

ALTERNATIVES

MainstreamBPO plans Hong Kong presence

The Australian fund administration firm aims to expand to North Asia and boost its existing operations in Singapore.

By [Georgina Lee](#) | 17 April 2013

MainstreamBPO, an Australian fund administration firm, plans to expand its nascent Asian presence from Singapore to Hong Kong by the end of this year.

Founder and chief operating officer Martin Smith sees increasing interest from fund houses in setting up an Asian presence in the two cities, banking on fast-growing Asian economies both in Southeast Asia and Greater China.

In Hong Kong, Smith says the firm sees demand from at least three offshore managers that already have a presence in the city looking to outsource their fund admin services.

Having set up in Singapore in April 2012, MainstreamBPO is hiring to add to its existing three-strong team, with the aim of boosting it to up to 20. The firm – which services superannuation funds, alternative firms and long-only managers – currently has five fund house clients registered across the Cayman Islands and Singapore.

MainstreamBPO services 220 funds across Australia and Singapore with \$25 billion in assets under management, and 65 managers across 70,000 unit holders. Its offering includes fund accounting, unit pricing and transfer agency services.

The firm has operated in Australia for seven years and employs 65 people there; it plans to become a mid-market fund administrator that provides admin as end-to-end outsourcing.

“We want to be in a sector where there is a mature clientele comprising mature buyers of outsourcing,” says Smith, who



MainstreamBPO's founder and COO, Martin Smith

says he increasingly sees clients expecting middle-office outsourcing as part of the fund admin service. Hence, MainstreamBPO is increasingly offering middle-office post-trade functions such as settlement, performance attribution and compliance.

In both Australia and Singapore, the company works closely with leading custodians and prime brokers, since as a mid-market player it relies on referrals from such firms for as much as 70% of its business. In other words, it is targeting business opportunities that big custodians and broker-dealers see as non-core and boutique firms might not have enough resources to cover.

Fund administration is often not the core business of investment banks, as it doesn't offer margins as lucrative as brokerage and stock-financing, says Smith. “While these investment banks would keep the custodian

business, they would often outsource the transfer agency function to providers like us, which aims to make a profit through economies of scale.”

For hedge fund fund-accounting software, the firm uses Paxus from Pacific Fund Systems; and it uses DST Global Solutions' HiPortfolio for mutual funds.

Both Smith and Byram Johnston, chief executive of MainstreamBPO, had worked at the now-defunct Arthur Anderson specialising in business-process outsourcing.