

As funds grow in complexity, outsourcing fund administration takes centre stage



[Karen Malone](#)

November 7, 2024

As funds evolve with increasing complexity, fund managers are increasingly turning to third-party specialists for essential support.

This trend toward outsourcing enables managers to focus on their core investment strategies while relying on expert fund administrators to manage crucial operational functions and drive strategic growth. Here are seven key areas where outsourcing provides invaluable support:

1. Regulatory frameworks demanding specialised fund administration

Fund managers face a dense web of regulatory requirements, making partnerships with specialised fund administrators invaluable. New frameworks introduced by regulatory bodies target transparency, investor protection and environmental accountability, creating a landscape that demands specialist knowledge and robust data management. By leveraging fund administrators' specialised compliance teams and advanced technologies, fund managers are better equipped to adapt swiftly and accurately to these evolving requirements.

Key updates include the SEC Private Fund Disclosure Requirements, demanding detailed quarterly reporting on fees and expenses; expanding ESG Reporting mandates from the EU and SEC, which require thorough environmental and social data disclosures; and the rigorous AML and FATCA Compliance requirements, with strict documentation and real-time reporting demands. Through advanced compliance capabilities, fund administrators help managers navigate these requirements effectively, fostering investor trust and mitigating risks.

2. Data management enhancing efficiency and value

The data management landscape in fund administration is evolving rapidly as the volume and complexity of fund and portfolio data increase. Today, fund administrators are expected to move beyond traditional record-keeping, adopting data-driven methodologies to help fund managers streamline operations, uncover insights and enhance decision-making.

By embracing advanced analytics tools, administrators can interpret financial trends, evaluate performance and proactively support investment strategies. These data capabilities allow administrators to deliver real-time insights, supporting fund managers in making informed, timely decisions that are increasingly vital in a competitive market.

3. Precision and transparency elevating accounting and reporting standards

With increasing regulation and investor demand for transparency, fund administrators are stepping up to provide accurate and timely financial reporting. Equipped with advanced reporting tools, administrators ensure compliance

with frameworks such as GAAP and IFRS, enhancing visibility into fund performance. This role is crucial for managers who require reliable reporting to meet investor expectations and regulatory standards, allowing them to focus on investment activities with confidence in the accuracy and timeliness of their financial data.

4. Outsourcing for access to expertise, talent and experience

Outsourcing fund administration provides fund managers with access to skilled professionals with specialised industry knowledge. This strategic support ensures that complex compliance, reporting and operational tasks are handled by seasoned administrators who are well-versed in regulatory landscapes and best practices.

Experienced administrators bring insights into jurisdictional requirements and regulatory shifts, allowing fund managers to stay competitive and compliant in an evolving market.

5. Expanding beyond the back office to meet diverse fund needs

As fund managers seek increased operational flexibility, they are turning to fund administrators for a wider array of services that go beyond traditional back-office functions. This shift reflects a growing recognition of administrators' value in areas such as regulatory compliance, portfolio monitoring and data management.

Fund administrators now support bespoke needs tailored to the fund's size, lifecycle stage and investment strategy, adapting services as needs evolve. By entrusting administrators with operations, managers can streamline workflows, keep headcount optimised and respond nimbly to regulatory updates and market demands.

6. Innovation and technology transforming fund administration practices

Fund administrators are at the forefront of a transformation aimed at enhancing operational efficiency and transparency. In an industry where speed, accuracy and data security are paramount, these innovations are vital for meeting the demands of both fund managers and investors.

By automating repetitive tasks, such as data entry and reconciliation, administrators can focus on high-value analysis and strategic decision-making. This shift supports greater transparency, particularly in managing transaction records and client data—essential for maintaining security in fund management. Moreover, the ability to deliver timely insights into portfolios and compliance metrics keeps fund managers ahead in a competitive landscape. This innovation-driven approach positions fund administrators as strategic partners, providing not only foundational support but also valuable insights that enhance proactive decision-making and overall fund performance.

7. Hybrid funds meeting investor demand for flexibility and growth

Hybrid funds—blending open-ended hedge fund characteristics with closed-ended private equity structures—illustrate the industry's responsiveness to investor needs for both liquidity, flexibility and long-term investment potential. These funds demand specialised management to accommodate complex asset classes, frequent valuations and diverse redemption terms. By utilising fund administration expertise, managers can more effectively balance short-term flexibility with long-term growth objectives, aligning more closely with investors' preferences for adaptable investment products.

Strengthening partnerships between fund managers and administrators

Administrators will increasingly be viewed as partners, not just vendors. Managers expect their administrators to have detailed knowledge of their structures and their ways of doing business. They also expect administrators to be proactive, providing advice around regulatory changes and the best practice they are seeing in the market, for example. It is no longer simply an instruction-based relationship.

“As the fund administration landscape grows more sophisticated, fund managers need dedicated partners who not only manage operations but also deliver strategic insights,” said Karen Malone, Global Product Head – Administration Solutions. “At Waystone, we see ourselves as enablers of growth for our clients, adapting alongside them as regulatory, data and technology demands evolve.”

If you have any questions or would like to sign-up to receive our communications, please contact [Karen Malone](#) or your usual Waystone representative via the below.

[Contact Us →](#)