



There was little change in the latest service provider tables during another quarter of negative hedge fund performance  
 BY SAM MACDONALD

The final three months of 2015 saw little movement in the service provider stakes with most firms retaining their third quarter positions, according to the latest HFM-Week/AlphaPipe Service Provider Snapshot. Despite a decent start to the quarter, which saw hedge funds enjoy respective gains of 1.7% and 0.2% during October and November, in December they recorded a -1% fall according to HFR data, mirroring the HFRI Fund Weighted Composite index's annual result of -1%.

SS&C maintained its leading position in the administrator rankings as the number of funds it services rose 1.6% to 1,436, up from 1,414 at the end of September. It increased its advantage over Citco by two funds with the latter group adding 20 vehicles to its roster, taking its total to 1,185.

Currently in the process of completing its deal to acquire Citibank's admin book, SS&C increased its regulatory assets under management (RAuM) by 0.7% to \$1.19trn, up from \$1.18trn at the end of Q3. Its market share of funds and assets remained steady at 14.9% and 20.4% respectively.

"SS&C had a very strong year in 2015 in terms of new clients migrating onto our platform, mainly via conversions from other fund administrators. In addition,

Q4	Q3	ADMINISTRATOR	FUNDS	%	RAuM (\$BN)	%
1	- 1	SS&C GLOBEOP/CITIGROUP	1,436	14.9%	1,189.8	20.4%
2	- 2	CITCO	1,185	12.3%	1,037.9	17.8%
3	- 3	STATE STREET GLOBAL FUND SERVICES	1,100	11.4%	1,058.1	18.1%
4	- 4	BNY MELLON	569	5.9%	469.4	8.0%
5	- 5	SEI	496	5.2%	145.3	2.5%
6	- 6	MITSUBISHI UFJ/UBS	412	4.3%	171.3	2.9%
7	- 7	NORTHERN TRUST	309	3.2%	346.2	5.9%
8	- 8	MORGAN STANLEY	300	3.1%	338.4	5.8%
9	▲ 10	US BANCORP	270	2.8%	89.2	1.5%
10	▼ 9	HEDGESERV	266	2.8%	128.9	2.2%
11	▲ 12	JP MORGAN	206	2.1%	90.7	1.6%
12	▼ 11	NAV CONSULTING	205	2.1%	12.0	0.2%
13	- 13	UMB	164	1.7%	16.0	0.3%
14	▲ 15	STONE COAST FUND SERVICES	134	1.4%	35.7	0.6%
15	▼ 14	KAUFMAN ROSSIN	132	1.4%	15.2	0.3%
16	▲ 17	BNP PARIBAS/CREDIT SUISSE	128	1.3%	67.2	1.2%
17	▼ 16	ALPS FUND SERVICES	127	1.3%	8.5	0.1%
18	- 18	HSBC	116	1.2%	84.7	1.5%
19	- 19	MAITLAND GROUP	90	0.9%	16.6	0.3%
20	- 20	DEUTSCHE BANK	90	0.9%	11.3	0.2%
TOP 20 TOTAL			7,735	80.4%	5,332.5	91.4%
TOTAL HF ADMIN RELATIONSHIPS			9,615	100.0%	5,834.7	100.0%
LESS: MULTIPLE ADMINS			123		146.9	
TOTAL HFS ADMINISTERED			9,492		5,687.9	
TOTAL HFS (ALL SCHEDULE DS)			11,990		6,277.1	
% OF TOTAL HFS ADMINISTERED			79.2%		90.6%	
ALL PRIVATE FUNDS ADMINISTERED			39,131		11,830.0	
			19,967	51.0%	8,314.6	70.3%

Q4	Q3	ADMINISTRATOR	RAuM (\$BN)*	AVG RAuM (\$BN)
1	- 1	SS&C GLOBEOP/CITIGROUP	1,189.8	0.83
2	- 2	STATE STREET GLOBAL FUND SERVICES	1,058.1	0.96
3	- 3	CITCO	1,037.9	0.88
4	- 4	BNY MELLON	469.4	0.82
5	- 5	NORTHERN TRUST	346.2	1.12
6	- 6	MORGAN STANLEY	338.4	1.13
7	- 7	MITSUBISHI UFJ/UBS	171.3	0.42
8	- 8	SEI	145.3	0.29
9	- 9	HEDGESERV	128.9	0.48
10	- 10	WELLS FARGO	105.7	1.99
11	- 11	JP MORGAN	90.7	0.44
12	- 12	US BANCORP	89.2	0.33
13	- 13	BROWN BROTHERS HARRIMAN	86.4	1.25
14	- 14	HSBC	84.7	0.73
15	- 15	BNP PARIBAS/CREDIT SUISSE	67.2	0.53
16	- 16	HARMONIC FUND SERVICES	57.4	3.38
17	- 17	CONIFER GROUP	48.9	0.56
18	- 18	STONE COAST FUND SERVICES	35.7	0.27
19	- 19	MAITLAND GROUP	16.6	0.18
20	- 20	UMB	16.0	0.10
AVERAGE			279.2	0.83

# ADMINISTRATORS

strong and continued interest in private equity outsourcing has resulted in many new clients,” says head of business development Eamonn Greaves.

Mitsubishi MUFG Fund Services’ acquisition of the UBS administration unit has seen the bank-owned administrator boost its RAuM by 9.9% to \$171.3bn, while also increasing its number of funds by 2.2% to 412.

The Mitsubishi acquisition was completed in December and saw the firm bring in some \$50.2bn in global single manager assets and \$90.3bn in FoHF assets.

MUFG was the largest percentage riser in terms of assets and now has a fund market share of 4.3% while administering 2.9% of all SEC-registered hedge fund assets, according to AlphaPipe figures.

MUFG CEO Ken McCarney says: “The fourth quarter of last year was a strong one for us with the integration of the UBS administration unit as well as around \$4bn in new launches won in Japan. We are seeing a healthy pipeline of new business moving into 2016 also and are looking forward to that growth continuing.”

JP Morgan added the most funds in percentage terms, increasing its total by 6.2%, representing 12 funds to 206 and moving it up one place to 11th in the top 20 admins.

In the prime broker space, Goldman Sachs, Morgan Stanley and JP Morgan continued their domination, al-

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KEN MCCARNEY, MUFG

though the second-placed Morgan Stanley achieved the best growth of the three across funds and assets in both percentage and monetary terms.

Morgan Stanley added 40 funds, a 2.3% increase, to its brokerage during the fourth quarter, taking its total to 1,814. The firm increased its RAuM by \$34.5bn – a 1.5% rise – to \$2.41trn, giving it a market share of 14.4% and 11.5% in funds and assets respectively.

However, the investment bank remains some way behind Goldman Sachs, which boosted its fund count by 1% to 2,248 and increased assets to \$2.49trn, an increase of 0.6% or \$15.4bn.



\$171bn

Mitsubishi RAuM following UBS acquisition

Q4	Q3	AUDITOR	FUNDS	%	RAuM (\$BN)	%
1	- 1	EY	2,597	22.7%	2,382.1	38.3%
2	- 2	PWC	2,538	22.2%	1,844.1	29.6%
3	- 3	KPMG	2,238	19.6%	1,008.3	16.2%
4	- 4	DELOITTE	1,297	11.4%	529.7	8.5%
5	- 5	RSM	502	4.4%	83.6	1.3%
6	- 6	EISNERAMPER	357	3.1%	62.9	1.0%
7	- 7	GRANT THORNTON	274	2.4%	141.3	2.3%
8	- 8	BDO	234	2.0%	71.5	1.1%
9	- 9	SPICER JEFFRIES	137	1.2%	4.0	0.1%
10	- 10	ELLIOT DAVIS DECOSIMO	61	0.5%	7.6	0.1%
11	▲ 12	ARTHUR BELL	58	0.5%	3.1	0.1%
12	▼ 11	COHNREZNICK	56	0.5%	10.8	0.2%
13	- 14	WITHUMSMITH+BROWN	54	0.5%	7.6	0.1%
14	▼ 13	MARCUM	52	0.5%	4.1	0.1%
15	- 15	ANCHIN BLOCK & ANCHIN	43	0.4%	7.4	0.1%
16	- 16	CITRIN COOPERMAN	36	0.3%	1.2	0.0%
17	▲ 18	WEAVER	36	0.3%	1.3	0.0%
18	▲ 19	KAUFMAN ROSSIN	28	0.2%	1.8	0.0%
19	NEW -	UNTRACHT EARLY	27	0.2%	0.7	0.0%
20	- 20	COHEN FUND AUDIT SERVICES	26	0.2%	0.7	0.0%
TOP 20 TOTAL			10,651	93.3%	6,173.8	99.2%
TOTAL HF AUDITOR RELATIONSHIPS			11,420	100.0%	6,224.8	100.0%
LESS: MULTIPLE AUDITORS			11		7.5	
TOTAL HFS AUDITED			11,409		6,217.3	
TOTAL HFS (ALL SCHEDULE DS)			11,990		6,277.1	
% OF TOTAL FUNDS AUDITED			95.2%		99.0%	
ALL PRIVATE FUNDS			39,131		11,830.0	
AUDITED			32,943	84.2%	11,243.7	95.0%

Q4	Q3	AUDITOR	RAuM (\$BN)	AVG RAuM (\$BN)
1	- 1	EY	2,382.1	0.92
2	- 2	PWC	1,844.1	0.73
3	- 3	KPMG	1,008.3	0.45
4	- 4	DELOITTE	529.7	0.41
5	- 5	GRANT THORNTON	141.3	0.52
6	NEW -	RSM	83.6	0.17
7	- 7	BDO	71.5	0.31
8	- 8	EISNERAMPER	62.9	0.18
9	- 9	COHNREZNICK	10.8	0.19
10	▲ 12	ELLIOT DAVIS DECOSIMO	7.6	0.12
11	▲ 14	WITHUMSMITH+BROWN	7.6	0.14
12	▼ 11	WEISERMAZARS	7.6	0.47
13	- 13	ANCHIN BLOCK & ANCHIN	7.4	0.17
14	▲ 15	MARCUM	4.1	0.08
15	▲ 16	SPICER JEFFRIES	4.0	0.03
16	▲ 18	RAINES & FISCHER	3.4	0.20
17	▲ 19	HORTY & HORTY	3.1	0.63
18	▼ 17	ARTHUR BELL	3.1	0.05
19	▲ 20	MAYER HOFFMAN MCCANN	2.8	0.11
20	NEW -	MITCHELL & TITUS	2.3	2.32
AVERAGE			309.4	0.41

AUDITORS

“ SS&C HAD A VERY STRONG YEAR IN 2015 IN TERMS OF NEW CLIENTS MIGRATING ONTO OUR PLATFORM, MAINLY VIA CONVERSIONS FROM OTHER FUND ADMINISTRATORS

” EAMONN GREAVES, SS&C GLOBEOP



2,248

Goldman Sachs remains top prime broker by funds

Goldman has a market share of 17.9% of funds and 11.9% of assets, Morgan Stanley currently services 14.4% of the fund market and 11.5% of assets and JP Morgan has a fund share of 13.1% and an asset haul of 10.6%.

The biggest riser in the top 20 prime brokers in terms of RAuM percentage and funds was Wells Fargo, which saw its assets rise 16.5% over the three months to \$36bn while increasing its fund haul by nine strategies to 208.

In the custodian table, JP Morgan saw a 1% decrease in the portfolios using its services as it shed 25 vehicles over the three-month period, taking its total to 2,516. This amounted to an 8.6% fall in its custody assets to \$2.13trn.

METHODOLOGY

AlphaPipe's ADV Data service includes more than 100,000 private fund vendor relationships. The Snapshot focuses on 10,993 hedge funds managing \$5trn in regulatory assets under management (RAuM). RAuM are not NAV and can vary significantly by strategy – most directly based on leverage given RAuM are most related to gross assets. These funds come from active registrations as of 31 December 2015. The AlphaPipe team has eliminated over-counting related to fund structure (excludes feeder funds), filing errors and vendor affiliates (counts a relationship with two offices of the same vendor only once). The Snapshot includes funds managed by both registered investment advisers and exempt reporting advisers, as well as both single manager funds and funds of funds. While extensive, the data is not comprehensive given a number of international fund managers do not make ADV filings and service providers often support non-adviser organisations such as public funds or corporate pensions. We have presented multiple views to address variability in firm structure – one large fund versus several smaller funds – that can impact a given vendor's ranking. Given RAuM is only disclosed at the fund level and many funds use multiple prime brokers and custodians, we have presented RAuM two ways – Full Credit and equal pro rata (based on the number of providers) to each vendor. RAuM figures are as full credit unless otherwise stated.

Q4	Q3	CUSTODIAN	FUNDS	%	RAuM (\$BN)	%
1	- 1	JP MORGAN	2,516	16.4%	2,126.7	10.7%
2	- 2	BNY MELLON/PERSHING	2,159	14.1%	3,069.3	15.4%
3	- 3	STATE STREET	1,052	6.9%	1,910.8	9.6%
4	- 4	BANK OF AMERICA MERRILL LYNCH	842	5.5%	961.1	4.8%
5	- 5	CITIGROUP	581	3.8%	1,027.7	5.2%
6	- 6	GOLDMAN SACHS	564	3.7%	720.0	3.6%
7	- 7	NORTHERN TRUST	530	3.5%	720.6	3.6%
8	- 8	WELLS FARGO	473	3.1%	765.9	3.9%
9	- 9	DEUTSCHE BANK	456	3.0%	489.1	2.5%
10	- 10	MORGAN STANLEY	456	3.0%	539.2	2.7%
11	- 11	US BANCORP	365	2.4%	342.9	1.7%
12	- 12	UBS	329	2.1%	321.3	1.6%
13	- 13	HSBC	314	2.0%	1,119.7	5.6%
14	- 14	CREDIT SUISSE	289	1.9%	329.1	1.7%
15	- 15	FIRST REPUBLIC BANK	276	1.8%	116.7	0.6%
16	- 16	CITCO	248	1.6%	161.8	0.8%
17	- 17	FIDELITY/NATIONAL FINANCIAL SERVICES	191	1.2%	118.3	0.6%
18	- 18	CHARLES SCHWAB	181	1.2%	14.1	0.1%
19	- 19	BARCLAYS	174	1.1%	758.2	3.8%
20	- 20	BNP PARIBAS	119	0.8%	303.3	1.5%
TOP 20 TOTAL			12,115	79.0%	15,915.6	80.0%
TOTAL INDEPENDENT CUSTODIAL RELATIONSHIPS			15,335	100.0%	19,884.7	100.0%
LESS: MULT INDEPENDENT CUSTODIANS			6,434		14,378.3	
TOTAL HFS WITH INDEPENDENT CUSTODIANS			8,901		5,506.4	
TOTAL HFS (ALL SCHEDULE DS)			11,990		6,277.1	
% OF TOTAL HFS WITH INDEPENDENT CUSTODIANS			74.2%		87.7%	
ALL PRIVATE FUNDS			39,131		11,830.0	
FUNDS WITH INDEPENDENT CUSTODIANS			29,793	76.1%	10,334.2	87.4%

Q4	Q3	CUSTODIAN	RAuM (\$BN)*	AVG RAuM (\$BN)
1	- 1	BNY MELLON/PERSHING	1,226.0	0.57
2	- 2	JP MORGAN	840.7	0.33
3	- 3	STATE STREET	724.6	0.69
4	- 4	HSBC	273.3	0.87
5	- 5	NORTHERN TRUST	235.6	0.44
6	- 6	CITIGROUP	234.4	0.40
7	- 7	BANK OF AMERICA MERRILL LYNCH	193.5	0.23
8	- 8	WELLS FARGO	180.7	0.38
9	- 9	GOLDMAN SACHS	155.4	0.28
10	- 10	BARCLAYS	139.3	0.80
11	- 11	MORGAN STANLEY	109.9	0.24
12	- 12	BROWN BROTHERS HARRIMAN	102.9	0.94
13	- 13	DEUTSCHE BANK	90.1	0.20
14	- 14	US BANCORP	85.6	0.23
15	- 15	UBS	71.7	0.22
16	- 16	CREDIT SUISSE	66.4	0.23
17	- 17	FIRST REPUBLIC BANK	58.9	0.21
18	- 18	CITCO	55.5	0.22
19	- 19	BNP PARIBAS	52.4	0.44
20	- 20	SCOTIABANK	31.3	1.25
AVERAGE			246.4	0.46

\*EQUAL PRO RATA (SEE METHODOLOGY)



## ANALYSIS SERVICE PROVIDER SNAPSHOT

The largest percentage increase in the fund custodian space came from BNP Paribas, which boosted its fund count by four funds, or 3.5%. BNY Mellon led the pack in real terms increasing across funds and assets: it added 45 funds – marking a 2.1% increase, to take its count to 2,159 – while increasing its position as top asset custodian by 0.5%, a \$14bn rise, to \$3.07trn.

JPM and BNY are clear leaders in the custodian space holding 16.4% and 14.1% of the market share of funds respectively. In addition, BNY has a 15.4% market share of custodian assets while JPM provides custody services for 10.7% of hedge fund RAuM.

EY cemented its position as leader of the auditors with an increase of 27 funds and \$14.1bn, taking its total fund count to 2,597 and its RAuM to \$2.38trn. The firm holds a large majority of assets serviced in the space with a market share of 38.3% and audits 22.7% of SEC-registered hedge funds.

Deloitte boosted its funds by 3.1%, or 39 funds, to 1,297 and added 1.3%, or \$6.7bn, to its RAuM, taking assets to \$529.7bn.

Arthur Bell recorded the best percentage of funds growth, adding 11.5% (six funds) and taking its roster to 58 although it saw a -17.5% fall in RAuM.

Corey McLaughlin, member in charge of audit, assurance & advisory for Arthur Bell said: “There are sev-

“THERE ARE SEVERAL FACTORS CONTRIBUTING TO ARTHUR BELL’S RECENT GROWTH, SUCH AS OPENING A NEW YORK OFFICE AND EXPANDING INTO IRELAND THIS PAST YEAR

” COREY MCLAUGHLIN, ARTHUR BELL

eral factors contributing to Arthur Bell’s recent growth, such as opening a New York office and expanding into Ireland this past year.

“We actually audit about five times the funds listed in this table. Our client base spans across the industry, including a significant amount of funds that are not included in this table because they are funds sponsored by state registered advisers, feeder funds, funds not classified as a ‘hedge fund’ on the Form ADV, and commodity pools regulated by the CFTC.”

The biggest percentage asset increase came from WithumSmith+Brown, which bolstered its RAuM by 22.3% (\$1.4bn) to \$7.6bn.



**\$2.38trn**

RAuM or top auditor EY

Q4	Q3	PRIME BROKER	FUNDS	%	RAuM (\$BN)	%
1	- 1	GOLDMAN SACHS	2,248	17.9%	2,493.9	11.9%
2	- 2	MORGAN STANLEY	1,814	14.4%	2,413.7	11.5%
3	- 3	JPMORGAN CHASE	1,643	13.1%	2,233.6	10.6%
4	- 4	CREDIT SUISSE	1,165	9.3%	2,385.0	11.4%
5	- 5	DEUTSCHE BANK	805	6.4%	1,713.4	8.2%
6	- 6	UBS	778	6.2%	1,564.1	7.4%
7	- 7	BANK OF AMERICA MERRILL LYNCH	631	5.0%	1,743.2	8.3%
8	- 8	CITIGROUP	589	4.7%	1,187.9	5.7%
9	- 9	BARCLAYS	419	3.3%	1,552.2	7.4%
10	- 10	BNP PARIBAS	312	2.5%	781.4	3.7%
11	- 11	FIDELITY/NATIONAL FINANCIAL SERVICES	280	2.2%	361.8	1.7%
12	- 12	JEFFERIES	235	1.9%	94.7	0.5%
13	- 13	BNY MELLON/PERSHING	229	1.8%	158.1	0.8%
14	- 14	WELLS FARGO	208	1.7%	36.0	0.2%
15	- 15	INTERACTIVE BROKERS	172	1.4%	22.2	0.1%
16	- 16	BTIG	164	1.3%	20.1	0.1%
17	- 17	SOCIÉTÉ GÉNÉRALE	133	1.1%	235.2	1.1%
18	- 18	HSBC	61	0.5%	196.0	0.9%
19	- 19	CHARLES SCHWAB	55	0.4%	8.4	0.0%
20	- 20	CONVERGEX GROUP	50	0.4%	1.9	0.0%
TOP 20 TOTAL			11,991	95.4%	19,202.9	91.4%
TOTAL PB RELATIONSHIPS			12,568	100.0%	21,000.9	100.0%
LESS: MULTIPLE PBS			5,927		16,195.2	
TOTAL HFS PRIME BROKERED			6,641		4,805.7	
TOTAL HFS (ALL SCHEDULE DS)			11,990		6,277.1	
% OF TOTAL HFS PRIME BROKERED			55.4%		76.6%	
ALL PRIVATE FUNDS			39,131		11,830.0	
TOTAL FUNDS PRIME BROKERED			7,985	20.4%	5,075.3	42.9%

Q4	Q3	PRIME BROKER	RAuM (\$BN)*	AVG RAuM (\$BN)
1	- 1	GOLDMAN SACHS	701.9	0.31
2	- 2	JPMORGAN CHASE	673.1	0.41
3	- 3	MORGAN STANLEY	628.5	0.35
4	- 4	CREDIT SUISSE	574.0	0.49
5	- 5	DEUTSCHE BANK	343.7	0.43
6	- 6	BANK OF AMERICA MERRILL LYNCH	342.2	0.54
7	▲ 6	UBS	328.7	0.42
8	▼ 8	BARCLAYS	326.5	0.78
9	- 9	CITIGROUP	306.4	0.52
10	- 10	BNP PARIBAS	154.0	0.49
11	NEW -	FIDELITY/NFS	82.5	0.29
12	- 12	BNY MELLON/PERSHING	41.6	0.18
13	- 13	NOMURA	37.2	1.06
14	- 14	SOCIÉTÉ GÉNÉRALE	31.4	0.24
15	- 15	JEFFERIES	31.3	0.13
16	- 16	HSBC	26.1	0.43
17	- 17	WELLS FARGO	25.2	0.12
18	- 18	SEB	19.0	2.37
19	- 19	CITADEL	10.9	1.56
20	- 20	RBS	10.9	0.78
AVERAGE			234.8	0.60

\*EQUAL PRO RATA (SEE METHODOLOGY)

# PRIME BROKERS