



2008  
HEDGE FUND  
ADMINISTRATION  
SURVEY



🏆 = Top Rated 🏅 = Commended ○ = Unrated ⊕ = Not Rated ★ = Best in Class

# Kaufman Rossin Fund Services

⊕ Global | 🏆 Peer Group 2 | 🏅 <\$100M | 🏆 \$100-\$1B | ⊕ \$1B+ | 🏅 Single Strategy | 🏆 Multi-Strategy | 🏆 FoFs | 🏆 North America | ⊕ Europe | ⊕ Asia-Pacific

This is an astonishing debut by Miami-based KRFS, which grew out of a large accounting firm in Florida. Scores from a sizeable client sample fall somewhere between excellent and perfect in all but two service areas, where they are merely very good. “Having dealt with many admin firms in my career, KRFS is head and shoulders the best,” writes a client. “The Accountants” is the more economical verdict of another happy respondent. His double entendre is illuminating, since the KRFS parentage has enabled the firm to add auditing liason, tax and financial statement preparation and reporting services to its offering. More importantly, it has also allowed the firm to grow without taking in third party investors or taking on acquisitions, and it is now larger than the average small provider, with \$18 billion plus in AuA. “They may be growing too quickly,” worries one client, and another frets that growth is lengthening approval times and stretching people and systems. Technology is raised as an issue. But KRFS has added capacity, supplementing its Miami base with a second full service operation in Boston, which supports clients based in the northeast. Sales and relationship management are run from offices in New York and New Jersey and, although the score in this area is not the highest for KRFS, it is one of the best in the survey. “Kaufman’s employees are the largest strength they have,” writes a client. “It is amazing to go into their offices and see how happy and satisfied their employees are. Seems like a great place to work!” Such enthusiasm will always appeal to start-ups. “They have been able to handle our very disorganized initial start-up and converted us in a very timely manner,” says one. A more mature client notes “no middle office services,” but the KRFS daily trade, reconciliation, P & L and valuation services help to win the firm one of the highest scores in the survey for middle office functions.

	Global	Peer Group 2	<\$100M	\$100M-\$1B	Single Strategy	Multi-Strategy	North America	Peer Bench 2
	⊕	🏆	🏆	🏆	🏆	🏆	🏆	
Client Serv	6.65	★	★	★	★	★	★	6.33
Value	6.30	★	★	★	★	★	★	5.97
Fund Acc	6.55	★	★	★	★	★	★	6.15
Inv Serv	6.73	★	★	★	★	★	★	6.35
Rep Inv	6.64	★	★	★	★	★	★	6.31
Comp/Tax	6.71	★	★	★	★	★	★	6.19
Corp Admin	6.54	★	★	★	★	★	★	6.08
Fund Struc	6.55	★	★	★	★	★	★	6.15
Credit/Lev	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tech	6.34	★	★	★	★	★	★	5.91
Rep FM	6.74	★	★	★	★	★	★	6.21
Mid Off	6.73	★	★	★	★	★	★	6.00
TOTAL	6.59	6.59	6.76	6.48	6.72	6.55	6.59	6.15

Number of Responses	23
Primary Administrator	77.0%

PROPORTION OF AFFILIATED RESPONDENTS	
Affiliated	0%
Non-Affiliated	100%

LOCATIONS RATINGS				
Locations	2006	2007	2008	2008 Score
US East Coast	⊕	⊕	🏆	6.52

\* Only the longstanding rule preventing a shift of more than one rating per year denies this provider Top Rated status.

## Methodology

Our 13th annual survey is as dynamic as the industry it covers. Despite the consolidation of several firms, which have featured in the survey in the past, the number of rated providers rose from 20 to 26. In fact, information was received on a total of 56 providers\*, of which 39 received enough responses to be included. Furthermore, responses were up 25% on last year. A total of 1,160 responses were received, excluding duplicate and erroneous replies.

Extensive changes were made to the questionnaire this year, most notably the inclusion of a section on middle office services. A full list of revisions can be found online in the surveys section of our website [www.globalcustodian.com]. Providers were rated on a total of 71 questions divided into 12 service areas: client service and relationship management, value, fund accounting and valuation, investor services, reporting to

investors, reporting to fund managers, compliance and taxation, corporate administration, fund structures, credit/leverage, middle office and technology. Respondents graded their administrators on quality of service using a scale of 1 to 7, where 7 is excellent; 6, very good; 5, good; 4, satisfactory; 3, weak; 2, very weak; and 1, unacceptable. Scores were then weighted for the size and sophistication of the respondent and for performance on questions named as important in each service area by all respondents.

In keeping with all our surveys, providers were eligible for two types of ratings: 🏆 Top Rated and 🏅 Commended. This year a new peer group rating category was introduced, to facilitate comparisons among providers of similar size and structure. The division of providers can be seen in the Peer Group league tables in this methodology. We have further refined the compara-

tive analysis by publishing tables showing scores before and after decimation: the excision of the top and bottom scoring tenth of all responses. This has some limited impact on the overall scores and relative positioning of providers.

In addition to specific location ratings, providers were eligible for ratings in nine client categories divided into size (Less Than \$100 Million, \$100 Million–\$1 Billion and More Than \$1 billion), investment strategy (Single Strategy, Multi-Strategy and Fund of Funds) and region (North America, Europe and Asia-Pacific). It is important to note that, while location ratings are based on the scores received for a particular location, the regional ratings are based on the location where a client is based. In order to receive a Global Overall rating, a provider must have a sufficiently high score as well as ratings in at least two

locations. In order to be Top Rated, a provider must secure a weighted average score that equals or betters the combined weighted average score of all providers in that category. Commended status is assessed more subjectively, but typically no provider with a weighted average score below “good” can expect to be considered. As in previous years, a provider may not rise or fall more than one category in a year. A provider that received enough responses but an insufficiently high score is declared ○ Unrated, while a provider that failed to get enough responses is ⊕ Not Rated.

In order to be eligible for a rating, providers must receive the requisite number of responses for a particular category. For the respondent profile categories—Less Than \$100 Million, \$100 Million-\$1Billion, More Than \$1 Billion, Single Strategy, Multi-Strategy, Fund of Funds, North America, Europe and Asia-Pacific categories—a provider must secure a minimum of five responses per category. To qualify for a location rating, a provider must have received a minimum of five responses for Luxembourg, Sydney and Toronto; 10 for Amsterdam, Bahamas, Bermuda, Cayman Islands, Curaçao, Channel Islands, Dublin, Hong Kong, Isle of Man, Singapore, San Francisco and US East Coast. A minimum of 10 responses were needed to qualify for a Peer Group rating.

In addition to being rated, providers are also able to earn ★ Best in Class awards. These are considered on a category-by-category basis for each service area and award-

ed when a provider achieves a weighted average score for a particular service area within a category that is equal to or greater than the weighted average score of all providers in that combination of service and category. In all, providers were eligible for a total of 11 ratings (not including locations ratings) and 132 Best in Class awards.

We are grateful to the service providers and especially to their clients, who took the time to complete complicated questionnaires, for making this survey possible. Our goal is to ensure that the results are both accurate and fair but, as always, we are pleased to hear of any errors, omissions or shortcomings, and of suggestions for improvements to the questionnaire, the survey process, and the presentation of the results. Providers interested in examining the underlying survey data in more depth can purchase research reports. Anybody interested in these should contact Muzaffar Karabaev, director of research, at mkarabaev@globalcustodian.com.

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**Table 2: Overall Benchmark Scores by Locations**

OVERALL BENCHMARK SCORES BY LOCATIONS	
Location	Score
Amsterdam (or other Netherlands)	5.79
Bahamas	6.26
Bermuda	6.00
Cayman Islands	5.88
Channel Islands	4.34
Curaçao	6.58
Dublin (or Ireland)	5.99
Paris (or France) <sup>1</sup>	5.77
Hong Kong	5.75
Isle of Man	5.36
London	5.42
Luxembourg	5.75
Minneapolis <sup>2</sup>	6.00
San Francisco	6.37
Singapore	5.86
Sydney	6.29
Toronto (or Canada)	6.26
US East Coast	5.98

<sup>1</sup> As there was only one provider in this location a combined average score of Continental European (Amsterdam, Luxembourg, and Paris) service centers was used as benchmark.

<sup>2</sup> As there was only one provider in this location a combined average score of US (Minneapolis, San Francisco, and US East Coast) service centers was used as benchmark.

<sup>\*</sup> Responses were received for the following providers, but there was too little information to write a text: Apex Fund Services, Banque Privée Edmond de Rothschild Europe, Custom House Administration & Corporate Services, Cayman National Trust, Computershare, Dundee Leeds Management Services, Société Générale - European Fund Services, LGT Fund Managers (Ireland) Ltd, Michael J Liccar, Mourant International Fund Administration, NAV INC Consulting, Nomura Bank Lux, Pictet Luxembourg, Press Schonig, Sasserath & Zoraiian LLP, SEI, Strategic Fund Services LLC, UMB Fund Services.

**Table 1: Best in Class Benchmark Scores**

	Global Scores	Peer Group 1	Peer Group 2	<\$100M	\$100M-\$1B	\$1B+	Single Strategy	Multi-Strategy	Fund of Funds	North America	Europe	Asia-Pacific
<b>Client Service and RM</b>	6.11	6.10	6.33	6.37	6.22	5.98	6.26	6.07	6.02	6.22	5.95	5.99
<b>Value</b>	5.78	5.77	5.97	5.93	5.86	5.69	5.87	5.76	5.66	5.92	5.56	5.67
<b>Fund Accounting and Valuation</b>	6.02	6.03	6.15	6.24	6.10	5.90	6.18	5.96	5.94	6.18	5.77	5.92
<b>Investors Services</b>	6.08	6.05	6.35	6.31	6.21	5.93	6.24	6.03	5.99	6.24	5.79	6.09
<b>Reporting to Investors</b>	6.04	6.01	6.31	6.31	6.18	5.88	6.20	5.99	5.91	6.19	5.79	5.99
<b>Compliance and Taxation</b>	6.02	6.02	6.19	6.20	6.14	5.90	6.11	6.00	5.90	6.18	5.81	5.87
<b>Corporate Administration</b>	5.95	5.97	6.08	6.13	6.05	5.85	6.07	5.92	5.88	6.13	5.78	5.77
<b>Fund Structures</b>	6.02	6.01	6.15	6.25	6.10	5.90	6.13	5.98	5.98	6.16	5.82	5.85
<b>Credit/Leverage</b>	5.50	5.50	n/a	5.76	5.71	5.32	4.91	5.58	5.61	5.19	5.69	5.28
<b>Technology</b>	5.76	5.76	5.91	6.11	5.86	5.62	5.88	5.72	5.59	5.89	5.57	5.68
<b>Reporting to Fund Managers</b>	5.98	5.96	6.21	6.24	6.09	5.83	6.21	5.90	5.92	6.09	5.80	5.96
<b>Middle Office Services</b>	5.92	5.94	6.00	6.22	5.89	5.88	6.04	5.89	5.94	6.12	5.62	5.74
<b>TOTAL</b>	<b>5.93</b>	<b>5.93</b>	<b>6.15</b>	<b>6.17</b>	<b>6.03</b>	<b>5.81</b>	<b>6.01</b>	<b>5.90</b>	<b>5.86</b>	<b>6.04</b>	<b>5.75</b>	<b>5.82</b>



**Table 3: League Tables—Peer Group 2**

<\$100M		
	Provider	Total Scores
1	AIS Fund Administration	6.92
2	Kaufman Rossin Fund Services	6.76
3	ATC Fund Services	6.62
4	Pinnacle Fund Administration LLC	6.61
5	CIBC Bank and Trust Company Ltd	6.55
6	Fulcrum Fund Services	6.52
7	Kingsway Taitz	6.27
8	Trinity Fund Administration Ltd	6.25
9	Quintillion (Ireland)	6.24
10	<b>Global Overall</b>	<b>6.17</b>
11	Equity Fund Services	5.89
12	Circle Partners	5.77

  

\$100M-\$1B		
	Provider	Total Scores
1	ATC Fund Services	6.70
2	Kaufman Rossin Fund Services	6.48
3	AIS Fund Administration	6.45
4	Fulcrum Fund Services	6.39
5	Pinnacle Fund Administration LLC	6.14
6	Circle Partners	6.06
7	<b>Global Overall</b>	<b>6.03</b>
8	Spectrum Global Fund Administration	5.77
9	OpHedge Investment Services	5.69
10	Daiwa Securities Global Asset Services	5.48
11	LaCrosse Global Fund Services	5.47

  

\$1B+		
	Provider	Total Scores
1	AIS Fund Administration	6.36
2	LaCrosse Global Fund Services	6.17
3	OpHedge Investment Services	5.97

  

\$1B+		
	Provider	Total Scores
4	Daiwa Securities Global Asset Services	5.82
5	<b>Global Overall</b>	<b>5.81</b>

  

SINGLE STRATEGY		
	Provider	Total Scores
1	Kaufman Rossin Fund Services	6.72
2	Quintillion (Ireland)	6.72
3	Pinnacle Fund Administration LLC	6.62
4	ATC Fund Services	6.53
5	AIS Fund Administration	6.48
6	Trinity Fund Administration Ltd	6.42
7	Equity Fund Services	6.18
8	<b>Global Overall</b>	<b>6.01</b>
9	Daiwa Securities Global Asset Services	5.71
10	Circle Partners	5.62

  

MULTI-STRATEGY		
	Provider	Total Scores
1	ATC Fund Services	6.61
2	Kaufman Rossin Fund Services	6.55
3	AIS Fund Administration	6.49
4	Kingsway Taitz	6.44
5	Fulcrum Fund Services	6.39
6	Equity Fund Services	6.38
7	Pinnacle Fund Administration LLC	6.34
8	Trinity Fund Administration Ltd	6.15
9	CIBC Bank and Trust Company Ltd	6.09
10	Quintillion (Ireland)	6.08
11	LaCrosse Global Fund Services	6.07
12	Circle Partners	6.03
13	<b>Global Overall</b>	<b>5.90</b>
14	OpHedge Investment Services	5.82

  

MULTI-STRATEGY		
	Provider	Total Scores
15	Daiwa Securities Global Asset Services	5.60
16	Spectrum Global Fund Administration	5.50

  

FUND-OF-FUNDS		
	Provider	Total Scores
1	Trinity Fund Administration Ltd	6.23
2	LaCrosse Global Fund Services	6.06
3	Circle Partners	5.95
4	<b>Global Overall</b>	<b>5.86</b>

  

NORTH AMERICA		
	Provider	Total Scores
1	ATC Fund Services	6.62
2	Kaufman Rossin Fund Services	6.59
3	AIS Fund Administration	6.47
4	Pinnacle Fund Administration LLC	6.44
5	Fulcrum Fund Services	6.42
6	<b>Global Overall</b>	<b>6.04</b>
7	OpHedge Investment Services	6.03
8	Spectrum Global Fund Administration	5.43

  

EUROPE		
	Provider	Total Scores
1	Quintillion (Ireland)	6.34
2	Trinity Fund Administration Ltd	6.13
3	<b>Circle Partners</b>	<b>6.02</b>
4	Global Overall	5.75
5	Daiwa Securities Global Asset Services	5.52

  

ASIA-PACIFIC		
	Provider	Total Scores
1	Kingsway Taitz	6.25
2	<b>Global Overall</b>	<b>5.82</b>

**Table 4: Hedge Fund Administrators Without Outlying Scores**

PEER GROUP 2—OVERALL SCORES WITH OUTLIERS		
	Provider	Total Scores
1	Kaufman Rossin Fund Services	6.59
2	ATC Fund Services	6.59
3	AIS Fund Administration	6.49
4	Pinnacle Fund Administration LLC	6.44
5	Fulcrum Fund Services	6.42
6	Quintillion [Ireland]	6.31
7	Equity Fund Services	6.28
	<b>Global Overall</b>	
8	Kingsway Taitz	6.25
9	Trinity Fund Administration Ltd	6.23
10	CIBC Bank and Trust Company Ltd	6.08
11	LaCrosse Global Fund Services	5.98
12	Circle Partners	5.95
13	OpHedge Investment Services	5.82
14	Daiwa Securities Global Asset Services	5.64
15	Spectrum Global Fund Administration	5.43

  

PEER GROUP 2—OVERALL SCORES WITHOUT OUTLIERS		
	Provider	Total Scores
1	ATC Fund Services	6.52
2	Kaufman Rossin Fund Services	6.51
3	Fulcrum Fund Services	6.31
4	Quintillion [Ireland]	6.31
5	AIS Fund Administration	6.24
6	Pinnacle Fund Administration LLC	6.21
7	Equity Fund Services	6.19
8	Trinity Fund Administration Ltd	6.17
	<b>Global Overall</b>	
9	Kingsway Taitz	6.13
10	LaCrosse Global Fund Services	6.04
11	OpHedge Investment Services	6.03
12	Spectrum Global Fund Administration	6.00
13	Circle Partners	5.95
14	CIBC Bank and Trust Company Ltd	5.88
15	Daiwa Securities Global Asset Services	5.79

  

*Outliers are defined for the purposes of this exercise as the 10% of respondents that gave the highest set of scores to each provider and the 10% of respondents that gave the lowest scores to each provider.*

*Although not rated, scores for Butterfield Fund Services, Harmonic Fund Services, Isis Fund Services Ltd., Maples Finance, Praxis Fund Services Ltd., SS&C Fund Services, Viteos, and US Bancorp were included in this peer group.*



# FOCUS

Why settle  
for following the  
beaten path?

At KRFS, we focus on  
each client's goals, charting the  
right course to the finish line.

Our dedicated employees  
listen closely, and take swift  
action to help clients keep pace  
and satisfy sophisticated investors.

## GO BEYOND

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