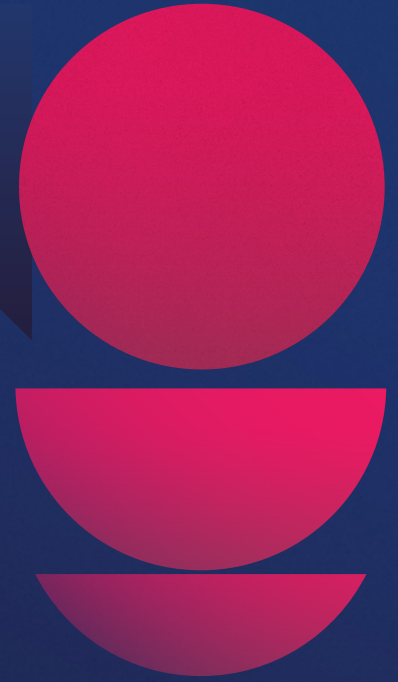


Mid-Market *Fund* Administration

A Framework for Operational Review



This briefing is for finance leaders at mid-market private equity funds who are evaluating their current administrative infrastructure.

Whether you're approaching a contract renewal, experiencing service challenges, or simply conducting due diligence on your operational foundations, this framework gives you a clear, structured way to assess the quality of your fund administration.

We know this is not a theoretical exercise. It's about performance, confidence, and getting the right *foundations* in place.



Who This Is For

This briefing addresses CFOs, COOs, Finance VPs and GPs with funds under \$1 billion who recognize that operational infrastructure increasingly influences fundraising outcomes, LP confidence, and internal efficiency. If your current administrator has served you well historically, but you're questioning whether the relationship remains optimal as your fund matures, this discussion may prove valuable.

This is not designed for first-time funds seeking basic, cost-minimized services, nor for multi-billion-dollar platforms requiring institutional-scale infrastructure. Rather, it addresses the specific operational considerations facing established mid-market managers.

This briefing outlines:

- A five-indicator diagnostic for identifying fund administration service misalignment
- Why administrator service models diverge as firms consolidate
- How LP expectations around operational infrastructure are evolving
- Questions that reveal whether an administrator's service model fits your fund



A 5-Indicator Diagnostic: Is Your Fund Administration Model Still the Right Fit?

Before reviewing the full framework later in this briefing, finance leaders can use these five indicators to quickly assess whether their administrative relationship may be causing operational friction.

Indicator 1: Internal validation requirement

- Your finance team runs parallel checks to validate the administrator's NAVs or waterfalls.

Indicator 2: Relationship continuity

- Your senior contacts are frequently replaced by rotating junior staff or offshore teams.

Indicator 3: Waterfall calculation transparency

- Your administrator cannot demonstrate waterfalls in real time and needs days to prepare files.

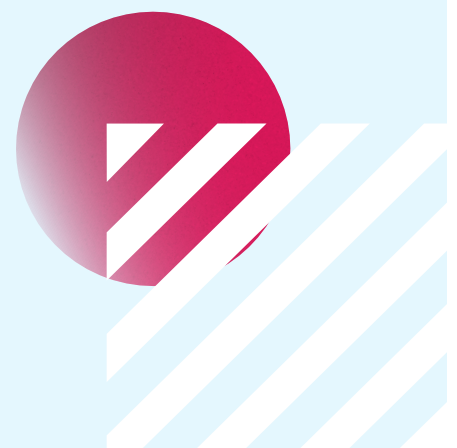
Indicator 4: Reporting timeliness

- Your NAV or reporting delivery dates have gradually drifted later.

Indicator 5: Audit responsibility distribution

- Auditors frequently redirect questions to your internal team instead of the administrator.

If three or more of these indicators apply to your fund, it may be worth reviewing your administrative relationship.



The Operational Efficiency Question

For mid-market GPs, a recurring challenge often emerges: finance teams dedicate significant hours to validating work that should arrive completed and accurate from external administrators.

Controllers and VPs of Finance routinely spend 10+ hours weekly re-verifying NAV calculations, maintaining parallel Excel tracking systems, and essentially auditing their administrator's output.

This pattern doesn't reflect insufficient diligence on your part. It signals a structural mismatch between your fund's complexity and your administrator's service model.

The central question becomes: is your back-office relationship structured to support operational leverage, or does it create incremental work?

Why This Matters in 2026

Three factors are elevating operational infrastructure from back-office necessity to strategic consideration:

1. ILPA 2026 Standards

Institutional limited partners increasingly require operational transparency, granular data access, and accelerated reporting as baseline expectations for allocation decisions. Quarterly PDF reports and relationship-driven assurance no longer satisfy institutional due diligence requirements.

2. Fundraising Differentiation

Mid-market funds are diverging in their ability to secure capital. Those demonstrating operational maturity (efficient reporting cycles, transparent LP servicing, lean overhead structures) are capturing larger allocations. Conversely, funds burdened by administrative friction encounter growing fundraising headwinds.

3. Administrative Consolidation Effects

The fund administration market has undergone significant M&A activity. Brand recognition and historical relationships don't guarantee consistent service delivery at your AUM tier, particularly when provider priorities shift following acquisitions or platform integrations.

This briefing provides a diagnostic framework to evaluate whether your current administrative arrangement remains appropriate for your fund's stage and requirements.

Indicators of Service Misalignment

Before operational challenges become acute (typically surfacing during audit cycles, LP due diligence processes, or fundraising activities), gradual service degradation often occurs. For funds under \$1 billion, these five patterns frequently signal that your administrative relationship requires evaluation.

Indicator #1: Internal Validation Requirements

What to assess:

Your internal finance team maintains parallel tracking systems to verify the administrator's NAV calculations, waterfall distributions, or portfolio valuations.

Why this matters:

In a well-functioning partnership, the administrator's systems serve as the authoritative record. When your Controller or VP of Finance dedicates substantial weekly hours to validation of spreadsheets, you're effectively paying twice for the same work. Once to the administrator and once in internal capacity.

The diagnostic question:

How many hours does your finance team spend monthly validating work your administrator should deliver with certainty?

Indicator #2: Relationship Continuity

What to assess:

Review your last 90 days of communication with your administrator. If the senior relationship team present during onboarding or contract renewal has been replaced by rotating junior staff, offshore support centers, or "dedicated pods" you've never met, relationship continuity has eroded.

Why this matters:

At M&A-consolidated administrators, senior talent often departs within 12-18 months following acquisition. At bank-owned or industrial-scale providers, experienced

professionals are typically reserved for substantially larger mandates. Without sustained access to senior decision-makers who understand your fund's specific structure and history, you've likely been reprioritized within their service hierarchy.

The diagnostic question:

Do you have direct access to a senior decision-maker who knows your fund's operational details, or are you working through ticket systems and rotating staff?

Indicator #3: Waterfall Calculation Transparency

What to assess:

Ask your administrator to demonstrate (in real-time, via screen-share) how a hypothetical portfolio exit would flow through your waterfall structure.

If they require 48+ hours to "prepare" the calculation offline, this typically indicates manual Excel-based processes rather than systematic calculation engines.

Observable patterns:

They provide PDF summaries rather than calculation files. When you request the underlying workbook, they cite proprietary concerns or describe it as "not client-facing." This generally means the calculation logic exists in complex, difficult-to-audit spreadsheets rather than validated software systems.

Why this matters:

Manual waterfall processes create audit friction and increase clawback error risk. Auditors cannot efficiently verify underlying logic. LPs lack real-time visibility into distribution mechanics. Most significantly, manual calculations substantially elevate the probability of material errors.

The diagnostic question:

Can your administrator demonstrate waterfall calculations transparently, or do they need multiple business days to model scenarios?

At ZEDRA, our waterfall tools enable rapid scenario modeling and transparent logic review through our administrative portal.

Indicator #4: Reporting Timeliness and Close Cycle Drift

What to assess:

Track your month-end close over the last two quarters. If NAV delivery, capital account statements, or management reporting have gradually shifted later into the following month, especially without structural complexity changes, service strain may be emerging.

Common patterns include:

- NAV delivery slipping from day 10 to day 15 from agreed upon deliverables.
- Draft financials consistently revised multiple times
- Delays attributed to “system backlog” or “capacity constraints”
- Increased reliance on preliminary or soft numbers

Why this matters:

At \$500M to \$1B RAUM, most managers operate lean internal finance teams. Predictable close cycles are critical for LP reporting, internal performance analysis, subscription line management, and fundraising credibility.

When reporting drift becomes normalized, it often signals that there are resource constraints within the administrator’s portfolio, and your funds are not prioritized. Service capacity may be stretched, or your account may have been re-tiered internally.

The impact is subtle but cumulative:

- LP confidence erosion
- Increased audit compression
- Management team operating on provisional data
- Fundraising friction when track record updates lag

The diagnostic question:

Over the past six months, has your NAV delivery date remained consistent, or have you experienced unexplained or recurring delays without any structural change in the fund?

Indicator #5: Audit Responsibility Distribution

What to assess:

The Provided by Client (PBC) list, documentation auditors request from your administrator, offers objective measurement of administrative health. If auditors routinely chase your administrator for standard schedules, or if your internal team answers technical questions because the administrator cannot, the responsibility distribution has inverted.

Why this matters:

You’ve effectively become the project manager for your own fund administration. Rather than the administrator serving as subject matter expert guiding the audit process, your team provides substantive work while the administrator offers clerical support.

The diagnostic question:

During your most recent audit, what percentage of auditor questions were addressed directly by the administrator or through system-generated reporting versus escalated to your internal team? If your team handles more than 25% of technical queries, administrative accountability has materially degraded.



Today's Service Models

The fund administration market has evolved into two distinct service approaches. Understanding which model serves your fund helps clarify whether your current arrangement remains optimal.

Model 1: Process-Driven Administration

Structure:

- Teams led by professionals with 1–3 years of experience
- Rotating analyst assignments on 12–18 month cycles
- Offshore support centers managing routine requests
- “Dedicated teams” shared across 15+ client relationships

Service characteristics:

- Ticket-based request systems with defined SLAs
- Standardized processes with limited customization flexibility
- Senior oversight “available upon escalation”
- Platform-driven workflows with manual accommodations for complexity

Appropriate applications:

- Straightforward buyout strategies with standard waterfall structures, strategies such as long/short equity, direct real estate, or commodities funds
- Funds under \$300M prioritizing cost efficiency
- GPs with substantial internal finance capacity able to self-direct

Where this model creates friction:

- Complex carry structures requiring bespoke calculation logic
- Multi-jurisdiction vehicles demanding integrated reconciliation
- GP-led secondaries, continuation funds, or hybrid structures
- Situations requiring genuine LP transparency and real-time reporting capability

Model 2: Partnership-Based Administration

Structure:

- Named, senior relationship owner (Director or VP-level)
- Consistent team maintaining institutional knowledge of your fund
- Direct access to technical specialists across tax, legal, and treasury functions
- Functions as extension of your finance operation

Service characteristics:

- Real-time portal access with live calculation, data, and modeling capabilities
- Proactive communication identifying issues before escalation
- Solutions tailored to your structure rather than template compliance
- Senior accountability for outcomes, not process adherence

Appropriate applications:

- \$500M–\$1.5B funds with institutional LP bases
- Complex strategies such as private credit, secondaries, and co-investment structures, event driven, leveraged buyouts or multi-strats
- GPs preparing for fundraising under heightened LP scrutiny
- Teams seeking operational leverage without expanding internal headcount

Where this model may not fit:

- Situations where absolute minimum pricing outweighs service quality
- Preference for arms-length vendor relationships over collaborative partnerships

The Evolution in LP Expectations

In 2020, process-driven administration represented the industry standard. By 2026, institutional limited partners ask fundamentally different questions:

- “Can you provide same-day exposure reporting and more transparency?”
- “Can we access co-investment opportunities through real-time portals?”
- “Can you show us our portfolio liquidity profile and governance?”

Process-driven models struggle to address these requirements efficiently. Partnership-based administration delivers them as baseline service.

Evaluating Transition Considerations

The Traditional Calculation (2020)

Switching administrators involved:

- 6–9 month transition timelines, coinciding with year-end
- Platform migration creating reconciliation gaps
- Audit continuity risks with new administrators mid-cycle
- LP concerns during fundraising: “Why change infrastructure now?”

Current Reality (2026)

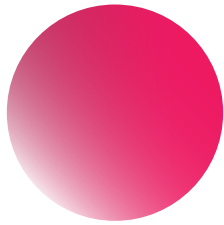
Transition approaches have evolved:

- Parallel validation periods where new administrators run shadow accounting alongside incumbent providers, ensuring clean handoff with minimal LP-facing disruption
- Modern data integration measured in weeks rather than months, with systematic validation throughout

- Audit firms now expect administrator changes in the middle market as standard practice rather than exceptional events
- Institutional LPs increasingly ask, “*Why maintain suboptimal infrastructure?*” rather than “Why make changes?”

The cost of maintaining inadequate infrastructure:

- Finance team capacity consumed by validation rather than strategic analysis (10+ hours weekly)
- LP perception risk, as institutional investors increasingly view operational infrastructure as proxy for management sophistication
- Talent considerations: senior finance professionals spending significant time managing administrators rather than performing strategic finance work
- Competitive disadvantage: funds with superior administrative infrastructure move faster on deal execution, provide enhanced LP transparency, and close fundraises more efficiently



The evaluation framework shifts from “Can we afford to change?” to “Can we afford not to optimize?”

Questions Worth Asking

Whether evaluating your current administrator or considering alternatives, these questions reveal substantive differences in service models.

Question 1: “Who will serve as my named, senior relationship owner, and what is their client portfolio?”

- **Process-driven response:**
“You’ll have a dedicated team led by a Senior Manager who oversees our mid-market practice.”
- **Translation:**
You’ll work with rotating staff; no individual owns your relationship. The “Senior Manager” manages 30+ client relationships and won’t know your fund’s operational details.
- **Partnership response:**
“Your Director is [Name], managing 8 client relationships totaling \$4.2B AUM. Here’s their background and direct contact information. They’ve been with us for 6 years.”
- **What this information reveals:**
Named accountability versus diffused responsibility.

Question 2: “Can you demonstrate our waterfall calculation now, or do you need preparation time?”

- **Process-driven response:**
“We’d be pleased to walk through our waterfall methodology on a follow-up call once we’ve reviewed your fund documents.”
- **Translation:**
They calculate waterfalls manually in Excel and need time to build models.

- **Partnership response:**
“I can demonstrate our portal now via screen-share. Walk me through your carry structure and I’ll model a scenario in real-time.”
- **What this reveals:**
Real-time capability versus manual processes.

Question 3: “When I send a non-urgent question Friday at 4 PM, who responds and by when?”

- **Process-driven response:**
“Our SLA is 24 business hours for standard requests. You can also submit urgent matters through our priority ticket system.”
- **Translation:**
You’ll receive Monday afternoon response from whoever handles the ticket queue. Your “relationship contact” doesn’t personally monitor communications.
- **Partnership response:**
“Your Director responds directly, typically within 2–3 hours even on weekends for time-sensitive matters. For routine Friday afternoon questions, expect a substantive response by Monday morning. If they’re unavailable, their designated backup is [Name], and you have both contact details.”
- **What this reveals:**
Personal accountability versus SLA-driven processes.

Question 4: “How many mid-market clients have left your firm in the past 2 years, and why?”

- **Process-driven response:**
We maintain very high client retention rates and are proud of our long-standing relationships.”
- **Translation:**
They won’t answer with specifics.
- **Partnership response:**
“We’ve had two departures in that AUM segment over 24 months. One was acquired by a \$5B mega-fund that consolidated to their existing administrator. The other moved administration in-house after crossing \$2B AUM and hiring a dedicated CFO. We can provide references from both. They left on good terms.”
- **What this reveals:**
Transparency and confidence versus deflection.

Question 5: “During audit season, what percentage of PBC items do you complete without requiring our internal team’s involvement?”

- **Process-driven response:**
“We work collaboratively with your team and your auditors to ensure a smooth audit process.”
- **Translation:**
Your team will handle 30-40% of audit work because the administrator lacks depth.
- **Partnership response:**
“Our target standard is 90%+ of PBC items delivered directly to auditors without GP team escalation. The ~10% requiring your input are items only you can provide: investment memos, board minutes, management fee calculations tied to side letters. We track this metric quarterly.”
- **What this reveals:**
True audit ownership versus collaborative overhead.
Use these questions with any administrator, including ZEDRA. If a provider deflects or pivots to marketing language rather than answering directly, you’re evaluating a process-driven model regardless of their positioning.



Next Steps

This briefing serves as an evaluation framework. If three or more of the five indicators included in our diagnostic apply to your fund, your administrative relationship may warrant review, particularly if you're approaching contract renewal, preparing for fundraising, or experiencing service degradation.

We welcome operational review conversations with mid-market CFOs and COOs. No RFP process required. These are consultative discussions between finance professionals, exploring what currently works well for funds in your AUM range and where common friction points emerge.

During the conversation, we typically discuss:

- Which indicators present most significantly for your specific structure
- Whether your current administrator's challenges are addressable or structural
- What transition timelines look like for funds at your stage
- How similar GPs have approached this decision
- No pressure. No pitch deck. Simply a candid discussion between professionals who understand mid-market fund operations

Contact Us

- Email us directly: andrew.dipkin@zedra.com
- Call us directly: +1 650 533 0337

Andrew Dipkin

Head of Funds, Americas



About ZEDRA

ZEDRA provides fund administration services for mid-market managers operating between \$500M and \$1.5B in assets. We function as a senior-led extension of your finance team, delivering the flexibility and accountability complex strategies require, without bureaucratic standardization.

We serve private equity, credit, and hybrid strategies across US, Cayman, Luxembourg, and UK jurisdictions. Our approach centers on consistent, senior-led relationships rather than ticket-based service delivery. This ensures institutional knowledge retention while providing technical depth as your fund evolves.

Our Mid-Market Commitment

The comparisons below reflect common patterns observed across mid-market administrator transitions and industry consolidation over the past several years.

These represent operational standards we maintain today, not aspirational targets.

We don't expect you to accept these metrics on faith.

Use the diagnostic questions in this briefing on your current administrator, prospective alternatives, and on us. The responses will clarify differences in service approaches.

Average Director tenure: 8.4 years

Typical tenure at large, consolidated administrators: 2.1 years

Client-to-Director ratio: 1:8 relationships

Typical at process-driven administrators: 1:15-20

**Waterfall scenario turnaround:
Same-day response for 94% of requests**

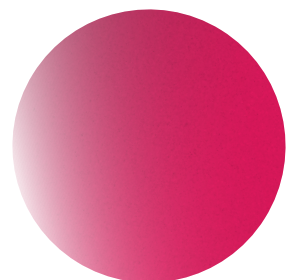
Typical turnaround at process-driven administrators: 48+ hours

Audit PBC completion: 92% of items delivered by ZEDRA without requiring GP team involvement

Many mid-market funds report administrators completing approximately 60-70% of PBC items without GP escalation

Senior relationship continuity: 96% of client relationships maintain the same Director year-over-year

Common at consolidated administrators: relationship owner changes every 18-24 months



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go to [zedra.com](https://www.zedra.com) or contact us on:

e: enquiries@zedra.com

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