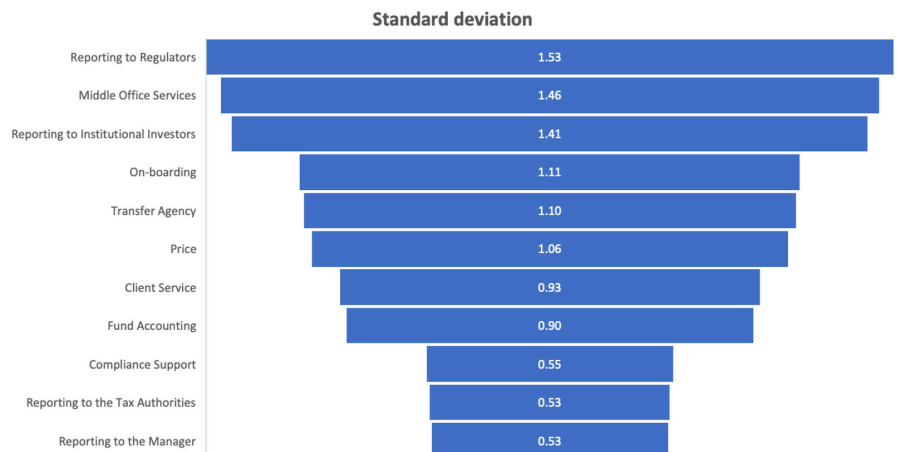
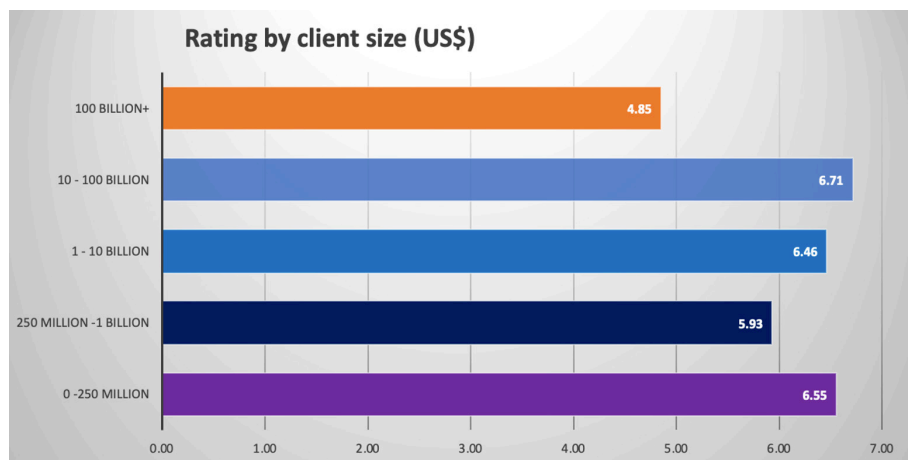
| CIBC Mellon | 2022 | 2021 | Average Score last 3 years | Global Average | Difference versus Global |
|--------------------------------------|-------------|------|----------------------------|----------------|--------------------------|
| Client Service | 6.19 | N/A | N/A | 6.28 | -0.09 |
| On-boarding | 5.89 | N/A | N/A | 6.06 | -0.17 |
| Fund Accounting | 5.96 | N/A | N/A | 6.41 | -0.45 |
| Transfer Agency | 6.00 | N/A | N/A | 6.38 | -0.38 |
| KYC, AML and Sanctions Screening | N/A | N/A | N/A | 6.24 | N/A |
| Distribution Support Services | N/A | N/A | N/A | 6.29 | N/A |
| Reporting to Institutional Investors | 5.57 | N/A | N/A | 6.44 | -0.87 |
| Reporting to the Manager | 6.40 | N/A | N/A | 6.32 | 0.08 |
| Reporting to Regulators | 5.40 | N/A | N/A | 6.46 | -1.06 |
| Reporting to the Tax Authorities | 6.33 | N/A | N/A | 6.63 | -0.30 |
| Middle Office Services | 5.35 | N/A | N/A | 6.23 | -0.88 |
| Price | 5.38 | N/A | N/A | 5.83 | -0.45 |
| Compliance Support | 5.31 | N/A | N/A | 6.35 | -1.04 |
| Average | 5.80 | | | 6.30 | -0.50 |

CIBC Mellon enters the survey this year with a set of responses from Canadian managers who it describes as ahead of their global peers “in their appetite to outsource their regulatory reporting, possibly reflecting the significant complexity of the Canadian regulatory environment with federal, provincial and industry self-regulatory bodies.”

Although the lack of geographical diversity among respondents for most of this year’s rated providers makes comparisons among them difficult, CIBC Mellon scores above the global average for Reporting to the Manager, which at 6.40 is its highest category score. It is also the category where individual scores awarded are in the narrowest range.

Just under three-quarters of respondents for this provider rate its MFA services overall as either Very Good or Excellent. One praises its “excellent relationship manager as well as the entire team we deal with at CIBC Mellon.”

The administrator highlights the launch of digital asset custody services for Canadian institutional investment clients. “Over the next year, we anticipate additional products coming to market, with clients expressing growing interest for new coins and services,” says the firm.



SBI-SG

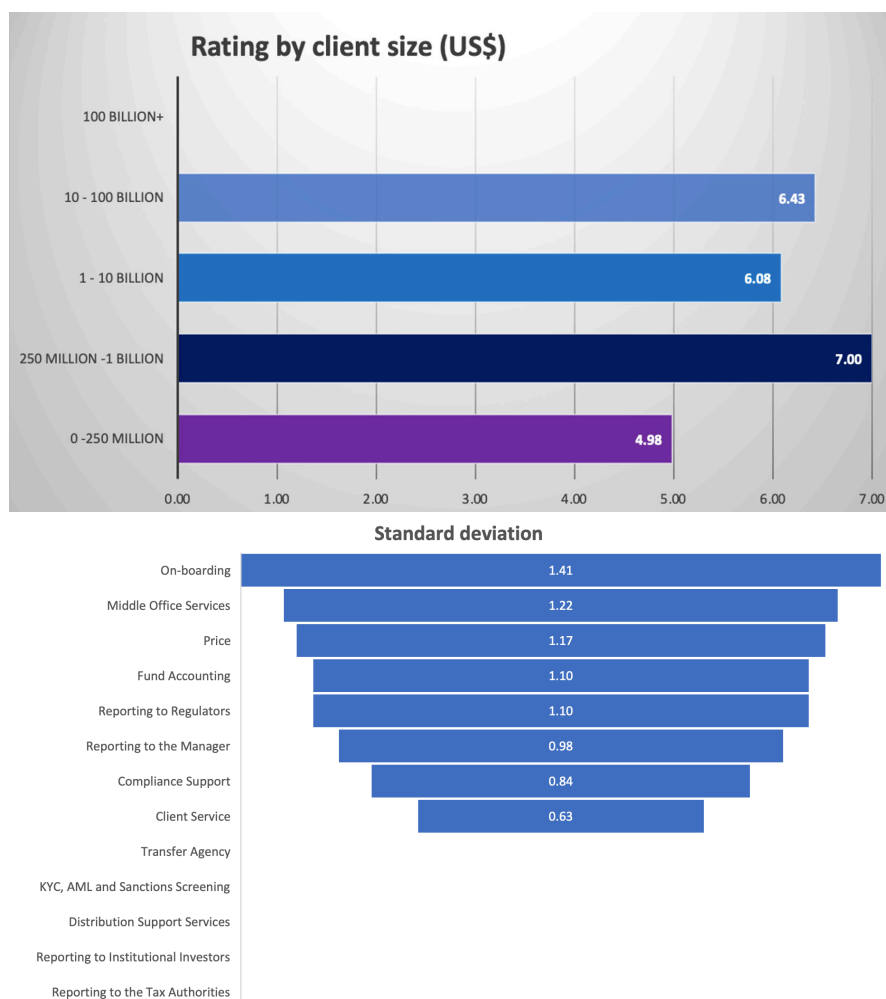
| SBI-SG | 2022 | 2021 | Average Score last 3 years | Global Average | Difference versus Global |
|--------------------------------------|-------------|-------------|----------------------------|----------------|--------------------------|
| Client Service | 6.08 | 6.69 | N/A | 6.28 | -0.20 |
| On-boarding | 5.33 | 6.46 | N/A | 6.06 | -0.73 |
| Fund Accounting | 6.33 | 6.87 | N/A | 6.41 | -0.08 |
| Transfer Agency | N/A | N/A | N/A | 6.38 | N/A |
| KYC, AML and Sanctions Screening | N/A | N/A | N/A | 6.24 | N/A |
| Distribution Support Services | N/A | N/A | N/A | 6.29 | N/A |
| Reporting to Institutional Investors | N/A | N/A | N/A | 6.44 | N/A |
| Reporting to the Manager | 6.00 | 6.60 | N/A | 6.32 | -0.32 |
| Reporting to Regulators | 6.33 | 6.73 | N/A | 6.46 | -0.13 |
| Reporting to the Tax Authorities | N/A | N/A | N/A | 6.63 | N/A |
| Middle Office Services | 6.40 | 6.82 | N/A | 6.23 | 0.17 |
| Price | 5.83 | 6.20 | N/A | 5.83 | 0.00 |
| Compliance Support | 6.45 | 6.73 | N/A | 6.35 | 0.10 |
| Average | 6.09 | 6.64 | | 6.30 | -0.21 |

SBI-SG draws responses from several India-based asset managers. While some of the services rated in this survey are not provided by this administrator, those that are achieve record high scores on the whole, mostly in the Very Good range (6.00-6.99)

The provider points out that recent regulation in India has capped the maximum expense ratio of funds and has reduced it further through a tier-based scale. “It is imperative for fund administrators to build an efficient operations model and invest more in automation and build a robust reporting platform that can cater to the ever-growing needs of both clients and the regulator,” says the firm.

The administrator points to its local licence of Temenos-Multifonds global fund accounting software and Oracle ‘Business Intelligence-Publisher’ as providing a distinct advantage over competition in implementing functional customisation on any regulatory and customised client requirements.

“SBI-SG has always met the regulatory deadlines and ensured timely delivery of accurate data,” says one client. Another notes that, “Of late, SBI-SG has contributed very well to help us automate many of our processes by providing us consistent and accurate data that has helped in automation of our activities.” The highest score recorded is for Compliance Support – above the market average.



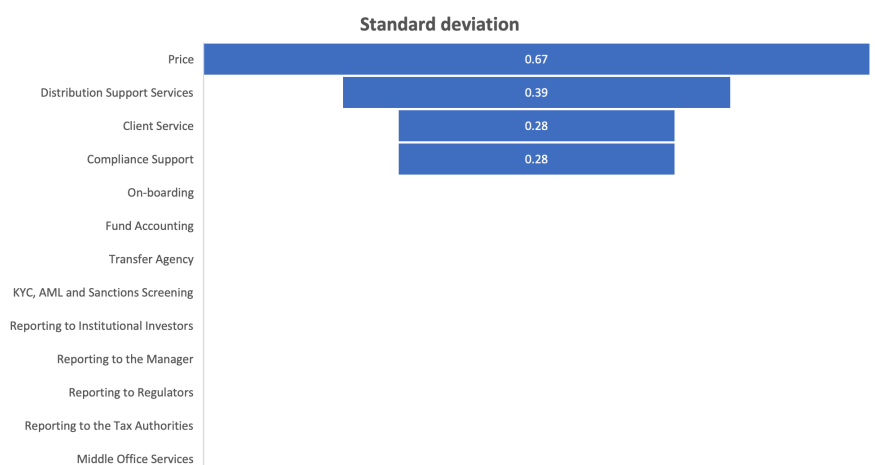
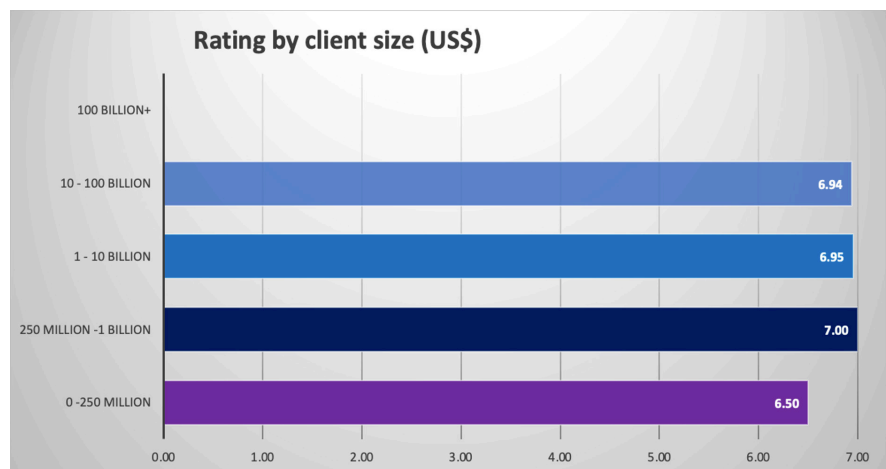
Ultimus Fund Solutions

| Ultimus | 2022 | 2021 | Average Score last 3 years | Global Average | Difference versus Global |
|--------------------------------------|-------------|-------------|----------------------------|----------------|--------------------------|
| Client Service | 6.94 | 6.93 | N/A | 6.28 | 0.66 |
| On-boarding | 7.00 | 7.00 | N/A | 6.06 | 0.94 |
| Fund Accounting | 7.00 | 6.93 | N/A | 6.41 | 0.59 |
| Transfer Agency | 7.00 | 6.93 | N/A | 6.38 | 0.62 |
| KYC, AML and Sanctions Screening | 7.00 | 6.9 | N/A | 6.24 | 0.76 |
| Distribution Support Services | 6.89 | 6.96 | N/A | 6.29 | 0.60 |
| Reporting to Institutional Investors | 7.00 | 6.77 | N/A | 6.44 | 0.56 |
| Reporting to the Manager | 7.00 | 6.96 | N/A | 6.32 | 0.68 |
| Reporting to Regulators | 7.00 | 7.00 | N/A | 6.46 | 0.54 |
| Reporting to the Tax Authorities | 7.00 | 7.00 | N/A | 6.63 | 0.37 |
| Middle Office Services | 7.00 | 7.00 | N/A | 6.23 | 0.77 |
| Price | 6.66 | 6.54 | N/A | 5.83 | 0.83 |
| Compliance Support | 6.97 | 6.94 | N/A | 6.35 | 0.62 |
| Average | 6.96 | 6.91 | | 6.30 | 0.66 |

Ultimus' results in the 2021 MFA survey seemed hard to beat, but the firm has managed it. While the exceptionally high ratings in the accompanying tables may seem statistically improbable, client comments appear to back them up. "Ultimus Fund Services provides an extremely high level of service to our firm and funds," says one client. "The response time to our inquiries is fantastic." Regarding On-boarding, another says their experience with new funds "continues to be flawless!"

Ultimus identifies three overlying investor and market pressures that it says will push the financial industry and regulators towards adoption for new yield and return opportunities. These include the ongoing shift of mutual funds and separately managed accounts (SMAs) to ETFs, the growing demand for hedge fund strategies to be sold in 1940 Act wrappers, and the surmounting pressure to allow 1940 Act funds to invest directly in cryptocurrencies.

In 2021, in response to the increase in interval fund launches, the administrator developed a shared-governance platform for newly launching and converting-to-Ultimus interval and tender offer funds. "Our uCEF platform allows fund sponsors to leverage existing Trust infrastructure, share costs with other advisers, and allows for a quick go-to-market option," the firm explains.



UMB Fund Services

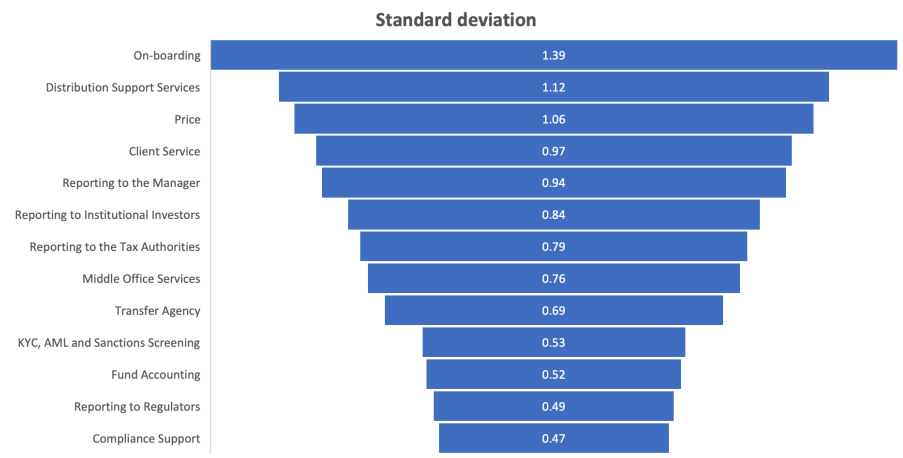
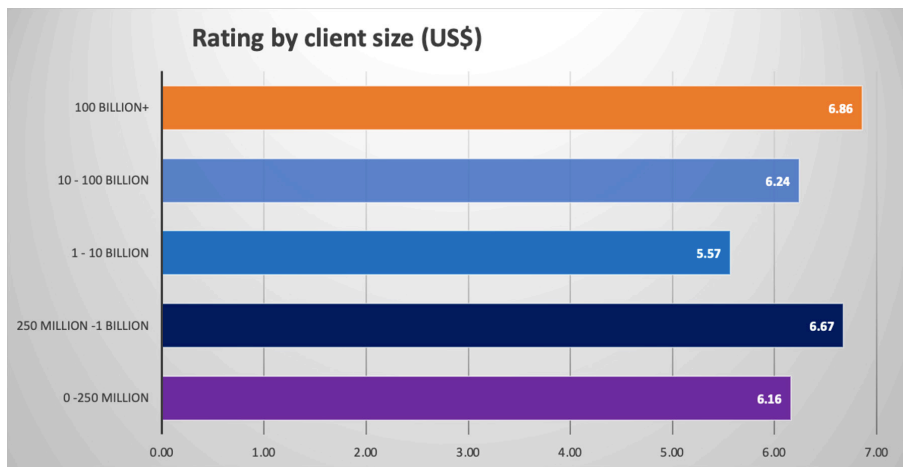
| UMB Fund Services | 2022 | 2021 | Average Score last 3 years | Global Average | Difference versus Global |
|--------------------------------------|-------------|------|----------------------------|----------------|--------------------------|
| Client Service | 6.48 | N/A | N/A | 6.28 | 0.20 |
| On-boarding | 5.84 | N/A | N/A | 6.06 | -0.22 |
| Fund Accounting | 6.58 | N/A | N/A | 6.41 | 0.17 |
| Transfer Agency | 6.46 | N/A | N/A | 6.38 | 0.08 |
| KYC, AML and Sanctions Screening | 6.53 | N/A | N/A | 6.24 | 0.29 |
| Distribution Support Services | 6.25 | N/A | N/A | 6.29 | -0.04 |
| Reporting to Institutional Investors | 6.38 | N/A | N/A | 6.44 | -0.06 |
| Reporting to the Manager | 5.95 | N/A | N/A | 6.32 | -0.37 |
| Reporting to Regulators | 6.71 | N/A | N/A | 6.46 | 0.25 |
| Reporting to the Tax Authorities | 6.38 | N/A | N/A | 6.63 | -0.25 |
| Middle Office Services | 6.44 | N/A | N/A | 6.23 | 0.21 |
| Price | 5.78 | N/A | N/A | 5.83 | -0.05 |
| Compliance Support | 6.68 | N/A | N/A | 6.35 | 0.33 |
| Average | 6.34 | | | 6.30 | 0.04 |

UMB’s results in this year’s survey are above the global average both overall and in over half of the individual categories. All but three categories – On-boarding, Reporting to the Manager and Price – are comfortably in Very Good range (6.00-6.99), while 85% of participating clients rate UMB’s service overall as either Excellent or Very Good.

Client comments are complimentary. “The investment strategies that we onboard are complex from a custody and admin perspective,” says one respondent. “UMB’s experience and willingness to engage with brokers, subadvisors and lawyers is a strong positive for their on-boarding expertise.”

Another highlights the firm’s KYC and AML expertise: “We recently had an AML question that we had to deal with involving the KYC requirements in the Cayman Islands. There was a lot of back and forth between our firm and our Cayman administrator, and UMB, after some reflection and analysis, came in and solved the problem.”

In 2021, UMB made enhancements to its Transfer Agency processing, to reduce manual processing, save time and improve accuracy. An automated optical character recognition (OCR) processing program was also implemented, enabling faster, more accurate processing of handwritten subscription and tender documents.



US Bank

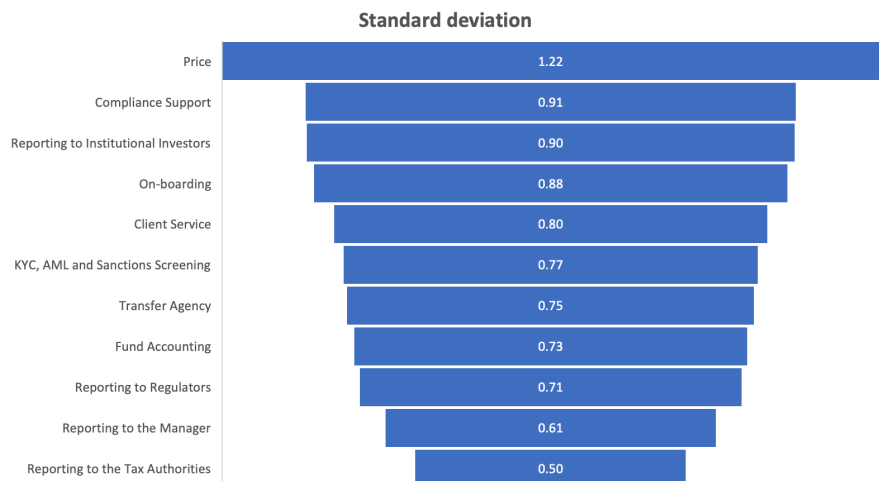
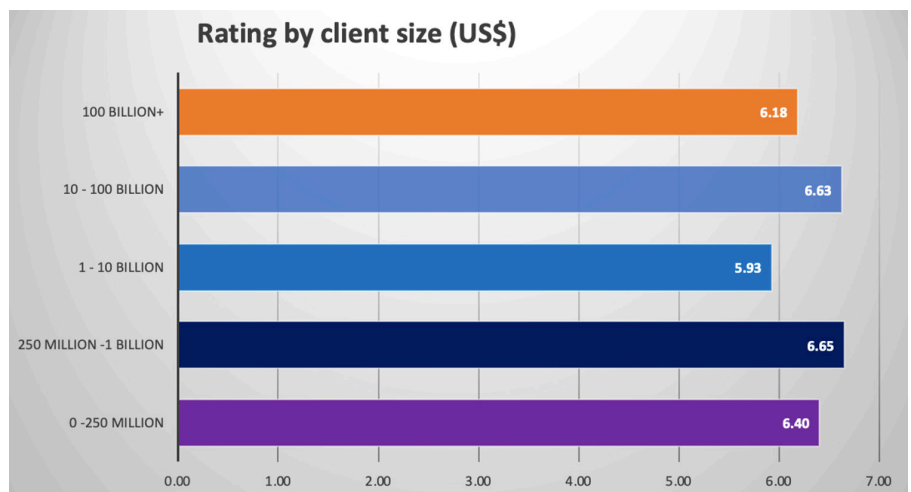
| US Bank | 2022 | 2021 | Average Score last 3 years | Global Average | Difference versus Global |
|--------------------------------------|-------------|-------------|----------------------------|----------------|--------------------------|
| Client Service | 6.48 | 6.43 | 6.46 | 6.28 | 0.20 |
| On-boarding | 5.84 | 6.33 | 6.20 | 6.06 | -0.22 |
| Fund Accounting | 6.58 | 6.43 | 6.57 | 6.41 | 0.17 |
| Transfer Agency | 6.46 | 6.48 | 6.53 | 6.38 | 0.08 |
| KYC, AML and Sanctions Screening | 6.53 | 6.40 | 6.58 | 6.24 | 0.29 |
| Distribution Support Services | N/A | N/A | N/A | 6.29 | N/A |
| Reporting to Institutional Investors | 6.38 | 6.13 | 6.35 | 6.44 | -0.07 |
| Reporting to the Manager | 5.95 | 6.14 | 6.00 | 6.32 | -0.37 |
| Reporting to Regulators | 6.71 | 6.33 | 6.53 | 6.46 | 0.25 |
| Reporting to the Tax Authorities | 6.38 | 6.47 | 6.49 | 6.63 | -0.26 |
| Middle Office Services | N/A | N/A | N/A | 6.23 | N/A |
| Price | 5.78 | 6.17 | 5.87 | 5.83 | -0.05 |
| Compliance Support | 6.68 | 6.21 | 6.59 | 6.35 | 0.33 |
| Average | 6.34 | 6.32 | 6.38 | 6.30 | 0.04 |

US Bank has sustained last year’s impressive results with an overall average of 6.34 and six category scores above the global average. “We have been with US Bank for over 10 years and have received consistently good service,” says one respondent.

Pricing is one of the few categories to record a score in Good rather than Very Good range, though one client points out that, “While other providers have offered lower pricing on certain services, the savings did not make up for the lack of service. The price versus services is excellent with US Bank.”

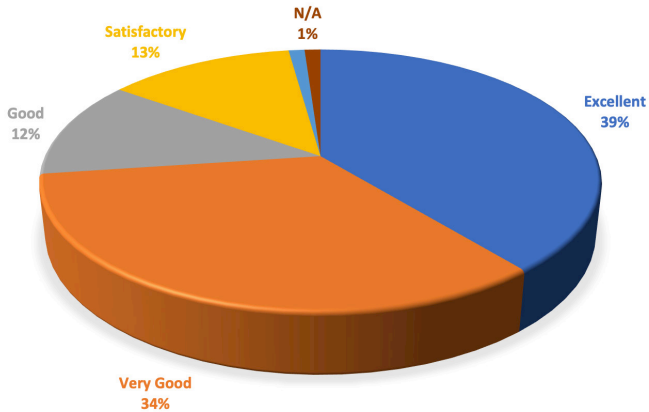
The bank says among the biggest changes to the market are the new SEC rules and a service provider’s ability to offer effective solutions for these. To that end, US Bank now provides a valuation support offering to support Rule 2a-5 and a Derivative Rule offering to support Rule 18f-4.

In other technology changes, the bank has continued to invest in data platform integration and the implementation of middle-office technology and back-office workflow. It has also implemented an ESG data monitoring solution for EU funds which meets SFDR oversight requirements. On the custody side, it is pursuing what it describes as a “significant upgrade” to SEI Wealth Platform (SWP).

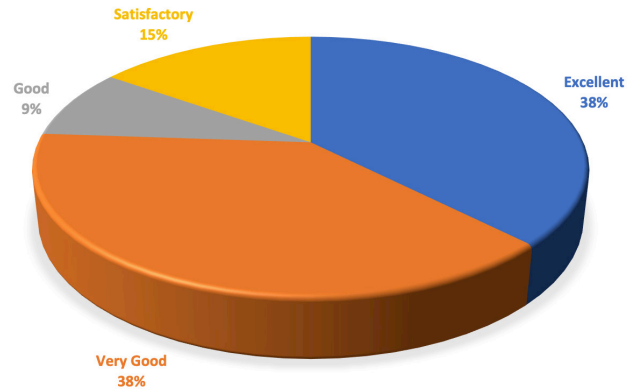


Spread of opinion

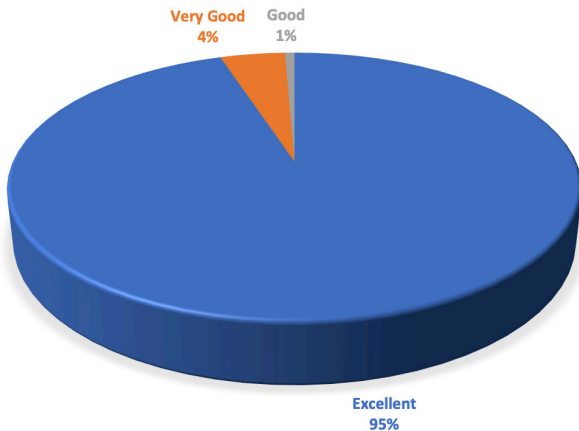
CIBC Mellon



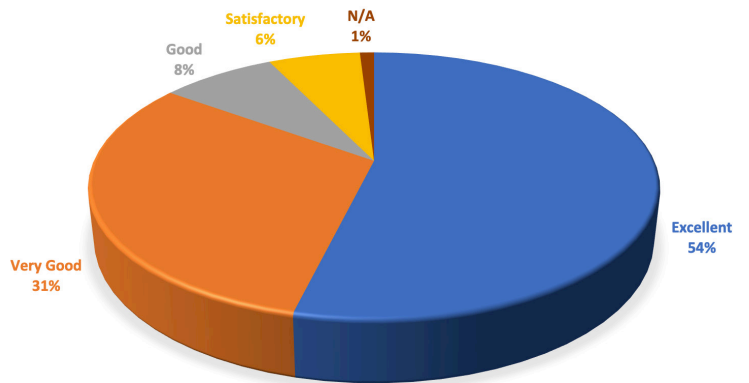
SBI-SG



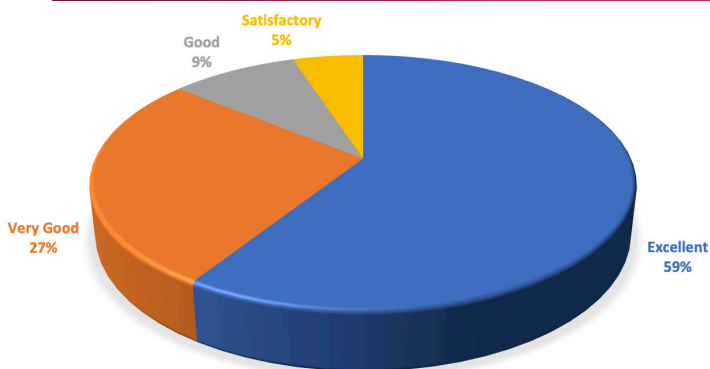
Ultimus



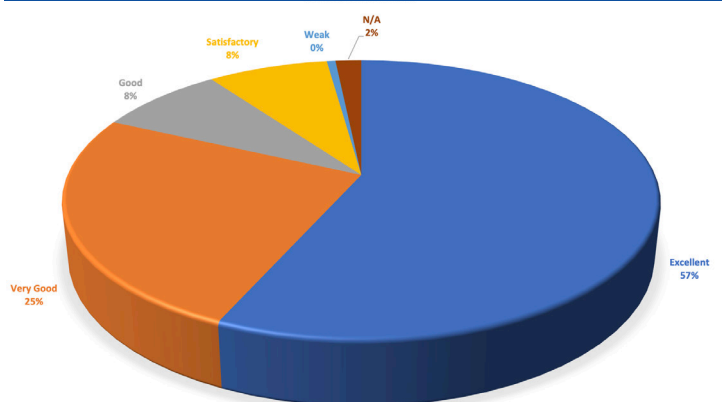
UMB Fund Services



US Bank



All Providers



An alternative way of looking at perceptions – and one which might appeal to service providers, since it provides a simple view of their clients general mood – is the spread of opinion across all ratings. These pie charts provide such a view for each administrator

as well as an aggregated view from the entire response pool for comparative purposes. What immediately stands out is that clients are broadly happy with the service received from their provider and few are likely to be shopping around for alternatives.