



2009 Hedge Fund Administration Survey

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

Stone Coast Fund Services

“**Honest**, smart and hardworking,” writes a client. “Stone Coast has been a huge part in our fund’s results.” The recipient of this encomium is a Portland, Maine- and Bermuda-based venture by industry veterans that aims to offer a service to American hedge funds that is not only bespoke but consultative, and aimed at complex strategies using credit and derivatives. The firm, which provides systems consulting to non-administration clients, describes itself as a “professional services firm” as well as an administrator. The scores are derived mainly from smaller funds, but the best come from the largest clients. On average, they suggest that a superior approach to the business does not simply play well with clients: they actually love what they are getting. Albeit on a relatively modest turnout, the averages actually achieve perfection in around one question in seven and get as close to it as makes no difference on almost all the rest. Comments are equally effusive. “Very personalized service,” writes one respondent. “The staff is very knowledgeable and extremely responsive to needs.” Asked to name a weakness, one client writes that “I am sure there are some but none that affect our business.” A second, smaller respondent says that Stone Coast “consistently provides excellent service,” while a larger one applauds “experienced staff, low turnover, accuracy in NAV calculation [and] superb technology.” The technology is, in fact, the industry-standard Advent Geneva Enterprise, Workflow Manager and Partner Premium applications used by a majority of hedge fund administrators. One client does say he would like more “flexibility of reports,” and a second echoes this view, saying that “perhaps” he would like “the ability to customize reports.” Otherwise, only the familiar issue of brand recognition strikes a less-than-totally-positive note.

RESPONDENT PROFILE

Number of Responses	15
Primary Administrator	98.0%

STRATEGY

Single Strategy	53.3%
Multi-Strategy	46.7%

GEOGRAPHY

North America	100.0%
Europe	0.0%
Asia	0.0%

AUM IN HEDGE FUNDS

< \$100 million	53.3%
\$100 million—\$1 billion	33.3%
\$1 billion+	13.3%

AUM WITH THIS ADMINISTRATOR

< \$100 million	53.3%
\$100 million—\$1 billion	33.3%
\$1 billion+	13.3%

NUMBER OF PROVIDERS USED

Single Provider	66.7%
Multiple Provider	33.3%

PROPORTION OF AFFILIATED RESPONDENTS

Affiliated	0.0%
Non-Affiliated	100.0%

LOCATIONS RATINGS

Locations	2007	2008	2009	2009 score
United States	⊕	⊕	🏆*	6.78

BEST IN CLASS	Global	Peer Group 2	<\$100M	\$100M-\$1B	Single Strategy	Multi-Strategy	North America	Peer Bench 2
	⊕	🏆*	🏆*	🏆*	🏆*	🏆*	🏆*	
Client Service	6.93	★	★	★	★	★	★	6.33
Value	6.90	★	★	★	★	★	★	6.03
Fund Accounting	6.81	★	★	★	★	★	★	6.21
OTC Derivatives	6.37	★	★		★		★	6.28
Investors Services	6.94	★	★	★	★	★	★	6.28
Reporting to Investors	6.89	★	★	★	★	★	★	6.22
Reporting To Fund Managers	6.74	★	★	★	★	★	★	6.18
Compliance and Taxation	6.86	★	★	★	★	★	★	6.23
Corporate Administration	6.95	★	★	n/a	★	★	★	6.17
Fund Structures	6.64	★	★		★	★	★	6.25
Funds of Funds Administration	7.00	★	★	n/a	n/a	★	★	6.11
Middle Office Services	6.76	★	★	★	★	★	★	6.19
Credit/Leverage	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5.54
Technology	6.70	★	★	★	★	★	★	6.00
Risk Management	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5.80
TOTAL	6.81	6.81	6.80	6.68	6.95	6.60	6.81	6.12

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

Hedge Fund Administrators: With and Without Outlying Scores

PEER GROUP 2—OVERALL SCORES WITH OUTLIERS*		
	Provider	Total Scores
1	Stone Coast Fund Services	6.81
2	ISIS Fund Services	6.67
3	Prime Management	6.67
4	ATC Fund Services	6.66
5	Equinox AIS	6.59
6	AIS Fund Administration	6.58
7	Kaufman Rossin	6.51
8	ALPS Price Meadows	6.47
9	Conifer Securities	6.43
10	Quintillion	6.41
11	VITEOS Funds Services	6.40
12	Pinnacle Fund Administration	6.28
13	LaCrosse	6.27
14	Kingsway Taitz	6.16
15	Trinity Fund Administration	6.10
	Global Overall	6.05
16	Circle Partners	5.93
17	CIBC Bank and Trust Company	5.91
18	Maples Finance	5.82
19	OpHedge Investment Services	5.69
20	Daiwa Securities Global Asset Services	5.57

PEER GROUP 2—OVERALL SCORES WITHOUT OUTLIERS*		
	Provider	Total Scores
1	Stone Coast Fund Services	6.57
2	ATC Fund Services	6.56
3	Prime Management	6.52
4	ISIS Fund Services	6.50
5	Quintillion	6.32
6	Conifer Securities	6.28
7	ALPS Price Meadows	6.21
8	LaCrosse	6.16
9	Kaufman Rossin	6.15
10	AIS Fund Administration	6.04
11	VITEOS Funds Services	6.04
12	Equinox AIS	5.97
13	Trinity Fund Administration	5.97
	Global Overall	5.80
14	Circle Partners	5.70
15	Pinnacle Fund Administration	5.69
16	Kingsway Taitz	5.68
17	Maples Finance	5.47
18	Daiwa Securities Global Asset Services	5.46
19	CIBC Bank and Trust Company	5.41
20	OpHedge Investment Services	5.15

League Tables—Peer Group 2

NORTH AMERICA		
	Provider	Total Scores
1	Stone Coast Fund Services	6.81
2	ISIS Fund Services	6.76
3	Prime Management	6.63
4	AIS Fund Administration	6.61
5	ALPS Price Meadows	6.47
6	Kaufman Rossin	6.46
7	Conifer Securities	6.43
8	VITEOS Funds Services	6.40
9	Pinnacle Fund Administration	6.28
10	LaCrosse	6.17
11	Maples Finance	6.13
	Global Overall	6.13
12	CIBC Bank and Trust Company	5.89
13	OpHedge Investment Services	5.78

SINGLE STRATEGY		
	Provider	Total Scores
1	Stone Coast Fund Services	6.95
2	AIS Fund Administration	6.81
3	Pinnacle Fund Administration	6.61
4	Prime Management	6.53
5	ATC Fund Services	6.49
6	Equinox AIS	6.48
7	Kaufman Rossin	6.48
8	ALPS Price Meadows	6.48
9	Kingsway Taitz	6.42
10	Trinity Fund Administration	6.36
11	Conifer Securities	6.36
12	Quintillion	6.34
13	Daiwa Securities Global Asset Services	6.20
	Global Overall	6.18
14	Circle Partners	6.17
15	Maples Finance	6.00
16	OpHedge Investment Services	5.79
17	CIBC Bank and Trust Company	5.50

<\$100M		
	Provider	Total Scores
1	ATC Fund Services	6.82
2	Stone Coast Fund Services	6.80
3	Prime Management	6.77
4	AIS Fund Administration	6.75
5	ISIS Fund Services	6.74
6	Pinnacle Fund Administration	6.70
7	Conifer Securities	6.50
8	Equinox AIS	6.42
9	ALPS Price Meadows	6.38
10	VITEOS Funds Services	6.37
11	Kaufman Rossin	6.27
12	Kingsway Taitz	6.12
	Global Overall	6.06
13	Circle Partners	5.99
14	Trinity Fund Administration	5.93
15	Quintillion	5.93
16	CIBC Bank and Trust Company	5.92
17	Maples Finance	5.60
18	Daiwa Securities Global Asset Services	5.11

EUROPE		
	Provider	Total Scores
1	AIS Fund Administration	6.44
2	Quintillion	6.39
3	Equinox AIS	6.30
4	Trinity Fund Administration	6.16
5	Maples Finance	6.02
	Global Overall	5.98
6	Circle Partners	5.86
7	Daiwa Securities Global Asset Services	5.41

MULTI-STRATEGY		
	Provider	Total Scores
1	Prime Management	6.81
2	ISIS Fund Services	6.70
3	ATC Fund Services	6.69
4	Equinox AIS	6.65
5	Stone Coast Fund Services	6.60
6	Quintillion	6.48
7	ALPS Price Meadows	6.46
8	AIS Fund Administration	6.44
9	Conifer Securities	6.44
10	Kaufman Rossin	6.43
11	LaCrosse	6.36
12	VITEOS Funds Services	6.32
13	Pinnacle Fund Administration	6.18
14	CIBC Bank and Trust Company	6.14
15	Trinity Fund Administration	6.04
	Global Overall	6.00
16	Kingsway Taitz	5.99
17	Circle Partners	5.90
18	Maples Finance	5.76
19	Daiwa Securities Global Asset Services	5.33

\$100M-\$1B		
	Provider	Total Scores
1	ALPS Price Meadows	6.72
2	ATC Fund Services	6.71
3	Stone Coast Fund Services	6.68
4	AIS Fund Administration	6.61
5	Prime Management	6.60
6	Kaufman Rossin	6.60
7	Quintillion	6.58
8	Trinity Fund Administration	6.57
9	LaCrosse	6.45
10	Conifer Securities	6.21
11	Kingsway Taitz	6.21
	Global Overall	6.10
12	Maples Finance	6.00
13	Circle Partners	5.99
14	Pinnacle Fund Administration	5.77
15	OpHedge Investment Services	5.66
16	Daiwa Securities Global Asset Services	5.51

ASIA		
	Provider	Total Scores
	Global Overall	5.96
1	Maples Finance	5.57
2	Daiwa Securities Global Asset Services	4.83

* 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.



Methodology

It has been a tumultuous year since our last survey. In terms of assets under management, the hedge fund industry contracted between a quarter and two-fifths since the September crisis. Many funds closed due to redemptions or because they fell too drastically short of performance goals to recover. However, in the aftermath of the Madoff scandal, new transparency requirements have led many self-administered hedge funds to shift to fully administered operational models. Furthermore, faced by depressed assets and revenues, hedge funds are looking to their administrators to surpass traditional fund administration, providing more value-added services, including technology and middle-office support. As a result, our 14th annual survey saw an 18% increase in the rate of response—the survey was calculated on 1,370 responses—as well as, the number of rated providers in this survey jump from 26 to 35. As further result, we made extensive changes questionnaire, most notably the creation of three new sections within the survey: OTC derivatives, fund of funds administration, and risk management, which were additional to the areas of 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 that cover a total of 71 questions. A full list of revisions can be found online at the Surveys section at [www.globalcustodian.com]. 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.

Providers were eligible for two types of ratings:  Top Rated and  Commended. We retained the peer group rating categories introduced last year and further introduced separate global aver-




ages in order to facilitate comparisons between providers of similar size and structure. The division of providers can be seen in the Peer Group league tables in this methodology. We also again included outlier tables showing scores before and after we removed the top and bottom scoring tenth of all responses, which noticeably impacted the overall scores and relative positioning of providers. In addition to specific location ratings, we gave 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 origin (North America, Europe and Asia). It is important to note that location ratings are based on the scores received for a particular provider location, while the origin ratings are based on where a client is based. 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 weighted average scores below “good” are not 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. A full list of thresholds can be viewed under the Surveys section of our website www.globalcustodian.com. 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 awarded 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 150 Best in Class awards.

Table 2: Overall Benchmark Scores by Locations

OVERALL BENCHMARK SCORES BY LOCATIONS	
Location	Score
Amsterdam (or Netherlands)	6.14
Bahamas	6.12
Bermuda	5.89
British Virgin Islands	6.33
Cayman Islands	5.95
Curaçao	6.58
Dublin (or Ireland)	6.08
Guernsey	5.07
Hong Kong	5.66
Isle of Man	5.83
London (or United Kingdom)	6.27
Luxembourg	5.78
Paris (or France)	6.34
Singapore	6.14
Sydney	6.35
Toronto (or Canada)	5.95
United States	6.10

We are grateful to the service providers and especially to their clients, who completed 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 1: Global 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
Client Service and RM	6.19	6.15	6.33	6.30	6.26	6.10	6.29	6.15	6.10	6.25	6.12	6.21
Value	5.88	5.82	6.03	5.89	5.89	5.86	5.98	5.84	5.78	5.98	5.76	5.71
Fund Accounting and Valuation	6.11	6.08	6.21	6.12	6.16	6.06	6.24	6.06	6.00	6.21	5.97	6.01
OTC Derivatives	6.15	6.13	6.28	6.04	6.03	6.28	6.34	6.07	6.24	6.13	6.21	6.17
Investors Services	6.14	6.09	6.28	6.25	6.23	6.01	6.25	6.09	6.08	6.22	5.99	6.16
Reporting to Investors	6.15	6.13	6.22	6.20	6.21	6.08	6.30	6.09	6.05	6.23	6.04	6.09
Reporting To Fund Managers	6.07	6.03	6.18	6.16	6.13	5.99	6.24	6.00	5.98	6.16	5.95	5.97
Compliance and Taxation	6.17	6.15	6.23	6.18	6.22	6.12	6.28	6.12	6.12	6.24	6.11	5.99
Corporate Administration	6.11	6.09	6.17	6.07	6.16	6.08	6.22	6.06	6.12	6.18	6.07	5.94
Fund Structures	6.16	6.13	6.25	6.22	6.19	6.12	6.26	6.12	6.17	6.25	6.06	5.93
Funds of Funds Administration	6.11	6.12	6.11	6.20	6.36	5.95	6.22	6.08	6.15	6.16	6.05	6.13
Middle Office Services	6.11	6.08	6.19	6.13	6.13	6.09	6.24	6.06	6.08	6.20	6.02	6.04
Credit/Leverage	5.70	5.69	5.54	5.39	5.68	5.77	5.84	5.67	5.58	5.77	5.73	5.49
Technology	5.86	5.81	6.00	5.92	5.88	5.82	6.02	5.79	5.79	5.95	5.76	5.78
Risk Management	5.90	5.93	5.80	5.83	5.91	5.94	5.98	5.86	5.78	5.99	5.91	5.76
TOTAL	6.05	6.03	6.12	6.06	6.10	6.02	6.18	6.00	6.00	6.13	5.98	5.96