

# PINPOINTING GROWTH

**Fiona Rintoul studies the data in our latest fund administration survey and considers from which geographies third-party fund administrators anticipate growth.**

**EUROPE'S FUND** administration business has been characterised by consolidation over the past couple of years. First, there was the Dexia-Royal Bank of Canada merger, which has created a firm with almost €30bn of assets under administration; then, more recently Bank of New York and Mellon joined forces, bringing into being a fund administration monolith with €755bn in funds under administration.

The days of small specialist players in fund administration, are, it seems receding. A few highly skilled niche firms may survive, but increasingly size matters, with big firms moving into areas traditionally the preserve of small specialists such as hedge fund servicing, whether through acquisitions or organic growth.

## Hedge funds

In fact, increased demand for hedge fund services is one of the headline trends that emerges from this year's Funds Europe European Fund Administration Survey. Almost every respondent cites hedge funds as the area where business is expanding fastest. Within that funds of hedge funds feature strongly, while there is also important growth among other classes of alternative investments, such as private equity and real estate.

Of course, it remains to be seen how well the big firms will service these market segments. Mergers can be disruptive. The newly hatched BNY Mellon displays an awareness of this when it cites managing market perception of the merger as a key challenge for the

## SOME FIRMS ALSO NOW SEE POTENTIAL IN CENTRAL & EASTERN EUROPE, WHILE BANK OF IRELAND NAMES TURKEY AS A KEY GROWTH MARKET.

next 12 months: "While our clients and staff have only benefited from the added resources and capabilities, we will continue to battle external perception that the merger will be disruptive to business as usual."

Another key trend that emerges from the 2007 Survey, is an increased focus on Asia. European asset managers have generally been quicker to capitalise on opportunities in important emerging Asian markets such as China than their US counterparts. It seems that the firms that service European asset managers in Europe are now following them eastwards.

Within Europe, the key markets where growth is expected to be concentrated over the coming year are France and Italy. This is likely to favour firms that emphasise local

presence, local knowledge and local language. Francophone firms such as BNP Paribas, SGSS-Euro VL and Fortis are well placed to benefit from growth in the Italian market, being among the few with offices there, as well as from growth in France. Interestingly, however, the French firms generally do not cite France as a growth market.

Two other firms in pole position to capture new business in Italy and France are the recently merged entities BNY Mellon and RBC Dexia. Both firms have offices in France and Italy.

Other markets that are picked as having exceptional growth potential are the Netherlands, Spain and Switzerland, and to a lesser extent, Germany. Some firms also now see potential in Central & Eastern Europe, while Bank of Ireland names Turkey as a key growth market.

In terms of the challenges facing fund administration companies, two key strands emerge. One is coping with new regulation, this year particularly MiFID (the Market in Financial Instruments Directive) and new taxation laws in Germany and Austria, and the other is the increasing complexity of the products that fund administration companies must service.

The increasing complexity of the products serviced leads to more complex IT requirements. The management and integration of increasingly sophisticated IT platforms is also mentioned by respondents as a key challenge for the industry. The investment required in IT is also an issue as it takes place against a backdrop of

pressure on fees and demands for greater fee transparency.

Additionally, fund administration companies have to cope with convergence between traditional and alternative strategies, in Europe partly as a result of increased investment freedoms introduced for long-only funds by Ucits 3.

This, and the emergence of more liability-led investment instruments and guaranteed products, has led to an increased use of derivatives. A lack of standardisation in the derivatives marketplace is another key challenge for fund administrators, as is the increased demand for independent pricing of over-the-counter derivatives.

Rationalisation of fund ranges is also leading to increased use of structures such as pooling. Providing the infrastructure to deal with these structures in an environment where cross-border distribution is expanding is another challenge for fund administrators.

## Finding talent

Finally, the all important issue of human capital is cited as a key challenge by many companies. All of the foregoing require talented and able staff and these can be difficult to find.

Firms particularly struggle to find and retain people that are skilled in the field of derivatives accounting, which is increasingly important in asset management.

A solution that some firms are adopting is to open service centres in new markets, such as the Central & Eastern European countries, where there are untapped pools of well-educated potential staff. **fe**

# FACTS & FIGURES



**BANK OF IRELAND SECURITIES SERVICES**

New Century House  
 Lower Mayer Street, IFSC  
 Dublin 1, Ireland  
**Phone:** 00353 1 670 0300  
**Email:** info@boiss.boi.ie  
**Website:** www.boiss.com  
**Key executives:** Liam Manahan, Fearghal Woods, Liam Butler, Stephen Baker  
 Country of origin: Ireland  
**Length of time in Europe:** 35 years  
**Business split:** fund administration: 60%  
**Assets under administration:**  
 2007: €116bn  
 31.12.06: €108bn  
 31.12.05: €100bn  
 31.12.04: €77bn  
 31.12.03: €68bn  
 31.12.02: €53bn  
**Asset class of funds administered:**  
 Bond: 20%  
 Equity: 40%  
 Balanced: 10%  
 Money market: 10%  
 Property: 5%

Hedge funds: 10%  
**Other:** 5%  
**Other business lines:** custody operations, securities lending, middle office services, deposit and FX services

**BNP PARIBAS SECURITIES SERVICES**

66 rue de la Victoire, 75009  
 Paris, France  
**Phone:** +33 1 42 98 1000  
**Website:** securities.bnpparibas.com  
**Key executives:** Michel Laurent, Charles Cock, Frederic Perard, Tony Solway  
**Country of origin:** France  
**Length of time in Europe:** 72 years  
**Business split:** 15% fund administration  
**Assets under administration:**  
 31.12.06: €499bn  
 31.12.05: €394bn  
 31.12.04: €215bn  
 31.12.03: €168bn  
**Asset class of funds administered:**  
 Bond: 18%  
 Equity: 53%  
 Balanced: 17%

Money market: 2%  
 Property: 1%  
 Hedge funds: 5%  
 Other: 4%  
**Other business lines:** clearing, settlement and custody, global liquidity services, global corporate trust

**BNY MELLON ASSET SERVICING**

BNY Mellon Financial Centre  
 160 Queen Victoria Street, EC4V 4LA  
 London, England  
**Phone:** +44 207 163 5566  
**Website:** www.bnymellon.com  
**Key executives:** Nadine Chakar, Harley Murphy, Daron Pearce, Joe Wheatley  
**Country of origin:** USA  
**Length of time in Europe:** BNY established fund administration operations in Ireland in 1994. Historically, Mellon's Third Party Administration operation provided administration services from 1975 initially to the UK market.  
**Business split:** 30%  
**Assets under administration:**

2007: €755,700m  
 31.12.06: €772,452m  
 31.12.05: €649,442m  
 31.12.04: €385,498m  
 31.12.03: €228,265m  
 31.12.02: €159,319

**Asset class of funds administered:**  
 BNY Mellon do not publish these figures

## BROWN BROTHERS HARRIMAN

140 Broadway, 10005  
 New York  
 USA

**Phone:** +001 212 493 1818

**Website:** www.bbh.com

**Key executives:** Jeffrey Holland, Geoffrey Cook,  
 Sean Pairceir, Peter Poulin

**Country of origin:** United States

**Length of time in Europe:** 31 years

**Business split:** 58%

**Assets under administration:**

2007: €68,681m  
 31.12.06: €54,178m  
 31.12.05: €41,734m  
 31.12.04: €28,190m  
 31.12.03: €21,467m  
 31.12.02: €16,957

**Asset class of funds administered:**

Bond: 32.3%  
 Equity: 51.4%  
 Balanced: 0.1%  
 Property: 4.0%  
 Other: 12.2%

**Other business lines:** Investment management,  
 corporate finance, corporate banking, treasury  
 and markets

## CACEIS

1-3 Place Valubert, 75006  
 Paris, France

**Phone:** + 33 157 78 00 00

**Website:** www.caceis.com

**Email:** international@caceis.com

**Key executives:** Francois Marion, Michel Bois,  
 Guillaume Fromont, Jose-Benjamin Longree

**Country of origin:** France

**Length of time in Europe:** since the mid 1980s

**Business split:** 29% fund administration

**Assets under administration:**

2007: €929.20m  
 31.12.06: €859.70m  
 31.12.05: €746.44m  
 31.12.04: €458.86m  
 31.12.03: €140.31m  
 31.12.02: €305.53m

**Asset class of funds administered:**

Bond: 6%  
 Equity: 21%  
 Balanced: 8%  
 Money market: 14%  
 Property: N/A  
 Hedge fund: N/A  
 Other: 51%

**Other business lines:** custody depository/trustee,  
 corporate trust

## CIBC BANK AND TRUST COMPANY (CAYMAN) LTD

11 dr Roy's Drive  
 KY1 1107

Grand Cayman  
 Cayman Islands

**Phone:** + 345 949 8666

**Website:** www.cibc.com

**Key executives:** Maritin Laidlaw

**Country of origin:** Canada

**Length of time in Europe:** 20 years

**Business split:** 50% administration

**Assets under administration:**

2007: €1,000m  
 31.12.06: €500m

**Asset class of funds administered:**

Bond: 5%  
 Equity: 5%  
 Balanced: 5%  
 Hedge fund: 80%  
 Other: 5%

**Other business lines:** private wealth management

## EUROPEAN FUND ADMINISTRATION

2 rue d'Alsace, PO Box 1725  
 L-1017, Luxembourg

|   |              |              |
|---|--------------|--------------|
| 9 | 5,918        | 109          |
| 8 | 3,478        | 413          |
| 2 | 1,293        | 41           |
| 8 | 2,487        | 115          |
| 8 | 2,384        | 112          |
| 1 | 1,429        | 63           |
| 6 | 1,203        | 44           |
|   | 3,094        | 123          |
|   | 2,094        | 75           |
|   | 3,027        | 131          |
|   | <b>7,115</b> | <b>1,391</b> |
|   |              | 110          |
|   |              | 263          |
|   |              | 460          |
|   |              | 243          |
|   |              | <b>1,076</b> |
|   |              | 32           |
|   |              | 107          |
|   |              | 131          |
|   |              | 134          |
|   | <b>668</b>   | <b>372</b>   |



**Phone:** +352 48 48 80 80

**Website:** www.efa.eu

**Email:** client.services@efa.lu

**Key executives:** Thomas Seale, Raphael Tridemy, Claude Hoffman, Christophe Lentschat

**Country of origin:** Luxembourg

**Length of time in Europe:** 11 years

**Business split: 100% administration**

**Assets under administration:**

2007: €122,655m

31.12.06: €115,500

31.12.05: €98,000

31.12.04: €75,000m

31.12.03: €69,000

31.12.02: €69,000

**Asset class of funds administered:**

Bond: 24%

Equity: 35%

Balanced: 15%

Money market: 10%

Property: 0%

Hedge funds: 6%

Other: 10%

### **FORTIS PRIME FUND SOLUTIONS**

Fortis Banque Luxembourg

50, avenue J.F. Kennedy, L-2951

Luxembourg

**Phone:** +352 42421

**Website:** www.merchantbanking.fortis.com

**Email:** fundservices@fortis.lu

**Key executives:** Filip Dierckx, Frans Demmenie, Erik Jens

**Country of origin:** Belgium/Netherlands

**Length of time in Europe:** 38 years

**Business split: 2% fund administration**

**Assets under administration:**

31.12.06: €170m

31.12.05: €140m

**Asset class of funds administered:**

Bond: 9%

Equity: 32%

Balanced: 25%

Money market: 1%

Property: 4%

Hedge funds: 20%



Other: 9%

**Other business lines:** retail banking, insurance, merchant & private banking

### **HSBC SECURITIES SERVICES**

8 Canada Square, E14 5HQ

London, United Kingdom

**Phone:** +44 207 005 8945

**Website:** www.hsbcnet.com/hss

**Email:** katecramer@hsbc.com

**Key executives:** Tim Howell, Mike Martin, Ian Stephenson, Paul Stillabower

**Country of origin:** United Kingdom

**Length of time in Europe:** 100 years

**Business split:** HSBC were unable to provide this information.

**Assets under administration:**

31.12.06: €546,808m

31.12.05: €399,130m

31.12.2004: €272,618

31.12.2003: €165,895m

**Asset class of funds administered:**

Information not available

**Other business lines:** Personal financial services, commercial banking, corporate, investment banking and markets, private banking

### **NORTHERN TRUST**

50 Bank Street

E14 5NT

London, United Kingdom

**Phone:** +44 207982 2000

**Website:** www.northerntrust.com

**Email:** meremy\_hester@ntrs.com

**Key executives:** Wilson Leech, Brian Ovaert, Vic Holmes, Toby Glaysher

**Country of origin:** United States

**Length of time in Europe:** 15 years

**Business split:** 51% fund administration

**Assets under administration:**

2007: €118.3bn

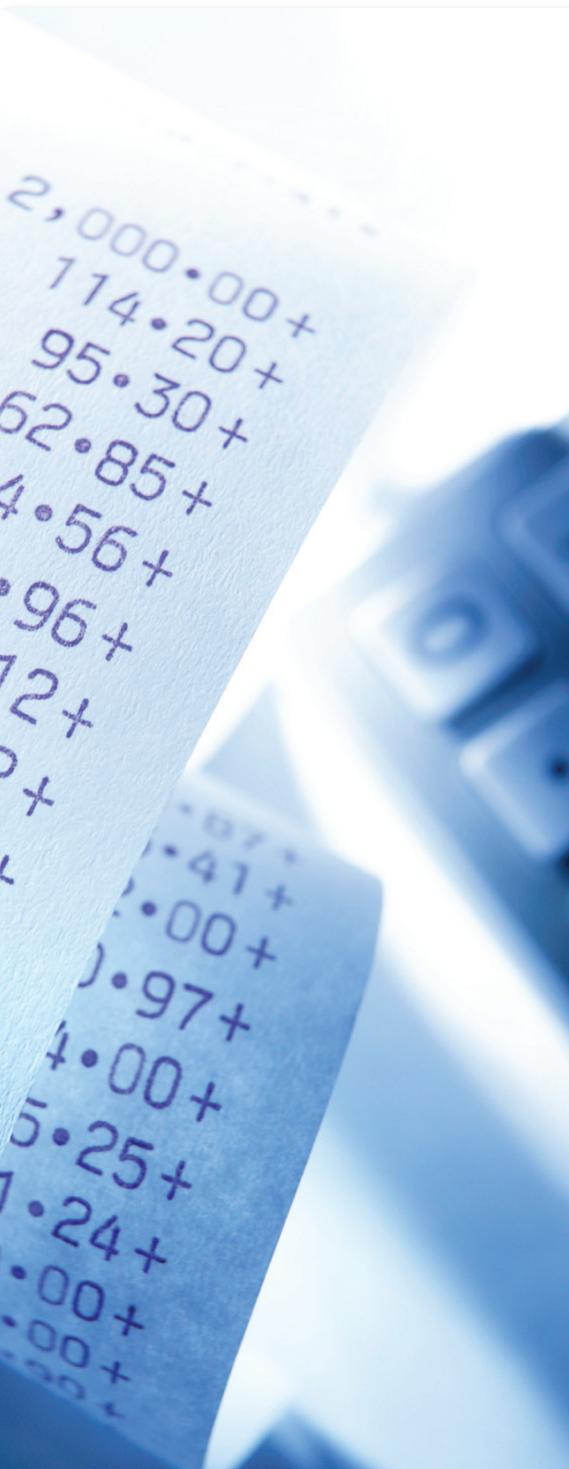
31.12.06: €118.3bn

31.12.05: €84.7bn

**Asset class of funds administered:**

Bond: 14.2%

Equity: 27%



Short duration: 11%

Other: 47.9%

**Other business lines:** Asset management, wealth management

## **PFPC INTERNATIONAL LTD**

**Phone:** +353 1790 3500

**Website:** www.pfpc.com

**Email:** info@pfpc.com

**Key executives:** Mark Mannion, Fergus McKeon, Tara Murphy, Simon Behan

**Country of origin:** United States

**Length of time in Europe:** 15 years

**Business split:** 100% fund administration

**Assets under administration:**

2007: €120bn

31.12.06: €92bn

**Asset class of funds administered:**

Long short equity: 15%

Futures: 4%

Fund of funds: 34%

Fixed income: 9%

Emerging markets: 3%

Currency: 1%

Credit: 13%

Arbitrage: 6%

Distressed: 1%

Event driven/Special situations: 1%

Macro: 2%

Volatility: 4%

Multi strategy: 5%

Market neutral: 2%

**Other business lines:** Accounting and administration, shareholder services, trade support and middle office services, trustee and custodial services

## **RBC DEXIA INVESTOR SERVICES**

71 Queen Victoria Street

4th Floor, EC4 V4DE

London, United Kingdom

**Phone:** +44 207653 4096

**Website:** www.rbcdexia-is.com

**Email:** antony.johnson@rbcdexia-is.com

**Key executives:** Tony Johnson

**Country of origin:** Belgium

**Length of time in Europe:** RBC Dexia was created in January 2006. However its predecessor company in Luxembourg, Dexia Fund Services, operated fund administration business in Europe for 47 years.

**Business split:** 44% fund administration

**Assets under administration:**

2007: €299,491m

31.12.06: €278,209m

31.12.05: €233,135m

31.12.04: €162,888m

31.12.03: €117,164m

31.12.02: €103,294m

**Asset class of funds administered:**

Bond: not available (all included in mainstream funds)

Equity: not available (all included in mainstream funds)

Balanced: not available (all included in mainstream funds)

Money market: not available (all included in mainstream funds)

Property: 9.7%

Hedge fund: 3%

Other: 87.3% mainstream funds

**Other business lines:** custody, shareholder services, securities lending, distribution support

## **SEI**

1 Freedom Value Dr

19456

Oaks, PA

United States

**Phone:** 610 676 1270

**Website:** www.seic.com/ims

**Email:** managerservices@seic.com

**Key executives:** Stephen Meyer, John Alsheski, David Morrissey, Patrick Carr

**Country of origin:** USA

**Length of time in Europe:** 12 years

**Business split:** 25% fund administration

**Assets under administration:**

2007: €15m

31.12.06: €14m

**Asset class of funds administered:**

SEI do not publish these figures

### SGSS EURO-VL

Immeuble Colline Sud  
10, passage de l'Arche  
92034

Paris la Defense Cedex

**Phone:** +331 71 11 10 00

**Website:** www.euro-vl.com

**Email:** euro-vl@euro-vl.com

**Key executives:** Serge Jacqueline, Jean Bertin,  
Joseph Dahan, Bruno Lataste

**Country of origin:** France

**Length of time in Europe:** 18 years

**Business split:** 86% fund administration

**Assets under administration:**

2007: €385bn

31.12.06: €345bn

31.12.05: €280bn

31.12.04: €255bn

31.12.03: €221bn

31.12.02: €172bn

**Asset class of funds administered:**

SGSS Euro-VL do not publish these figures

**Other business lines:** performance measurement analysis, risk measurement analysis, pricing of OTC & complex products, middle office OTC

### SOCIETE GENERALE SECURITIES SERVICES (SGSS)

Immeuble Colline Sud  
10 passage de l'Arche  
02034 Paris – La Defense Cedex  
France

**Phone:** +33 1 71 11 10 00

**Website:** www.sg-securities-services.com

**Email:** sgss.com@socgen.com

**Key executives:** Bruno Prigent, Etienne, Deniau,  
Sebastian Danloy, Serge Jacqueline, Gert Rautenberg

**Country of origin:** France

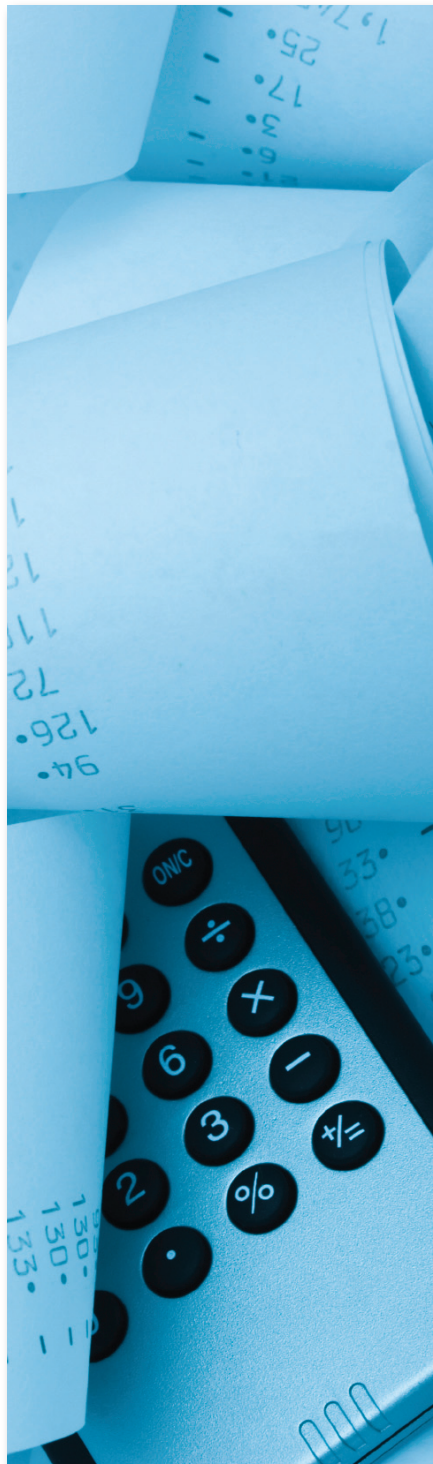
**Length of time in Europe:** 18 years

**Business split:** N/A

**Assets under administration:**

2007: €365bn

31.12.06: €345bn



31.12.05: €280bn

31.12.04: €255bn

31.12.03: €221bn

31.12.02: €172bn

**Asset class of funds administered:**

Bond: 7%

Equity: 10%

Balanced: 30%

Money market: 5%

Hedge fund: 28%

Other: 20%

**Other business lines:** brokerage, custody & trustee operations, securities lending, middle office services, transfer agency, fund administration and issuer services

### UBS GLOBAL ASSET MANAGEMENT

Stauffacherstrasse 41

P.O. Box

8098

Zurich, Switzerland

**Phone:** +41 44 235 4992

**Website:** www.ubs.com/fundservices

**Email:** gerhard.fusenig@ubs.com

**Key executives:** Jean-Paul Gennari, Markus Steiner,  
Mark Porter, Donard McClean

**Country of origin:** Switzerland

**Length of time in Europe:** Over 50 years

**Business split:** 100% fund administration

2007: €272,493m

31.12.06: €266,002

31.12.05: €231,000

31.12.04: €175,365

31.12.03: €140,915

31.12.02: €128,325

**Asset class of funds administered:**

Bond: 34%

Equity: 33%

Money market: 2%

Property: 0%

Hedge funds: 13%

Other: 5%

Other business lines: N/A

www.funds-europe.com