

Trading Up: Why Hedge Fund Managers are Transforming Their Fund Administration... and Fast



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The third quarter of 2025 saw the global hedge fund industry post record growth for the eighth consecutive quarter, with total capital rising to \$4.98tn, according to the latest [HFR Global Hedge Fund Industry Report](#). But with that growth comes sharper demands: Investor expectations for real-time reporting, digital access and transparency are colliding with intensifying regulatory demands and the rapid adoption of AI-driven platforms. Many managers are finding that legacy administration is slowing them down, pushing them to “trade up” to solutions that match the pace of today’s markets.

Investor Pressure Is Mounting

Investor expectations on hedge funds have never been higher. Allocators now demand faster NAVs, customised dashboards and instant digital access to portfolio data. Real-time transparency has become a competitive advantage, with institutional investors increasingly comparing managers on the quality of their reporting as much as on performance. Managers relying on outdated reporting cycles risk eroding investor confidence and losing ground to peers who can deliver information seamlessly and in real time.

Technology Gaps Are Hard to Ignore

The shift from AI experimentation to AI adoption is already underway. Hedge fund managers are moving beyond AI pilots to embed generative AI, automation and cloud-based tools directly into trading, research and operations. These technologies are driving faster analysis, sharper risk management and greater efficiency. By contrast, managers tied to legacy platforms or fragmented administration providers are discovering that the technology gap is no longer a nuisance, it’s an escalating cost and a competitive disadvantage.

Data Fragmentation is a Drain

Running multiple datasets across separate systems often leaves managers with a patchwork of data that is difficult to reconcile and slow to report. Instead of one clear view of the fund, they are left chasing inconsistencies, fielding investor queries with incomplete information and facing delays at quarter- and year-end. These inefficiencies undermine both performance oversight and investor confidence. Increasingly, hedge fund managers are looking to consolidate operations and adopt models such as outsourcing or co-sourcing that give them a single, consistent platform for data and reporting.

Increased Regulatory Pressures and Investor Scrutiny

Regulators are broadening their focus beyond traditional compliance checks to the operational resilience of hedge funds. Authorities are paying closer attention to areas such as cybersecurity, outsourcing arrangements and data governance, recognising the systemic risks posed by technology failures or poor oversight. At the same time, investors are intensifying their own due diligence, drilling deeper into valuation practices, fraud controls, governance structures and disaster recovery. For hedge fund managers, this means administration is no longer a back-office concern, it is central to protecting capital inflows and maintaining credibility with institutional allocators.

Cross-Domicile Complexity is Rising

As hedge funds expand strategies and investor bases, more managers are running cross-domicile structures. Each jurisdiction brings its own regulatory expectations, reporting formats and investor requirements. Without integrated administration, this fragmentation leads to duplicated effort, data silos and increased compliance risk. That's why managers are now "trading up" to administrators who can deliver consistent, unified reporting and oversight across borders, backed by local expertise and cloud-native capabilities.

Trading Up, Not Standing Still

For hedge fund managers, fund administration is more than a back-office issue, it's a front-line strategic decision. Outdated systems mean slower reporting, higher regulatory risk and dissatisfied investors. The next generation of administrators offers seamless data integration, cloud-native workflows and predictive analytics, tools that give managers resilience, scalability and investor trust. In a market where performance depends as much on operational strength as on alpha generation, it's no surprise that managers are trading up, and doing it fast.

Hedge fund administration is no longer a back-office function—it's a strategic enabler of growth, investor confidence, and regulatory resilience. As the industry scales and embraces AI-driven transformation, managers cannot afford to be held back by legacy systems, fragmented data, or slow reporting cycles. Trading up to next-generation administration means gaining real-time transparency, operational agility, and multi-jurisdictional consistency—all critical to staying competitive in today's market. For hedge funds, the choice is clear: administration isn't just about keeping pace, it's about setting the pace.

How Waystone Can Assist

At Waystone, we deliver unparalleled [Fund Administration Solutions](#) which combines leading technology with deep regulatory expertise and global operational strength. Our solutions are designed to help hedge fund managers meet the dual challenge of investor expectations and regulatory scrutiny.

With teams based in key financial jurisdictions around the world, we offer local insight backed by global scale, ensuring consistency across jurisdictions while adapting to evolving regulations. Whether you need co-sourcing flexibility, a fully outsourced model, or a multi-jurisdictional platform, Waystone enables managers to streamline operations, strengthen investor confidence, and scale without compromise.

If you have any questions on the themes raised in this article, please contact our Administration Solutions team via the below.

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