

The
2024
HEDGE FUND
ADMINISTRATION
SURVEY



MEETING THE SURGE: ADMINISTRATORS ELEVATE CLIENT NEEDS

It has been an exciting 12 months with the global hedge fund industry significantly increasing in size, posting positive performance and returning to net inflows, topped off by these strong set of survey scores.

We know there has been a notable increase in demand for administration services. Global Custodian's fund services news pages serve as a testament to this through constant headlines of 'hedge fund X expands relationship with fund services provider Y' over the past 12 months.

Also reported has been an increase in interest in hybrid styles of alternative funds, as the merging of traditional and alternative strategies has resulted in some strong returns for the industry over the last year.

The uptick in workload has not impacted the service provider space though. The overall global average for the Hedge Fund Administration Survey is sitting comfortably at 6.11, within the Very Good range (6.00 – 6.99), an uptick of 0.07 decimal places in 2023. In addition, five of the eight providers included in this report also received an average overall score of Very Good. It has

been an exciting year for the space with private equity investment flowing into providers (see page 30 for more detail) and the latest results in GC's Hedge Fund Administration Survey 2024 make for some interesting reading, with seven of the 12 categories beating last year's ratings as well.

Among some of the trends highlighted by providers in this survey, MUFG Investor Services notes that the expanding presence of "high-net-worth and mass affluent retail investors...and trillions of dollars in unspent alternatives capital waiting to be invested are shifting the dynamic for administrative services". It predicts the need for providers to offer new products, and how new funds must be launched.

They are not alone in this concern, with BNP Paribas noting that in recent months there has been a "growing emphasis on customisation and tailored solutions to meet specific investor needs", while Opus has

reported that fund managers are "looking to perform due diligence at increasingly deeper levels, seeking interactive demonstrations of technological controls and workflows, requesting transparency into how firms are deploying RPA and ML and scrutinising manual workflows, going far beneath just an administrator's reporting layer".

It would seem that across-the-board clients are expecting more from their providers, in fact, on page 10 you can read how a recent survey found that nine out of ten fund managers intent to make great use of their administrators over the next year.

Despite this pressure, it would seem that the providers are delivering, with impressive increases in ratings for core aspects of our HFA survey such as Relationship Management (up 0.29), Technology (up 0.22), Operations (up 0.11) and Fund Accounting Services (up 0.11).

Methodology

As in last year's HFA questionnaire, there was only one ratings question in each service category. Respondents were offered a sliding scale in each case from 1 (Unacceptable) to 7 (Excellent) with which to rate their provider. Optional questions were available for participants to add colour to their responses, allowing 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). This year, seven HFA providers have passed the threshold of ten responses required for individual category results

to be presented. In the pages that follow, scores for each provider are provided in three tables and charts. First is a year-on-year comparison by category with the previous year's results, a comparison with global category averages, and the difference between them. This is followed by a pie chart showing the percentage of individual rating data points in each band (from Unacceptable to Excellent) for each provider. Finally, a view of ratings by client segment according to client size is provided. More granular analyses than may also be available to providers. For more information on bespoke reports, please contact beenish.hussain@globalcustodian.com.

BNP Paribas

When assessing the current fund services landscape, BNP Paribas has observed an increase in hybrid styles of alternative funds, with a blend of traditional and alternative strategies. Looking beyond fund administration, BNP sees a growing emphasis on customisation and tailored solutions to meet specific investor needs, with managers looking for partners with a “global presence” and a more diverse investor base.

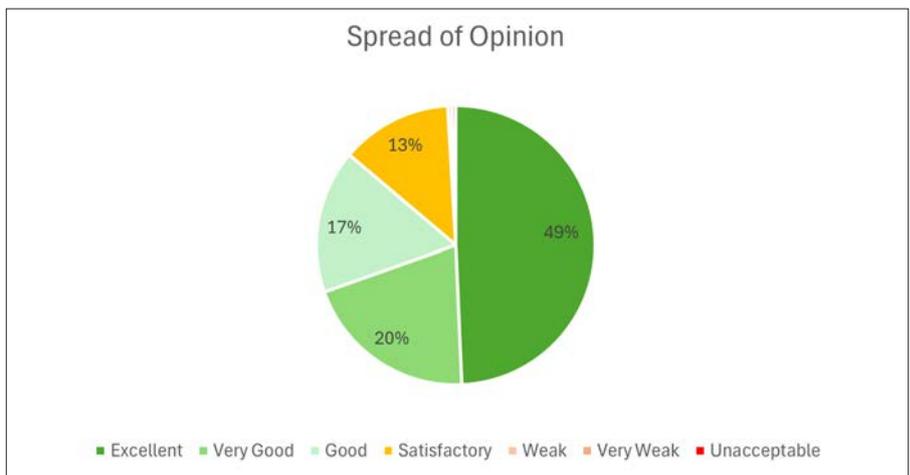
For BNP Paribas the last year has been a landmark one. In November 2023, it signed an exclusive agreement to integrate HSBC’s hedge fund administration business, with the ambition of further strengthening its offering as an asset servicer for liquid alternatives and hedge fund managers. Looking forward, BNP Paribas has identified several areas which it will be focusing on. Firstly, containing cost to keep “expense ratios in check”, which is a challenge for nearly every business. It has also noted that “talent shortages have fuelled compensation rises”, with regulatory compliance costs also continuing to expand.

Yet another imminent change that this provider has noted of being of particular interest is that interest in ESG, impact investing, sustainability, climate transition, and social responsibility offers managers greater opportunities. However, as the ESG sector grows, so does the regulatory and investor transparency expectations.

As with many of the surveys in the securities services sector, BNP Paribas believes that what nearly all investors want is “more data, delivered faster, as well as better research, enhanced risk reports, more responsive interactions with relationship managers, and more digitised service touchpoints”.

When reviewing the survey data, there is plenty of good news for BNP Paribas. Taking the top spot this year is Relationship Management (6.31), with the bank commended for its “great collaborative relationship”. Other respondents appreciate BNP Paribas’ ability to handle questions and feedback quickly and promptly, clearly understanding clients’ needs and providing valuable advice and solutions.

BNP Paribas	2024	2023	Global Average	Difference from Global
Client Services	6.12	6.47	6.21	-0.09
Relationship Management	6.31	6.70	6.36	-0.04
On-Boarding Process	5.99	6.13	6.31	-0.32
Fund Accounting Services	6.24	6.53	6.48	-0.24
Investor Services	6.10	6.30	6.14	-0.03
KYC, AML and Sanctions Screening Services	5.94	6.19	6.20	-0.26
Middle-Office Services	6.21	6.13	6.14	0.07
Treasury Services	5.26	4.78	5.68	-0.41
Operations	6.00	6.36	6.49	-0.49
Prices	5.55	6.15	5.66	-0.10
Technology	4.91	5.37	5.80	-0.89
Reporting	5.76	6.35	5.82	-0.06
AVERAGE	5.87	6.12	6.11	-0.24



Citco

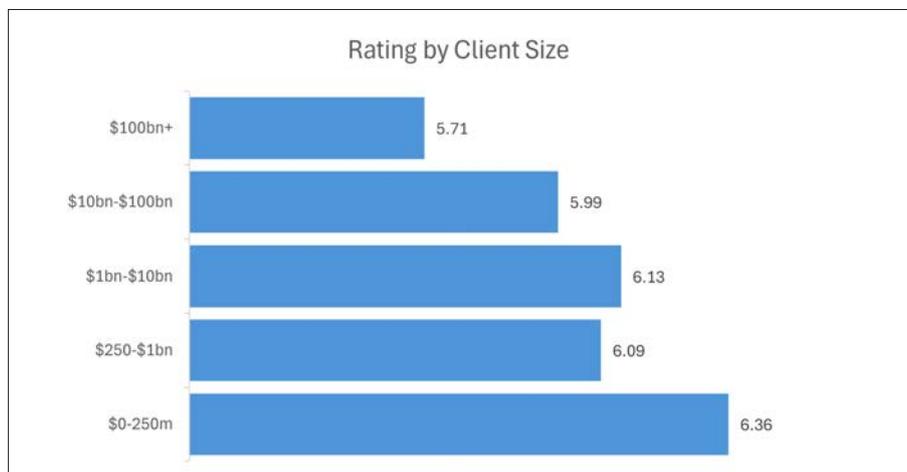
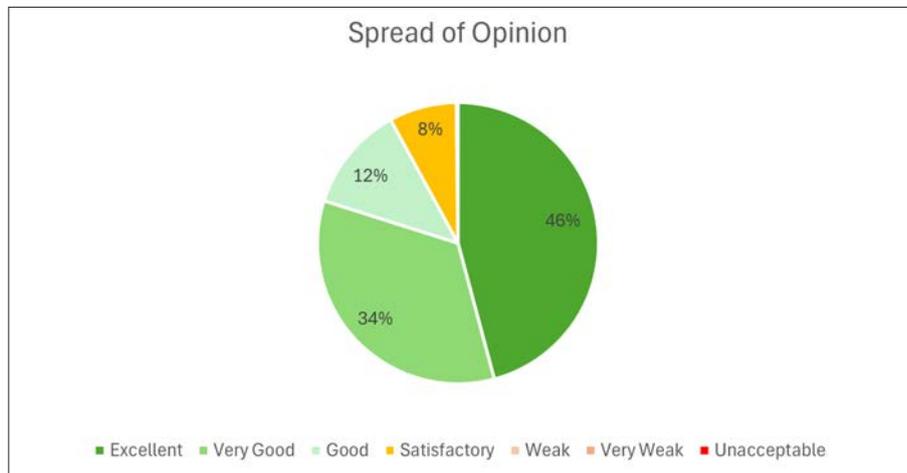
It has been yet another good year for Citco, returning this year with an average score of 6.14 (Very Good). In fact, looking back to 2019, Citco’s score has never fallen below 6.00 showing an impressive level of consistency over the years. With a large number of respondents, the fact that Citco’s overall average score is above the global average becomes even more impressive.

It has been a busy year for the provider. In March 2024, it was announced that Citco had launched a new fund administration offering combining AI data processing with human oversight. The product, Citco Document Intelligence, is billed as a “complementary ‘AI-Plus-Human’ approach to assist customers”. In April this year, Citco also enhanced its Waterfall tool “to automate complex carried interest waterfalls for real assets fund clients and joint ventures”. This upgrade included “handling unrealised/hypothetical distributions, realised cash distributions, scenario/projection calculations, and allocation of deal-specific carried interest calculations”.

Taking a closer look at this year’s performance, an impressive eight of the 12 survey categories were scored in the Very Good range (6.00-6.99). It is Fund Accounting Services (6.49) that scores highest, with plenty of praise from clients. There are the usual positive comments, praising the service provider for being an “excellent administrator” and for being a “great and stable team” with “impressive staff and low turnover”. Some of the comments go even further, praising the team for their willingness to work through and discuss solutions to issues, with one adding “we appreciate the partnership and collaboration”.

Also scoring highly were the Operations (6.38) and the Relationship Management (6.46) categories. Citco is praised for responsiveness, great service, and constant availability. One client notes that “although we are a small client, we have always felt that Citco treat us on an equal footing with bigger clients”.

Citco	2024	2023	Global Average	Difference from Global
Client Services	6.30	6.46	6.21	0.09
Relationship Management	6.46	6.26	6.36	0.10
On-Boarding Process	6.33	6.28	6.31	0.02
Fund Accounting Services	6.49	6.54	6.48	0.01
Investor Services	6.22	6.32	6.14	0.09
KYC, AML and Sanctions Screening Services	6.12	6.22	6.20	-0.08
Middle-Office Services	6.20	6.33	6.14	0.06
Treasury Services	5.72	5.45	5.68	0.04
Operations	6.38	6.43	6.49	-0.11
Prices	5.74	5.65	5.66	0.08
Technology	5.82	5.75	5.80	0.02
Reporting	5.88	6.06	5.82	0.06
AVERAGE	6.14	6.15	6.11	0.03



CSC

Back for the fourth time, it has been an impressive 12 months for CSC, previously appearing in HFA Survey as Intertrust, with an overall average score of 6.17. The total represents an increase of 19 basis points on 2023 and beats the global average by six basis points.

Taking the top spot in CSC’s scores is Fund Accounting Services (6.84), with one client viewing the firm as an “excellent accounting partner [that] maintains very accurate books and records”, while another notes that the team “has done a very good job for a long time now”.

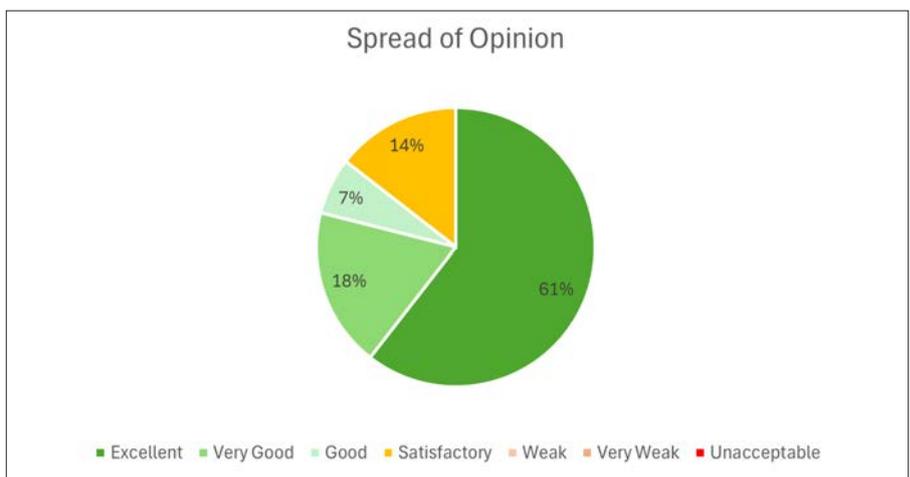
This category is followed by Operations (6.67) in second place, and On-boarding Process (6.62) in third. You will note that half of the categories in Table 1 are sitting at Very Good (6.00 – 6.99), and even then, the other half are all firmly in the Good (5.00 – 5.99) range.

It is worth noting that 10 of the 12 categories are sitting above the global average. The most impressive is for Middle Office Services (6.53) which beats the global average by 39 basis points. This will come as little surprise, given the client comments, with many viewing CSC as “essentially an extension of our middle-office” with plenty of praise for their flexibility, and ability to handle all the key elements of the process.

Taking a look at Chart 1, almost two-thirds of respondents have rated the provider as Excellent, with a further 18% rating it Very Good.

When looking at the breakdown of ratings by client size, it is those within the bracket \$250 million-\$1 billion that have rated CSC the highest – with an impressive average score of 6.78.

CSC	2024	2023	Global Average	Difference from Global
Client Services	6.52	6.00	6.21	0.31
Relationship Management	6.48	5.45	6.36	0.13
On-Boarding Process	6.62	5.83	6.31	0.31
Fund Accounting Services	6.84	6.13	6.48	0.36
Investor Services	5.68	5.60	6.14	-0.46
KYC, AML and Sanctions Screening Services	5.26	7.00	6.20	-0.94
Middle-Office Services	6.53	6.44	6.14	0.39
Treasury Services	5.86	5.40	5.68	0.19
Operations	6.67	6.67	6.49	0.18
Prices	5.82	5.50	5.66	0.16
Technology	5.87	5.80	5.80	0.07
Reporting	5.83	5.86	5.82	0.01
AVERAGE	6.17	5.97	6.11	0.06



Morgan Stanley

Morgan Stanley has made quite the entrance to the Hedge Fund Administration survey in 2024. Priding itself on have being “committed to clients and communities for 87 years”, Morgan Stanley has a client first approach, looking to “lead with exceptional ideas, commit to diversity and inclusion, and give back”.

It is clear that this is something that the firm’s clients appreciate, with an average overall score of 6.21 (10 basis points above the global average). Additionally, an impressive 81% of client responses score the services received as either Excellent or Very Good.

Fund Accounting Services received a perfect score of 7.00, while Technology was not far behind with a notable score of 6.82. Morgan Stanley states that it is focused on “technological innovation...creating leading-edge, secure platforms for all our businesses” and it would seem that its clients agree. There is praise from the majority of clients, in particular for the firm’s Matrix portal which is “very easy to use and streamlined, both from

Morgan Stanley	2024	2023	Global Average	Difference from Global
Client Services	5.92	-	6.21	-0.29
Relationship Management	6.28	-	6.36	-0.08
On-Boarding Process	6.54	-	6.31	0.23
Fund Accounting Services	7.00	-	6.48	0.52
Investor Services	5.74	-	6.14	-0.40
KYC, AML and Sanctions Screening Services	6.56	-	6.20	0.35
Middle-Office Services	5.93	-	6.14	-0.21
Treasury Services	6.76	-	5.68	1.08
Operations	6.70	-	6.49	0.21
Prices	4.67	-	5.66	-0.99
Technology	6.82	-	5.80	1.02
Reporting	5.62	-	5.82	-0.20
AVERAGE	6.21	-	6.11	0.10

the manager’s perspective and the investor’s perspective”.

Morgan Stanley prides itself on client service, “focusing the expertise of the entire firm—our advice, data, strategies and insights—on creating solutions for our clients, large and small” and it would seem that this is true for many clients.

With seven of the 12 categories sitting in the Very Good range (6.00 – 6.99), there is plenty of praise coming from clients for Morgan Stanley. One respondent left a closing remark, noting that “it is evident why MS is rated one of the top administrators especially for equity long/short strategies”.



Opus Fund Services

When it comes to Hedge Fund Administration, Opus Fund Services has noted that in recent months fund managers are no longer simply “checking the box” when evaluating administrators. Instead, they are “looking to perform due diligence at increasingly deeper levels, seeking interactive demonstrations of technological controls and workflows, requesting transparency... and scrutinising manual workflows, going far beneath just an administrator’s reporting layer”.

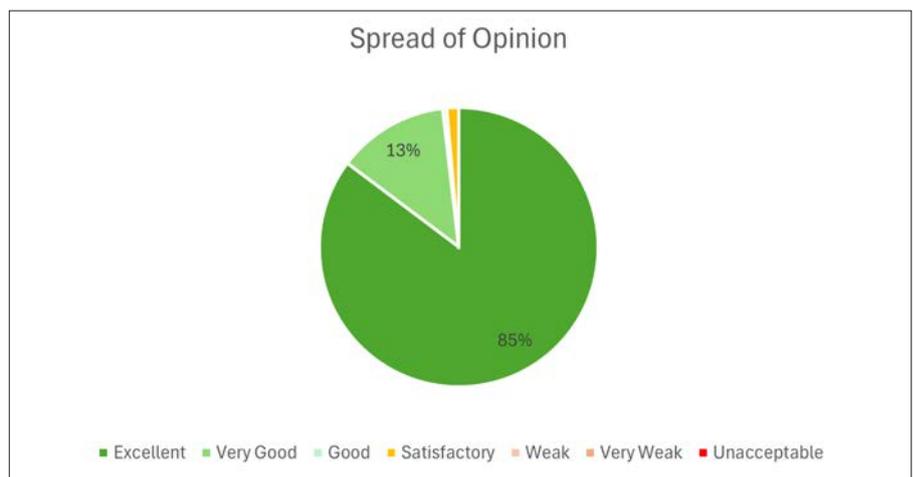
Of course, in light of these new demands, Opus is making its own changes – looking to invest heavily in three key areas – hyper automation, digital client solutions and flexible service delivery. Opus is proud of being an early adopter of AI and smart automation and has reportedly launched the first “digital back-office” which seeks to harmonise human professionals and trained digital agents. Opus also highlights how its clients are currently benefiting from a growing suite of digital tools, with the provider looking to eliminate spreadsheets, emails and consolidating systems and vendors.

Clients seem to appreciate the technological investment, with the firm scoring an impressive 6.78 (Very Good), with praise for its user-friendly portals, upgraded system, and for being “by far the best, most functional tech platform we know”.

Another major roll out this year is a process which enables managers to review their offering by “drilling-down into position by position and GL data and approve their fund’s NAV in real-time” due to the introduction of the new Digital NAV Pack – all based within Opus’ portal.

Taking a closer look at the data, the firm scored particularly highly in On-Boarding Process (7.00), Operations (6.95) and Investor Services (6.87). It is worth noting that all survey categories scored above 6.00 for second year running.

Opus Fund Services	2024	2023	Global Average	Difference from Global
Client Services	6.85	6.71	6.21	0.64
Relationship Management	6.87	6.60	6.36	0.51
On-Boarding Process	7.00	6.82	6.31	0.69
Fund Accounting Services	6.85	6.86	6.48	0.37
Investor Services	6.87	6.60	6.14	0.74
KYC, AML and Sanctions Screening Services	6.73	6.86	6.20	0.52
Middle-Office Services	6.84	6.75	6.14	0.70
Treasury Services	6.76	6.33	5.68	1.09
Operations	6.95	6.82	6.49	0.46
Prices	6.76	6.50	5.66	1.10
Technology	6.75	6.40	5.80	0.95
Reporting	6.16	6.56	5.82	0.34
AVERAGE	6.78	6.65	6.11	0.68



SS&C

There have been numerous changes over the last 12 months for the hedge fund industry, most notably the demand for administration services, says SS&C. The consolidation of smaller and mid-size hedge funds into larger multi-strategy asset managers has resulted in fund managers being driven to service diverse vehicle types, necessitating advanced technology and administration solutions.

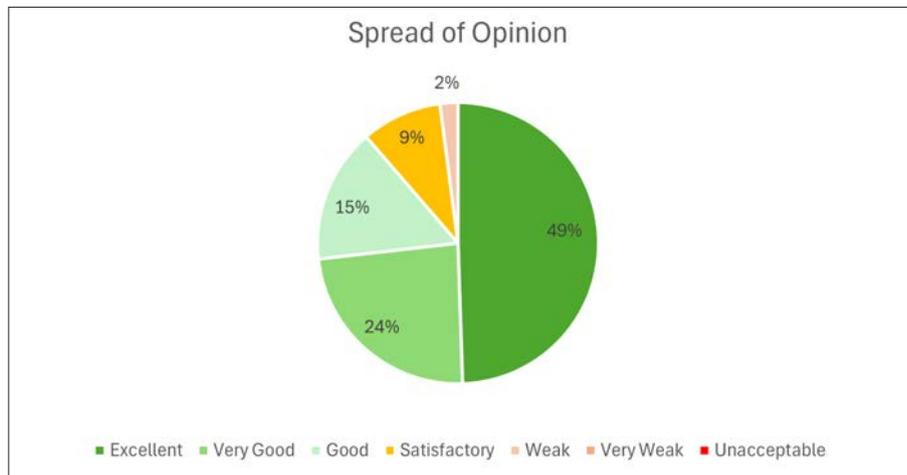
Over the last year, SS&C Globe Op reports how it has “significantly advanced its services” by expanding into automation in fund administration and accounting, with the implementation of SS&C GoCentral.

This is described as the “next-generation platform [which] leverages AI and business process re-engineering to streamline NAV processing and enhance transparency”. With the integration of traditional fund accounting with AI, SS&C GoCentral employs an “exception-based approach to create an efficient workflow, allowing users to understand, inspect, and optimise the NAV process with just a few clicks”.

Taking a look at the data in Table 1, there have been some interesting results for SS&C. The firm scores very highly in the KYC, AML and Sanctions Screening Services category, with an impressive score of 6.85 – sitting firmly in the Very Good range. This score is backed up with compliments for how well this provider performs and how “detailed and robust processes” with an attentive and speedy team. Operations (6.56) also scores well, with one client appreciative of an efficient team which “does the bulk of the work and communicates well”, while Investor Services and Fund Accounting Services also scored above the 6.00 mark.

Looking forward, the continuing rise of multi-strategy hedge funds has significantly influenced SS&C’s offerings. To support this growth, the firm has “enhanced our scalable middle- and back-office operations, enabling asset managers to outsource functions previously handled in-house” as well as introducing new technologies such as SS&C Blue Prism, Vernacular, and GoCentral – all of which utilise AI, machine learning and robotic process automation to streamline processes.

SS&C	2024	2023	Global Average	Difference with Global
Client Services	5.62	6.54	6.21	-0.59
Relationship Management	5.74	5.94	6.36	-0.62
On-Boarding Process	5.47	6.18	6.31	-0.84
Fund Accounting Services	6.01	6.38	6.48	-0.47
Investor Services	6.17	6.20	6.14	0.04
KYC, AML and Sanctions Screening Services	6.85	6.54	6.20	0.64
Middle-Office Services	6.12	5.89	6.14	-0.02
Treasury Services	5.19	5.63	5.68	-0.49
Operations	6.56	6.40	6.49	0.07
Prices	5.48	5.71	5.66	-0.18
Technology	5.66	5.79	5.80	-0.14
Reporting	5.89	6.38	5.82	0.07
AVERAGE	5.90	6.13	6.11	-0.21



Trident Trust

It has been another good year for Trident Trust, receiving an overall average score of 6.11 (Very Good) – sitting in line with the global average. With 58% of clients rating it Excellent, and a further 15% as Very Good, it is fair to say that this provider has had positive feedback from its clients.

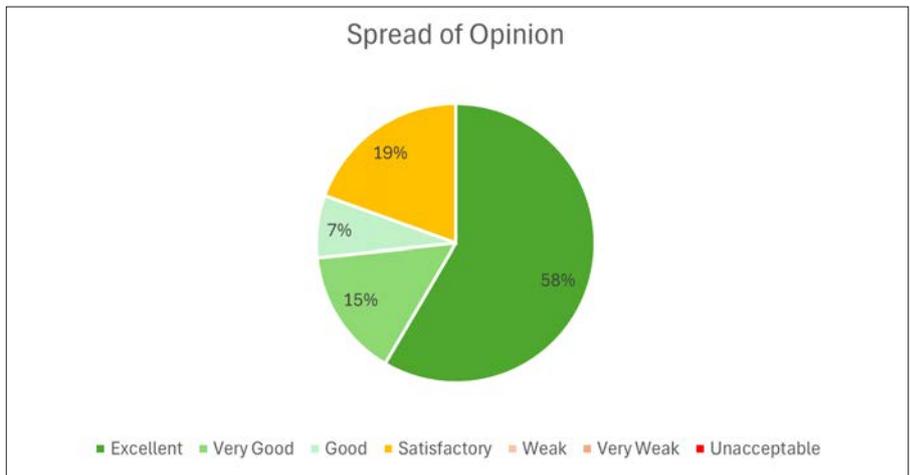
The KYC, AML and Sanctions Screening Services category scores highest for the bank, with an impressive result of 6.47. Clients highlight Trident’s accelerated time schedule, allowing customers to ensure they can invest on time, as well how its “process is best practice” ensuring all documents are correct and in place.

Operations at 6.40 and On-Boarding at 6.38 also score very highly, both rated well by respondents due to “Trident [being] helpful and prompt when needed”. With nine of the 12 categories sitting within the Very Good (6.00 – 6.99) range. Trident Trust has had a strong year, with an additional eight categories beating the global average.

Positive client feedback accompanies the firm’s results, with one commenting that “Trident is a true partner in all respects. We hope to work with them in perpetuity.”

A consistently high performer in Global Custodian’s Hedge Fund Administration Survey, this now makes it three years in a row where Trident Trust has achieved an overall score of 6.00 or higher.

Trident Trust	2024	2023	Global Average	Difference with Global
Client Services	6.23	6.82	6.21	0.02
Relationship Management	6.25	6.28	6.36	-0.10
On-Boarding Process	6.38	6.67	6.31	0.07
Fund Accounting Services	6.16	6.81	6.48	-0.33
Investor Services	6.27	6.44	6.14	0.13
KYC, AML and Sanctions Screening Services	6.47	6.50	6.20	0.26
Middle-Office Services	6.35	6.63	6.14	0.21
Treasury Services	5.86	5.80	5.68	0.18
Operations	6.40	6.82	6.49	-0.09
Prices	5.71	6.12	5.66	0.05
Technology	5.21	5.53	5.80	-0.59
Reporting	6.06	6.53	5.82	0.24
AVERAGE	6.11	6.41	6.11	0.00



U.S. Bank

For the last two years U.S. Bank has seen strong scores, sitting comfortably at Very Good (6.00 – 6.99). This year there has been a slight shift in scores, though the bank still sits within the Very Good range.

With a 50-year history, U.S. Bank says it is proud to offer a competitive advantage to their clients. With respondents originating largely from regions such as US and the UK, and clients mostly reporting a holding of between \$1 billion-\$10 billion, U.S. Bank has a strong cross-section of clientele.

The institution states that “our people become your people”, offering strategic insights, comprehensive technology solutions, as well as what it considers to be “best-in-class services”.

Relationship Management (6.46) takes the top spot, being described as “top notch” and “responsive and knowledgeable” by respondents. One reason for this praise may be due to U.S. Bank’s desire to continually “strive to learn more” – educating themselves about their clients ensuring they provide the “highest service levels regardless of AUM” which the service provider describes as “rare these days”.

This is followed by Fund Accounting Services (6.27) with praise for the firm’s integrated partnership and accurate and speedy delivery, with Operations (6.26) in third place. Interestingly, the standout for clients when it comes to this provider is that “U.S. Bank reconcile daily to multiply brokers and use technology and automated file delivery where possible”.

Clients are very happy with the service they receive, with one commenting “U.S. Bank have been a true and tested institution, and they provide exceptional service” and many reporting they look forward to “continuing a long future relationship with U.S. Bank”.

U.S. Bank	2024	2023	Global Average	Difference with Global
Client Services	6.12	6.00	6.21	-0.09
Relationship Management	6.46	6.55	6.36	0.10
On-Boarding Process	6.15	6.50	6.31	-0.17
Fund Accounting Services	6.27	6.82	6.48	-0.22
Investor Services	6.03	6.27	6.14	-0.11
KYC, AML and Sanctions Screening Services	5.71	5.88	6.20	-0.49
Middle-Office Services	4.94	5.50	6.14	-1.20
Treasury Services	4.00	5.00	5.68	-1.68
Operations	6.26	6.57	6.49	-0.23
Prices	5.53	5.80	5.66	-0.12
Technology	5.34	6.09	5.80	-0.46
Reporting	5.35	6.56	5.82	-0.47
AVERAGE	5.68	6.13	6.11	-0.43

