

THE MAKINGS OF SUCCESS

Nav Gupta of NAV Fund Administration Group discusses the beginnings of the company and what has driven it to success



Nav Gupta is founder and CEO of NAV Fund Administration Group, a privately-owned global fund administrator. Gupta founded NAV in 1991 and remains active in the company's day-to-day management. NAV services 750 clients globally, consisting of more than US \$64bn in AuA.

HFMWeek (HFM): Your growth over the past three years has been exceptional, but can you tell us a bit about how you got started?

Nav Gupta (NG): My wife and I started NAV 25 years ago. I was working as an accountant and became increasingly interested in the alternative investment space. The hedge fund industry was growing and I recognised that there was an undeniable need for better accounting solutions for hedge funds. My wife and I set out to build a technology platform that would improve the accuracy and efficiency of fund accounting. We subsequently started with our first client in 1991 and have not looked back since.

HFM: Is all of your technology proprietary?

NG: Yes, all of our technology is proprietary and is managed by our in-house IT group of more than 80 professionals. We believe our proprietary technology gives us a major competitive advantage. First, it enables us to quickly react to changes in regulation and reporting requirements. Second, by virtue of not paying large licensing fees to third parties, it allows us to remain highly competitive on fees. Finally, it gives us the flexibility to customise reports to suit each and every client's needs.

HFM: What differentiates NAV from its competitors?

NG: The most obvious aspect that sets us apart from our competitors is our technology. The less obvious differentiator is our culture. We have a laser-like focus on our internal operations. We do not have a sales team and we do not engage in any external marketing. We instead invest all of our time and resources into operations and technology while relying on referrals from satisfied clients and partners in the industry for consistent, organic growth. If we can get our product right each and every time, our clients will be happy and our future success will be self-fulfilling.

These principles also lend itself to a very seamless onboarding process for new clients. Our accounting group handles new client prospects from the first conversation all the way through the setup and lifecycle of a fund, eliminating any potential knowledge gaps and ultimately fostering very strong relationships between our clients and account managers.

HFM: How has the recent M&A activity in this industry impacted your business?

NG: It has been very positive for us. We have been the beneficiary of many larger funds that have left our competitors in search of stability, institutional level

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infrastructure, and lower fees. Most importantly, clients want to feel like they have a partner. When investment managers feel like they have become a small fish in a big pond due to mergers, they come to us for our hands-on approach and unparalleled customer service.

HFM: How would you describe the firm today?

NG: Unique and positioned for more growth. Our technology, infrastructure, and talent is on par with any of the large public or bank-owned fund administrators. However, we also have been able to maintain a culture and service-level that is more consistent with a small family-owned business. We are steadfast in our commitment to remain independent, build long-term relationships, and continue to invest in our people and technology. This has been our recipe for our success that has resulted in a 99% client retention rate throughout our 25-year history.

HFM: What are your thoughts on the future of the fund administration industry?

NG: I expect to see more consolidation and M&A activity. This is because many participants are realising that fund administration is not an annuity, but rather a complicated business with multiple stakeholders that requires continued investment and careful attention. With less providers, there will no doubt be a “thinning of the herd” as some administrators sever relationships with their less profitable clients.

At the end of the day, the industry is constantly changing with new regulations, reporting requirements, and fund manager and investor preferences. Success in this industry will be achieved by those firms that are able to manage each of their client's and client's stakeholder's best interests, and I expect the future of NAV to continue to reflect this principle. ■

