



White Paper

# Investor services in the age of convergence

Unlock transformative technology and move faster into managing complex fund structures

## The investment universe is converging. Can your investor services handle the complexity?

Investment strategies are entering a new era. To improve returns while maintaining liquidity for investors, fund managers are increasingly offering hybrid fund vehicles with a combination of public and private asset classes. As this trend gains pace, investor services will feel more and more pressure in the push to simplify services for complex products.

For asset managers and fund administrators globally, daily dealing and alternative funds still account for the bulk of assets under management (AUM) and administration (AUA), with exchange-traded funds (ETFs) and alternative asset classes in particular growing fast.

As portfolios continue to diversify away from traditional stocks and bonds, hedge fund assets reached a historic \$5 trillion in 2025, as quarterly capital flows hit an 18-year high.<sup>1</sup> Meanwhile, private market assets under management are projected to grow at more than twice the rate of public assets and reach a global value of \$60 to \$65 trillion by 2032.<sup>2</sup>

Now, with their blend of illiquid private asset classes, from private equity and credit to real estate, and liquid asset classes, such as listed equities, semi-liquid hybrid funds are also starting to grow rapidly.

Amid the expansion of private markets as a whole, the number of semi-liquid funds has almost doubled from 238 in 2020, to 455 in 2024, while their AUM has almost tripled from \$126 billion to \$349 billion over the same period. With this momentum predicted to continue, AUM for semi-liquid funds is expected to reach \$4.1 trillion by 2030.<sup>3</sup>

Along with ongoing investment in alternative asset classes, the convergence of public and private assets in hybrid funds is good news for growth in both fund management and fund administration. But are you ready for its impact on investor services?

**To improve returns while maintaining liquidity for investors, fund managers are increasingly offering hybrid fund vehicles with a combination of public and private asset classes.**

### Structural complications – open-ended vs. closed-ended investments

Hybrid funds have emerged largely to meet the needs of a new generation of retail investors. Ideally, this ever-growing cohort not only want the high returns associated with closed-ended private market funds, but also the periodic access to liquidity promised by open-ended, publicly-traded assets.

In semi-liquid funds – such as European long-term investment funds (ELTIFs), long-term asset funds (LTAFs) in the U.K. and evergreen, interval or tender offer funds in the U.S. – investors essentially get the best of both worlds. But there's a catch for companies that manage or administer the underlying assets.

When open- and closed-ended investments converge within a single fund structure, they threaten to complicate investor servicing. You might, for example, need to carry out more frequent valuations and manage much larger share registers than you would in a separate private market fund. Or you could face far more complex fee calculation structures than are typical with a daily dealing fund.

In other words, private and public – or open- and closed-ended – asset classes come with their own unique processing, regulatory and reporting requirements, as do hedge funds, distressed debt, special situations and other alternative asset classes. You want to support as many fund types as possible, but can your current transfer agency systems and processes cope?



<sup>1</sup> CNBC, Hedge Fund Assets Reach Historic \$5 Trillion as Quarterly Capital Flows Hit 18-year High, October 24, 2025

<sup>2</sup> Bain & Company, Private Market Assets to Grow at More than Twice the Rate of Public Assets, August 21, 2024

<sup>3</sup> Deloitte Center for Financial Services, Semi-liquid Funds: A US\$4 Trillion Opportunity for Traditional and Alternative Investment Managers, September 11, 2025

## Transfer agency operations are increasingly overwhelmed

Transfer agency and investor services have evolved to encompass a complex, interconnected and highly regulated set of activities, designed to manage the lifecycle of investors within a fund.

For open-ended funds, it's the responsibility of the transfer agent or registrar to onboard ever-multiplying volumes of investors, update the share register and carry out fee, performance and other calculations. In typically liquid, daily dealing funds, there are thousands of trades to capture from multiple retail and institutional channels and investment platforms, trailer fees to process and cash transactions and dividend distributions to manage.

Although investor services for closed-ended funds broadly follow the same workflow as for open-ended structures, the terminology is different, as are many of the underlying processes and calculations.

Rather than the subscriptions and redemptions made when joining and exiting an open-ended fund, investors in closed-ended funds make capital commitments and drawdowns. With capital typically committed for many years, essentially locking up liquidity, valuations are infrequent, while positions are recorded at unit value rather than a monetary amount. And complex waterfall calculations are critical to determining how investment returns are distributed among different tiers of investors.

In short, both open-ended and closed-ended fund types introduce their own investor servicing demands – major operational challenges that are only exacerbated by inflexible legacy systems and costly manual processes. Challenges that become even more pronounced when open- and closed-ended structures converge in hybrid semi-liquid funds.

## Transformation is a high priority for investor services

Fund investment processes are stuck in the past and lag far behind the digital efficiency of online banking or shopping platforms. In investor services, manual processes and continued use of legacy technology increase both friction and operational costs.

The time for investor services to digitally transform is now. According to McKinsey, asset managers typically spend 60% to 80% of their technology budget on running legacy systems, with the remainder earmarked for digital change programmes.<sup>4</sup>

The issue is not only the age of the systems that buy-side firms run, but also the sheer number. You need the agility to move faster into new fund types, so it's critical to not only digitize but also consolidate transfer agency operations onto fewer, more flexible systems.

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<sup>4</sup> McKinsey, How AI Could Reshape the Economics of the Asset Management Industry, July 16, 2025



## Streamline your systems for the age of convergence

With fund managers and fund administrators now supporting a more diverse range of asset classes, fund structures and investment strategies, fragmented, multi-system environments have become the status quo in the back office.

McKinsey says, "Most firms have fragmented systems supporting different asset classes. Asset managers also work within siloed data environments with no comprehensive, fit-for-purpose, front-to-back platform, making it difficult to integrate diverse data sources ... And even after modernization, firms frequently fail to fully decommission legacy systems, resulting in bloated application portfolios and limited efficiency gains."<sup>5</sup>

But in the drive to transform investor servicing operations, there's a new focus on unifying and simplifying overcomplicated technology landscapes.

Elgin White says, "To tackle the challenges transfer agencies face in moving to a digital TA model, and to remain competitive and improve the value proposition, they need to take a strategic review of their systems, applications, and processes to ensure they are up to date with current trends and technologies.

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<sup>5</sup> McKinsey, How AI Could Reshape the Economics of the Asset Management Industry, July 16, 2025

"This process should include the rationalization of existing systems and the potential migration of books of business to one new platform that meets 80% of their needs."<sup>6</sup>

Consolidation is all the more critical in the age of convergence, as asset managers and fund administrators look to service a more diverse combination of asset classes for more investors – and in particular meet the complex operational requirements of hybrid semi-liquid funds.

### Service a greater range of fund structures on a single platform

When it comes to servicing investors in semi-liquid funds, EY says, "The complexity of managing investments that may not be readily liquidated requires robust operational frameworks and innovative solutions. One key instrument for liquidity management is the lock-up period. However, implementing such measures can be costly and complex.

"Investors in semi-liquid funds are diverse, ranging from retail investors to high-net-worth individuals and institutional clients. This diversity increases competition among funds, making it imperative to develop clear and transparent valuation frameworks that build trust with investors."<sup>7</sup>

Ultimately, as a fund manager or fund administrator, you need the ability to manage the entire lifecycle of your investors on a single transfer agency platform. You need a system that can handle multiple fund types, however complex, and that meets the needs of a traditional mutual fund, an alternative fund, or a hybrid of both.

With a powerful solution of this kind, you can quickly move into managing or servicing new strategies – and drive growth without adding further complexity and cost to your investor servicing operations.

<sup>6</sup> Elgin White, The Digital Transfer Agency of the Future – Challenges and Opportunities, June 20, 2023

<sup>7</sup> EY, Navigating Challenges in the Valuation of Semi-liquid Funds, September 2025



## Simplify the complex with FIS

As a market-leading investor servicing platform, **FIS® Investor Services Manager** provides a one-stop solution for a comprehensive range of alternative asset classes, from daily dealing funds, hedge funds, private equity and private credit to infrastructure, distressed debt, special situations and semi-liquid hybrid funds.

With comprehensive coverage of global regulations, Investor Services Manager helps alternative fund managers and fund administrators keep and show capital working hard for their investors. It offers tools for registering shareholders, calculating fees, valuing shares, allocating P&L, capturing trades, distributing dividends and reporting to investors.

### Meet private market requirements and service semi-liquid funds

Investor Services Manager was among the first solutions on the market to manage the investor lifecycle for not only alternative and daily dealing funds but also private equity funds.

Our platform offers specialist private equity functionality for capital commitment tracking, waterfall calculations, LP and GP reporting, scenario planning, complex investor allocations and capital event processing. Plus, it enables you, as standard, to provide a breakdown of shares by price.

Crucially, FIS has also worked closely with leading fund administrators to meet the requirements of semi-liquid hybrid funds. Together, we've designed a comprehensive set of process flows for these increasingly popular investment vehicles, enabling you to manage both open- and closed-ended classes in a single solution.

**As a market-leading investor servicing platform, Investor Services Manager provides a one-stop solution for a comprehensive range of alternative asset classes.**

## Unlock a wider transformation of your investor services operations

With Investor Services Manager, asset managers and fund administrators can service a broader spectrum of fund structures for larger volumes of investors. In addition, our transformative transfer agency platform enables your business to do even more.

As your investors' expectations evolve, we can help you optimize their experience with seamlessly integrated solutions. **FIS® Digital Data Exchange** provides a market-leading investor portal that improves access to a greater range of data. And **FIS® Investor Lifecycle Manager** allows you to automate and streamline onboarding and regulatory compliance processes from end to end.

With investor servicing operations under such pressure from market forces, we can also help you automate and integrate more of your processes to reduce costs and risk while increasing scale. We also provide enterprise-grade cybersecurity to protect your data and AI tools to help you optimize our solution.

**Get in touch with us today and learn how we can help your firm elevate its transfer agency operations, so you can keep investment strategies working hard and making money for your business.**

Unlock more

# Money at rest. Money in motion. Money at work.™

Our **technology** powers the global economy across the money lifecycle.

## Money at rest

Unlock seamless integration and human-centric digital experiences while ensuring efficiency, stability, and compliance as your business grows.

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## Money in motion

Unlock liquidity and flow of funds by synchronizing transactions, payment systems, and financial networks without compromising speed or security.

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## Money at work


Unlock a cohesive financial ecosystem and insights for strategic decisions to expand operations while optimizing performance.

## About FIS

FIS is a financial technology company providing solutions to financial institutions, businesses and developers. We unlock financial technology that underpins the world's financial system. Our people are dedicated to advancing the way the world pays, banks and invests, by helping our clients confidently run, grow and protect their businesses. Our expertise comes from decades of experience helping financial institutions and businesses adapt to meet the needs of their customers by harnessing the power that comes when reliability meets innovation in financial technology. Headquartered in Jacksonville, Florida, FIS is a member of the Fortune 500® and the Standard & Poor's 500® Index. To learn more, visit [FISGLOBAL.COM](https://FISGLOBAL.COM). Follow FIS on LinkedIn, Facebook and X (@FISglobal).


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