Shareholders in hedge funds are becoming much more sophisticated, and to, an extent, more demanding in terms of what they get from their hedge fund managers. They are sovereign wealth funds, they are pension funds, and they are institutional investors, and they are used to receiving a certain level of transparency and efficiency from a hedge fund that really only scale in an administrator can provide. We are seeing more and more hedge funds coming to us, and asking to park a portion of their assets with us as a global custodian, for example, purely because they are seeing those demands coming in from their shareholders. The hedge fund manager will then see the extent to which we control the NAV and the administration process, and that in itself leads to efficiencies within the hedge fund management function itself.

As the investor profile has changed in hedge funds, hedge funds have looked for scale and resiliency in their service providers. It is a natural process of passing that on. Hedge funds, themselves, of course, are thinly capitalized organizations and they need to be serviced by organizations that have a solid capital foundation. An organization like BNY Mellon fits into this ideally, particularly when you think of BNY Mellon’s broader administration business, and all of the controls and processes that go with that.
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