

# 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 the 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**.





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