

Transfer Agency Survey

Executive Report | 2008

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IRISH FUNDS
INDUSTRY
ASSOCIATION

Transfer Agency Survey

Executive Report

During the 2007-2008 committee term, the TA Committee conducted a survey of the Transfer Agency sector in Ireland to provide up-to-date information on the capabilities and size of the TA sector in Ireland. The TA Survey was sent to a total of 42 companies with responses received from 32 companies.

Overall, the survey reflects a growing and maturing TA sector which is servicing a wide range of asset and fund types composed of share holdings distributed around the globe. The survey also reflects the advanced system capabilities and dynamic nature of the TA sector, which continues to strive for greater operational efficiency through increased automation and system enhancements.

Net assets under administration

The results of this survey revealed that the funds industry is now servicing in excess of US \$2 trillion, which is split almost exactly between long and alternative funds. The growth in the servicing of alternative investment funds is striking, as these funds now make up half of total business, demonstrating the fact that Ireland is the leading global centre for the administration of alternative investment funds.

Breakdown of Irish domiciled assets serviced by TA sector in Ireland USD Million

<i>Fund Type</i>	<i>USD Million</i>
Long Funds	917,207.30
Alternative Funds	87,506.74
Total Irish domiciled NAV	1,004,714.03

Breakdown of non-Irish domiciled assets serviced by TA sector in Ireland USD Million

<i>Fund Type</i>	<i>USD Million</i>
Long Funds	77,952.19
Alternative Funds	923,796.30
Total non-Irish domiciled NAV	1,001,748.49

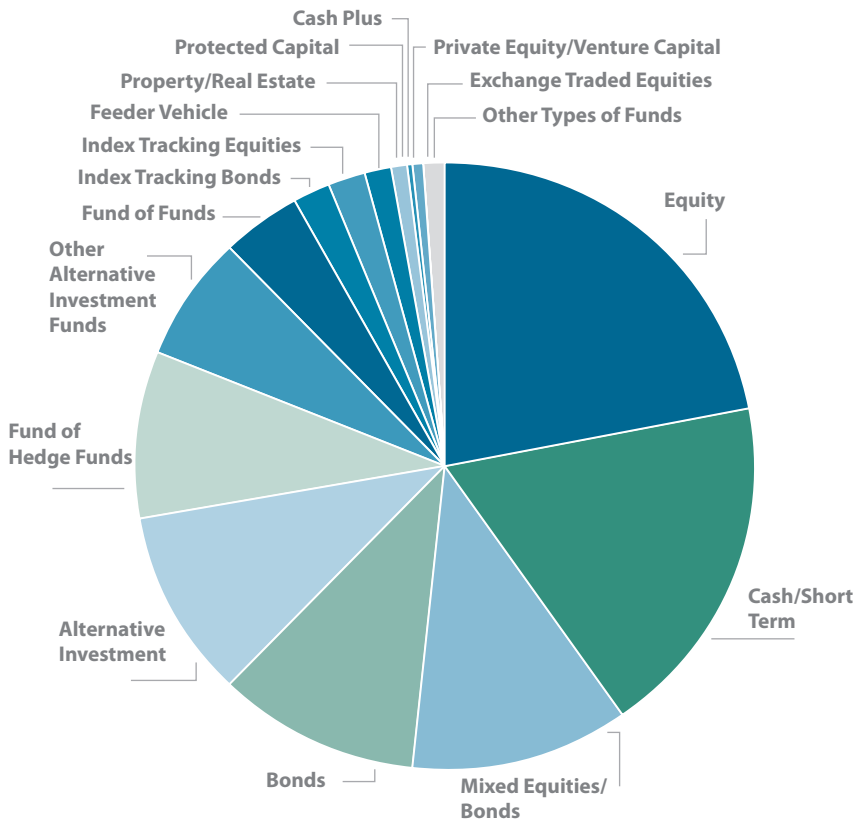
Total Irish-domiciled and non-Irish domiciled NAV (USD Million)	2,006,462.52
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Total No. of respondents = 32 (estimated figures used for 4 companies)

Asset type

The TA sector in Ireland services a large and diverse range of investment products, with equities comprising the largest proportion of asset types, followed by cash/short term products, mixed equities and bonds and various types of alternative investment funds.

% Breakdown of asset types serviced



Asset Type	Average % of AUA
1 Equity	22.1%
2 Cash/Short Term	18.1%
3 Mixed Equities/Bonds	11.5%
4 Bonds	10.3%
5 Alternative Investment	10.0%
6 Fund of Hedge Funds	8.8%
7 Other Alternative Investment Funds	6.9%
8 Fund of Funds	4.0%
9 Index Tracking Bonds	2.0%
10 Index Tracking Equities	1.8%
11 Feeder Vehicle	1.6%
12 Property/Real Estate	0.8%
13 Protected Capital	0.3%
14 Cash Plus	0.3%
15 Private Equity/Venture Capital	0.3%
16 Exchange Traded Equities	0.1%
17 Other Types of Funds	1.1%

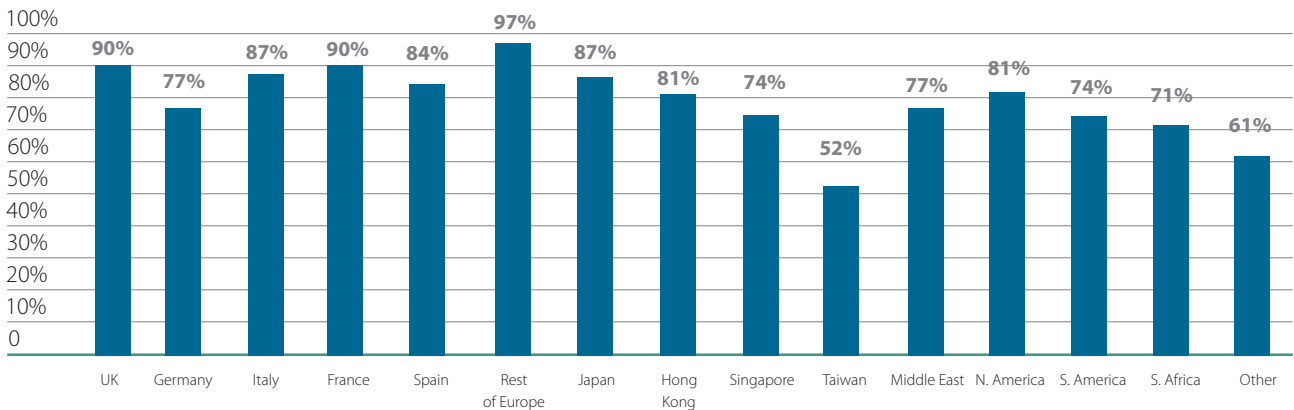
Total No. of respondents = 28

Geographic location of shareholders

The findings of the survey confirmed the widespread geographic location of the TA shareholder base and the wide range of countries and regions covered by TA distribution support. The percentage growth of companies with a shareholder base in the Middle East (+23%), North America (+20%), Japan (+19%) and Hong Kong (+17%) showed the most significant increases since 2002. A majority of companies provided TA distribution support coverage to the UK, Germany, Italy, France, Spain and other European countries, as well as to Japan, Singapore, North America, South America and South Africa. Distribution support for Hong Kong, Taiwan and the Middle East also featured heavily in the survey.

Geographic location of shareholders

% of companies with a shareholder base in the following regions



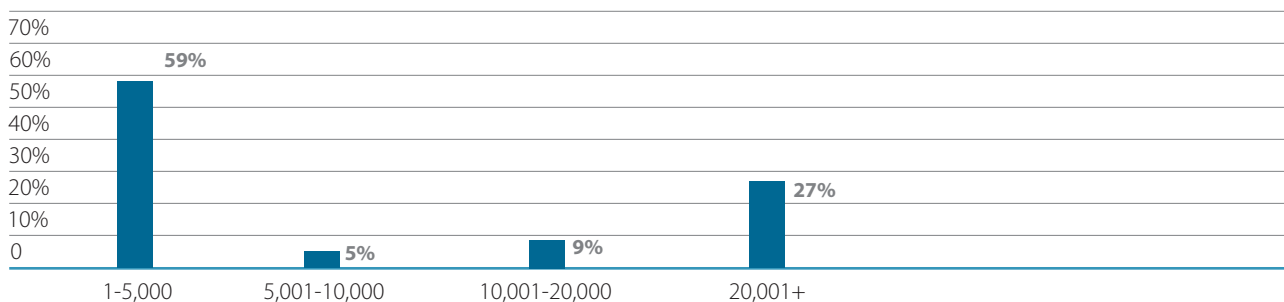
Total No. of respondents = 31

Company size and trade volumes

From analysis of staff numbers and trade volumes, it is clear there is a wide variety in terms of the size of the companies that responded but a trend towards a polarisation of company sizes, with an increasing number of smaller and larger players, is apparent. Data on account volumes also reflected this trend, with a 4% increase since 2002 in the number of companies with over 100,000 active accounts on their register and a 19% drop in companies that had between 10,001 and 100,000 registered accounts.

Breakdown of trade processing volumes per month for long only funds

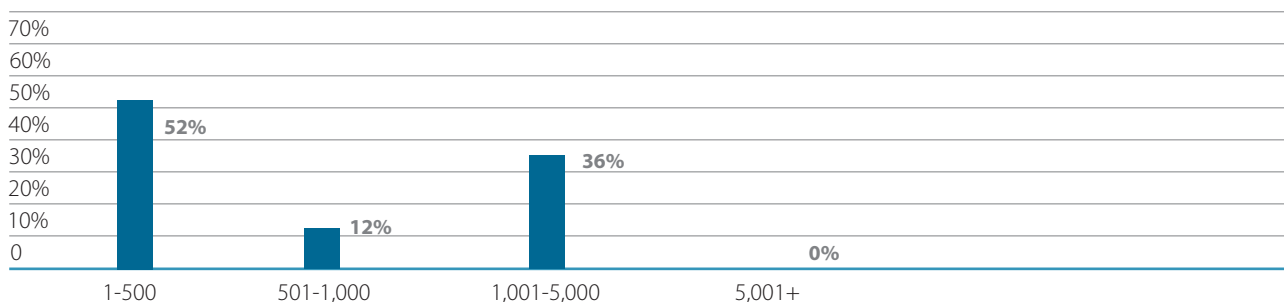
by percentage of respondents



Total No. of respondents for Long Only Funds = 22

Breakdown of trade processing volumes per month for alternative funds

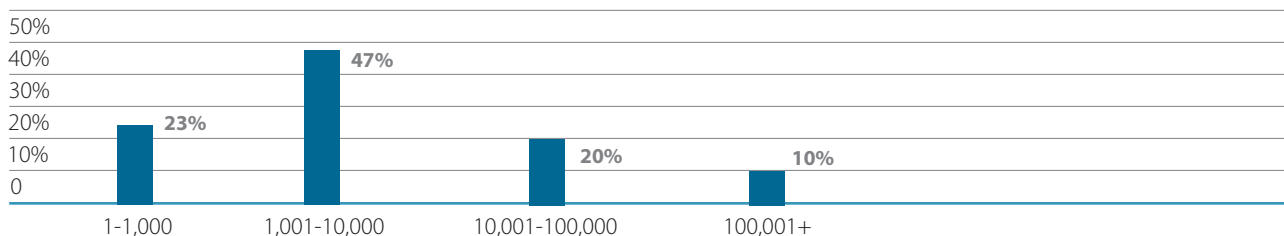
by percentage of respondents



Total No. of respondents for Alternative Funds = 25

Number of active shareholder accounts on the register in Ireland

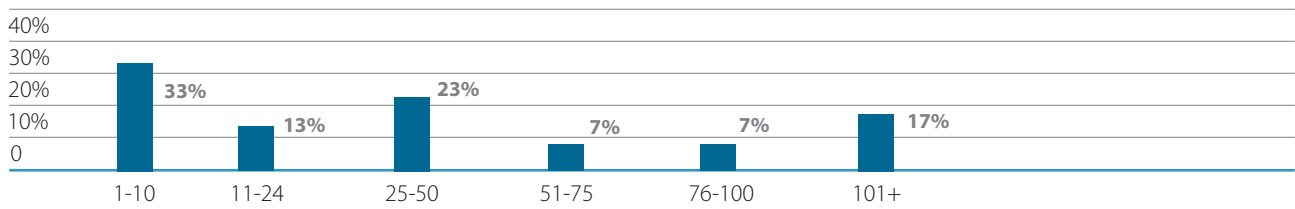
by percentage of respondents



Total No. of respondents = 28

Staffing in TA operations in Ireland – employment numbers

by percentage of respondents



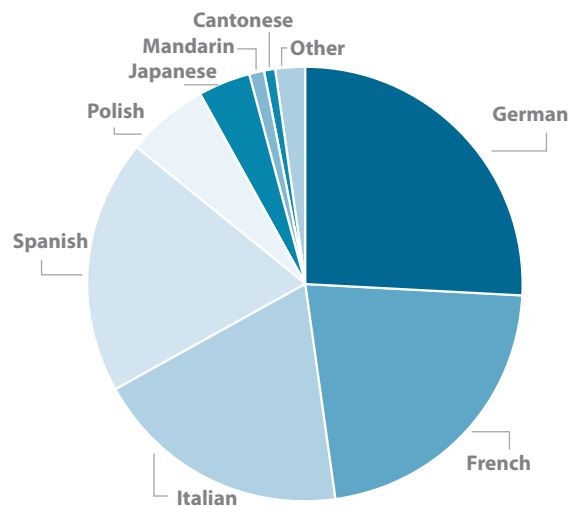
Total No. of respondents = 30

Foreign language and call centre capabilities

A wide range of foreign languages are being used by TA staff, with the most frequently used being German, French, Italian and Spanish. In excess of 40% of companies have staff with French and German language skills and over 30% of companies employ Italian and Spanish speakers.

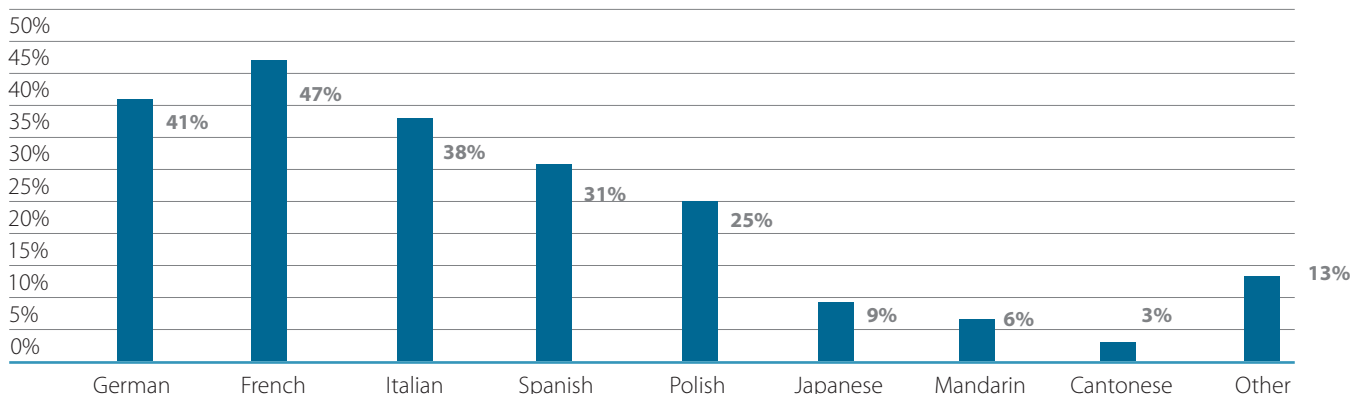
Languages used in TA - percentage breakdown of foreign languages used by staff in TA

Language	%
1 German	26%
2 French	22%
3 Italian	19%
4 Spanish	19%
5 Polish	6%
6 Japanese	4%
7 Mandarin	1%
8 Cantonese	1%
9 Other	2%



Total No. of respondents = 21

Percentage of companies that have staff with the following language skills

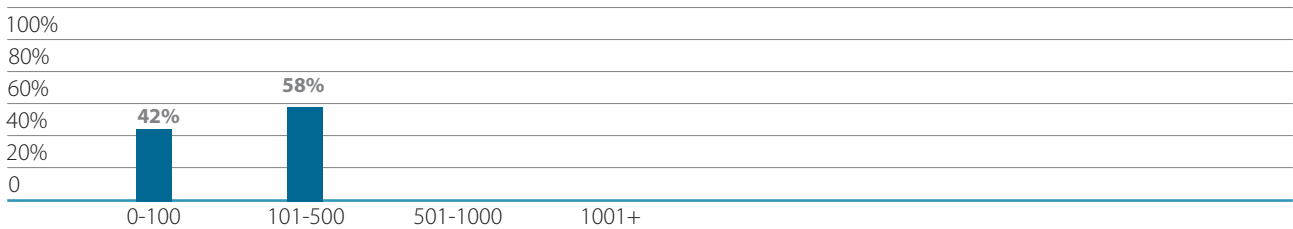


Total No. of respondents = 21

39% of TA service providers that responded operate a call centre, with the majority of these (58%) taking an average of between 101 and 500 calls daily. Reflecting the rapid growth in the industry over the past number of years, the percentage of companies operating a call centre has more than doubled from 16% in 2002 to 39% in 2007, while the percentage of companies taking over 100 calls per day has increased from 40% to 58%.

Average No. of calls per day

by percentage of respondents



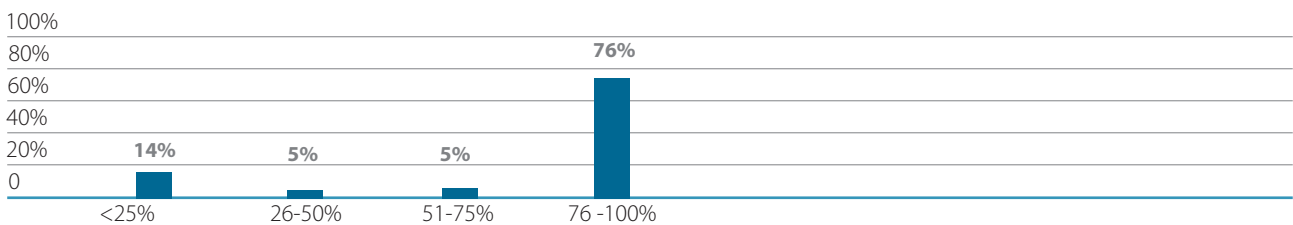
Total No. of respondents = 12

Provision of third party TA services

A majority of respondents (70%) provide third party TA services and for the majority of these companies (76%) this business represents between 76% and 100% of their total TA business. In comparison with 2002, there has been a 5% increase in the number of companies providing third party services and the importance of third party services as a proportion of total business has also grown, with an 11% increase since 2002 in the number of companies indicating that third party services accounts for between 76% and 100% of total business.

Proportion of business relating to third party TA services

by percentage of respondents



Third Party Services as a % share of TA Business

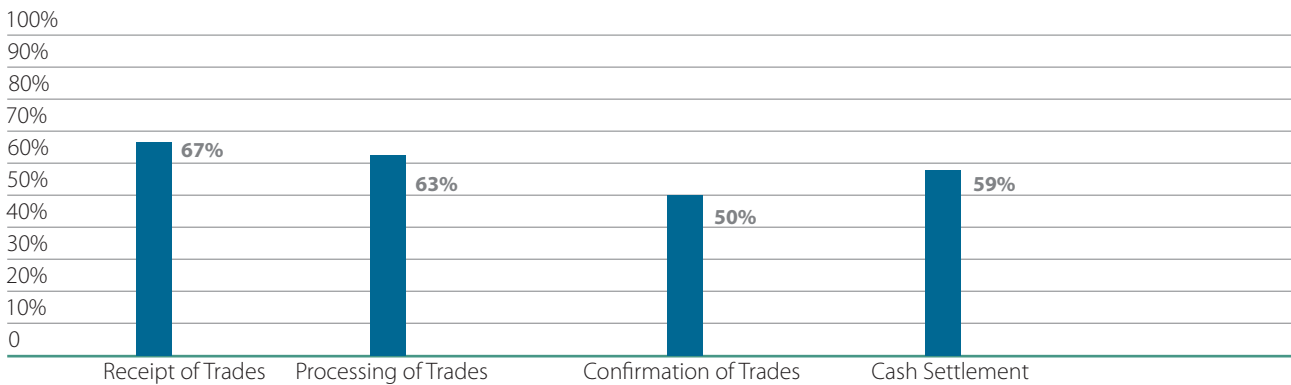
Total No. of respondents = 21

System capabilities

The survey revealed a high level of capabilities in terms of systems and automated processes. A high percentage of companies have STP solutions in place for receipt of trades (67%), processing of trades (63%), confirmation of trades (50%) and cash settlement (59%). Where used, STP transaction volumes accounted for over 50% of total transaction volumes. For example, the average percentage of STP on cash settlement was 77%.

Percentage of companies with STP solutions in place to support receipt of trades, processing of trades, confirmation of trades or cash settlement.

by percentage of respondents

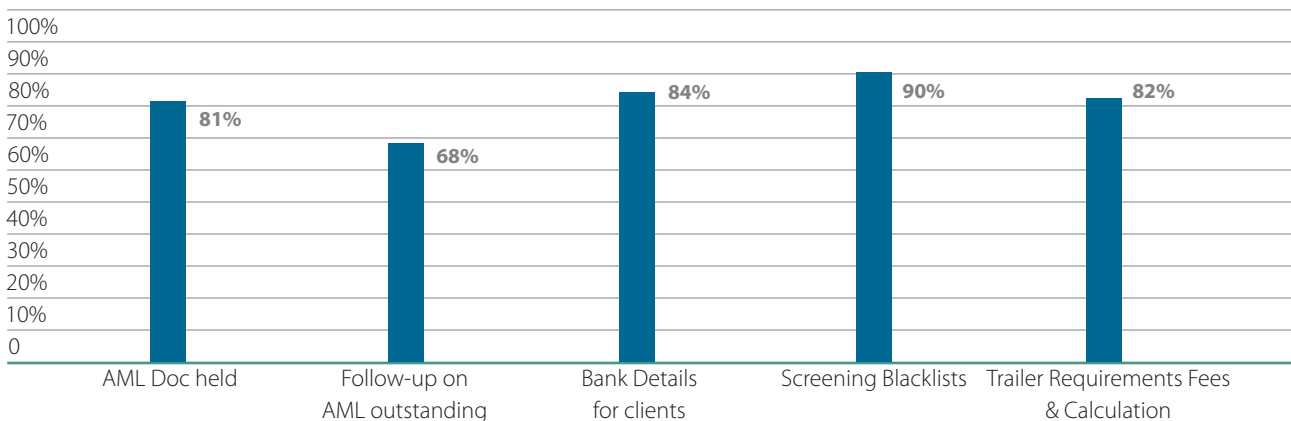


Total No. of respondents = 30

Automation of internal systems was also widespread, with 61% of companies using an automated imaging system and 48% using an automated workflow system. Most companies with an automated workflow/imaging system have integrated this with their core TA system and a majority of companies that do not have an automated workflow/imaging system plan to introduce this functionality in the next year. Use of systematic solutions for TA processes is very high, with over 80% of respondents deploying a systematic solution for recording of AML documentation, bank details for clients, trailer fee requirements and calculation and for screening blacklists. Almost 70% of companies had a systematic solution in place for follow-up on AML documentation outstanding. Furthermore, 81% of companies surveyed had at least one eCommerce solution in place.

Use of systematic solutions for TA processes

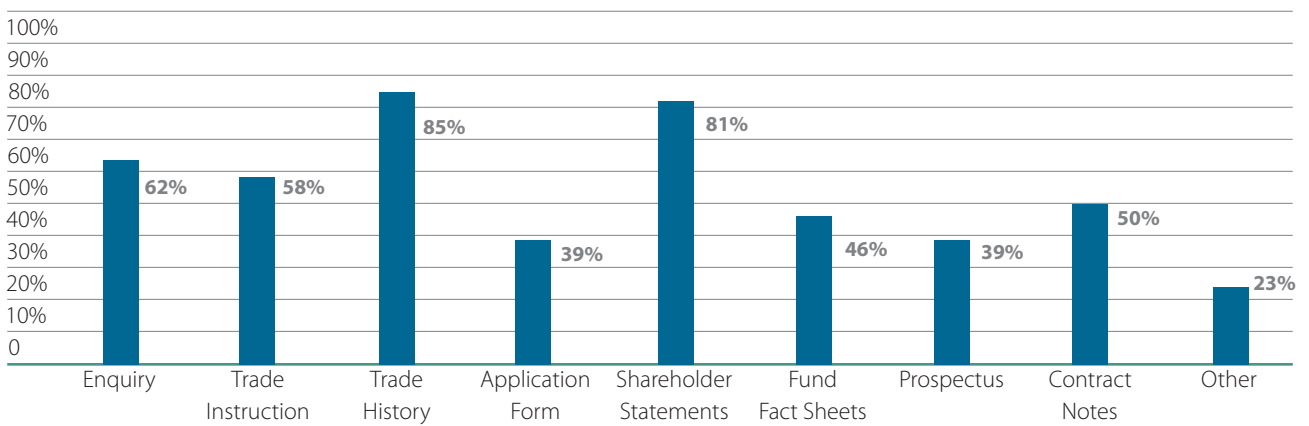
by percentage of respondents



Total No. of respondents = 31

eCommerce capabilities

% of companies with the following eCommerce solutions



Total No. of respondents = 26

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