



**2008 PRIVATE
EQUITY FUND
ADMINISTRATION
SURVEY**



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

Methodology

This is the 2nd annual *Global Custodian* survey of private equity administration services. It aims to measure perceptions by private equity firms of the quality of the services provided to them by third party administrators. A total of 96 responses—nearly double the number of responses received in 2007—were received on behalf of seven providers. Of those, five providers received enough responses to be rated.

The questionnaire was virtually unchanged from 2008, except for some minor layout changes to the About Your Organization Section. The questionnaire itself comprised 65 questions divided into 12 service areas: Client Service and Relationship Management; Value; Fund Establishment and Structuring; Capital Drawdowns; Investment Execution; Accounting and Reporting To Limited Partners/Investors; Accounting and Reporting to General Partners; Distributions; Reporting; Regulatory Reporting and Compliance; Corporate Secretarial and Technology.

Respondents rated the quality of service from their providers on 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 are weighted both for questions named by respondents as important and for the size and sophistication of the respondent.

Providers are eligible for either a Top Rating (awarded to any provider whose total weighted average score equals or betters the overall weighted average) or a Commended Rating (a more subjective category that takes into account factors other than

scores alone, but it is unusual in a mature survey for a provider to earn Commended status with a total weighted average score of less than 5.0). The minimum number of responses necessary to secure a rating was set at five.

Providers are also eligible for Best in Class awards, if they secure a total weighted average score that equals or betters the overall weighted average score in any combination of client size or geography and service area. Eligibility depends on securing a minimum of five responses in any category.

Our ambition in this survey is to offer providers, respondents and other interested parties benchmarks against which the quality of services provided by a wide variety of firms can be measured. We urge all users of our surveys to recognize that what is published in the magazine is only a fraction of the quantity of information gathered by the survey.

Experience has taught us that surveys do not happen by themselves, but require the investment of time and effort by providers and their clients. We are extremely grateful to the providers that had the courage to take part in a survey whose outcome was inherently unknowable, and to the respondents who took the trouble to complete a long and complicated questionnaire for an equally uncertain reward. As this survey grows and matures—and we will be working hard to ensure that it does—the risks taken by the pioneers should never be forgotten.

We strive always for accuracy. We aim also continuously to improve the efficiency of the survey process itself, to minimize its

encroachment on time and to reduce the risk of errors that compromise accuracy. We are pleased to hear of any shortcomings and welcome suggestions for improvements to any aspect of its conduct and presentation.

Further details of the findings published here and at www.globalcustodian.com are available from our Director of Research, Muzaffar Karabaev, in both digital and hard copy forms. His e-mail address is below.

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Table 2: Overall Benchmark Scores by Locations

OVERALL BENCHMARK SCORES BY LOCATIONS	
London *	6.04
Luxembourg*	6.04
New Jersey **	5.92
New York	6.05
France (or Paris) *	6.04
* As there was only one provider in this location a combined average score of European (Channel Islands, Dublin, London, Luxembourg and Paris) service centers was used as benchmark.	
** As there was only one provider in this location a combined average score of US (Boston, Chicago, Dallas, New Jersey, New York and San Francisco) service centers was used as benchmark.	

Table 1: Best in Class Benchmark Scores

	Global Scores	<\$100M	\$100M-\$1B	\$1B-\$5B	\$5B+	North America	Europe
Client Service and Relationship Management	6.16	6.46	6.29	6.29	5.81	6.21	6.09
Value	5.69	6.39	5.82	5.81	5.27	5.60	5.87
Fund Establishment and Structuring	5.96	6.41	5.95	6.18	5.52	6.06	5.80
Capital Drawdowns	6.15	6.62	6.25	6.17	5.89	6.21	6.11
Investment Execution	6.04	6.34	6.22	6.16	5.64	5.99	6.14
Accounting and Reporting To Limited Partners/Investors	6.02	6.53	6.42	6.14	5.32	5.96	6.14
Accounting and Reporting To General Partners	5.71	6.08	6.04	5.84	5.18	5.62	5.84
Distributions	6.14	6.60	6.29	6.21	5.80	6.11	6.21
Reporting	5.99	6.51	6.17	6.05	5.62	5.96	6.04
Regulatory Reporting and Compliance	5.86	6.39	5.91	5.82	5.67	5.84	5.93
Corporate Secretarial	6.19	6.09	6.86	6.07	5.92	5.70	6.26
Technology	5.83	6.50	6.25	6.15	4.98	5.60	6.13
TOTAL	5.98	6.41	6.21	6.07	5.55	5.90	6.05

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CACEIS

🥈* Overall | 🥈 <\$100M | 🥈* \$100-\$1B | 🥈* \$1B-\$5B | ⊕ \$5B+ | ⊕ North America | 🏆 Europe

BEST IN CLASS

	Overall	<\$100M	\$100M-\$1B	\$1B-\$5B	\$5B+	North America	Europe
	🥈*	🥈	🥈*	🥈*	⊕	⊕	🏆
Client Service	6.39			★	n/a	n/a	★
Value	6.26		★	★	n/a	n/a	★
Fund Establishment and Structuring	6.09		★		n/a	n/a	★
Capital Drawdowns	6.58		★	★	n/a	n/a	★
Investment Execution	6.48	★	★	★	n/a	n/a	★
Accounting and Reporting To Limited Partners	6.38		★	★	n/a	n/a	★
Accounting and Reporting To General Partners	6.31	★	★	★	n/a	n/a	★
Distributions	6.61		★	★	n/a	n/a	★
Reporting	6.41		★	★	n/a	n/a	★
Regulatory Reporting and Compliance	6.25		★	★	n/a	n/a	★
Corporate Secretarial	6.50	★	★		n/a	n/a	★
Technology	6.62		★	★	n/a	n/a	★
TOTAL	6.41	6.37	6.44	6.39	n/a	n/a	6.39

The servicing of private equity funds for external clients is a fast-growing and increasingly important line of business at CACEIS. One measure of this is the fact that this provider has attracted twice as many responses this year, from a mixture of third party clients and internal accounts drawn from both parent companies.

The acquisition in 2007 of Olympia Capital has opened up the North American market and, unlike last year, the respondents are not entirely European. However, they are all being serviced either from Paris or Luxembourg, where CACEIS has a giant operation servicing mutual and hedge funds, and where the authorities introduced the Sicar risk capital vehicle in 2004 and the Specialized Investment Fund regime last year, as part of a policy to attract private equity fund structuring and servicing work.

If the average scores are not quite as impressive as a year ago—indeed, they are lower in three out of four questions and all but two service areas, though rarely by much—it is an understandable rebalancing, given the near-perfection described by the smaller sample of 2007.

Besides, they still add up to the most flattering scores offered to any provider in this survey. They are also uniformly excellent in every question. Asked to name a weakness, clients cannot think of one, and amid such high scores it seems churlish to look for one, but it is noteworthy that the reporting scores are lower than the operational ones.

Importantly, the bank secures one of its best scores for client service and relationship management. “CACEIS have provided a thoroughly professional service,” writes one client. “Throughout, their management was with us.”

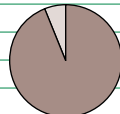
The management has also understood the need to supplement its existing fund administration capabilities with new skills, especially in tax, accounting and fund structuring. “The team is under development for a better service,” observes a client, who praises his relationship manager. The firm is certainly admired for its human qualities, or what one respondent calls “excellent relationship” and “very good follow-through.”

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

RESPONDENT PROFILE

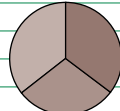
GEOGRAPHICAL ORIGIN OF RESPONDENTS

Asia	0.0%
Europe	94.1%
North America	0.0%
Others	5.9%



TOTAL AUM OF RESPONDENTS

<\$100 Million	35.3%
\$100 Million – \$1 Billion	29.4%
\$1-5 Billion	35.3%
\$5 Billion+	0.0%



PERCENTAGE OF CLIENTS PURCHASING SERVICES

Settlement of investment/divestment transactions	100.0%
Issuance of annual accounts to Limited Partners	94.1%
Preparation of annual accounts	88.2%
Issuance of all capital call letters to Limited Partners	88.2%
Dealing with general inquiries from Limited Partners	88.2%
Issuance of all investor reporting to Limited Partners	88.2%
Accounting for and reporting to General Partners	88.2%
Preparation of all investor reporting	82.4%
Management of audit process	82.4%
Calculation of all capital calls	70.6%

REPLICATE THE WORK UNDERTAKEN

Some of it	52.9%
None of it	41.2%
Most of it	5.9%



LOCATIONS RATINGS

Locations	2007	2008	2008 score
Paris	⊕	🥈*	6.41
Luxembourg	🏆	🏆	6.40



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