

EXPERT INSIGHTS:

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Bucking the trend: Solving data challenges in alternatives.



For fund managers, providing accurate and timely data for investors is crucial for ensuring superior visibility of investment performance, which in turn aids capital retention and supports future capital raising.

The alternatives fund management industry is undergoing a period of rapid growth and change. Along with the sheer expansion of assets under management, there is a wave of consolidation taking place, with disparate managers being welded together into global operations. These trends are highly positive for the industry. Alternative assets under management have ballooned in the last decade and currently stand at around \$16.4 trillion.¹ Alternatives data specialists at Preqin forecast this figure to reach \$30 trillion by 2030.²

Consolidation brings benefits of scale, a global footprint, and the acquisition of talent. But growth and consolidation also come with new challenges, not least of which is fund administration. Consolidated groups may find themselves with a disparate technology stack, multiple administration service providers, and a client base spread across various jurisdictions.

The result is a series of challenges:

- 1 Incompatible data
- 2 Incompatible technology systems
- 3 Managing multiple provider relationships

These challenges weaken resources that could be better allocated to the core business of alternative investments, while incompatible systems and data undermine the service to investors. Crucially, such challenges can also become obstacles to growth. Put simply, if a business is already groaning under the strain of multiple providers and systems, new product launches or further acquisitions become more difficult and can add more piecemeal additions to administration.

Challenges of data and delivery

Data poses the biggest challenge, both for internal fund operations and for client service. Private markets have historically involved significant lags in valuations and idiosyncratic reporting methods, but demand is growing for more timely and accurate data.

Disparate technology systems are a major hindrance to data delivery, and even apparently compatible or identical systems are often nothing of the sort. For instance, having multiple administrators might result in multiple third-party general ledgers. And even if they all use the same ledger application, are they all synchronised with the exact same version and chart of accounts? If not, the label on the technology may look the same, but the output is completely different.

This is just one example of the difficulties that multiple administrators can create, but it illustrates why data management is vital to effective fund administration. The other key component is talent. Fund managers operating in a global market need support from professionals with expertise in various jurisdictions. This is why technology and talent are the twin pillars of our business model at SEI®.

\$16.4T

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\$30T

Data specialists as Preqin forecast alternative assets under management to reach \$30 trillion by 2030.²



Disparate technology systems are a major hindrance to data delivery.

Taking a different path

Many administration service providers have attempted to service the global alternatives market by creating their own disparate network of operations—often heavily offshoring based on cost. This, however, risks replicating the same disjointed infrastructure that is already creating challenges in fund management businesses and diluting the quality of service to clients.

SEI is a global business, but we've rejected the trend towards fragmented, highly functionalised operations scattered across the globe. Instead, we have adopted a strategy of consolidating technology and talent to create a genuinely client-focused team.

The approach involves four key elements:

- 1 An advanced technology stack
- 2 An integrated administration hub
- 3 Access to expertise for clients
- 4 A platform that allows clients to grow

Ireland and Luxembourg are Europe's centres of the fund industry. They boast a strong talent pool and deep product expertise. As members of the European Union, they are well-positioned to service funds across the region.

SEI operates in both of these jurisdictions. Having a dedicated European hub means that various functions such as loan operations, fund accounting, and investor services all collaborate seamlessly, working together for clients. Crucially, we avoid dispersing work across numerous locations, which could fragment client service. Our European hub works hand-in-glove with our US team to deliver the operating model our large global clients demand.

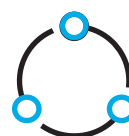
Delivering excellent service requires a genuine client-focused team, and that means giving clients access to operational expertise. We don't funnel everything through one client representative. Instead, clients have access to the required expertise across our various functional areas. Our teams are fully client-facing, and they mirror our clients' teams.

Data solutions to build on

For fund managers, partnering with SEI means clients access a solution not only for their current business, but also future growth and diversification into new asset classes and fund models.

Using sophisticated technology, we have been able to deliver tangible benefits for global fund managers, helping them provide accurate and timely data for investors. This enhances the visibility of their investment performance, which in turn helps with capital retention and future capital raising.

In the years ahead, the ability to deliver quicker and more relevant data to investors will be a key competitive issue in alternatives fund management. At SEI, we are leading the way in this field, delivering net asset values (NAVs) to investors within a compressed NAV timeline, which helps give our clients an edge in attracting capital. The rapid growth of alternatives is among the most remarkable success stories in the investment sector in recent years, and this growth in scale and sophistication is expected to continue unabated. Asset managers planning to grasp the opportunities ahead and deliver on rising client expectations will need administration services that match the complexity and demands of the evolving market.



SEI delivers NAVs within a compressed timeline.



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Michele leads operations and relationship management for SEI's Investment Managers business in EMEA. Since joining SEI in 2023, she has played a leading role in designing and executing business strategies. Michele brings extensive industry experience across various disciplines and financial centres.



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Sources

¹ Assets Under Management, Preqin, March 2024

² “Global Alternatives Markets Likely to Exceed \$30Tn by 2030: Preqin,” *BW Businessworld*, 19 September, 2024.

Important information

Information provided by SEI Investment Managers business; SEI Investments–Luxembourg S.A.; SEI Global Fund Services Limited; SEI Investments (Europe) Limited, which are wholly owned subsidiaries of SEI Investments Company. The Investment Managers business is an internal business unit of SEI Investments Company. The views and opinions in this article are of SEI only and should not be construed as investment advice.