Not enjoying the ride

HFAs are having to adapt to the changing requirements of a client base under pressure.

While it is in the nature of service providers to want to reassure their clients, hedge fund administrators reviewing the state of the market in which they operate have, in the past year, had to look hard for good cheer.

One large US administrator identifies several "strong headwinds" for the hedge fund industry as a whole. At a macro level, the geopolitical climate is uncertain to say the least. In Europe the implications of Brexit will depend on how it is managed and that remains foggy. The US meanwhile is in the run up to a particularly rancourous presidential election. "The outcomes of both of these events could affect the markets and investor appetite for risk," says one administrator. "This could lead to a reduction in hedge fund investments and new start up models."

Nor is this uncertainty limited to Europe and the US. "In Asia, we have seen a notable number of fund launch delays as Chinese market tumult dampens growth expectations across other markets in the region," notes one provider in the region. "We've also seen the Middle Eastern market soften on the back of weakening oil prices and liquidity constraints."

In this climate, there is an increased focus among managers on cost management and profitability due both to ongoing regulatory and compliance requirements and poor to tepid fund performance results. "Investors are fee-sensitive and this is likely a result of fund under performance in the industry and fee compression," notes one independent HFA. This is exacerbated by the impact of Basel lll on their prime brokers' attitude to balance sheet extension and cash deposits.

Basel III in particular has created a disincentive for custodians and prime brokers to keep client cash on their balance sheets – liquidity fund sweeps are increasingly offered. New leverage rules have also reduced the availability of credit lines. Counterparty risk remains a focus of hedge fund managers with custody based prime models seeking to differentiate themselves from the traditional prime broker operating model. Against this backdrop and due to the additional costs of meeting their own compliance obligations, custodians and prime brokers are carefully assessing the overall value of their client relationships, which is acting as a further driver of consolidation amongst managers and their funds.

"It is virtually impossible to envisage a scenario whereby any sizeable global hedge fund has not had to manage the significant implications of new regulations such as Dodd Frank, FATCA, CRS, AIFMD, EMIR, MiFID II and UCITS V and this is to name just a subset of them," laments one global service provider. "The costs of operating in compliance with these new regulations has significantly raised the barriers to entry for start-up managers." In addition, he comments, "The recurring costs of compliance are such that average fund sizes must be greater to be viable over the long term."

From an investment strategy perspective, this is causing many larger hedge fund managers to have a rethink. "They are increasingly diversifying into the onshore regulated fund space, previously the domain of long-only managers, in order to access institutional pools of capital which are not permitted to invest in unregulated structures. Hedge fund strategies operated within a UCITS or US 40 Act wrapper continue to be of interest to these managers," observes one provider.

HFA requirements

These dynamics are feeding through to administrators. "There has been a significant shift in approach with respect to the provision of fund administration services," says a UK based HFA. "Whereas previously, service providers were simply required to provide record-keeping and be timely and accurate, today's fund manager demands a more robust, comprehensive offering."

This has led to some administrators questioning the viability of their business models altogether, potentially leaving hedge fund managers and their investors vulnerable, warns one provider: "In general, we can expect this consolidation to continue, leading to greater barriers to entry and fewer choices, particularly for smaller funds and new launches and managers." A colleague agrees. "Currently funds have moved towards institutional investment capability and the cost of entry for new start-ups is significant," he says. "This has resulted in less investor choice in the market place and reduced competition – an unintended consequence of the recent levels of regulatory change.

Upside

Despite these gloomy assessments, there are some optimists out there. With regard to regulatory reporting, which some regard as a vortex of precious resources with other potential uses, one administrator sees calmer waters ahead. "While still evolving, the requirements for regulatory reporting will ease up from the flurry of new demands seen in the past few years," he notes, "and as the regulatory reporting goes through a few more cycles, the process will become more familiar and easier to manage, while the information required will be viewed as more standard."

At a service level, one large global provider sees continuously increasing investor demands for transparency as creating opportunities for hedge fund administrators to offer new reporting and data services. He notes further that, "Changing investor appetites for alternative products, especially liquid alternatives, are providing new opportunities for hedge fund administrators that have strong daily valuation capabilities."

Outsourcing is another potential area of new business for those hedge fund administrators with the appropriate systems. "Given the challenges of establishing and maintaining in-house systems for fund administration, a number of managers have opted for outsourced solutions and we expect this to continue," says one administrator set to benefit from this development. "Partnering with an independent third party administrator can provide managers with adaptable solutions and serve as an extension of their operations and investment decision-making processes. This allows managers to focus their resources on their core capabilities – making good investment decisions, managing risks and generating alpha – while also providing a mechanism for enhanced oversight and risk management."

The service providers who can evolve their offering to keep pace with these changing demands will be well positioned to realise business growth. ●

SURVEY OVERVIEW

Consolidation but no loss of quality

There may still be more consolidation to come, but clients want administrators to stay focused.

All businesses that service the hedge fund industry have faced challenging times in the last few years. Indifferent investment performance and growth of AuM, has been coupled with a raft of changes to regulation, especially in the US and Europe. As a result business models, whether for prime brokers, trading counterparties or administrators have had to adapt. In the case of administrators the business functions being assumed have become more complex, involve more work and in some cases have significant legal implications. As a result a number of providers of administration services have decided that they should leave the business, while others have realised that to maintain success, they have to achieve economies of scale in processing and technology. The result has been a continuing process of consolidation.

Despite the industry trends, the number of providers remains high. Almost 40 different institutions received responses from at least one hedge fund. Even allowing for the fact that the Survey is global, and funds are based in many jurisdictions, such a large number of providers is probably not sustainable. However as providers and clients know well, the benefits of merger activity are not easy to realise and always run the risk of impacting levels of client service as well as investment.

In 2015 we commented that to that point, providers appeared to have been doing well in meeting the conflicting demands of providing more services at the same or lower cost, while at the same time achieving their own internal goals for profitability and return on investment. The current Survey, conducted in Q2, 2016 suggests that in some areas, a few cracks are starting to appear.

Table 1 shows the overall scores by category. These show a noticeable decline in scores in the last twelve months. The impact is similar in all areas of service. The larger decline of 0.34 points for Value Delivered probably reflects the pressure that clients are themselves under in a period that has seen

Table 3: Size

	% Responses by weight 2016	% Responses by number 2016	% Responses by weight 2015	% Responses by number 2015
Very Large	19.1	9.7	14.5	7.3
Large	33.0	23.2	36.8	25.7
Medium	17.5	18.6	21.5	22.6
Small	30.4	48.5	27.2	44.4

Table 4: Location

	% Responses by weight 2016	% Responses by number 2016	% Responses by weight 2015	% Responses by number 2015
Asia	19.0	20.4	16.9	18.4
Europe – ex UK	9.8	11.3	9.2	9.6
North America	46.1	43.4	51.4	51.0
UK	17.5	16.5	13.1	11.6
Rest of the World	7.7	8.4	9.4	9.4

Table 1: Overall scores

	2016 score	2015 score	2014 score	Difference 2016 vs 2015	Difference 2015 vs 2014
Relationship Management	6.03	6.24	6.23	-0.21	0.01
Value Delivered	5.62	5.96	5.94	-0.34	0.02
Investor Services	5.94	6.13	6.11	-0.19	0.02
Fund Reporting & Valuation	5.89	6.11	6.11	-0.22	0.00
Compliance & Taxation	5.84	6.03	6.00	-0.19	0.03
Technology	5.53	5.77	5.78	-0.24	-0.01
Administration Services	5.98	6.13	6.17	-0.15	-0.04
Other Services	6.00	6.21	6.19	-0.21	0.02
Overall	**5.85**	**6.09**	**6.08**	**-0.24**	**0.01**

Table 2: Client priorities

	% No 1 mentions All responses 2016	% No 1 mentions All responses 2015	Priority ranking All responses 2016	Priority ranking All responses 2015	% No 1 mentions Very large clients 2016	% No 1 mentions Very large clients 2015
Relationship Management	25.1	26.9	17.6	17.5	24.8	19.5
Value Delivered	15.8	15.6	16.6	16.1	17.4	6.5
Investor Services	10.2	9.8	17.4	16.9	9.2	5.2
Fund Reporting & Valuation	41.6	39.2	21.8	21.3	45.0	51.9
Compliance & Taxation	3.4	1.2	9.9	9.3	0.0	1.3
Administration Services	1.2	1.3	7.8	8.2	0.9	0.0
Technology	2.7	3.2	8.9	9.3	1.8	5.2
Other Services	0.1	2.8	0.2	1.5	0.9	0.0

little asset growth for many managers and outright declines for some. It should be noted that scores remain very solid in all areas, and evidence no major disaffection with provision. However the trend should be a cause for review by many providers of how client perception is evolving.

Table 2 highlights the nature of client priorities both across all responses and with a specific focus on the Very Large clients. Fund Reporting and Valuation remains the key priority both in terms of #1 mentions and in terms of a broader assessment of relative importance. This latter measure shows that four areas dominate client considerations of service. Perhaps most interesting however is the fact that Value Delivered received 17.4% of first placed votes among very large clients, nearly tripling the proportion it represented for that client group in 2015.

Tables 3, 4 and 5 show the breakdown of responses, by Size, Location and the principal investment strategy being pursued. As Table 3 illustrates, the Very Large clients account for less than 10% of responses by number but more than twice that based on weight attached to them. The proportions are broadly in-line with 2015 results. It is worth noting that the average score from Very Large clients across the Survey was 5.58. This compares with the overall result of 5.85 and the average score from Small clients of 6.05. Clearly larger clients remain the most demanding group of customers.

In terms of responses by Location, the pattern is also similar to 2015 in terms of response rate. North American clients are by some margin the highest scoring group (average 6.02). Clients in Europe and the UK by contrast each average only 5.67. Equity strategies continue to dominate though fixed income was more prevalent among responses this year. Equity focused clients also gave the most generous scores. This is relevant as fixed income focused respondents gave an overall average score of only 5.61 compared with 6.06 for equity only managers. Overall another solid year taken as a whole but some clear warning signs for providers about the future. ●

Table 5: Fund type/strategy

	% Responses by weight 2016	% Responses by number 2016	% Responses by weight 2015	% Responses by number 2015
Equity Only	55.2	57.8	52.9	58.6
of which Event Driven	(4.9)	(4.7)	(7.9)	(8.1)
Relative Value	(3.7)	(3.6)	(7.0)	(8.8)
Macro Only	9.4	8.0	9.8	9.2
Other	10.0	10.7	7.3	7.2
Multi-Strategy	6.0	4.6	9.5	7.8
Fund of Funds	19.4	18.9	20.5	17.2

Methodology

Survey respondents were asked to provide a rating for each fund administrator on a numerical scale from 1(unsatisfactory) to 7 (excellent), covering eight separate categories of service and 30 individual questions. In general the “default” score remained at 5 (good). In total, despite industry consolidation more than 1,000 responses were received covering over 30 different administrators. This yielded, as in 2015, many thousands of data points for analysis. All responses have been used in calculating the respective positions of different institutions as well as the overall scores in different categories.

To ensure that the Survey results reflect relative importance and commitment by respondents, all responses were assigned a weight based on three characteristics; the value of assets under management within the manager; the level of complexity of their business in terms of services actually used and evaluated; and, where appropriate the number of different administrators being used. As a result the responses from the largest and most widely informed users accounted for up to five times the weight of the smallest and least experienced respondent.

In the Survey Overview two sets of information are provided. First is a review of the overall Survey results based on each of the eight categories and looking at the different individual questions. Because differences in performance between many providers are quite small, we have decided to not rate any providers better than others in terms of a Roll of Honour. Instead we have looked at the performance of individual administrators across different types of clients. Not all providers have a similar demographic profile, with the result that some do particularly well, and service large numbers of clients in some areas, but have little business and/or perform less well with other groups. Within each of these ‘demographic’ groupings we have identified those institutions that outperformed the average score for that group. We have also produced an overall list containing all providers receiving a reasonable proportion of all responses by weight.

Within the provider profiles we have explained the different demographic mix of different providers as well as listing their category scores. In the remarks we have sought to consider these ‘raw scores’ in the context of the profile of respondents and the qualitative comments offered by way of explanation of scores. To make sure that the ‘raw scores’ are not given excessive focus in the write-up we also make use of the Global Custodian normalisation algorithm when considering our assessment of performance.

FUND REPORTING AND VALUATION

Questions	2016	2015
Fund Reporting and Valuation	5.89	6.11
Timeliness and accuracy of P&L reports to fund manager	6.04	6.20
Timeliness and accuracy of fund books and records	6.04	6.23
Ability and willingness to customise and integrate systems	5.74	5.93
Consistency of report formats across all locations	5.97	6.18
Ability and accuracy in financial and tax reporting to multiple accounting standards	5.94	6.16
Ability to deliver useful performance measurement and attribution analysis	5.53	5.86

Scores for Fund Reporting and Valuation ranked fifth highest of eight categories. Given the importance of this aspect of service to respondents, such a level of scoring should be seen as good, but hardly exceptional among the provider community. Core capabilities of timeliness and accuracy continued to achieve an average score better than 6.0 (Very Good) and while these scores are lower than in 2015, they do not suggest any real issues exist and ranked in the top six highest scoring individual questions. However, scores relating to the willingness and ability to customise systems and reporting for clients were also down. The average is now only 5.74 which is in the fourth quartile among scores all 30 questions. Even so it ranked higher than scores for performance measurement services, though these are much less important to clients with almost one-third of respondents not offering a score for this service. Not all clients require global capabilities or tax reporting across many jurisdictions. As a result the final three questions received fewer responses than those for core services.

RELATIONSHIP MANAGEMENT AND CLIENT SERVICE

Questions	2016	2015
Relationship Management and Client Service	6.03	6.24
Quality of personnel	6.10	6.32
Proactivity of relationship managers	5.96	6.17
Understanding of your specific requirements	6.02	6.23

In a period of change and evolution the role of both Relationship Management and Client Service functions is critical to the ongoing maintenance of client satisfaction. That is reflected both in the importance attached to the service by clients as well as the comments that they write about service received. Irrespective of size, it is clear that around one-quarter of all respondents regard these elements as the most important part of a good working relationship. Relationship Management is key to ensuring that new products and services being delivered actually meet client requirements. In addition if there are organisational changes they need to be properly explained in terms of impact on clients as well as simply new job titles. Client Service meanwhile is the day-to-day interaction with critical staff. Often all parties are working under pressure, whether of high volumes, market volatility or both. In such circumstances the quality of service and the manner in which it is delivered is important. Scores are quite consistently lower than a year ago, but Quality of Personnel still achieved the third best score among all questions.

INVESTOR SERVICES

Questions	2016	2015
Investor Services	5.94	6.13
Timeliness and accuracy of reporting to investors	5.99	6.15
Flexibility of reporting to investors	5.74	5.90
Efficiency in handling orders	5.92	6.15
Accuracy of records of investors and intermediaries	6.08	6.27
Efficiency in handling investor queries	5.92	6.13

Aside from Value Delivered, Investor Services received a higher response rate than any other category. Overall each question received responses from more than 90% of respondents. Though the least important of the four core service categories, Investor Services remains ahead of all other aspects of service by some margin. It is also an area of generally high scoring. Given the nature of hedge fund investors, this interaction is probably second only to investment performance in terms of its impact on the relationship between a hedge fund and its investors. While scores were again lower here as elsewhere, the decline was not as great as in some categories. In addition, with the exception of flexibility in reporting, scores were very good. In terms of areas identified for improvement by clients, it is clear that reporting to investors is seen as having potential to improve further. However the specific suggestions were quite specific rather than representing a general shortcoming. The only consistent feature being a desire to facilitate a higher level of on-line reporting to investors.

VALUE DELIVERED

Questions	2016	2015
Value Delivered	5.62	5.96
Competitiveness of fees charges	5.62	5.88
Value received relative to fees paid	5.62	6.05

Sensitivity to fees specifically and Value Delivered more generally has been heightened this year by the fact that hedge funds themselves are under pressure. As noted earlier the scores in this category are well down on 2015 levels, much more than in other aspects of service. In addition the importance of this component is growing and at the same time providers themselves are under cost pressures as they try to deliver more services without increasing fees. However it does seem to be concentrated on rather specific items. For example one client complains at the level of fees for AIFMD reporting while another is unhappy with the cost of legal advice. There are few complaints about the cost of core capabilities.

Providers need to be aware that while clients may focus on those core costs, they are certainly now taking a closer look at some of the costs for additional services that providers may be seeking to apply. This can be expensive to administer as well as possibly upsetting for the client relationship. It should also be noted that scores remain at generally more than acceptable levels. Finally it is also clear that not all providers are equally affected in terms of scores.

TECHNOLOGY

Questions	2016	2015
Technology	5.53	5.77
Effectiveness in adapting technology to your requirements	5.49	5.75
Ease of integration of technology into your operations and investment process	5.56	5.79
Levels of investment in technology & handling of new releases	5.55	5.77

This year technology saw the lowest scores for any of the eight categories covered in the Survey. Although the decline was no greater than in other areas, it is surprising that, as the worst area in 2015, some relative improvement was not noted. Some providers get praise, such as Maples Fund Service where one client noted, "are continuously investing in technology." However, one provider was urged by a client to "invest in some technology" while a few others were criticised for having no on-line reporting for investors.

In general there appears to be much less integration of provider technology into the client technology environment than would be common in other financial businesses. This leads to incremental costs for all parties. Customising around small clients from a technology perspective also makes little commercial sense for providers. However it does not endear them to their clients either.

The proportion of Very Large clients mentioning Technology as a number one concern declined noticeably between 2015 and 2016. It could be that providers are better at managing their technology interface with large clients than with smaller clients. There is also more scope with equities as opposed to other asset classes. Technology would seem to offer a medium term solution to some of the cost issues that the industry is grappling with in the current environment. However benefits can only be realised through investment. Appetite for the latter may not be as high as it should be.

COMPLIANCE AND TAXATION

Questions	2016	2015
Compliance and Taxation	5.84	6.03
Accuracy, timeliness and completeness in compliance monitoring alerts	5.85	6.01
Ability to support regulatory compliance reporting	5.83	6.06
Ability to support tax reporting for investors in rel. jurisdictions	5.77	6.01
Ability and accuracy of tax calculation and reporting	5.90	6.06

There is a general recognition that the burden of regulation has been growing over the last few years. Nowhere is this truer than in Europe, where the desire to have a common regulatory framework for all types of funds is imposing some particular burdens. The average score for this category among European clients is 5.58. This is some way below the overall score of 5.67 from this group of respondents. By contrast in other regions the scores for this category are similar, and in some cases better, than the overall score.

Once again scores related to the second two questions in the category reflect that fact that not all respondents use multiple jurisdictions, nor are all equally impacted by taxation requirements. As a result response rates on those questions are lower and results somewhat more volatile.

In terms of the overall scoring, it is noteworthy that the category received a lower proportion of 7.0 (Excellent) scores than any other except Other Services.

Clearly Compliance and Tax are not areas where clients can envisage excellence, rather they are activities that need to be taken care of. That probably affects the willingness of clients to award the highest mark. As a result, while the scores are below average they do not represent any serious concern to providers or their clients.

ADMINISTRATION SERVICES

Questions	2016	2015
Administration Services	5.98	6.13
Effectiveness of board reporting	5.91	6.08
Ability to conduct meetings (annual, extraordinary and board)	6.00	6.15
Effectiveness of fund structuring advice and options	5.83	5.99
Completeness & accuracy of information provided to auditors	6.11	6.27

The key question within this category relates to the information provided to auditors. This question attracted by far the highest response rate from clients and also achieved the second best score of any question in the entire Survey. While there was a decline in scores compared with 2015, the difference was less than in the overall result. Given that it is hard to excel in an area such as this, it is encouraging to see that almost 40% of all respondents gave a 7.0 (Excellent) score on this question. This is a core area of service that administrators would be expected to do well. Nonetheless the level of satisfaction is encouraging for the industry overall as well as the individual providers.

Other questions in the category produced far fewer responses from clients; typically around 60% of respondents gave a score on each. A number of client comments suggest that for smaller funds at least, more advice on fund structuring would be useful to clients.

Obviously administrators are not lawyers. However they do have a wealth of experience and a large number of other clients on whose example they could draw. Perhaps more might consider putting this to use for some of their newer and/or smaller clients.

OTHER SERVICES

Questions	2016	2015
Other Services	6.00	6.21
Effectiveness is supporting Fund of Funds	5.91	6.17
Ability to support multiple prime broker relationships	6.13	6.35
Effectiveness of Depositary Services	5.83	6.15

These questions relate to specific areas which may be relevant to some funds but not others. As an example the number of responses related to Fund of Funds administration is a small proportion of the overall total. Indeed by far the majority of clients have no activity in fund of funds and as such will not normally answer a question specifically related to them. The effect is that the response rate for that question was the lowest in the Survey, at well below 50%. This is not a problem in terms of the calculation of results, but it does mean that the results are likely to be somewhat more volatile from one year to the next. In addition individual provider scores will also be less consistent than those that relate to larger groups. Interestingly respondents who exclusively run fund of fund arrangements gave marginally lower scores than those who have a fund of funds business alongside some dedicated activity of their own.

Multiple prime brokers remain commonplace among hedge funds. However the pressure to add further prime brokers seems to have subsided, based on responses to the Prime Broker Survey that appears separately in this issue. By now administrators also have much more experience at dealing with any operational complexity of multiple prime brokers. As a result it is perhaps not surprising that this question obtained the highest score of any within the Survey in 2016.

Providers are not all equal

Tables 6 to 18 show the relative share of responses, based on weight received by the leading providers in different groups of clients. Table 6 illustrates the position across all responses to the Survey. Tables 7 to 10 show the different lists based on size of response. Tables 11 to 15 consider the ranking based on geographic region in which the client is based while the final three Tables (16 to 18) show the position based on three different types of fund manager. The number of names included depends on how many providers have a reasonable critical mass of clients by number and share of responses by weight. Where a provider is listed as an outperformer, it means that their overall score across all service categories was better than the overall average for that particular size, location or type of client.

What the Tables illustrate most clearly is three things. First the market for hedge fund administration service remains fragmented with many more providers maintaining critical mass than is the case in prime brokerage or electronic trading. Second, is the notion that providers have different areas of relative strength, both in terms of client numbers and client perceptions of service. Finally providers have quite different profiles of clients; some having largely small clients in a single geography, while others are active around the world with many different sizes and types of client.

These factors argue for the idea that hedge funds themselves need to make a considered an informed choice of administrator, based on where they are, how big they are and the type of business they run. This is even truer in an environment where providers are buying competitors and exiting the business with some frequency. Changing administrators may be hard work, but in the long run being with the right provider is very important as a few clients acknowledged in their comments. ●

Table 6: Global outperformer

1	Apex	Outperformer
2	Citco	Outperformer
3	MUFG Investor Services	Outperformer
4	SS&C GlobeOp	
5	Maples Fund Services	
6	IFS, a State Street company	
7	BNY Mellon	
8	BNP Paribas	Outperformer
9	Stone Coast Fund Services	Outperformer
10	U.S. Bancorp Fund Services	
11	ALPS, a DST Company	Outperformer
12	Quintillion	Outperformer
13	Circle Partners	
14	HSBC Securities Services	
15	Northern Trust	
16	Deutsche Bank Fund Services	Outperformer
17	SEI	
18	Trident Fund Services	Outperformer
19	Opus Fund Services	Outperformer
20	Conifer Asset Solutions	Outperformer

Table 7: Very large clients

1	BNY Mellon	
2	Citco Fund Services	Outperformer
3	IFS, a State Street company	
4	U.S. Bancorp Fund Services	Outperformer
5	SS&C GlobeOp	
6	MUFG Investor Services	Outperformer
7	Northern Trust	
8	HSBC Securities Services	
9	BNP Paribas Securities Services	
10	Quintillion	Outperformer

Table 8: Large clients

1	Citco Fund Services	Outperformer
2	Apex Fund Services	Outperformer
3	SS&C GlobeOp	
4	Stone Coast Fund Services	Outperformer
5	Northern Trust	
6	IFS, a State Street company	Outperformer
7	BNP Paribas Securities Services	Outperformer
8	MUFG Investor Services	Outperformer
9	HSBC Securities Services	Outperformer
10	BNY Mellon	

Table 9: Medium clients

1	Apex Fund Services	Outperformer
2	MUFG Investor Services	Outperformer
3	Maples Fund Services	
4	SS&C GlobeOp	
5	Citco Fund Services	Outperformer
6	Deutsche Bank Fund Services	
7	ALPS, a DST Company	Outperformer
8	Quintillion	Outperformer
9	Stone Coast Fund Services	Outperformer
10	Circle Partners	Outperformer

Table 10: Small clients

1	Apex Fund Services	
2	Maples Fund Services	
3	Circle Partners	
4	MUFG Investor Services	Outperformer
5	ALPS, a DST Company	Outperformer
6	Opus Fund Services	Outperformer
7	SS&C GlobeOp	Outperformer
8	Citco Fund Services	Outperformer
9	Deutsche Bank Fund Services	Outperformer
10	Trident Fund Services	Outperformer

Table 11: North American clients

1	Citco Fund Services	Outperformer
2	Stone Coast Fund Services	Outperformer
3	SS&C GlobeOp	
4	U.S. Bancorp Fund Services	
5	ALPS, a DST Company	Outperformer
6	MUFG Investor Services	Outperformer
7	BNY Mellon	
8	IFS, a State Street company	
9	Northern Trust	
10	Apex Fund Services	Outperformer
11	Trident Fund Services	Outperformer
12	Deutsche Bank Fund Services	

Table 12: UK clients

1	Apex Fund Services	Outperformer
2	Quintillion	Outperformer
3	IFS, a State Street company	
4	SS&C GlobeOp	
5	Citco Fund Services	Outperformer
6	BNY Mellon	
7	Northern Trust	
8	Maples Fund Services	
9	SEI	Outperformer
10	MUFG Investor Services	Outperformer

Table 13: European clients

1	Apex Fund Services	
2	Circle Partners	
3	Citco Fund Services	Outperformer
4	BNP Paribas Securities Services	
5	MUFG Investor Services	Outperformer
6	Trident Fund Services	Outperformer
7	Quintillion	Outperformer
8	Trinity Fund Administration	Outperformer

Table 14: Asian clients

1	Apex Fund Services	Outperformer
2	Maples Fund Services	Outperformer
3	HSBC Securities Services	
4	SS&C GlobeOp	Outperformer
5	Citco Fund Services	Outperformer
6	BNP Paribas Securities Services	Outperformer
7	Deutsche Bank Fund Services	Outperformer
8	MUFG Investor Services	Outperformer

Table 15: Rest of the world clients

1	Apex Fund Services	Outperformer
2	Citco Fund Services	Outperformer
3	MUFG Investor Services	Outperformer
4	Maples Fund Services	
5	SS&C GlobeOp	
6	HSBC Securities Services	

Table 16: Equity managers

1	Apex Fund Services	Outperformer
2	Citco Fund Services	Outperformer
3	MUFG Investor Services	
4	Maples Fund Services	
5	ALPS, a DST Company	Outperformer
6	SS&C GlobeOp	
7	Stone Coast Fund Services	Outperformer
8	IFS, a State Street company	Outperformer
9	Deutsche Bank Fund Services	
10	Circle Partners	
11	HSBC Securities Services	
12	Opus Fund Services	Outperformer

Table 17: Fund of fund managers

1	Apex Fund Services	
2	MUFG Investor Services	Outperformer
3	Citco Fund Services	Outperformer
4	BNP Paribas Securities Services	Outperformer
5	Circle Partners	Outperformer
6	BNY Mellon	
7	HSBC Securities Services	
8	Northern Trust	

Table 18: Macro managers

1	Apex Fund Services	Outperformer
2	Citco Fund Services	
3	SS&C GlobeOp	Outperformer
4	IFS, a State Street company	
5	Quintillion	
6	Circle Partners	
7	SEI	
8	Trident Fund Services	Outperformer
9	Northern Trust	
10	Stone Coast Fund Services	

ALPS, a DST Company

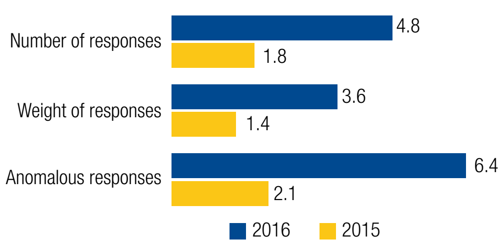
When announcing the acquisition of Kaufman Rossin Fund Services (KRFS) in December 2015, ALPS indicated that it felt the move could push it into the top twenty hedge fund administrators. Based on responses to the Survey it should achieve this position quite comfortably. Indeed responses received for each of the two firms, places the combined business in a group of providers that runs from 8th to 14th in terms of weighted client responses. This is a very competitive market segment as each of these firms has ambitions to become larger. All want to take the opportunity to grow as others fail to invest in the business or exit via sale. The data in the Tables represents the combination of the two firms' responses, even though a number of clients responded in the name of KRFS.

In moving into this arena the combined capability brings two core strengths. First is a sense of real commitment on the part of both companies to Client Service. Respondents for both firms cite good experiences including: "I know KRFS genuinely care about their clients and are a pleasure to work with on a daily basis". While another noted, "the team at Alps is highly professional and responsive. It has been a pleasure working with them." These comments are reflected in excellent combined scores giving an average of 6.44 for Relationship Management and Client Service, better even than the excellent result for ALPS a year ago. The second area of strength is in Compliance and Taxation. Here the combined score was 6.53, up 0.35 points on the position in 2015. A gain at that level against a general reduction seen in scores in the Survey suggests that clients appreciate work being done for them in an area of growing importance.

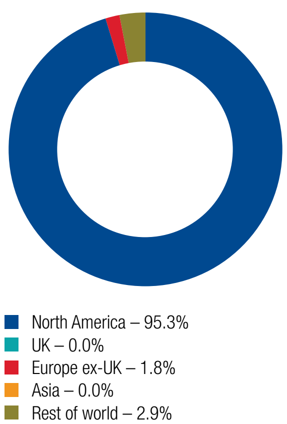
One of the keys to future success will be the ability of the firm to bring their North American strength to a more global group of clients. Within the Survey, more than 95% of responses came from the US with only a smattering of activity elsewhere. The firm also has brought smaller clients who were with KRFS into an organisation who have more experience with larger clients. Again combining two should work to the benefit of both.

One area where clients will be looking for investment is in Technology. This was by some way the weakest area of scoring for the combination and the ability for funds and their investors to do more on-line, appears to be a priority for all clients. Certainly challenges lie ahead. As one client concluded, "we just hope the transition to ALPS goes smoothly." However there is much client goodwill and many strengths on which to build for future success. ●

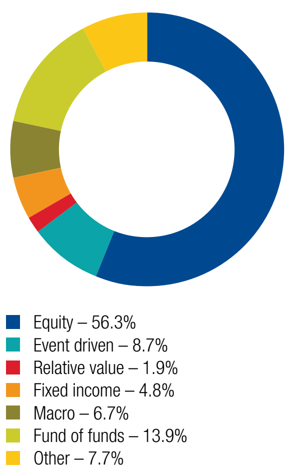
ALPS: weighted share of responses (%)



ALPS: by location (%)



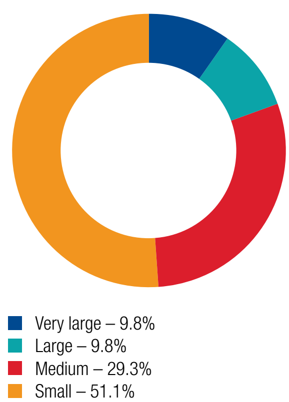
ALPS: by type (%)



ALPS

Service area	2016	2015	2014	Difference (2016-15)	Difference (2015-14)
Relationship Management and Client Service	6.44	6.38	6.48	0.06	-0.10
Value Delivered	5.98	6.23	6.09	-0.25	0.14
Investor Services (if applicable)	6.47	6.50	6.40	-0.03	0.10
Fund Reporting and Valuation	6.36	6.28	6.37	0.08	-0.09
Compliance and Taxation	6.53	6.18	6.37	0.35	-0.19
Technology	5.94	5.72	6.04	0.22	-0.32
Administration Services (If applicable)	6.32	6.56	6.59	-0.24	-0.03
Other Services	6.58	6.11	6.29	0.47	-0.18
Global outperformer	**Yes**	**Yes**	**Yes**		

ALPS: by size (%)



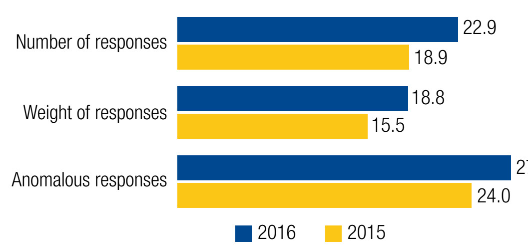
Apex Fund Services

Apex has for many years been recognised as being an expert in handling hedge funds, especially somewhat smaller and newer names. However, in recent years it has steadily broadened its offering to covering private equity and other alternative manager strategies. These activities are conducted from operations in eight countries. The firm has also moved to handling many much larger hedge funds, a trend that is reflected in its Survey responses. Not only does Apex receive the largest proportion of responses to the Survey, by both number and weight, it also receives the most diverse selection in terms of location, size and investment strategy as the data illustrates. The acquisition and integration of the Pinnacle business in 2015 has served to demonstrate even further the commitment of Apex to the business.

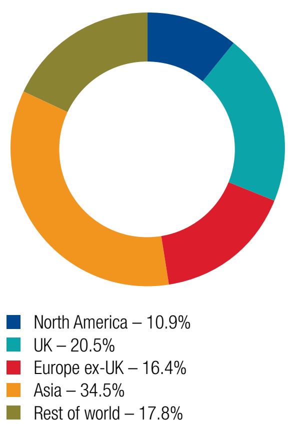
The success of Apex is built on meeting client needs, whether for custom reporting or support in new environments. Its ability to perform better than its peers is summed up by one client who commented, "great service and professionalism; out of the 6 administrators I have used in the past they are the best." Many comments reflect the quality of people around the world and included as a testimony, "the service we receive from Apex exceeds our expectations. Excellent, fruitful and long-lasting business relationship. All the best to Apex!" It should be noted that scores are lower in 2016, generally in-line with the Survey as a whole. Nonetheless Apex scored at a level better than 6.0 (Very Good) in three of the eight categories; Investor Services, Administration Services and Client Service and Relationship Management. "Apex's recordkeeping is flawless, their service to my clients is exceptional, and they have earned the trust and respect of my auditors and tax accountants reducing my workload substantially" is the way one very happy client summarised their experience.

Growth and integration clearly pose continuing challenges. In a changing industry and with clients themselves under profit pressure, there will undoubtedly be opportunities that clients see for further improvement. These mainly come under the heading of more and more custom reporting, especially in compliance and performance attribution. There is also a desire from some clients for Apex to offer more custodial options using more banks. One client would like Apex to provide custodial services itself. Perhaps the biggest concern however is those former Pinnacle clients who expressed a view that Apex offers a less technologically sophisticated service than they had received previously. Technology represented the weakest score in any category, as it has in each of the last three years. ●

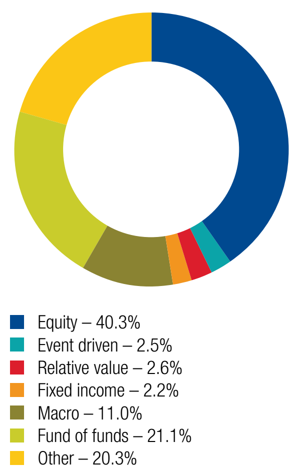
Apex: weighted share of responses (%)



Apex: by location (%)



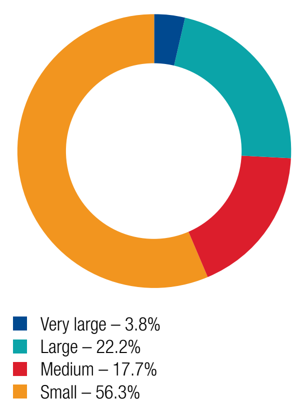
Apex: by type (%)



Apex Fund Services

Service area	2016	2015	2014	Difference (2016-15)	Difference (2015-14)
Relationship Management and Client Service	6.11	6.33	6.45	-0.22	-0.12
Value Delivered	5.83	6.16	6.15	-0.33	0.01
Investor Services (if applicable)	6.05	6.19	6.24	-0.14	-0.05
Fund Reporting and Valuation	5.99	6.15	6.25	-0.16	-0.10
Compliance and Taxation	5.93	6.10	6.03	-0.17	0.07
Technology	5.71	5.92	6.02	-0.21	-0.10
Administration Services (If applicable)	6.03	6.12	6.17	-0.09	-0.05
Other Services	5.93	6.18	6.19	-0.25	-0.01
Global outperformer	**Yes**	**Yes**	**Yes**		

Apex: by size (%)



BNP Paribas Securities Services

BNP Paribas has seen a significant increase in its client base since last year's survey, reflecting its acquisition of the HFS hedge fund administration unit in 2015. The number of hedge fund manager clients is up from 120 to 217, accounting for 544 separate funds and 423 funds of funds.

Of these managers, roughly 40% are small with assets under management of below $100 million, though all size categories are well represented. Geographically too there is a good spread. Continental European managers account for around 40% of clients by number with the remainder spread across North America, Asia and UK. According to the bank, the continued integration of the HFS business unit within the wider BNP Paribas Group has opened up new opportunities for clients with the delivery of financing and FX facilities to fund of hedge fund clients, and the delivery of global custody solutions to single manager clients. "New investments into the further development of our technology platform have bolstered our value proposition, as have a number of key hires in client services, innovation and technology," says the bank.

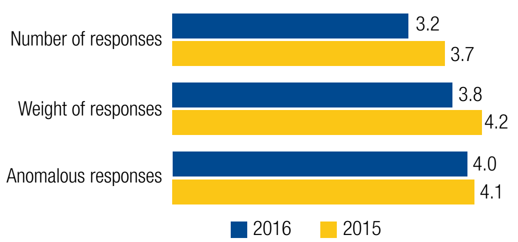
The acquisition has not dented BNP Paribas' results as can sometimes happen. The bank is a global outperformer and exceeds the average at a category level in all but three areas – Compliance and Taxation, Technology and Other Services – where it falls short by a few basis points. (In the case of Technology it is the Very Large clients who are the least impressed.)

"Service levels across the board are very good," notes one mid-sized European client. "As the regulatory backdrop continues to evolve there may be more functions required, but I am sure BNP Paribas will be in a position to provide them." Breadth of expertise is also complimented: "Very strong service levels across different fund types, strategies and fund jurisdictions. Very personable team that represents material added value from our perspective."

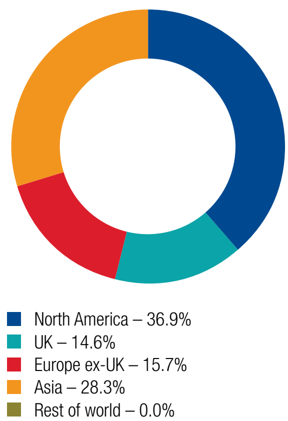
At an individual question level, the bank receives its highest scores for the various aspects of Relationship Management and Client Service. Quality of personnel and proactivity of relationship managers have seen a significant increase in appreciation and now are comfortably within the Very Good range (6.00 – 6.99).

At the other end of the scale, while still showing measurable improvement over the past year, effectiveness of depositary services is rated in the mid fives, along with the bank's ability to support multiple prime broker relationships. These are, however, relative rankings and in absolute terms give no real cause for concern. ●

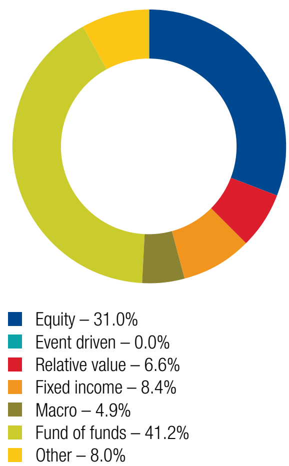
BNP Paribas: weighted share of responses (%)



BNP Paribas: by location (%)



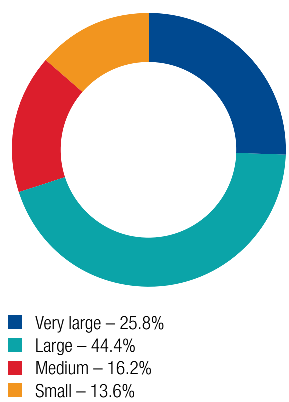
BNP Paribas: by type (%)



BNP Paribas Securities Services

Service area	2016	2015	2014	Difference (2016-15)	Difference (2015-14)
Relationship Management and Client Service	6.34	6.06	6.12	0.28	-0.06
Value Delivered	5.76	5.82	5.69	-0.06	0.13
Investor Services (if applicable)	6.05	6.22	6.11	-0.17	0.11
Fund Reporting and Valuation	5.98	5.95	5.85	0.03	0.10
Compliance and Taxation	5.78	5.88	6.06	-0.10	-0.18
Technology	5.48	5.46	5.45	0.02	0.01
Administration Services (If applicable)	6.31	5.96	6.09	0.35	-0.13
Other Services	5.94	6.05	6.04	-0.11	0.01
Global outperformer	**Yes**				

BNP Paribas: by size (%)



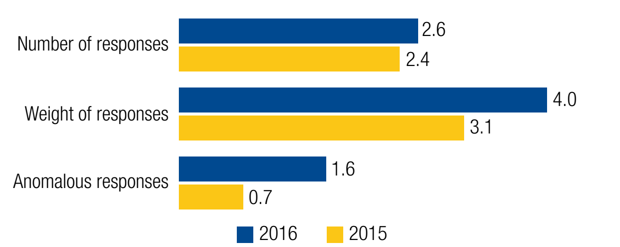
BNY Mellon

BNY Mellon is one of the three largest worldwide custodian banks and offers administration services to a broad array of clients in dozens of locations around the world. Hedge fund administration has been an area that is a natural component of its servicing of all kinds of fund structures. There are clear benefits in terms of economies of scale and geographic coverage of globally diversified firms. This tends to mean that BNY Mellon is servicing larger clients than the average across the Survey. It also makes it harder for the bank to demonstrate and deliver the custom services that some hedge funds might wish for, and may obtain form smaller more specialised providers. Nonetheless the model is successful for BNY Mellon. They have around 350 hedge fund clients and represented 4.0% of activity within the Survey.

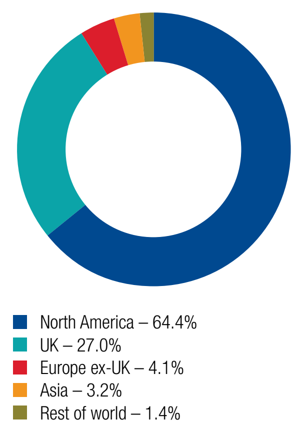
BNY Mellon also saw some improvement in scores this year compared with 2015. This was even more noteworthy given the general decline in scores recorded in 2016 and the fact that 90% of BNY Mellon clients fall within the Large or Very Large category. The breakdown represented the most demanding client group of any provider. It is no doubt encouraging to note the gain of 0.27 points seen in Client Service and Relationship Management. While scores remained below those seen in 2014, it is clear that the quite alarming decline in scores recorded between 2014 and 2015 has now been reversed and BNY Mellon is on an improving trend. As one client noted, "BNY meets all our requirements." The bank also continues to perform well in terms of Value Delivered, where scores were higher for the third year in a row. In an environment where, as the bank noted, "fund managers have been facing challenges due to poor performance, pressure on fees and increasing regulatory requirements" being able to deliver better value for money is an important competitive advantage.

However there is still much more that can be done in the area of Technology. This is reflected in both scores and comments. Scores were even lower in 2016 than the disappointing result posted a year earlier. At 4.43 the score suggests that the bank is some way from delivering what clients want. As one client commented, "the technology available for on-line reporting hasn't changed in many years. An update is necessary." General comments about the need to invest in more on-line capabilities reinforced the position. In response BNY Mellon is putting together a complete new digital ecosystem (NEXEN) to support all of its businesses as well as internal personnel. This is no doubt a very significant undertaking, but one that needs to be successful quickly to satisfy hedge fund clients. ●

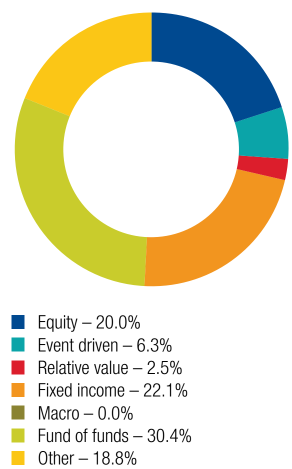
BNY Mellon: weighted share of responses (%)



BNY Mellon: by location (%)



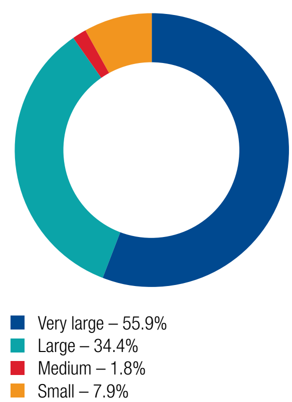
BNY Mellon: by type (%)



BNY Mellon

Service area	2016	2015	2014	Difference (2016-15)	Difference (2015-14)
Relationship Management and Client Service	5.57	5.30	5.76	0.27	-0.46
Value Delivered	5.53	5.51	5.42	0.02	0.09
Investor Services (if applicable)	5.27	5.35	5.39	-0.08	-0.04
Fund Reporting and Valuation	5.41	5.39	5.57	0.02	-0.18
Compliance and Taxation	5.25	5.42	5.60	-0.17	-0.18
Technology	4.43	4.44	4.64	-0.01	-0.20
Administration Services (If applicable)	5.63	5.22	5.64	0.41	-0.42
Other Services	5.57	5.63	5.59	-0.06	0.04
Global outperformer					

BNY Mellon: by size (%)



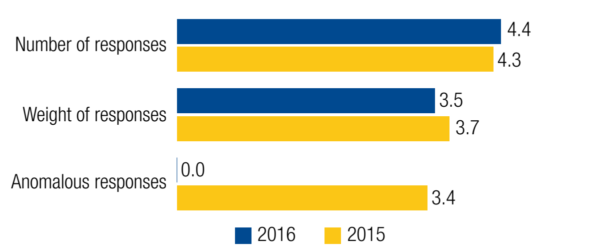
Circle Partners

Circle partners continued to grow its hedge fund administration business in 2016. Growth was reflected in the number of responses received in the Survey, though the proportion by weight declined slightly. This reflects Circle's concentration on comparatively smaller clients. Respondents in the Small category accounted for just over half of its respondents in the Survey. Meanwhile Circle received no responses from Very Large clients. Circle is also unusual in having as high a concentration of responses from European clients (ex- UK) as it does. This increased again in 2016 to account for more than 60% of the total by weight. Circle was the second largest provider based on European responses weighted by size. The more generous North American clients are underrepresented within the Circle responses accounting for less than one in six.

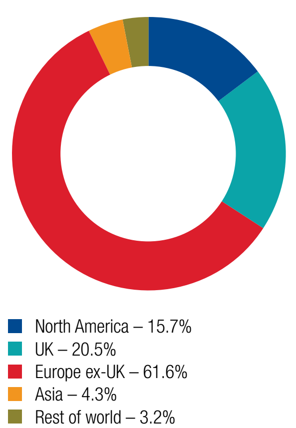
These trends undoubtedly have an impact on the level of scoring achieved by Circle. However even allowing for these factors, as well as the general trend towards lower scores in the Survey overall, the results for Circle in 2016 are somewhat disappointing. Scores declined in all eight categories of service, in some cases by almost 0.50 points. Only two categories recorded a score of better than 6.0 (Very Good) compared with five in 2015. Both Client Service and Fund Reporting saw scores dip below 6.0 in 2016. Given the importance to clients this is perhaps a possible cause for some concern. In terms of comments however, Circle continued to see very positive statements about service levels and personnel. Comments received included, "the personnel are top notch. Their customer service has been superb", and "I have been with Circle Partners for many years and experienced throughout excellent service levels." These comments show that Circle and its staff remain very highly thought of by many clients.

The firm is also growing its global capabilities. It has recently opened in Hong Kong and has now fully integrated its offices in Orlando (Florida) and the Cayman Islands. This should enable it to better service larger clients across more jurisdictions as well as bringing its services to a wider audience. The firm also makes continuous investment in technology and automation and in the past 12 months has also moved to expand its other ancillary services, such as regulatory reporting services. It has maintained a focus on OECD's Common Reporting Standard reporting and automatic data feeds. These factors are important and technology in particular was an area where scores, at 5.19 were less strong than Circle would wish to see. By contrast the firm received excellent scores for Administration Services and whatever issues clients may have the quality of personnel remain a big selling point. ●

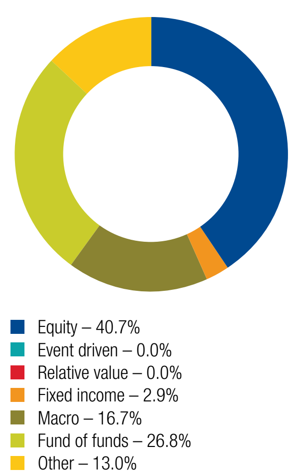
Circle Partners: weighted share of responses (%)



Circle Partners: by location (%)



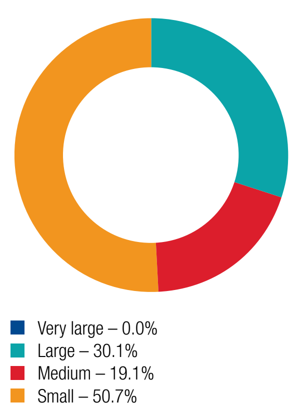
Circle Partners: by type (%)



Circle Partners

Service area	2016	2015	2014	Difference (2016-15)	Difference (2015-14)
Relationship Management and Client Service	5.96	6.20	6.37	-0.24	-0.17
Value Delivered	5.56	5.87	6.01	-0.31	-0.14
Investor Services (if applicable)	5.80	6.20	6.10	-0.40	0.10
Fund Reporting and Valuation	5.67	6.12	6.12	-0.45	0.00
Compliance and Taxation	5.68	5.93	5.89	-0.25	0.04
Technology	5.19	5.52	5.03	-0.33	0.49
Administration Services (If applicable)	6.04	6.17	6.02	-0.13	0.15
Other Services	6.00	6.22	5.85	-0.22	0.37
Global outperformer					

Circle Partners: by size (%)



Citco Fund Services

Citco has 500 active client relationships globally– an increase of 30 over 2015. These are spread across all AUM categories. Its service reach is also global, some 45% of investment manager clients are serviced by offices in North America, 20% by offices in the UK, 19% in Asia ex Japan and 6% by offices in other locations.

In addition to the services listed in the survey, all locations also provide regulatory reporting, financial reporting, transparency reporting and outsourced middle office services, including treasury services and collateral management. Citco has this year put into production a new client facing website (CitcoOne) with the ability further facilitate to provide reporting and service monitoring.

Despite a slight decline on category scores, with the exception of Investor Services, Citco retains global outperformer status. This applies equally at all category levels.

Client comment remains overwhelmingly positive. "Citco have continued to provide excellent service to our funds, to the point where their involvement significantly enhances the overall product we are able to offer," says one client. "I would highly recommend Citco to any funds looking for an administrator," says another. "Our Citco team are fantastic people."

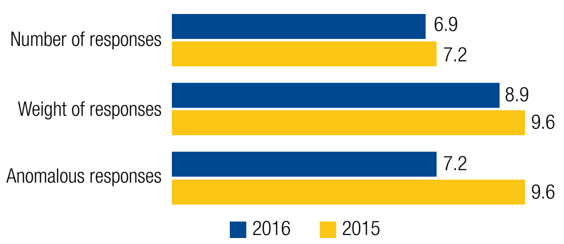
The new portal gets a mention from one manager: "Citco is always very responsive, adaptive to change and a hard working service provider partner. We are looking forward to using the new Citco One Portal."

The length of some of Citco's client relationships has worked in its favour in this year's survey. "Citco Fund Services has been the administrator of our funds since 1990," notes one manager. "The quality of service throughout the years has always been excellent." One new client is also impressed. "Staff are all very friendly and all work hard to get what we need," comments one Asia-based manager. "I am very impressed at the level of relationship management from the Australian team. They have been very helpful in helping us get started in our first year of operation."

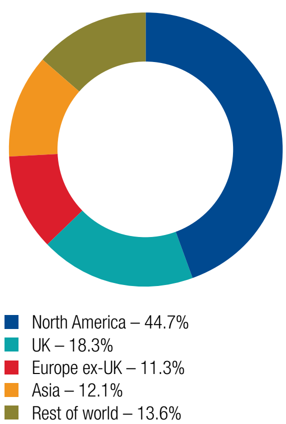
Praise is tempered by a few suggested areas where enhancements would be appreciated. "More time series data for P&L, risk and trade metrics" is one request, along with more developed regulatory reporting services, including OTC in MiFID II Transaction Reporting.

Analysing responses by location of client, North American and continental Europeans are the most impressed by Client Service and Relationship Management, while Asia-based respondents place Fund Reporting and Valuation as the category where they are best served. ●

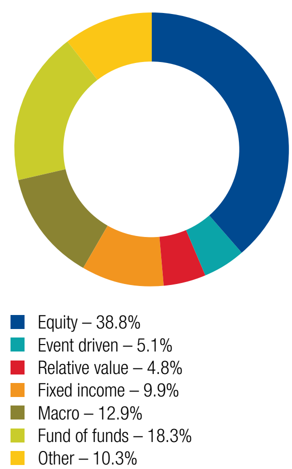
Citco: weighted share of responses (%)



Citco: by location (%)



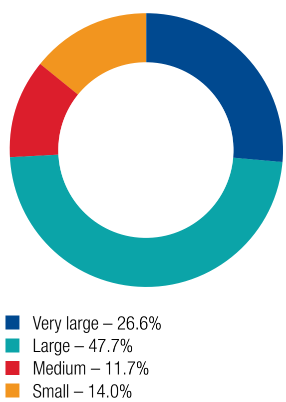
Citco: by type (%)



Citco Fund Services

Service area	2016	2015	2014	Difference (2016-15)	Difference (2015-14)
Relationship Management and Client Service	6.19	6.34	6.38	-0.15	-0.04
Value Delivered	5.65	5.92	5.93	-0.27	-0.01
Investor Services (if applicable)	6.14	6.11	6.28	0.03	-0.17
Fund Reporting and Valuation	6.04	6.22	6.34	-0.18	-0.12
Compliance and Taxation	6.04	6.10	6.13	-0.06	-0.03
Technology	5.77	5.86	6.07	-0.09	-0.21
Administration Services (If applicable)	6.08	6.24	6.39	-0.16	-0.15
Other Services	6.22	6.33	6.40	-0.11	-0.07
Global outperformer	**Yes**	**Yes**	**Yes**		

Citco: by size (%)



Conifer Asset Solutions

Conifer counts 167 hedge fund managers in its client base, up from 160 in 2015. Of these 155 are in North America and 12 in Asia ex-Japan. Collectively they are responsible for 270 separate funds and 77 funds of funds. Just over 60% are in the smallest category with under $100 million in AuM, though all other client sizes, including Very Large, are included.

Although this provider accounts for a smaller overall share of weighted responses in this year's survey, Large and Very Large clients are disproportionately represented. Despite that, Conifer has seen an increase in five out of eight category scores and this year achieves global outperformer status. Only two service areas – Fund Reporting and Valuation and Value Delivered – fail to beat the market average at a category level.

Client comment comes primarily from those at the smaller end of the scale is largely positive. One equity manager calls for "more customisation of reports, specifically performance reporting," but adds that, "I have had a fantastic overall experience with Conifer." Another describes Conifer as "extremely professional, trustworthy and responsive."

According to one Asia-based respondent, Conifer has adapted well to its specialised portfolio: "We are a very unusual entity: a PE fund that holds only tangible property and cash. Conifer has done an excellent job of adapting its systems to our unique requirements."

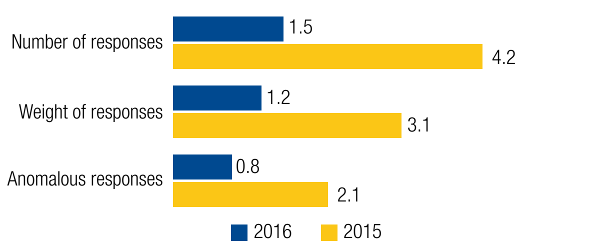
At a question level, Conifer is one of the few hedge fund administrators to register two scores of a perfect seven, the highest possible.

One of these is for an aspect of Administration Services; namely, the ability to conduct meetings (annual, extraordinary and board). The second is for effectiveness in supporting funds of funds. Several other capabilities score in the upper sixes (Above 6.00 is considered Very Good). Among these, the ability to support multiple prime broker relationships is third from the top.

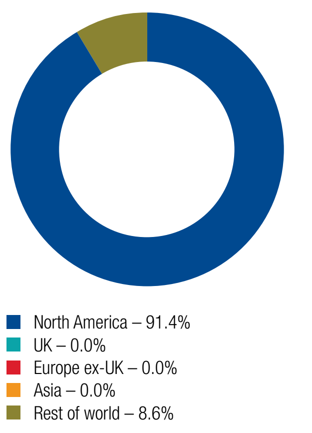
While no results at a question level give cause for concern, the lowest score (still a more than adequate 5.49) accrues to Conifer's ability and accuracy in financial and tax reporting to multiple accounting standards. Given the limited geographic distribution of Conifer's client base, this is unlikely to give too much cause for concern.

Having sold its Introducing Broker and Outsourced Trading arm, Conifer Securities, to The Cowen Group in the second half of last year, Conifer suggests that its senior management is now free to focus "100% of time and resources to the fund admin business." ●

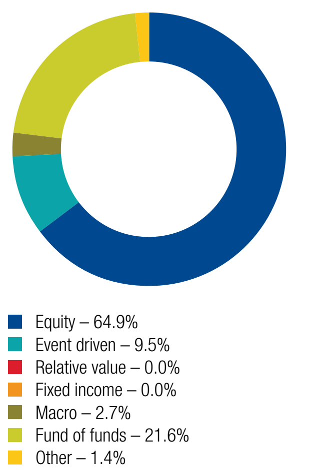
Conifer: weighted share of responses (%)



Conifer: by location (%)



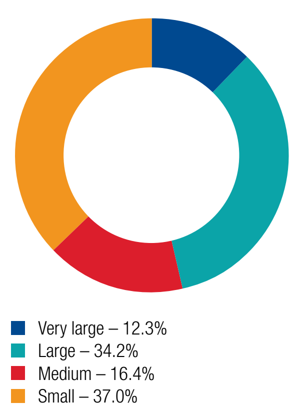
Conifer: by type (%)



Conifer Asset Solutions

Service area	2016	2015	2014	Difference (2016-15)	Difference (2015-14)
Relationship Management and Client Service	6.17	6.24	6.44	-0.07	-0.20
Value Delivered	5.52	6.02	6.16	-0.50	-0.14
Investor Services (if applicable)	6.23	6.19	6.39	0.04	-0.20
Fund Reporting and Valuation	5.87	6.01	6.21	-0.14	-0.20
Compliance and Taxation	6.30	6.12	6.27	0.18	-0.15
Technology	5.73	5.59	5.63	0.14	-0.04
Administration Services (If applicable)	6.46	6.23	6.13	0.23	0.10
Other Services	6.67	6.13	6.37	0.54	-0.24
Global outperformer	**Yes**		**Yes**		

Conifer: by size (%)



Deutsche Bank Fund Services

Deutsche Bank counts 101 hedge fund managers among its HFA client base, covering 250 separate funds and 102 funds of funds. Just under half of these are managing less than $100 million, but the remainder are spread across all size categories. Clients are well dispersed globally. North America and Europe ex-UK counts for some 36% each with the rest in UK and Asia ex-Japan.

"As our business continues to grow at Deutsche Bank, we have taken on a strategy of working in a more integrated fashion across the bank, allowing us to target larger clients while reducing our exposure to some smaller firms," the bank itself comments.

Despite falls in category scores, a trend common to many providers in this year's survey – Deutsche Bank has yet again achieved global outperformer status overall. At a service category level, only two areas, Other Services (including meeting management) and Value Delivered fall slightly short of the global averages. However, with no individual question score falling below 5.57, there would seem to be little troubling respondents as a whole.

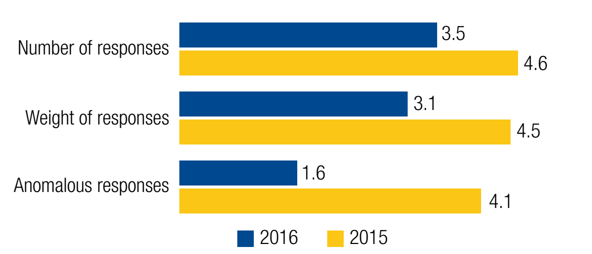
The relative under performance for Other Services would seem to be due to the rating for effectiveness of depositary services, while that for Value Delivered is a reflection of fee levels – an easy target for criticism.

Deutsche Bank has over the past year enhanced its regulatory reporting capability and will be looking for this to feed through to survey scores in 2017. In the last 12 months, the bank has completed the rollout of its UK FATCA and Common Reporting Standards (CRS) reporting services to support investor reporting. "We continue to support clients in verifying their investor documentation and data as well as to determine FATCA, UK FATCA and CRS classification," says the bank. "Clients receive investor account balance reports at aggregate level and we can deliver recalcitrant investor reporting."

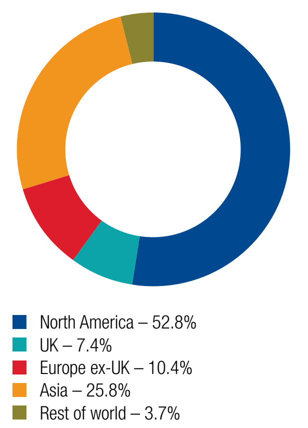
In the last 12 months, Deutsche Bank has also replaced its legacy regulatory reporting solution with a regulatory reporting and data conversion tool based on Arkk software. "This has completely changed the way in which our staff approach regulatory data compilation and report preparation for our clients, which in turn translates into a faster and better output," the bank suggests.

The past year has also seen an upgrade of Deutsche Bank's core fund accounting and transfer agency platforms to their newer versions providing better connectivity with data interfaces and advanced reporting standards. ●

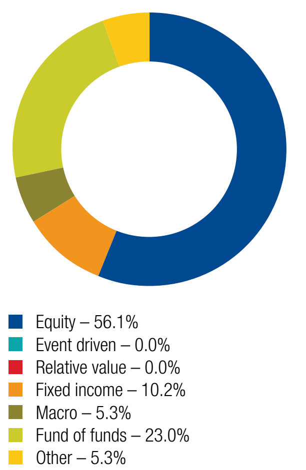
Deutsche Bank: weighted share of responses (%)



Deutsche Bank: by location (%)



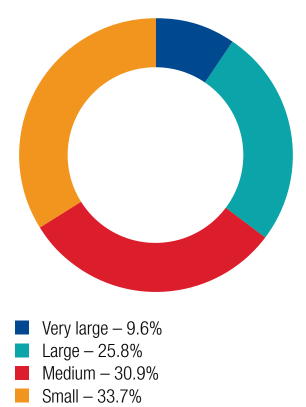
Deutsche Bank: by type (%)



Deutsche Bank Fund Services

Service area	2016	2015	2014	Difference (2016-15)	Difference (2015-14)
Relationship Management and Client Service	6.16	6.26	6.13	-0.10	0.13
Value Delivered	5.57	6.24	5.98	-0.67	0.26
Investor Services (if applicable)	6.11	6.25	6.19	-0.14	0.06
Fund Reporting and Valuation	6.08	6.31	6.19	-0.23	0.12
Compliance and Taxation	5.85	6.05	6.08	-0.20	-0.03
Technology	5.66	6.29	5.82	-0.63	0.47
Administration Services (If applicable)	6.10	6.32	6.00	-0.22	0.32
Other Services	5.86	6.50	6.08	-0.64	0.42
Global outperformer	**Yes**	**Yes**	**Yes**		

Deutsche Bank: by size (%)



HSBC Securities Services

As of February, this year HSBC had 175 hedge fund management clients, responsible for 295 separate funds and 134 funds of funds. While most of these managers are located in Asia ex-Japan, a sizeable number are also to be found in Europe ex-UK as well as 12 in North America and nine in the UK. It maintains on the ground service capability in all these regions. In addition to the service categories listed, the bank provides custody services (Fund of Funds), regulatory reporting, collateral management, middle office, treasury solutions, OTC pricing, trustee & depositary (AIFMD), distribution support, and compliance monitoring out of Australia, Guernsey, Hong Kong, India, Ireland, Luxembourg, Singapore, the UK and the US.

Its scores this year indicate a drop in appreciation by respondents with declines in all category scores. As a result, it has not regained the global outperformer status it last achieved in 2014.

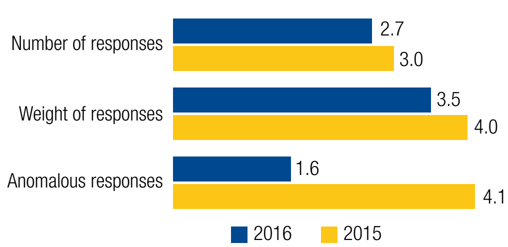
While Technology was the lowest scoring category in 2016, the bank will be looking for recent investments to feed through into future survey scores. Last year saw the commencement of a significant platform upgrade for Alternatives, the bank's Global Distribution and Transfer Agency (GDTA) service, with a key milestone being the delivery of the first phase of its Alternative Fund Manager GDTA capabilities via the online platform HSBCnet.

"This allows alternative fund managers to be a part of the transaction approval workflow, and provides them with real time visibility to investor holdings and documentation," the bank explains. "This programme of work is continuing into 2016 and 2017 with the roadmap including an extension of the fund manager capabilities of the platform for both traditional and alternative funds and with Investor/Distributor level being provided through HSBCnet. Following this we will focus on the addition of Limited Partnerships to the platform and the deployment of a customisable reporting engine."

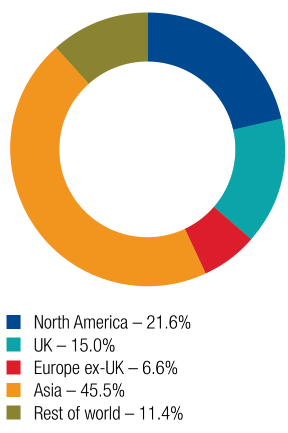
In Fund Administration, HSBC is progressing a significant upgrade to an advanced version of the accounting platform Advent Geneva in 2016. The upgrade is a key enabler for adoption of the Geneva World Investor module in late 2016. "This brings improved functionality to support fund structure and investor P&L allocations," says the bank. "Benefits include improved automation and transparency for investor reporting requirements including tax related reporting."

At a question level, HSBC scores highest for its ability and accuracy in tax calculation and reporting and for the accuracy of records of investors and intermediaries. ●

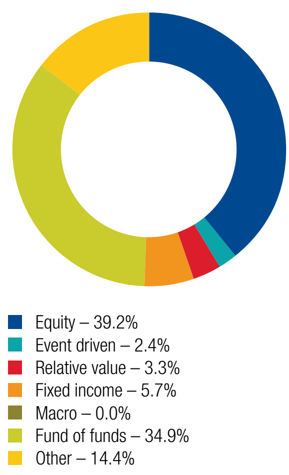
HSBC: weighted share of responses (%)



HSBC: by location (%)



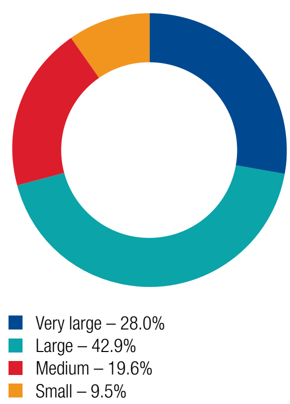
HSBC: by type (%)



HSBC Securities Services

Service area	2016	2015	2014	Difference (2016-15)	Difference (2015-14)
Relationship Management and Client Service	5.60	6.22	6.52	-0.62	-0.30
Value Delivered	5.07	5.86	5.97	-0.79	-0.11
Investor Services (if applicable)	5.46	6.07	6.33	-0.61	-0.26
Fund Reporting and Valuation	5.36	6.17	6.37	-0.81	-0.20
Compliance and Taxation	5.57	6.06	6.07	-0.49	-0.01
Technology	5.05	5.64	6.06	-0.59	-0.42
Administration Services (If applicable)	5.45	6.07	6.29	-0.62	-0.22
Other Services	5.65	6.21	6.19	-0.56	0.02
Global outperformer			**Yes**		

HSBC: by size (%)



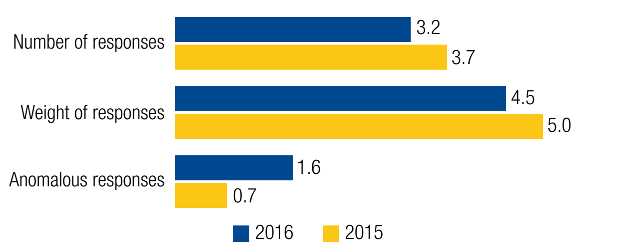
IFS, a State Street company

International Fund Services (IFS) provides administration to hedge funds with client service in 15 multiple global locations and core investor and administrative services in nine different offices. It has a capability that is both broad and deep, working with more than 500 hedge fund clients, split between North America, Europe and Asia. These include more than 50 firms each with more than $5 billion in AuM. The figures are impressive and yet, in the context of its broader funds administration business, let alone the worldwide custody business of State Street, they are quite modest. That in some ways encapsulates the dilemma that faces IFS as it does other major mutual fund administrators who also service hedge funds. Hedge funds are relatively demanding, in terms of complexity in their core requirements and the rigour of their client servicing but often small measured by AuM. Servicing that mix within a very large business is often far from straightforward.

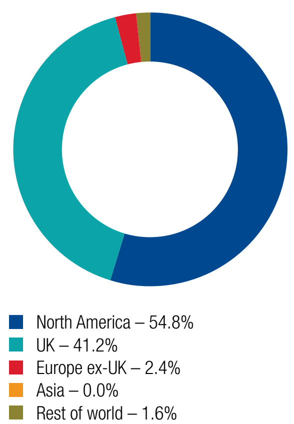
In terms of scores the good news is that IFS, while seeing mixed results (four categories scored better and four worse) achieved this against the background of Survey scores that were generally lower. In relative terms it gained for the second year in a row compared with key competitors. This despite doubling the proportion of responses from the Very Large and most demanding clients. One of these commented that, “we have a number of different administrators, IFS is in the top 2.” Another meanwhile noted that: “IFS has strong accounting and transfer agency technical expertise. This is very useful in supporting complex fund structures.” Both Investor and Administration services saw solid performance during the year. However two important areas recorded a decline. Value Delivered has become more of an issue with clients in the last twelve months. The decline in scores probably reflects this rather than any specific issues with IFS. In terms of client service there were some comments, mainly from smaller clients, concerned about levels of turnover among key staff and its impact on service. Within this group there are also many more happy customers, appreciative of the level of expertise and professionalism available.

IFS also saw progress in scores for Technology, which rose for the third year in succession. The gain of 0.11 points places IFS close to the Survey average. The firm has made many investments recently and hedge funds are seeing the benefit. Some clients would still like to see more, specifically for underlying investors. Finally a number clients commented on the occasional lack of coordination between different areas of IFS and between IFS and State Street. These are probably inevitable in such a complex business. ●

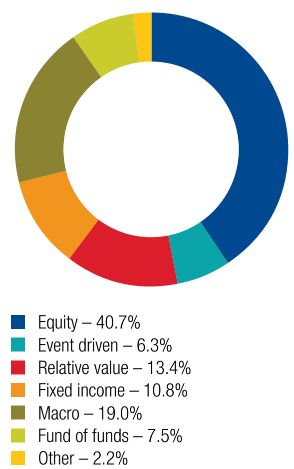
IFS: weighted share of responses (%)



IFS: by location (%)



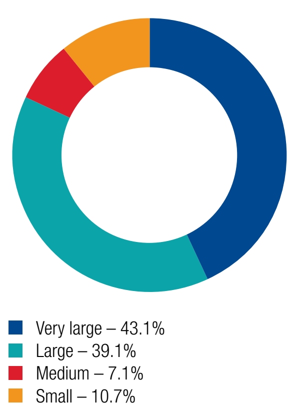
IFS: by type (%)



IFS – A State Street Company

Service area	2016	2015	2014	Difference (2016-15)	Difference (2015-14)
Relationship Management and Client Service	5.89	6.10	5.75	-0.21	0.35
Value Delivered	5.20	5.43	5.38	-0.23	0.05
Investor Services (if applicable)	5.75	5.84	5.51	-0.09	0.33
Fund Reporting and Valuation	5.85	5.85	5.43	0.00	0.42
Compliance and Taxation	5.58	5.59	5.22	-0.01	0.37
Technology	5.40	5.29	5.01	0.11	0.28
Administration Services (If applicable)	5.97	5.69	5.18	0.28	0.51
Other Services	6.12	5.83	6.09	0.29	-0.26
Global outperformer					

IFS: by size (%)



Maples Fund Services

Maples Fund Services has recorded a sizeable increase in HFA clients, up from 236 in 2015 to 270 this year. The number of separate funds managed by these clients is 600 (up from 486) along with 74 funds of funds.

The client base includes managers with AUM up to $10 billion, though 70% are at the smaller end of the scale. Clients are, however, distributed across the globe with only 23% in North America and just over 40% in Asia ex-Japan. Services are delivered out of Boston, Cayman, Dubai, Dublin, Hong Kong, Luxembourg, Montreal and Singapore with business development focused in New York and San Francisco.

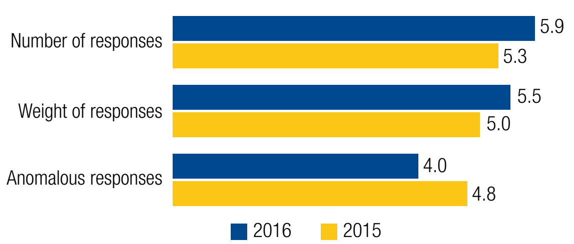
While Maples does not retain global outperformer status this year owing to a drop in category scores, its results are nevertheless creditable, with the bulk of results in the upper fives (The Good range runs from 5:00 to 5.99). Two areas, Relationship Management and Client Service and Other Services, are rated above six and the latter exceeds the global category average.

While client comments are few, they are largely positive with one or two grumbles about technology. “More robustness in technological tools,” is the wish of one equity manager, who nevertheless commends Maples’ “very good service.” Another somewhat larger and more recently acquired client is more effusive: “They are excellent; I was impressed at all stages from onboarding to go live.” A relative value manager comments that, “For us as a fund that trades listed derivatives (so no pricing issues) it is all about scale and capacity. All regular reporting, but also special requests are always quickly and accurately tackled.”

Maples itself is upbeat about its position over the past year. “Despite significant macroeconomic events, global market volatility and regulatory and political pressures facing many of the jurisdictions in which we operate, 2015 was another banner year for Maples Fund Services with sustained performance and continued growth and expansion of our staff and our offering across business lines and offices,” then firm comments.

A notable milestone over the past year was the establishment of a Maples Fund Services presence on the west coast of the US with the opening of a San Francisco office. “The expansion further solidified our North American footprint and bolstered our service offering for clients in the region,” says Maples. “Perhaps most importantly, a physical presence in the region has enabled us to cultivate relationships with the tight-knit local community of investment managers and institutional investors.” ●

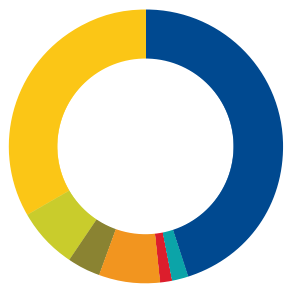
Maples: weighted share of responses (%)



Maples: by location (%)

- North America – 15.5%
- UK – 18.1%
- Europe ex-UK – 5.1%
- Asia – 51.3%
- Rest of world – 10.1%

Maples: by type (%)



- Equity – 45.1%
- Event driven – 1.9%
- Relative value – 1.5%
- Fixed income – 7.1%
- Macro – 4.0%
- Fund of funds – 7.1%
- Other – 33.3%

Maples Fund Services

Service area	2016	2015	2014	Difference (2016-15)	Difference (2015-14)
Relationship Management and Client Service	6.01	6.39	6.34	-0.38	0.05
Value Delivered	5.37	6.05	6.11	-0.68	-0.06
Investor Services (if applicable)	5.75	6.23	6.10	-0.48	0.13
Fund Reporting and Valuation	5.85	6.31	6.14	-0.46	0.17
Compliance and Taxation	5.75	6.36	6.13	-0.61	0.23
Technology	5.43	6.30	6.01	-0.87	0.29
Administration Services (If applicable)	5.88	6.46	6.26	-0.58	0.20
Other Services	6.12	6.47	6.23	-0.35	0.24
Global outperformer		Yes	Yes		

Maples: by size (%)

- Very large – 11.9%
- Large – 18.2%
- Medium – 26.5%
- Small – 42.7%

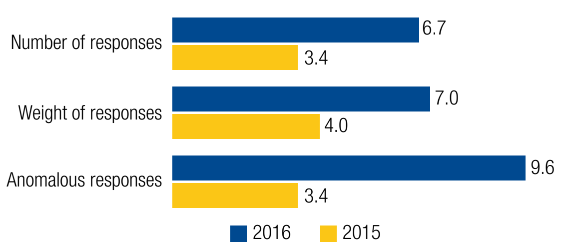
MUFG Investor Services

MUFG has been growing its fund administration businesses aggressively in recent years, both through organic growth, based around competitive pricing and quality service, and importantly as a consolidating force within the industry. At the end of 2015 it completed the acquisition of the AFS business of UBS, that had been announced around the time of the 2015 Survey. More recently it has closed the deal to acquire the Capital Analytics business of Neuberger Berman, which looks after primarily private equity fund administration. As the firm noted at the time of the UBS deal closing, "MUFG Investor Services has a strategy to build a global industry-leading fund administrator. The AFS acquisition raises MUFG Investor Services' total assets under administration to $266 billion across 2,300 funds. AFS is a strategic addition to our business and demonstrates our commitment and ambitions within the fund administration industry."

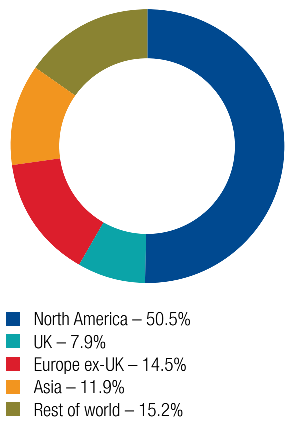
What is clear is that the market and clients have not only noticed the rhetoric of ambition but importantly actions that support it. Scores for four categories were higher in 2016. While some are also lower the general trend is positive and as a result MUFG outperformed the global average for the first time in three years. This was achieved while at the same time doubling its proportion of responses by number and adding 75% by weight as the firm brought the results of UBS and the old MUFG together. In five of eight categories MUFG achieved scores better than 6.0 (Very Good) compared with only three a year previously. Clients are unanimous in praise for the capabilities of staff. One commented that, "MUFG is the best third-party vendor relationship we have at the firm" while another noted, "we receive exceptional service from MUFG at a very low cost relative to competitors – Highly recommended!" The theme of excellent value for money was echoed by other clients and while the score for Value Delivered was down marginally it is still very strong at 5.91. "MUFG has provided terrific client servicing for many years and we can always depend on them for accuracy and timeliness" was the conclusion of another key client reflecting the quality of core services in administration, reporting and investor relations.

In common with a number of other providers, clients are looking for more in Technology, where scores were down by 0.13 points. Greater on-line access was a comment repeated by a number of respondents, though precise requirements were not clear. With a greater scale of business MUFG is in a position to invest and expand services and has the opportunity to create a virtuous circle of better services, more clients and hence scope for more investment. It seems well placed to be even more successful in the year ahead. ●

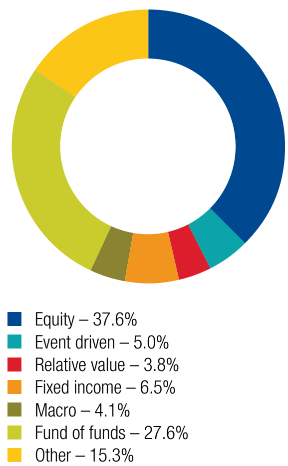
MUFG: weighted share of responses (%)



MUFG: by location (%)



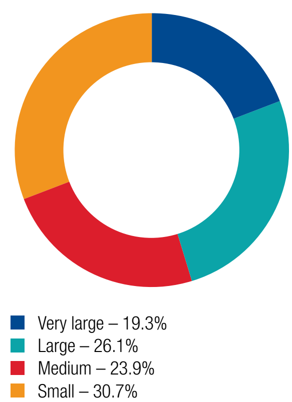
MUFG: by type (%)



MUFG Investor Services

Service area	2016	2015	2014	Difference (2016-15)	Difference (2015-14)
Relationship Management and Client Service	6.29	6.32	6.25	-0.03	0.07
Value Delivered	5.91	5.92	5.96	-0.01	-0.04
Investor Services (if applicable)	6.05	5.98	6.04	0.07	-0.06
Fund Reporting and Valuation	6.10	6.08	6.23	0.02	-0.15
Compliance and Taxation	5.89	5.91	5.78	-0.02	0.13
Technology	5.57	5.70	5.79	-0.13	-0.09
Administration Services (If applicable)	6.16	5.82	6.00	0.34	-0.18
Other Services	6.24	6.12	6.11	0.12	0.01
Global outperformer	**Yes**				

MUFG: by size (%)



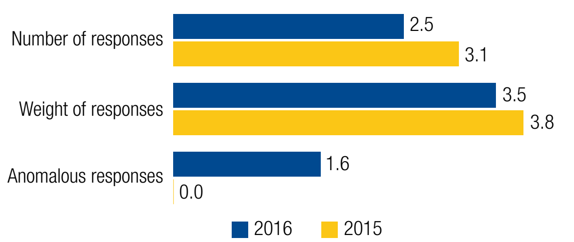
Northern Trust

Northern Trust is a major custodian and fund administrator, servicing funds that pursue a wide range of strategies and are based in North America, Europe and Asia. It does not regard hedge funds as a discrete client category, preferring to regard them as funds pursuing a specific set of investment strategies. This allows it for example, to benefit from success in related areas, such as private equity fund administration in terms of the way clients see its broader service offering. This year saw an increase in the number of UK funds responding for Northern Trust but a marked decline in those from Asia. It also recorded a doubling in terms of the importance of Very Large clients who represented nearly one-third of responses by weight. As a result its overall proportion of total responses by number and weight were both down, but the latter by much less than the former.

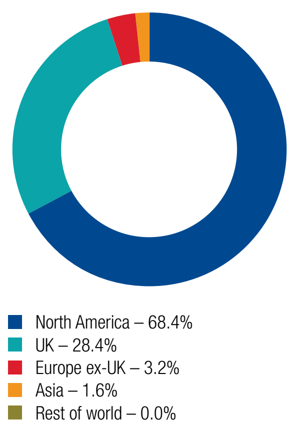
Clearly Northern Trust has a demanding but generally satisfied client base. One client comment included, "Northern Trust does an excellent job across its various groups that service our account. They have an excellent Treasury/Cash Management system, robust investor and client portal, does an exceptional job preparing/documenting in all areas." Staff professionalism and capability is recognised by a number of respondents, while one also singled out technology as, "representing an excellent tech & middle office platform." Scores however for the most part failed to back up the comments as strongly as they did in the case of some providers. Even allowing for the changed demographic profile of respondents, as well as the general Survey trend towards lower scores, the fact is that Northern Trust scores are undistinguished. The average for both Technology and Value Delivered was only a little above 5.0 (Good) that is the default score which everyone would expect to exceed in most cases. Three questions failed to achieve that basic level of attainment. With Very Large clients, Northern Trust failed to beat 5.0 in any of the eight categories. Even so the number of comments suggesting areas for improvement was quite limited. One client would like to see better handling of complex securities and another more real-time reporting. These however are not widespread requirements. Among Very Large clients the proportion of scores at 3.0 exceeded the number at 7.0 in four of the eight categories. There is usually some specific reason for the awarding of scores at 3.0, but respondents offered little explanation.

Northern Trust would seem to have all the tools in terms of technology and people expertise to thrive and prosper as a global hedge fund administrator. It is not obvious why, but based on the Survey results it is failing to realise its potential at the moment. ●

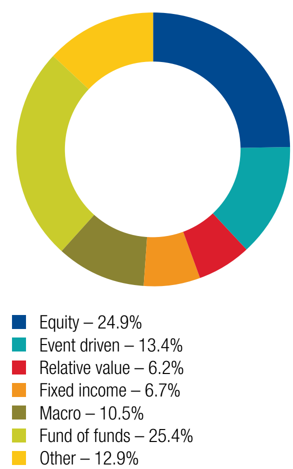
Northern Trust: weighted share of responses (%)



Northern Trust: by location (%)



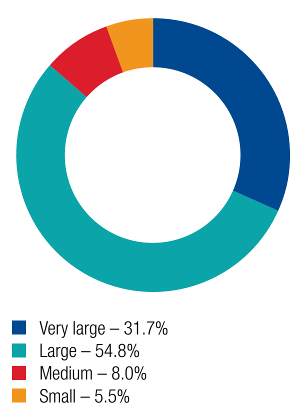
Northern Trust: by type (%)



Northern Trust

Service area	2016	2015	2014	Difference (2016-15)	Difference (2015-14)
Relationship Management and Client Service	5.60	5.95	5.51	-0.35	0.44
Value Delivered	5.08	5.65	5.54	-0.57	0.11
Investor Services (if applicable)	5.27	5.90	5.50	-0.63	0.40
Fund Reporting and Valuation	5.50	5.72	5.66	-0.22	0.06
Compliance and Taxation	5.22	5.52	5.43	-0.30	0.09
Technology	5.03	5.55	5.63	-0.52	-0.08
Administration Services (If applicable)	5.64	6.02	5.81	-0.38	0.21
Other Services	6.03	5.53	6.21	0.50	-0.68
Global outperformer					

Northern Trust: by size (%)



Opus Fund Services

Opus Fund Services has an exclusively North American respondent sample in this year's survey though its total client base of 250 hedge fund managers does include a small number in Europe, Asia and UK.

In terms of size, 88% of Opus clients would be considered small with AuM of under $100 million. The remainder include firms with AuM up to $1 billion. Clients are served out of centres in North America and Bermuda. In addition, it is 'license pending' in Dublin, with plans to expand into this jurisdiction later in 2016.

Over the past few years, Opus has been one of the top performers in the HFA survey. In 2016, despite a decline in scores in line with the general survey trend, it once again achieves global outperformer status with all category scores remaining above six (In the Very Good range).

Interestingly, analysed by client size, it is the Large and Medium clients that have been the most generous. Compliance and Taxation, Technology and Other Services all score a perfect seven.

The same is true for Medium clients for Investor Services and Administration Services. (For a breakdown of what these include, see the Survey Overview).

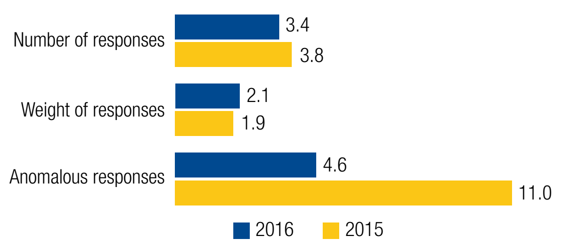
Client comments support the favourable impression given by the figures. "The care and personnel attention are top-notch, even though we are a smaller shop," says one client. "Their willingness to answer questions and interact with investors is also invaluable and gives our investors a high-level of comfort."

One manager suggests that while Opus should be looking to extend its banking relationships, working with the firm is a "great experience – highest recommendation. Overall, I am very pleased with Opus and their level of service. They are doing a great job!"

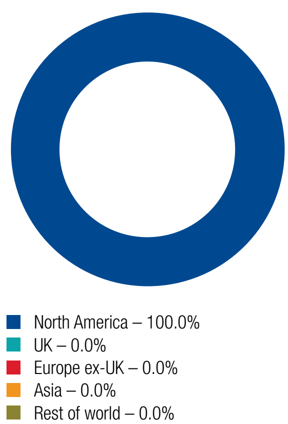
Opus itself has been investing significantly in technology, "We continue to build out our proprietary systems, custom reporting capabilities, FATCA services and continue to expand geographically," says the firm. "We have focused heavily on Private Equity, Venture Capital and lending over the last 12 months."

At a question level, looking at responses across the client sample as a whole, the firm's expertise in aspects of Other Services top the list of scores. The effectiveness of Board reporting and the ability to conduct meetings both score 6.78. Only one question receives a score below six: the ability to deliver useful performance measurement and attribution analysis. Even here, however, the result achieved would be envied by some. ●

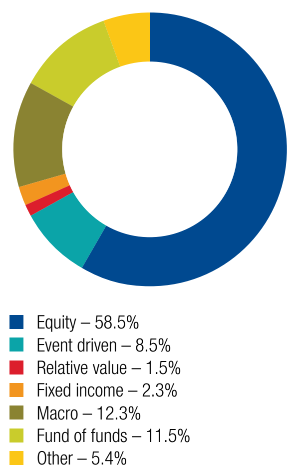
Opus: weighted share of responses (%)



Opus: by location (%)



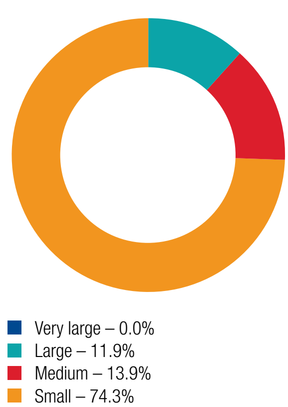
Opus: by type (%)



Opus Fund Services

Service area	2016	2015	2014	Difference (2016-15)	Difference (2015-14)
Relationship Management and Client Service	6.37	6.73	6.71	-0.36	0.02
Value Delivered	6.52	6.81	6.70	-0.29	0.11
Investor Services (if applicable)	6.51	6.71	6.60	-0.20	0.11
Fund Reporting and Valuation	6.32	6.71	6.77	-0.39	-0.06
Compliance and Taxation	6.21	6.85	6.74	-0.64	0.11
Technology	6.43	6.78	6.76	-0.35	0.02
Administration Services (If applicable)	6.51	6.67	6.93	-0.16	-0.26
Other Services	6.53	6.74	6.95	-0.21	-0.21
Global outperformer	**Yes**	**Yes**	**Yes**		

Opus: by size (%)



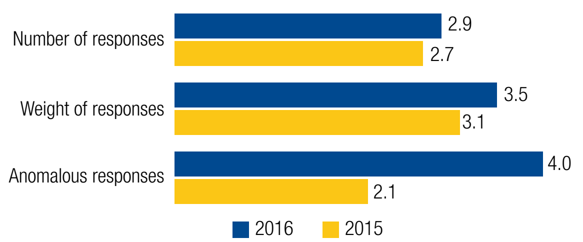
Quintillion Limited

Quintillion is a wholly owned subsidiary of U.S. Bancorp, itself the fifth largest commercial bank in the US. This connection, to one of the world's largest fund administration firms was created to facilitate the global expansion of U.S. Bancorp while at the same time allowing Quintillion to serve larger funds outside North America. The challenge, as Quintillion itself recognises is to "successfully combine its traditional strengths of high quality service, staff and technology with the corporate robustness and resources of U.S. Bancorp." Part of the process of successful combination has been to allow Quintillion to maintain a very separate corporate identity and also to manage itself with a high degree of autonomy.

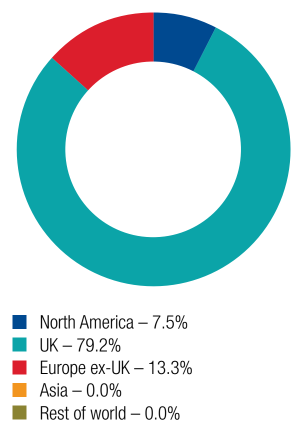
Overall the message from the Survey is that the approach is working well. Large and Very Large client responses accounted for more than half of the scores achieved by the firm, up from 40% a year ago. Business across different strategies has become more broadly based, with the firm receiving responses across all different investment approaches. A number of clients have successfully grown their own business with the support of Quintillion. Among various comments received from clients were, "Quintillion's service continues to be second to none and their support has been a crucial factor as we continue to grow our business and expand our offerings to clients" and "Quintillion has offered continued levels of outstanding service to ourselves and clients for many years. They go from strength to strength." It should be noted that Quintillion achieved its best scores for Client Service and Relationship Management. Though scores have been declining from exceptional levels, they remain very strong. In seven of eight categories scores averaged better than 6.0 (Very Good). The one area that failed to meet that standard was Value Delivered. Even here though, clients seem to appreciate a flexible approach. One commented that, "Quintillion is very relationship focused. They have been commercially astute in supporting the launch costs for new funds." Pragmatism in these kinds of areas is very important to clients who are themselves under pressure on costs. The firm also saw better scores in Compliance and Taxation. This has been an area of relative weakness in terms of scores in 2014/15. However in 2016 scores were in line with those in core aspects of service (up 0.33 points at 6.11).

Inevitably clients see some room for improvement. These are mainly in the area of regulatory reporting. EMIR was mentioned specifically by one client, while for others it is the general burden of more regulation where they are seeking help and support from service providers. Overall however Quintillion is performing well. ●

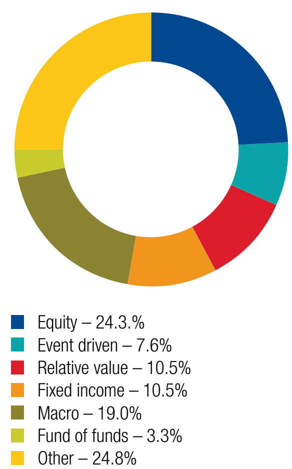
Quintillion: weighted share of responses (%)



Quintillion: by location (%)



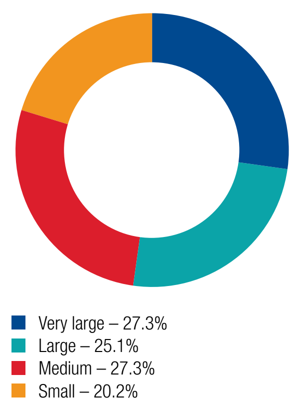
Quintillion: by type (%)



Quintillion

Service area	2016	2015	2014	Difference (2016-15)	Difference (2015-14)
Relationship Management and Client Service	6.26	6.44	6.50	-0.18	-0.06
Value Delivered	5.34	5.87	6.08	-0.53	-0.21
Investor Services (if applicable)	6.20	6.34	6.32	-0.14	0.02
Fund Reporting and Valuation	6.17	6.21	6.21	-0.04	0.00
Compliance and Taxation	6.11	5.78	5.90	0.33	-0.12
Technology	6.16	6.19	6.19	-0.03	0.00
Administration Services (If applicable)	6.20	6.31	6.13	-0.11	0.18
Other Services	6.23	6.38	6.26	-0.15	0.12
Global outperformer	**Yes**	**Yes**	**Yes**		

Quintillion: by size (%)



SEI

The hedge fund managers among SEI's clientele are responsible for 1300 separate funds and 50 funds of funds. The firm adds a caveat that these estimates are complicated by the fact that, "So many of our funds are hybrid nowadays – PE managers running hedge, hedge managers using committed capital, etc." Managers are distributed across all asset sizes. SEI describes its platform as product- and strategy-agnostic, "which has served us well for clients offering hybrid products."

While SEI's clients are spread across much of the globe, with the exception of Asia, responses to the survey are drawn primarily from the US and UK. The results for SEI this year record a small drop in category scores, though probably less than the average drop across all providers. The exception is Value Delivered, which records an increase of 20 basis points. In this regard, SEI bucks the trend. It is fairly rare for clients as a whole to upgrade their assessment of value received in relation to fees paid.

Client comments are few, but generally complimentary. One recent transfer from a much larger provider describes the transition as "seamless, with the subsequent service being excellent." SEI itself notes that, "Most of our new business wins come from takeaways from other competitors."

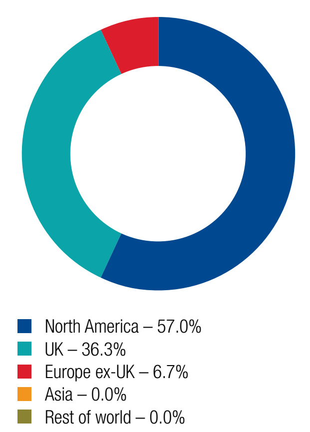
A large manager of funds of funds praises SEI's annual audit support as "second to none, from hosting the audit team to production of the financial statements. The entire team on our account is smart and thoughtful."

There are a few items on the wish-list of certain clients. While complimenting SEI's "very competent" regulatory monitoring service, one equity manager asks for "performance attribution and portfolio analytics to be integrated into core services." Another calls for "more flexibility in investor reporting."

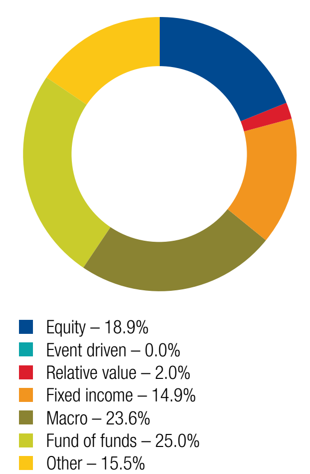
SEI has continued to enhance its global risk and regulatory compliance solution. "The core of this revolves around leveraging expertise (internal and external) and utilising robust data management tools."

At a question level, SEI's best result is for its ability to support multiple prime broker relationships (6.09). This represents an increase of 51 basis points over the year. At the other end of the scale, scores for aspects of Fund Reporting and Valuation have acted as a drag on overall scores. Ability and accuracy in financial and tax reporting to multiple accounting standards and ability to deliver useful performance measurement and attribution analysis have each seen a drop of 89 basis points. ●

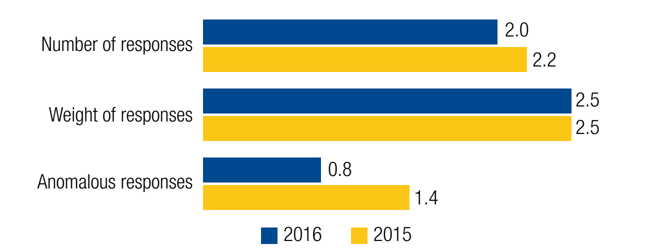
SEI: by location (%)



SEI: by type (%)



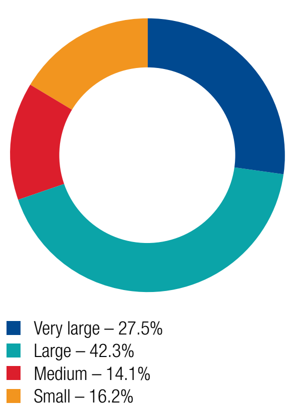
SEI: weighted share of responses (%)



SEI

Service area	2016	2015	2014	Difference (2016-15)	Difference (2015-14)
Relationship Management and Client Service	5.77	5.87	6.06	-0.10	-0.19
Value Delivered	5.56	5.36	5.79	0.20	-0.43
Investor Services (if applicable)	5.37	5.57	6.04	-0.20	-0.47
Fund Reporting and Valuation	5.51	5.75	6.00	-0.24	-0.25
Compliance and Taxation	5.30	5.48	5.99	-0.18	-0.51
Technology	5.26	5.41	5.82	-0.15	-0.41
Administration Services (If applicable)	5.67	5.85	5.85	-0.18	0.00
Other Services	5.54	5.55	6.27	-0.01	-0.72
Global outperformer					

SEI: by size (%)



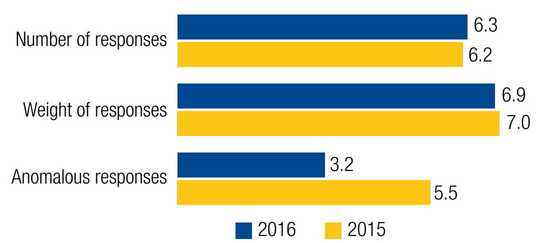
SS&C GlobeOp

In announcing the acquisition of the Citi hedge fund administration business earlier this year Bill Stone, Chairman and Chief Executive Officer, SS&C Technologies commented, “the combination of Citi’s Alternative Fund Services Business and SS&C GlobeOp will create a worldwide fund administration powerhouse. The combined entity will have over $1 trillion in assets under administration.” He noted that, “we intend to extend our lead in globally delivered, technologically advanced fund services.” This is an ambitious claim and one that will be determined by client satisfaction with the overall process. There is no doubt that The Citi business had been languishing based on Survey results in previous years. As one client commented: “the switch over from Citi to SS&C is quite seamless for us as former client of Citi.” Indeed no clients voiced any concern about the move which suggests that so far things are going well.

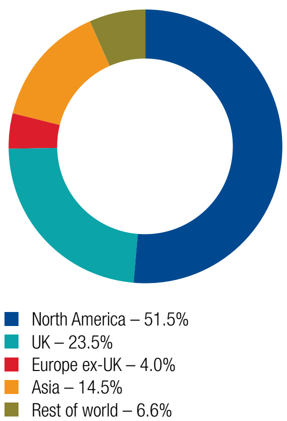
In the context of the scores however, the picture is slightly less positive. SS&C failed to achieve a score of 6.0 (Very Good) in any of the eight categories this year. In 2015 they managed that level in six. Scores were well down across the board, and in the case of Value Delivered the decline was significant at 0.74 points. In an environment where clients are themselves under cost pressure, this may be an area of concern going forward. However it may simply represent a level of apprehension concerning how the combined business intends to deliver price consistency across different client groups. It should also be noted that the core SS&C offering remains very highly regarded by clients based on comments received. Two very large clients of long standing noted in the Survey that, “we have a great long standing relationship with the Prime Management group within SS&C GlobeOp. The expertise by our client service team in our unique asset class is a huge benefit for us. Also, the team is very responsive and addresses issues/questions” and “I would highly recommend SS&C GlobeOp to other buyside firms. They are consistently strong in all aspects of their service.” This should therefore represent a very solid base from which to move forward.

The key question for clients of both former firms is the extent to which the combined venture can maintain the standards of old, while offering benefits from greater scale and growing breadth, depth and geographic diversity in the offering. Any integration of businesses faces similar challenges. At the present time there are many competitors in a similar position as the industry consolidates. This is likely to continue for some time. SS&C has obviously positioned itself to play an active role in consolidation. ●

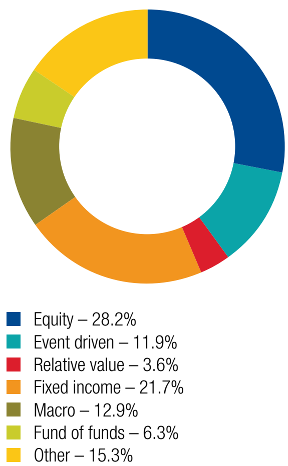
SS&C: weighted share of responses (%)



SS&C: by location (%)



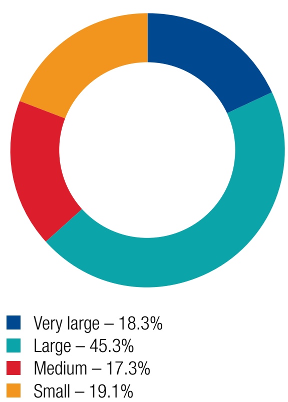
SS&C: by type (%)



SS&C GlobeOp

Service area	2016	2015	2014	Difference (2016-15)	Difference (2015-14)
Relationship Management and Client Service	5.60	6.25	6.10	-0.65	0.15
Value Delivered	5.16	5.90	5.84	-0.74	0.06
Investor Services (if applicable)	5.71	6.17	6.15	-0.46	0.02
Fund Reporting and Valuation	5.58	6.21	6.05	-0.63	0.16
Compliance and Taxation	5.68	6.14	6.00	-0.46	0.14
Technology	5.41	5.86	5.80	-0.45	0.06
Administration Services (If applicable)	5.54	6.24	6.06	-0.70	0.18
Other Services	5.85	6.42	6.40	-0.57	0.02
Global outperformer		**Yes**			

SS&C: by size (%)



Stone Coast Fund Services

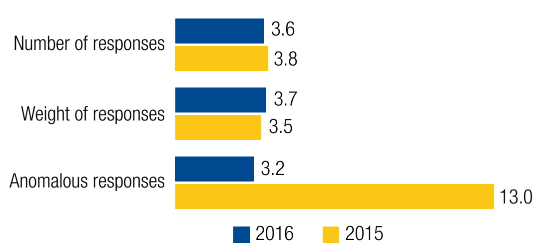
The industry has moved along a path towards consolidation and globalisation but Stone Coast has stuck to its core approach. Its clients are all based in the US and approximately half of its clients fall into the Small category in terms of AuM. While the firm shows no inclination to extend the geographic reach of its business, it has progressively increased the number of larger funds that it serves. This year they accounted for more than two-thirds of the total responses by weight. The firm supports clients with a wide range of investment strategies. It believes that in any downturn in equity markets the breadth of client activity will enable it to maintain overall AuA levels. It also retains the view that as a smaller provider, handling fewer funds, it can be more nimble in responding to client requirements and more effective in terms of its deployment of technology and staff to meet the challenges posed to it, whether by changing client demands or regulatory pressures.

Stone Coast has performed consistently at a genuinely outstanding level for a number of years in the Survey. It helps that it does not have a client base of hundreds of different clients in various global jurisdictions. Even allowing for these factors however, scores remain exceptional. In five of eight categories scores were higher in 2016 than the year before. All categories saw scores well in excess of 6.0 (Very Good). This level of perception is not an accident and is supported by comments from clients. As one noted, "Stone Coast Fund Services is extremely good at what it does. The firm's client service is superb, as is accuracy in its reporting. Stone Coast is very thorough in documentation and its reporting is user-friendly. We have never had any issues with them." Another suggested that, "Stone Coast is by far the best fund administrator that I have worked with in my over 12+ years in this industry. The staff, systems, and work product are all five star."

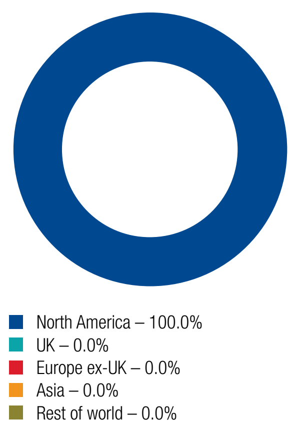
The experience is the same even with more complex strategies. As one manager identified, "Stone Coast really does a great job. Customer service and responsiveness to our needs is tremendous. Our asset class is more complex than a traditional long/short equity fund, Stone Coast has deep experience with our assets and provides personalised service."

In terms of areas for improvement the most common theme, as with other providers, was Technology. In general clients are looking for improved on-line access for themselves and their investor clients. That is to be expected from clients of a relatively small firm. While Stone Coast remains a specialist provider, the results suggest that its clients are more than happy that it maintain its strategy. ●

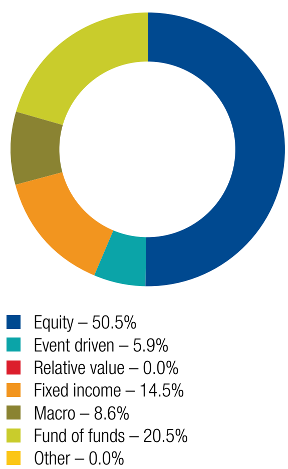
Stone Coast: weighted share of responses (%)



Stone Coast: by location (%)



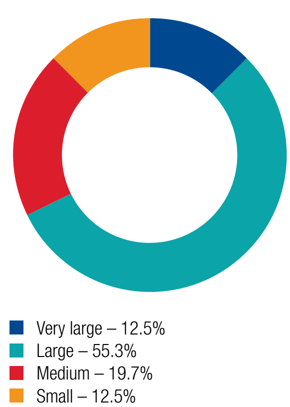
Stone Coast: by type (%)



Stone Coast Fund Services

Service area	2016	2015	2014	Difference (2016-15)	Difference (2015-14)
Relationship Management and Client Service	6.62	6.81	6.85	-0.19	-0.04
Value Delivered	6.71	6.74	6.82	-0.03	-0.08
Investor Services (if applicable)	6.64	6.70	6.85	-0.06	-0.15
Fund Reporting and Valuation	6.72	6.59	6.75	0.13	-0.16
Compliance and Taxation	6.72	6.62	6.89	0.10	-0.27
Technology	6.30	6.28	6.70	0.02	-0.42
Administration Services (If applicable)	6.82	6.60	6.96	0.22	-0.36
Other Services	6.81	6.61	6.82	0.20	-0.21
Global outperformer	**Yes**	**Yes**	**Yes**		

Stone Coast: by size (%)



Trident Fund Services

TFS provides services to more than 400 funds across 10 fund domiciles, with assets under administration in excess of $30 billion. These range from small start-up vehicles to those within range of $1 billion. Some three-quarters of clients have assets under management of under $100 million. An estimated 40% of Trident's clients are based in North America, 20% each in Europe ex-UK and Asia ex-Japan with 10% in the UK and 10% elsewhere around the globe.

Funds include traditional long/short equity, convertible arbitrage, fixed income, derivatives, multi-strategy, event driven, emerging markets and commodity funds. The administrator is independent and privately owned. It maintains a global network of what it calls "essential partners", including banks, brokers, law firms and auditors.

As Trident has not been rated in the past two years, there are no comparative figures for client perception. It is, however, a global outperformer and exceeds the global market average at each category level, most notably for Technology, Administration Services, and Relationship Management and Client Service.

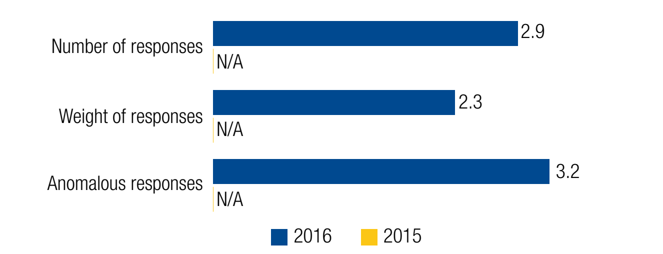
Client comment is generally positive across the board. Additions to the client wish list for improvement are on the whole tempered with acknowledgement of an excellent service attitude. This is most likely influenced by a low turnover among senior staff. The average tenure of senior executives at Trident exceeds 17 years.

One small quant fund, recently signed up, says, "The team… is incredibly responsive and a dramatic improvement over a prior administrator, which often refused to even try and help us when we had a problem. We are 100% satisfied." An equity manager of similar size notes, "The services provided by the US based Trident Fund Services office we utilise has been outstanding in every way. They treat our relationship as a true partnership versus merely being a service provider. They are extremely competent." "We continue to be very pleased with the service we receive from the team in Atlanta," says one larger US client.

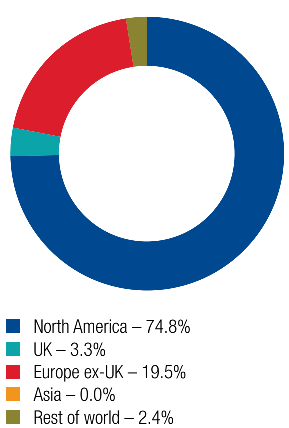
Meanwhile a Medium firm with a long provider relationship observes that, "Trident administrators with whom I have worked have always been extremely professional and knowledgeable. I would recommend their services to anyone!"

Items on the client wish-list for future development include "Deep portfolio analytics and P&L attribution to help managers get in front of questions from institutional investors", "the ability to see books and records on a live basis" as well as "an online portal and filing for all documentation." ●

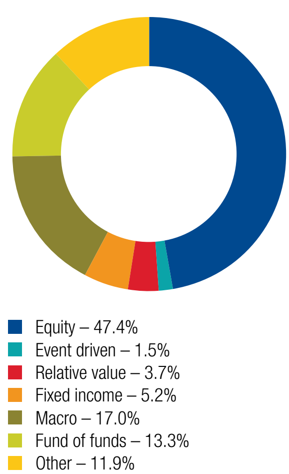
Trident: weighted share of responses (%)



Trident: by location (%)



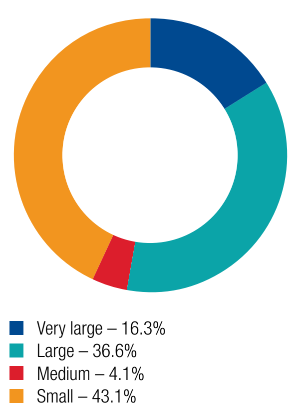
Trident: by type (%)



Trident Fund Services

Service area	2016	2015	2014	Difference (2016-15)	Difference (2015-14)
Relationship Management and Client Service	6.65	N/A	N/A	N/A	N/A
Value Delivered	5.97	N/A	N/A	N/A	N/A
Investor Services (if applicable)	6.51	N/A	N/A	N/A	N/A
Fund Reporting and Valuation	6.46	N/A	N/A	N/A	N/A
Compliance and Taxation	6.34	N/A	N/A	N/A	N/A
Technology	6.18	N/A	N/A	N/A	N/A
Administration Services (If applicable)	6.60	N/A	N/A	N/A	N/A
Other Services	6.54	N/A	N/A	N/A	N/A
Global outperformer	**Yes**				

Trident: by size (%)



Trinity Fund Administration

Dublin-based Trinity is back with a full rating and outperforming. It remains a relatively niche provider with 42 hedge fund managers forming its current client base (up from 40 in 2015), the bulk of which are at the smaller end of the AuM scale, though managers with assets under management of up to $5 billion are represented. Clients are nevertheless located around the globe, with the bulk in continental Europe and the UK.

Trinity's reappearance in the survey with a full rating brings with it an impressive set of results. It exceeds the global average in all category areas, most notably for Other Services and Compliance and Taxation. Medium clients are the most generous overall, rating Trinity 6.75 for the latter category. Client comments are extremely sparse, but one satisfied manager commends a "very effective, high value, all round service."

Analysed by question, Trinity's most recognised quality is its effectiveness in supporting funds of funds. Aspects of Investor Services are the next highest scoring questions. Efficiency in handling orders and accuracy of records of investors and intermediaries score 6.56 and 6.54 respectively.

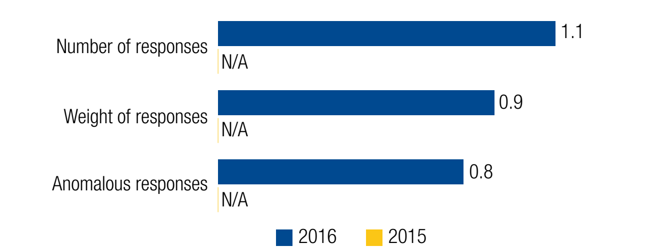
Compliance and Taxation also scores highly at an individual question level. Accuracy, timeliness and completeness in compliance monitoring alerts also scores 6.54, while ability to support regulatory compliance reporting follows closely with 6.53.

Trinity reports an increase in staff in the key areas of compliance, risk and technology over the past year, reflecting the rapidly changing elements of the industry.

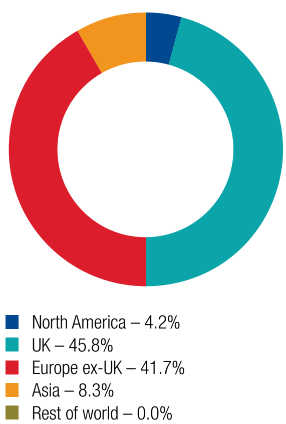
Although Trinity scores relatively low for Technology by its own standards (though 28 basis points above the global average), with a category score of 5.81, it might expect this to change in the year ahead. The firm says it has continued to invest heavily in its IT capability to create greater automation, efficiency and cost savings and leverage its data analytical capabilities to offer a wider range of services, covering Annex IV, Form PF, OPERA, UCITS, FATCA, UK FATCA, CRS, risk and regulatory reporting, performance attribution and bespoke client analytical reporting.

Looking ahead, Trinity expects over the next twelve months to see more regulatory enforcement actions from the various international regulators, especially based on regulatory filings such as Annex IV and Form PF. "We are also bracing ourselves and our clients for even more onerous regulations coming down the pipe, such as MiFID II," which, it suggests, will further raise the barriers to entry for new managers. ●

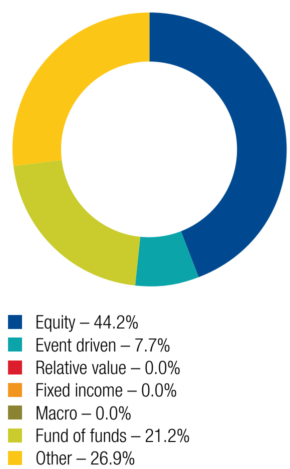
Trinity: weighted share of responses (%)



Trinity: by location (%)



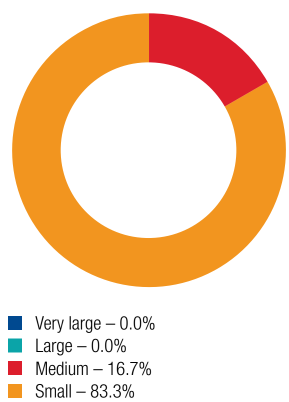
Trinity: by type (%)



Trinity Fund Administration

Service area	2016	2015	2014	Difference (2016-15)	Difference (2015-14)
Relationship Management and Client Service	6.13	N/A	N/A	N/A	N/A
Value Delivered	5.93	N/A	N/A	N/A	N/A
Investor Services (if applicable)	6.26	N/A	N/A	N/A	N/A
Fund Reporting and Valuation	6.16	N/A	N/A	N/A	N/A
Compliance and Taxation	6.41	N/A	N/A	N/A	N/A
Technology	5.81	N/A	N/A	N/A	N/A
Administration Services (If applicable)	6.19	N/A	N/A	N/A	N/A
Other Services	6.63	N/A	N/A	N/A	N/A
Global outperformer	**Yes**				

Trinity: by size (%)



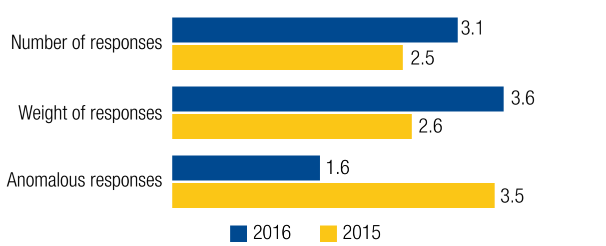
U.S. Bancorp Fund Services

U.S. Bancorp has a long and successful history as a provider of administration services to both mutual funds and hedge funds. In 2013 it acquired Quintillion with a plan to create critical mass and the necessary global footprint to become a force in the hedge fund administration business. This has been successful insofar as U.S. Bancorp has more than 200 hedge fund clients with AuA of more than $100 billion. Even so this activity is dwarfed by its mutual fund administration business which remains roughly nine times as big. The firms also took the decision to manage the businesses separately, which to some extent may have dissipated some of the potential advantages. It has however avoided any major challenges of integration of what were quite different organisations.

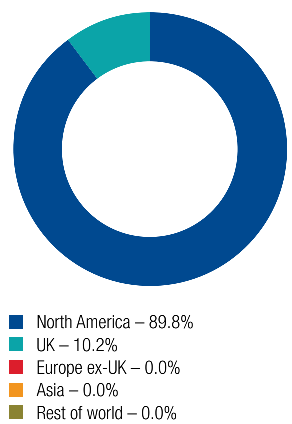
Over the years U.S. Bancorp has performed well in the Survey, based primarily on excellence in client service. As one client recognised this year, "our firm has worked with a few different fund administrators over the years, and US Bancorp has been the most reliable, knowledgeable, easy to work with and best cost for the value by far. We appreciate the excellent and professional staff and client service responsiveness." A number of other responses cited similar positive comments concerning the staff capabilities and responsiveness. However unlike in 2015 the comments were not all positive. One respondent suggested that U.S. Bancorp should be more proactive in its investor relations capability, while another suggested that staff in some offices were more effective than elsewhere. This had lead to a somewhat uneven level of service for the firm as a whole. Even so with both Administration Services and Client Service and Relationship Management both averaging close to 6.0 (Very Good), most clients are generally very satisfied with services being provided.

Scores did fail to sustain all of the gains recorded in 2015. Declines were larger that those recorded in the overall Survey results. Technology, as with many providers remains a source of some relative concern for clients. One noted that, "U.S. Bancorp have been very slow to add promised technology and services," while another suggested that they wanted to see, "online access to the accounting system. We have to completely rely on USB to run all reports for us. We have no adhoc abilities." The client in question regards this as relatively inefficient for both themselves and the bank. U.S. Bancorp has also recently added an investor portal, which is something that a few clients considered specifically important to future relationship expansion. It will be interesting to gauge the response to this initiative in 2017. While scores may be a little disappointing, U.S. Bancorp remains very well positioned to expand. ●

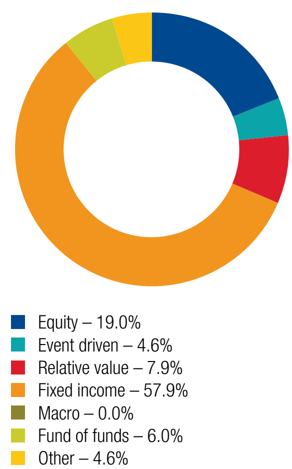
U.S. Bancorp: weighted share of responses (%)



U.S. Bancorp: by location (%)



U.S. Bancorp: by type (%)



U.S. Bancorp Fund Services

Service area	2016	2015	2014	Difference (2016-15)	Difference (2015-14)
Relationship Management and Client Service	5.98	6.41	6.16	-0.43	0.25
Value Delivered	5.60	6.24	5.93	-0.64	0.31
Investor Services (if applicable)	5.95	6.48	5.98	-0.53	0.50
Fund Reporting and Valuation	5.79	6.37	5.88	-0.58	0.49
Compliance and Taxation	5.66	6.50	5.57	-0.84	0.93
Technology	5.31	6.05	5.69	-0.74	0.36
Administration Services (If applicable)	5.99	6.53	5.90	-0.54	0.63
Other Services	5.76	6.41	5.81	-0.65	0.60
Global outperformer		**Yes**	**Yes**		

U.S. Bancorp: by size (%)