

A SYSTEM FOR FUND SUCCESS

As the *HFMWeek* biannual AuA survey shows a growing number of administrators rising up the ranks with PFS-Paxus, *HFMWeek* talks to Graeme Vollemaere, founding director of PFS, about the increasingly important role software solutions are playing in the fund administration industry

Pacific Fund Systems (PFS) provides administration technology on its PFS-Paxus software with an estimated \$300bn-plus AUM and 3,000-plus investment entities being administered globally. The success of those administrators adopting PFS-Paxus can be seen in the latest *HFMWeek* assets under administration (AuA) survey:

- Nine fund administrators featured in the *HFMWeek* survey have selected PFS-Paxus as their platform.
- Participants in the *HFMWeek* survey utilising PFS-Paxus have reported AUM \$202bn in the November 2009 survey.

***HFMWeek:* How do you see the role of technology contributing to the success of the fund administration?**

Graeme Vollemaere (GV): I believe there are two dominant factors which underpin the ultimate success or failure of fund administration today: quality of staff and investment in technology.

The first and most important factor relates to the experience, training and continuity of an administrator's management team and staff. The business of fund administration is a service offering rather than a commodity and having an experienced, trained and continuous staff is a prerequisite to success. In common with any service offering, it is the staff who are the providing the service and are the face of

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the business to foster client relationships.

The second key to success relates to the technology tools that are utilised by an administrator's staff in carrying out its service to make the business scaleable, efficient and



GRAEME VOLLEMAERE

is a director and joint founder of Pacific Fund Systems, and has been involved in the investment banking and hedge fund industries for more than 18 years in both trading and management capacities.

capable of supporting industry trends and best practices.

The selection process for the appointment of a fund administrator typically subjects it to a set of due diligence requirements. One of the key selection criteria examines the systems being utilised by the administrator and we are seeing an increasing awareness of SAS 70 where a number of our clients have obtained or are currently seeking the SAS 70 accreditation over the past year.

We believe that in order for administrators to participate in any due diligence process it is essential to have a systems infrastructure in place to satisfy the demands of potential new clients. An administrator is required to demonstrate that it has recognised, proven and robust systems for fund administration. Those without a recognised system will struggle to compete.

***HFMWeek:* What features does PFS-Paxus offer which has contributed to the success of your clients?**

GV: The unique proposition offered by PFS-Paxus is that it is an integrated system combining all the core components required by administrators in a single SQL database and application which makes the system efficient and capable of supporting rapid growth in the fund administrator's business. An integrated solution increases the efficiency of the fund administration process and gives administrators a single point of reference. Benefits also include reduced IT costs and reduced training costs due to the consistent interface. An integrated system also allows for rapid recalculation of valuations.

A broad range of entities can be supported on PFS-Paxus so that helps the number of services that may be offered by us. PFS supports all the common legal structures for investment administration commonly seen across the globe, including hedge funds, partnerships, private equity, protected cell structures, trusts and family office accounting.

From an accounting perspective, the most defining factor is the presence of performance fees typical to hedge funds, whereby PFS-Paxus supports performance fee equalisation and multi-series accounting together with hurdle calculations and indexation on a single platform. By combining the functions of fund accounting and transfer agency, the calculations required by performance fee equalisation can be performed seamlessly with a single keystroke.

In order to respond to client requests, we offer system upgrades every six months and each upgrade includes new functionality as the fund administration industry evolves. ■