

WHY THE SMARTEST SECRET SAUCE IS OUTSOURCE

Why fund admin belongs with specialists, not investment teams



Outsourcing fund administration is **not about cost-cutting**, or doing less, writes **Christopher Erasmus**, Managing Director – Mauritius at PIM Capital, a global business specialising in fund design and administration across asset classes and markets. It is about **excellence, trust, independence and freeing genius to do what it should be doing**.

Independence equals trust and, at its most fundamental level, **outsourcing solves a trust problem**. Independent administration creates a clear separation between **portfolio construction and valuation**, a distinction that matters deeply to institutional investors and regulators alike.



Outsourcing isn't just operational housekeeping; it is a **governance decision**. Investors do not want asset managers pricing their own products. Regulators actively prefer (and increasingly require) independent oversight. In volatile or emerging markets, independence becomes a confidence premium.

For investors, **flawless administration is not a nice-to-have, it is the very foundation of trust**. Accurate pricing, timely NAVs and clean reporting are what allow investors to believe in performance. When administration works perfectly, **nobody notices it**. When there is even the smallest mistake, **nothing else matters**.

At scale, administration stops being a support function and **becomes a second business**. The smartest fund managers recognise this early and externalise it. This is not because admin is not important, but because **it is mission-critical and must be done independently, flawlessly and without distraction**.



As asset managers grow, building assets under management and expanding into private markets and other alternatives, fund administration stops being a back-office function. It soon **starts to look like a standalone business** and can morph into a **full-scale enterprise with its own team, systems, controls and technology stack**.

Even before you consider the vagaries of the emerging markets, **fund management is ever more complex**, with **volatility increasingly becoming the norm**. Add to that what can feel like an **explosion of options in alternatives, private markets, multi-jurisdictional funds** and so on, and it becomes clear that the idea that admin issues might be solved by hiring a few accountants is a **dangerous under-estimation**.

Too many asset managers end up building an **internal admin company by default**. It is clear to those in the know that **outsourcing is a realistic recognition of complexity, not an abdication of responsibility**.

Certainty

Outsourcing **replaces operational anxiety with certainty**. When vital-but-not-necessarily-key functions are outsourced, **timelines are locked in contractually, NAVs are calculated and delivered on time every time**, and managers can shed the weight of much operational risk. **Not worrying about operations means they can focus entirely on outcomes**.

It is worth noting that admin **competes for attention precisely when attention is most valuable**. At times of market stress, all hands – in investment teams, particularly – are needed on deck. When markets move fast in either direction, investment teams **cannot afford to be distracted by operational detail**. In moments of volatility – which usually represent **imminent danger or great opportunity** – the **cost of internal admin can become brutally clear**. Admin doesn't pause during volatility. It will often take a crisis for managers to realise that **doing it all yourself means that admin competes directly with opportunity**.

Besides, **why would you waste genius on spreadsheets**. Asset managers are head-hunted, hired and often generously compensated for their judgement, instinct and insight, **not process execution**. The best asset managers are not just highly qualified, **they are intuitive, experienced decision-makers who create value through judgement refined over years**. Asking them to calculate NAVs or manage cash reconciliations is not only inefficient; **it actively destroys value**. **You don't hire a CFA to run reconciliations. You hire them to read markets, make decisions and create performance**.

All that said, let me be clear: **admin is not easy**. Specialisation cuts both ways. Admin requires **obsessive attention to detail, robust processes and specialised systems**. The **smartest operating model lets investment professionals invest, and administrators administer**.

We see technology as **an enabler, not a distraction**. In our world, **automation supports people, it doesn't replace them**. In fund administration, technology is most powerful when **it removes friction, quietly and behind the scenes**. **Well-designed automation reduces errors, speeds up delivery and frees experts to focus on exceptions – not routine tasks**. Admin is about **processes, not predictions**, which is why **AI is less relevant than well-designed automation**.

In an industry obsessed with predicting what comes next, **the real differentiator is still execution**. **Strong processes, trusted relationships and experienced people** create agility far more reliably than chasing every new technological promise. **The future belongs to firms that execute relentlessly and seamlessly**.



Outsourcing as a partnership

The most effective outsourcing relationships are not transactional. They evolve into **partnerships** where administrators help asset managers to **expand**. Drawing on **specialised experience** that would be costly and time-consuming to build internally, a strategic partner like **PIM Capital** helps clients to **enter new markets** and **structure new opportunities quickly and smoothly**.

Outsourcing fund administration is not about doing less, it is about **doing the right things exceptionally well** and letting **specialists handle everything else**.

Christopher Erasmus, TEP, oversees **PIM Capital's operations**, ensuring consistently **high standards of operational excellence** and **client satisfaction** across fund structuring and fund administration. With over a decade of **industry experience**, his leadership is defined by a **strong client-centric approach**, underpinned by **robust operational discipline** and unwavering adherence to **regulatory standards**.





Get in Touch

Stephan Hartzenberg, CFA

Group Director & Managing Director, Guernsey



+44(0) 7781 150 071



stephan@pimcapitalgroup.com



www.pimcapital.mu

Christopher Erasmus, TEP

Managing Director, Mauritius



+230 5472 5183



cerasmus@pimcapitalgroup.com



www.pimcapital.mu

Danielle Green

Managing Director, Cape Town



+27(0)72 977 1857



dgreen@pimcapitalgroup.com



www.pimcapital.mu

Jacques Zaayman

Group Director, South Africa



+27(0)82 495 5719



jzaayman@primeinvestments.africa



www.primeinvestments.co.za

Israel Bhailall

Managing Director, South Africa & Africa



+27(0)71 142 1903



ibhailall@primeinvestments.africa



www.primeinvestments.co.za

Aobakwe Kobue

Managing Director, Botswana



+267 716 73647



akobue@prime.co.bw



www.primeinvestments.bw

Mauritius

Ebene: PIM Capital House, E53 Avenue de la Canelle, Ebene City
Tamarin: Office No. B3-S05, 2nd Floor, Black River Business Park, Royal Road, La Mivoie, Tamarin

Guernsey

St Peter Port: Suite 02 02, Mill Place, Rue du Pré, Guernsey, GY1 1

South Africa

Johannesburg: 28 Peter Place, Lyme Park, Sandton
Cape Town: 183 Albion Springs Corner of Main Road &, Albion Springs Cl, Rondebosch

Botswana

Gaborone: Office 13, 1st Floor, The Office, Fairgrounds, Gaborone

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