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2023 

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ADMINISTRATION
SURVEYS

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- > Dedicated specialist technology



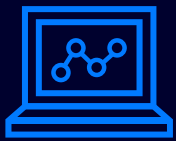
PRIVATE EQUITY



VENTURE CAPITAL



PRIVATE DEBT



DIGITAL ASSETS



HEDGE FUNDS



REAL ESTATE



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START OF A NEW ERA

Increased digitalisation and the introduction of more complex fund structures is ushering in a new era for the hedge fund industry, with more pressure than ever on providers to stick with the times.

The 2023 Hedge Fund Administration survey has revealed a number of interesting trends within the industry. Primarily, total average scores received by organisations were generally down on last year's performance, with only two providers – Intertrust and Trident Trust – improving on their 2022 total.

The ongoing digitalisation of the financial sector has perhaps increased the expectation of clients in terms of automated and intuitive solutions. Across the providers included in the survey, technological enhancement has been one of – if not the top – priority when it comes to strategy for growth. Investors are placing an increased emphasis on

Category ratings from best to worst	Global Average
Operations	6.38
Fund Accounting	6.37
Client Service	6.29
Middle Office Services	6.24
Investor Services	6.16
On-boarding	6.15
KYC, AML and Sanctions Screening	6.13
Relationship Management	6.07
Reporting	6.04
Price	5.76
Technology	5.58
Treasury Services	5.33
Average	6.04

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 Unacceptable to 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, 11 HFA providers have passed the threshold of nine 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 three-year average and 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.

If 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 may also be available to providers. For more information on bespoke reports, please contact beenish.hussain@globalcustodian.com.



transparency, accuracy and insights – and technology is a key enabler for that.

As a result, this year Global Custodian introduced Technology as one of three new categories to the Hedge Fund Administration survey, following feedback from the industry. The additional two were Relationship Management and Treasury Services. Of the three, only Relationship Management scored above 6.00 in the global market averages, while clients were less enamoured with the Technology (5.58) and Treasury Services (5.33) they receive.

Providers in the space were also keen to acknowledge the

growing trend of outsourcing of services within the hedge fund industry. There a number of reasons behind this trend, namely the increased hybridisation and complexity of funds in the space, which makes operations and reporting more challenging for fund managers.

Despite the decline in overall averages, the vast majority of scores sat within the Very Good to Excellent range, while accompanying comments were also mostly positive. This points to a general view that clients are happy with the services received in the space, with a few pointers here and there for providers to improve their offerings.

Trident Trust

Trident	Average Score 2023	Average Score 2022	Average Score last 3 years	Global Average	Difference with Global Average
Client Service	6.82	6.50	6.66	6.29	0.53
Relationship Management	6.28	N/A	N/A	6.07	0.21
On-boarding	6.67	6.33	6.50	6.15	0.52
Fund Accounting	6.81	6.36	6.59	6.37	0.44
Investor Services	6.44	6.25	6.35	6.16	0.28
KYC, AML and Sanctions Screening	6.50	6.40	6.45	6.13	0.37
Middle Office Services	6.63	N/A	N/A	6.24	0.39
Treasury Services	5.80	N/A	N/A	5.33	0.47
Operations	6.82	6.25	N/A	6.38	0.44
Price	6.12	5.92	6.02	5.76	0.36
Technology	5.53	N/A	N/A	5.58	-0.05
Reporting	6.53	6.09	6.31	6.04	0.49
Average	6.41	6.26	6.41	6.04	0.37

Another traditionally top performer in the Hedge Fund Administration survey, Trident Trust is one of only two admins – the other being Intertrust – to see its scores improve on last year’s, jumping 0.15 basis points to achieve an overall average score of 6.41.

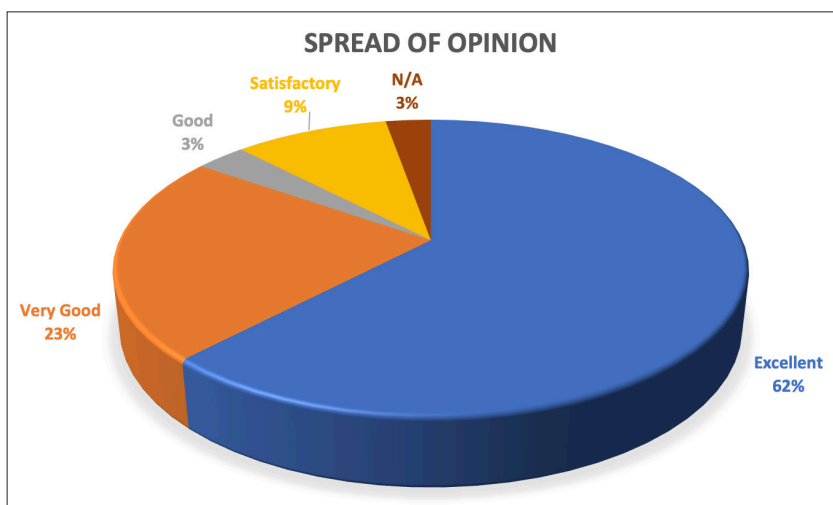
Some 17 clients provided feedback for the survey, the vast majority of which sit in the sub-\$250 million AUA segment. Of the 17, 15 are based in the US, with an additional one apiece from Malta and the UK.

An impressive 62% of the scores received were rated as Excellent, with an additional 23% rated as Very Good – improving its scores from last year in every service category. The firm also outperformed the market in all but one category – Technology – which sat marginally below.

Where Trident Trust excelled was Client Service (6.82), On-boarding (6.67), Fund Accounting (6.81), Middle Office Services (6.63), and Operations (6.82).

Client comments were very complimentary throughout, with various nods to great client service. “If we had more business, we would give to them,” one client notes. “I feel like Trident works with me, not just for me. I have no hesitation recommending them to any fund. They are a joy to partner with.”

In what was a successful year for the company, Trident widened its reach in Europe with the opening of a new office in Madrid. The firm described the move into Spain as a “natural step for us to provide clients with more localised and immediate support”.



Technology and data are becoming increasingly critical to decision-making for both limited and general partners in private capital funds, according to participants in the latest Global Custodian Private Equity Fund Administration (PEFA) Survey.

According to one participating provider, CSC, diversification in asset and transaction types is leading to increased reliance on fund administrators for more real time portfolio data and operational/deal information. “With this higher reliance on data-driven services, technology and responsiveness are more critical than ever,” says the firm.

Alter Domus too notes an increase in conversations around managing and leveraging technology and data effectively. “There’s certainly a need for a single source of truth, data that can be connected to other data sets, and data that is easily accessible in a variety of user-defined formats,” the provider points out, highlighting movement towards more middle-office and front-office interaction.

A changing market environment is likely to encourage this trend. “With the increase in interest rates, it’s clear that the PE landscape is entering into a tougher market both from a fund raising and an investment perspective and we expect this to continue for at least the next two years,” says Bermuda-based Artex Fund Services. “Of course, we will soon be entering election time in the US, so we expect this will add some volatility and uncertainty in the PE markets and this together with the interest rate increases and recent banking crisis will likely mean some difficult times ahead at least in the near term.”

HELP WITH HEADWINDS

Data and technology challenges are encouraging managers to shift more responsibilities to service providers.

For SS&C Technologies, a slowdown on the traditional buy-out side of the private equity market, has been matched by growing capital commitment to other areas of private markets, such as infrastructure and, with that, more demand for administrative services. In addition, the firm observes, “While the commercial real estate office market has been negatively impacted by post-pandemic remote work, there is still significant interest in other types of real estate industrial properties such as warehouses, data centres and logistics. We expect to see ongoing activity in those sectors.”

To some extent, many of issues supporting the trend to greater use of administrative services are a reflection of the growing acceptance of private capital funds as an investment option. “Fuelled largely by institutional allocators seeking superior returns to the public markets, private equity has gone mainstream as an asset class,” says SS&C.

While acknowledging that this is not a

new phenomenon, the firm says that in the last 12 months, a growing private equity ecosystem has made it easier for managers to launch funds and for investors to enter the market.

While this no doubt means more business for fund services providers, it also brings with it greater scrutiny of the services provided. As this year’s PEFA survey indicates, levels of satisfaction remain high. However, Ultimus believes that in the months ahead this should not be taken for granted: “Private equity returns dropped sharply at the tail end of 2022, which contributes to the slowing private equity market in 2023. Challenges and opportunities with high-interest rates and the banking crisis characterise this industry-wide slowdown. These circumstances have increased the competitiveness of opportunities presented to administrators, forcing firms to support managers in new and unique ways as private equity firms deal with changing markets and financial conditions.”

Methodology

Respondents to the PEFA survey were asked to rate each service category on a sliding scale from Unacceptable to Excellent. Some categories included a number of optional qualifying questions to add colour. There was also an optional comment box per category, 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).

Five responses were the minimum sample number required to assess a service provider.

In the pages that follow, category and overall scores for

each provider are presented together with their relative performance against the global average. A ‘spread of opinion’ pie chart shows the percentage of individual rating data points that each provider gathered in each category from Unacceptable to Excellent, while a third chart shows rating by size of client.

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.

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Trident Trust

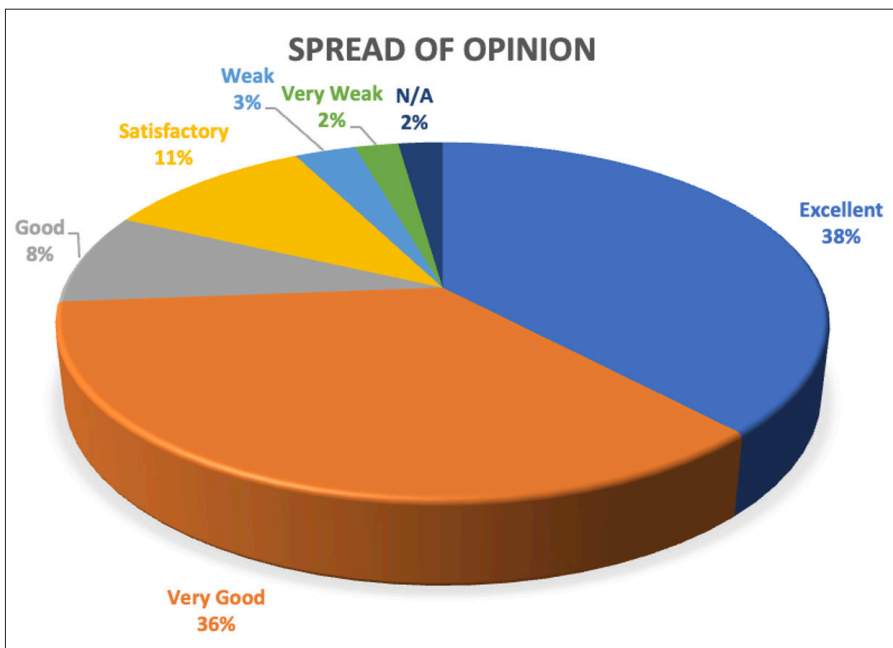
In a high scoring year, Trident Trust has done well, more or less matching the survey average and achieving an overall score in Very Good range (6.00-6.99). The administrator exceeds the category average in four areas, most notably KYC, AML and Sanctions Screening.

Trident’s highest score is for Client Service – an impressive 6.53 – and certain individual staff are namechecked by survey participants. “The Trident team supporting [our fund] has been remarkable. Porsche Purcell and Lee Collins are diligent at what they do, timely, incredibly responsive, helpful, and easy to work with,” says one respondent. “They have made our experience with the Trident Team nothing short of phenomenal. In particular, Porsche Purcell has continued to go out of her way to make sure that we are able to meet our clients’ needs and she has always looked for ways to elevate her service to [us]. Trident has been a top-notch partner for us and we have every intention to continue to work with them for future funds. Our team has found that Trident has felt less like a service provider and more like a remote extension of our own firm.”

“Betsey is the best on our account,” says another. “Knows the history, always happy to help, responsive and very fun to work with.”

At the other end of the scale, Trident rates 5.00 for Technology, just within Good range (5.00-5.99). “The technology used is adequate but needs improvement,” is one related comment.

TRIDENT TRUST	Average Score	Global Score	Difference vs Global
On-boarding	5.60	6.15	-0.55
Client service	6.57	6.42	0.15
Reporting to limited partners	6.00	6.34	-0.34
Reporting to general partners	5.77	6.28	-0.51
Reporting to regulators	6.40	6.24	0.16
KYC, AML and sanctions screening	6.33	6.06	0.28
Capital drawdowns and distributions	6.43	6.34	0.09
Treasury Services	N/A	N/A	N/A
Technology	5.00	5.85	-0.85
Average	6.01	6.09	-0.08





TRIDENT TRUST



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