IDC Independent Directors Council

Multiple Series Trusts

An Overview for Fund Trustees

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About ICI

The Investment Company Institute (ICI) the leading association representing the global asset management industry in service of individual investors. ICI members are located in North America, Europe, and Asia and manage fund assets of US$50 trillion, including mutual funds, exchange-traded funds (ETFs), UCITS, closed-end funds, unit investment trusts (UITs) and similar funds in these different jurisdictions. ICI has offices in Washington DC, Brussels, and London.

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The Independent Directors Council (IDC) serves the US-registered fund independent director community. Through its mission focused on education, engagement, advocacy, and public understanding, IDC promotes excellence in fund governance for the benefit of funds and their shareholders.

IDC is part of ICI and leverages the research, advocacy, operational, and other resources of ICI to amplify IDC's effectiveness in its mission to serve independent directors. IDC's activities are overseen by a Governing Council of independent directors of ICI member funds and are supported by dedicated IDC staff.

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Introduction

A multiple series trust, also known as a multi-series trust or MST, is a legal structure that allows multiple unaffiliated fund advisers to offer funds under a common trust that is overseen by a shared board of trustees and supported by certain centralized service providers. MSTs can help advisers launch and manage registered funds more efficiently by providing a common operational, compliance, and governance framework. This paper provides an overview of the MST structure and examines how its unique features impact certain roles and responsibilities of independent trustees.

Key Features of the MST Model

An investment company is generally organized under state law as a business entity such as a corporation, business, or statutory trust. Often, the investment adviser of the investment company will use a single legal entity (trust) to offer more than one investment portfolio. Each portfolio consists of a separate pool of assets (fund) with its own name, investment objective, policies and procedures, and investors. In such an instance, the investment adviser is the fund sponsor.

In a traditional proprietary trust structure, a fund complex (fund family) is made up of a group of funds under one or more trusts, usually having the same investment adviser and distributor.[1] A single board of trustees typically oversees the trust(s) and each of the funds under the trust.[2]

By contrast, an MST is an arrangement in which a third party, the MST sponsor, provides bundled services, such as fund administration, governance, accounting, and legal services, to multiple unaffiliated fund advisers under an "umbrella" framework.[3] The MST has a single board of trustees who oversee the unaffiliated fund advisers and their respective funds. While the MST sponsor or its affiliates generally provide fund administration, transfer agency, fund accounting, and custody services, such entities are not affiliated with any of the advisers in the MST.[4] The fund board is responsible for oversight of these services and other applicable responsibilities under the Investment Company Act of 1940.

Importance of MSTs to Smaller Fund Complexes

Small fund complexes (often defined as fund complexes with net assets of less than $15 billion) are an important segment of the asset management industry, which has seen increasing concentration among the largest fund complexes. Small fund complexes are often a source of innovation, as they may offer investors more niche fund products to differentiate themselves from larger fund complexes.

Smaller investment advisers may utilize the MST structure as an efficient way to enter the registered fund space. According to IDC's research, as of December 2025, approximately 14% of all fund complexes are part of MST structures. These MST complexes have median net assets of almost $6 billion and average net assets of almost $12 billion. The total assets under management for MSTs in the United States as of December 2025 is over $330 billion.

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1 There may be multiple trusts within the fund complex, each with multiple portfolios or series of shares.

2 Some fund complexes, particularly large ones, have adopted a cluster structure with several trusts and therefore several corresponding boards within the complex, each overseeing a designated group of funds.

3 A variation of the MST structure involves "white label" platforms in which the organizer of the trust acts as the investment adviser and the firms launching investment products serve as sub-advisers. While these types of trusts may not be true MSTs, they have similar features and considerations as MSTs. The MST structure also can be distinguished from a fund complex in which an investment adviser uses multiple unaffiliated sub-advisers, often referred to as a "multi-manager" structure.

4 Although the MST sponsor arranges the MST, they do not provide initial seed capital for the funds in the MST.

Benefits of the MST Framework

The MST structure often serves as a turnkey platform for investment advisers that seek to focus on their core competency of delivering investment and portfolio management services. Many of the non–portfolio management resources can be utilized across the combined assets of all the funds and advisers in the MST, so an adviser can achieve cost, time, and other efficiencies by leveraging the administrative services of a primary service provider and a common board. This may be helpful for advisers who have limited experience in the registered fund space or who may be seeking to offer a registered fund or funds without having to spend time and resources managing certain day-to-day operations of the fund(s).

Benefits for Advisers:

- **Reduced time to market.** An adviser seeking to launch a fund or funds on an MST platform typically can expect to do so in 120 days or less. By comparison, launching funds in a newly organized fund complex could easily take six to nine months. The adviser may also benefit from the assistance of an experienced service provider that can walk the adviser through the process of bringing a fund to market.
- **Focus on portfolio management.** By launching a fund in an MST, the adviser can concentrate on portfolio management. The MST has in place officers who will be responsible for organizing board meetings and who will request necessary materials from the adviser. Notably, the adviser has the same fiduciary duties as it would if it operated in a traditional proprietary trust structure.
- **Administrative efficiencies.** When registered funds are added to an existing MST, most, if not all, non–investment adviser service arrangements (e.g., services provided by custodians, fund accountants, transfer agents, distributors) are already in place. Those service providers often have long-term working relationships with the MST.

Benefits for Funds and Shareholders:

- **Governance.** The MST includes an existing board of trustees that is familiar with registered fund regulatory and operational issues and has experience with the fund's service providers and the personnel servicing the fund. MST boards are likely to be led by independent chairs.
- **Compliance infrastructure.** The MST sponsor provides an experienced Chief Compliance Officer (CCO) for the fund. The CCO typically has a team of compliance staff who assist in conducting due diligence reviews of the advisers and other service providers to the MST. While trust compliance policies and procedures are already in place, the adviser can tailor templates for other fund policies and procedures, such as those relating to liquidity, derivatives, and valuation, to the adviser's unique facts and circumstances.
- **Cost.** An MST structure offers economies of scale for certain fund launch and ongoing operating expenses. For example, if an adviser launches a new fund within an existing MST that has operating funds, the regulatory requirement for the initial $100,000 seed capital (and related seed audit) generally does not apply. However, the adviser will still need to provide, or arrange for another party to provide, seed capital to begin operations for the new fund. In addition, there is no need for a separate organizational board meeting to create the trust itself, although there will be an organizational meeting to approve each new fund in the MST, including the applicable Section 15(c) approvals that are required for the new fund. Annual operating expenses, trustee compensation, insurance premiums, and certain legal fees are examples of expenses that can be shared across all funds in the MST, with the board determining the allocation methodology.

Adviser Responsibilities Beyond Portfolio Management

Although the MST framework allows an adviser to focus primarily on portfolio management, the adviser has certain additional duties. In particular, the adviser should be prepared to provide materials for quarterly board meetings and the annual advisory contract review process (15(c) review), respond to questions from fund officers, the CCO, and the board, and fulfill proxy voting responsibilities. New entrants to the registered fund business may need to be educated on these responsibilities.

Compliance Responsibilities

An adviser in an MST is responsible for complying with the Investment Advisers Act of 1940 (Advisers Act) and other applicable laws, as well as the MST's own policies and procedures. The adviser must be mindful of the myriad statutory and regulatory requirements applicable to funds. These include, but are not limited to, registration and filing obligations, custody requirements, recordkeeping responsibilities, disclosure obligations, compliance, proxy voting, valuation requirements, liquidity risk management requirements, and derivatives risk management requirements.

Advisers must also ensure they maintain compliance with a fund's registration statement, including but not limited to limitations on illiquid securities, use of derivatives, and compliance with the Names Rule.[5] Often an adviser with limited registered fund experience works with a third-party compliance consultant to ensure it is complying with these requirements.

With respect to distribution, the allocation of duties between the adviser and fund distributor can differ depending on contractual relationships. An adviser looking to launch funds within an MST often has discussions with the MST sponsor regarding which party takes on duties such as FINRA reviews and oversight of FINRA licensing, to the extent any of the employees of the adviser need to maintain registrations under FINRA. Consistent with requirements under the Advisers Act, advisers will need to monitor communications by the adviser's personnel, including social media posts, with respect to any aspect of the adviser's business. In most cases, the adviser will also oversee fund marketing because the distributor contracted by the MST generally does not perform that function. Additionally, the adviser will be responsible for ensuring that its website postings comply with regulatory requirements.

Role of the Adviser CCO

In a traditional proprietary structure, the same individual may serve as CCO to the fund and the adviser. In an MST, however, the MST CCO oversees all of the funds in the MST. Separately, each unaffiliated investment adviser designates its own CCO.[6] While the MST CCO ensures that the registered funds in the MST comply with Rule 38a-1 under the Investment Company Act, each adviser's CCO ensures that the adviser is complying with the Advisers Act across all of that adviser's business lines. The MST CCO will conduct ongoing due diligence visits with an adviser CCO to ensure that there is a culture of compliance at each adviser. The MST CCO also relies on an adviser CCO to keep them informed of any compliance issues that arise.

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[5] While the MST sponsor may provide post-trade compliance monitoring, the adviser is ultimately responsible for ensuring compliance with applicable legal, regulatory, and fund-specific requirements.

[6] Rule 38a-1 under the Investment Company Act of 1940 (Investment Company Act) requires each fund to designate a CCO. Rule 206(4)-7 under the Advisers Act requires each adviser to designate a CCO.

Board Governance and Oversight

Oversight of Unaffiliated Advisers

From a fund trustee's perspective, a greater number of unaffiliated investment advisers can lead to increased governance complexity, similar to a traditional proprietary structure that has adopted a manager of managers model. Independent trustees may wish to consider any capacity constraints on the number of unaffiliated investment advisers that they oversee.[7]

In a traditional proprietary structure, the adviser usually presents to the board on a quarterly basis. While practices can vary, in the MST structure, a particular adviser is usually in front of the board less frequently, sometimes only once per year. However, advisers in a trust often provide written quarterly reports to the board. The board monitors the responses to these quarterly questionnaires. If there are questions or concerns, the board may wish to speak to an adviser more frequently.

To the extent an investment adviser is not familiar with the regulatory framework applicable to registered funds, the board may wish to inquire about the adviser's resources to support the management function, "key person risk" related to portfolio management and the adviser's compliance function, the adviser's succession and business continuity planning, and the adviser's going-concern status.

Engagement With the MST Sponsor

MST trustees should understand the MST sponsor's due diligence and onboarding processes for new advisers (e.g., adviser and product "fit" for the MST platform), recognizing that the MST sponsor is not acting as an investment adviser to the MST. This includes whether the prospective adviser has the financial resources to subsidize the operations of the fund in its first few years of business while it works to increase its asset base. The sponsor also confirms that there are no open SEC investigations or other litigation involving an adviser before it is onboarded.

The board has ongoing discussions with the MST sponsor to confirm that it continues to have the resources needed to provide the bundled services. Separately, as with a proprietary trust, the MST board will meet with the MST CCO in executive session to confirm the MST CCO has the resources needed to perform their required duties. To the extent that the MST sponsor and/or any of its affiliates provide services such as fund administration, transfer agency, fund accounting, or custody, those entities provide board reporting consistent with what would be provided by any fund administrator, transfer agent, fund accountant, or custodian.

MST boards may rely on due diligence and monitoring performed by the MST sponsor, fund officers, the MST CCO, and counsel with respect to service-provider relationships that are established and maintained at the trust level. Nevertheless, the trustees retain ultimate oversight responsibility and should be satisfied that the trust's service provider selection, monitoring, and reporting processes are reasonably designed to protect the interests of the funds and their shareholders.

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[7] Independent trustees of MSTs might have questions about whether regulatory requirements raise concerns regarding the number of advisers they oversee. There is little guidance from the Securities and Exchange Commission (SEC) on this topic. In a 2013 settled enforcement case, the SEC noted the large number of advisory contracts approved by the MST board and stated in its press release that "[t]hese violations make clear that turnkey mutual fund arrangements can pose significant governance concerns, and trustees must be vigilant in ensuring that the funds they oversee meet their disclosure, compliance, reporting, and recordkeeping obligations." In the SEC's Order, however, the trustees' violations were based on their failure to identify and correct errors in documents provided to them which were later used for shareholder reports and to follow the funds' stated policies and procedures with respect to the approval of compliance policies—violations that could also have arisen in the context of a non-MST fund family.

Oversight of Compliance

Like other registered investment companies, MSTs are required to adopt and implement written compliance policies and procedures, which are subject to board review and oversight. The sponsor of the MST structure will often provide compliance policies and procedures that can be tailored for each fund group, if necessary. If not, the board may wish to proactively discuss how differences among policies and procedures will be accommodated.

The MST CCO plays a critical role in performing due diligence reviews of each adviser's compliance program. The use of common due diligence questionnaires, adapted to different types of investment strategies, can assist the MST CCO in making sure that they receive enough information from each adviser. It might be helpful for an MST CCO to include in board materials items such as a compliance dashboard or a heat map to help the board understand the due diligence results and monitor risks relating to each adviser.

Advisory Contract Review

MST boards may develop various strategies to manage their workload, especially with regard to the annual review and renewal of investment advisory agreements under Section 15 of the Investment Company Act. Rather than conducting 15(c) reviews for all advisory contracts at one meeting, some MST boards have a "pre-15(c)" meeting with counsel to do an in-depth review of materials provided by each adviser (similar to a manager of managers structure). Other MST boards prefer to stagger contract renewals, so a discrete number of contracts are renewed at each meeting. These 15(c) approval meetings are held in person.

Since MSTs accommodate multiple unaffiliated advisers under a single umbrella, there are bound to be differences in the style, length, depth, and coverage in the advisers' 15(c) questionnaire responses. The board should be comfortable with the materials provided by each adviser. The board will need to work closely with the CCO, fund counsel, and independent trustee counsel to ensure that they review and approve the advisory contract for each fund in light of its specific facts and circumstances.

Insurance Coverage Considerations

It is important for the board and each adviser to fully understand insurance coverage matters. Most MSTs choose to purchase a "funds-only" Directors and Officers/Errors and Omissions (D&O/E&O) policy (or investment company bond), which typically covers all the funds and the trustees and officers of those funds, instead of a "joint" D&O/E&O policy (or investment company bond) that would include all of the unaffiliated advisers and their own corporate trustees and officers. The MST board may wish to confirm that each adviser has E&O coverage in the event the adviser needs to make the fund whole for any errors.

Trustee Questions and Considerations

Given the unique features of the MST structure, trustees who oversee funds in an MST may wish to consider a number of questions specific to this model:

- To what extent does the fund adviser understand its statutory and regulatory responsibilities beyond portfolio management?
- To what extent might the fund adviser's size and scale impact its ability to meet its obligations?
- To what extent is there variability in the policies, procedures, and practices among the advisers to each of the funds?
- How will the MST CCO interact with the CCOs for each investment adviser?
- How are differences in the due diligence questionnaire responses among the various unaffiliated investment advisers in the investment advisory contract process addressed?
- What does the due diligence of prospective advisers entail? To what extent does the sponsor of the MST inquire about the fund adviser's business?
- How are board meetings and materials structured to most effectively enable the board to devote the necessary time and attention to each fund and its adviser?
- How are expenses in the MST structure allocated among funds and advisers?
- How is the fund's insurance program structured?

Conclusion

While MST boards may oversee a large number of unaffiliated advisers and may face greater operational complexity than boards of other registered investment companies, their fiduciary duties under the Investment Company Act remain the same. The distinguishing feature of MST governance is not a different legal standard, but rather unique governance structures, information flows, and board processes that enable trustees to effectively oversee a diverse group of advisers within a single trust framework.

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