



# The Hedge Fund Issue



## SURVEYS

Prime Brokerage

Hedge Fund  
Administration

Algorithmic Trading

# Five mistakes to avoid when choosing a fund administrator



By Eamonn Greaves, Head of Alternative Asset Industry Sales.

The biggest mistake a fund manager can make is to believe that all administrators are the same. Fund administrators vary widely in experience, technology resources, breadth of investment accounting

and regulatory expertise. An administrator can be a stumbling block to future growth if it cannot support expansion into new markets, asset classes, and categories of investors. Here are five common mistakes to avoid in the selection process.

## Mistake #1 – Choosing a technology-constrained administrator

“Brilliance is measured by how fast you see opportunity. Success is measured by how fast you act on it.”

Make sure you choose a fund administrator that continually makes substantial upgrades and investments in its systems. Fund administrators that own and maintain their own technology can quickly customise hardware and software to meet a fund’s changing requirements. Service providers that rely heavily on a single solution platform or on third-party vendors, lack this flexibility. Choose an administrator with the technological agility to help grow your business.

## Mistake #2 – Failure to vet the administrator’s service team

“Good people can sometimes compensate for bad technology, but even the best technology can’t compensate for bad people.”

Fund managers frequently select administrators based on their impression of their sales team without meeting and researching the credentials of the team that will be servicing their account. Due diligence requires research into the fund administrator’s expertise, ability to support diverse markets, asset classes, instruments and investors, client support and relationship management, personnel training, staff turnover, delegation of duties and overall management structure. A fund administrator is only as good as the professionals who work there.

## Mistake #3 – Selecting an administrator with limited data access and presentation flexibility

“Don’t wonder... know...anytime, anywhere.”

Access to accurate, timely investment data for your management team and investors is the lifeblood of any successful fund. It is crucial your fund administrator provides near real-time data in a flexible, secure and easily accessible format in a way that is customised for your portfolio managers, traders, operations, accounting, audit, risk and compliance personnel, marketing teams, and investors. Your administrator

should provide intuitive dashboards designed and configured to meet the diverse needs of your internal and external users.

## Mistake #4 – Selecting an administrator with limited transparency

“A lack of transparency results in distrust and a deep sense of insecurity.”

While your administrator may generate the investment accounting data necessary for compliance and reporting, the fund manager is responsible for its accuracy. That means you need clear visibility into how calculations are made. You want to make sure that your fund administrator has the tools to provide you with 24/7 transparent access to the entire workflow. A fund administrator must allow you to track and validate investment data through every stage of the delivery process. If your fund administrator can’t provide you with full transparency, you can’t offer your investors full transparency.

## Mistake #5 – Not asking the right questions

“Asking the right questions prevents making the wrong decisions.”

Here are 12 sets of questions you should ask your potential fund administrator.

1. How many clients do you have that are similar to my fund and provide at least five references?
2. Can you meet my service requirements?
3. Who are your key staff members and how long have they worked in the industry?
4. How are your client teams organised?
5. Are you running the most current versions of your software solutions?
6. When using your technology solution do I have to install additional software at my office or can it be accessed with standard web browsers?
7. How does your disaster recovery work?
8. Describe your technology platform
9. Describe your company’s financial stability and performance.
10. Do you have asset management divisions that compete with me and how are they separated?
11. Are there any potential conflicts of interest?
12. Will you meet my future needs globally?



*About SS&C GlobeOp*  
SS&C GlobeOp, an SS&C Technologies business, is one of the world’s largest administrators with core competencies in private equity, hedge funds, funds of funds and managed accounts. SS&C has been providing outsourcing and fund administration services since 1995. Key differentiators for our fund administration services include: significant staff expertise, high employee retention rates, ownership and support of our underlying technology, and impeccable client service. Our growth is largely driven by referrals from satisfied clients. For more information on our complete range of fund administration and alternative investment solutions, please visit us at [www.sscglobeop.com](http://www.sscglobeop.com).

# SS&C GlobeOp

SS&C GlobeOp is one of the largest hedge fund administrators whether measured by assets, funds or responses to the Survey. The firm has long been dedicated to servicing alternative investments and has maintained an enviable track record in terms of performance. For the second year in succession scores are higher. In 2015 all eight categories saw better scores than a year ago and the overall result is excellent, particularly taking into account the nature of the client base being served. The vast majority of responses were given by US based managers. Within that geography however, there was a broad mix of clients by size and type of assets under management.

The gains in scores for Relationship Management and Client Service are particularly impressive. In 2013 the average was a solid but unexceptional 5.88, whereas in 2015 it has moved up to 6.25. This is reflected in a large number of positive client comments including. "SS&C GlobeOp provides a very high level of service and cater to our needs well." Another was equally fulsome in praising the firm as, "Best of the best in hedge fund administration." With another client expressing a willingness to recommend the firm to others, it is clear that the general impression of clients is extremely positive. With flexibility and high quality service to the fore, this area has become an important competitive strength.

Good scores were also recorded for Compliance with one client praising SS&C GlobeOp as having "the best in class

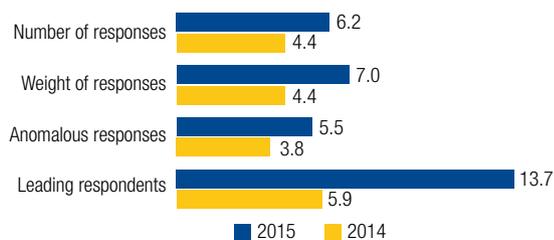
regulatory reporting capability." The firm also received plaudits for its ability to help clients meet the needs of their investors as well as being seen as a key part of the global success of another client.

As might be expected with any business of this size, there are clients who can always see room for further improvement and additional services. Most of the requests seem to focus on technology and reporting, including improving the flexibility of technology and data integration. EMIR reporting is important for some clients in Europe and valuation services for hard to value securities such as illiquid securities are also on the wish list for one client.

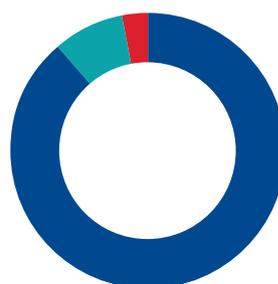
Given the breadth of client responses and the scale of business the number of suggested improvements to services is low and many clients are clearly satisfied that the existing services give them everything that they need.

With Very Large and Large clients giving very strong scores (above 6.0) it is clear that SS&C GlobeOp is meeting the needs of the most demanding clients. That positions it well to grow its business further in the future. ■

## SS&C: weighted share of responses (%)



## SS&C: by location (%)



## SS&C: by type (%)



## SS&C

Service area	2015	2014	2013	Difference (2015-14)	Difference (2014-13)
Relationship management and client service	6.25	6.10	5.88	0.15	0.22
Value delivered	5.90	5.84	5.95	0.06	-0.11
Investor services (if applicable)	6.17	6.15	5.88	0.02	0.27
Fund reporting and valuation	6.21	6.05	5.94	0.16	0.11
Compliance and taxation	6.14	6.00	6.27	0.14	-0.27
Technology	5.86	5.80	5.90	0.06	-0.10
Administration services (if applicable)	6.24	6.06	5.31	0.18	0.75
Other services	6.42	6.40	6.46	0.02	-0.06
<b>Global outperformer</b>	<b>Yes</b>				

## SS&C: by size (%)





# Fund Managers Can't Always See the Future

**But with SS&C, they're always prepared for it.** SS&C GlobeOp® offers the expertise, independence, transparency, and nimble, world-class technology you simply won't find at any other service provider. That's why SS&C can deliver the speed and agility to service any new instrument, asset class, market, or regulation in your future.

**We are the future of fund administration. We are SS&C.**

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