



HFMWeek's study shows clear growth signs for many hedge fund service providers  
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According to the most recent Hedge Fund Research data, the first three months of 2015 delivered the largest inflows since Q2 2014. Total hedge fund assets increased to \$2.94trn, an increase of \$95bn for the quarter.

The positive start to the year had a knock-on effect for administrators and other service providers, as the latest HFMWeek/Alphapipe Service Provider Snapshot reveals.

Comprising figures for the 20 largest administrators, auditors, prime brokers and custodians operating in the US, the quarterly results point to clear growth signs for several of those surveyed.

“The snapshot focuses on 11,536 hedge funds managing \$6.1trn in regulatory assets under management (RAuM),” Alphapipe CEO West Chapman says. “RAuM are not NAV and can vary significantly by strategy – most directly based on leverage given RAuM are most related to gross assets.”

Citco remained on top of the admin tree in terms of funds with 1,044 hedge funds currently using its service; representing a 12.4% market share and more than \$1trn in RAuM.

Positioned second in Q4 of 2014, State Street has slipped into third as SS&C swept up 90 new clients in early 2015 and added some \$87bn to its balance sheet. How-

TOP 20 BY NUMBER OF FUNDS	FUNDS	FUND %	HF RAUM (\$BN)	RAUM %
1 CITCO	1,144	12.4%	1,016.7	18.0%
2 SS&C GLOBEOP	1,083	11.8%	913.9	16.2%
3 STATE STREET GLOBAL FUND SERVICES	1,039	11.3%	1,043.0	18.5%
4 BANK OF NEW YORK MELLON	565	6.1%	448.1	7.9%
5 SEI	472	5.1%	139.5	2.5%
6 CITIGROUP	324	3.5%	184.7	3.3%
7 NORTHERN TRUST	296	3.2%	351.5	6.2%
8 MORGAN STANLEY	293	3.2%	335.9	5.9%
9 U.S. BANCORP	252	2.7%	83.8	1.5%
10 MITSUBISHI UFJ FINANCIAL GROUP	250	2.7%	110.3	2.0%
11 HEDGESERV	248	2.7%	118.8	2.1%
12 JPMORGAN CHASE	179	1.9%	88.8	1.6%
13 UMB	179	1.9%	16.9	0.3%
14 NAV CONSULTING	165	1.8%	11.6	0.2%
15 UBS	135	1.5%	46.3	0.8%
16 ALPS FUND SERVICES	123	1.3%	8.3	0.1%
17 KAUFMAN ROSSIN	122	1.3%	14.6	0.3%
18 STONE COAST FUND SERVICES	119	1.3%	33.9	0.6%
19 HSBC	115	1.2%	85.7	1.5%
20 ADMIRAL ADMINISTRATION	104	1.1%	17.3	0.3%

TOP 20 BY HF RAUM (\$BN)	HF RAUM (\$BN)	AVERAGE RAUM (\$BN)
1 STATE STREET GLOBAL FUND SERVICES	1,043.0	1.00
2 CITCO	1,016.7	0.89
3 SS&C GLOBEOP	913.9	0.84
4 BANK OF NEW YORK MELLON	448.1	0.79
5 NORTHERN TRUST	351.5	1.19
6 MORGAN STANLEY	335.9	1.15
7 CITIGROUP	184.7	0.57
8 SEI	139.5	0.30
9 HEDGESERV	118.8	0.48
10 MITSUBISHI UFJ FINANCIAL GROUP	110.3	0.44
11 WELLS FARGO	109.5	2.15
12 JPMORGAN CHASE	88.8	0.50
13 BROWN BROTHERS HARRIMAN	88.7	1.36
14 HSBC	85.7	0.75
15 U.S. BANCORP	83.8	0.33
16 HARMONIC FUND SERVICES	57.4	3.59
17 CREDIT SUISSE	51.2	0.54
18 CONIFER GROUP	47.6	0.57
19 UBS	46.3	0.34
20 STONE COAST FUND SERVICES	33.9	0.28

TOP 20 TOTAL	7,207	78.3%	5,069.6	89.7%
TOTAL HF ADMIN RELATIONSHIPS	9,205	100.0%	5,650.1	100.0%
LESS: MULTIPLE ADMINS	116		139.9	
TOTAL HFS ADMINISTERED	9,089		5,510.2	
TOTAL HFS (ALL SCHEDULE DS)	11,536		6,113.3	
% OF TOTAL HFS ADMINISTERED	78.8%		90.1%	
ALL PRIVATE FUNDS	37,844		11,603.7	
% OF TOTAL FUNDS ADMINISTERED	19,037	50.3%	8,107.6	69.9%

AVERAGE	267.8	0.90
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# ADMINISTRATORS

No duplicates due to filing errors, multiple offices of same administrator or multiple advisors to same fund with same vendor.

ever, in terms of RAuM, State Street moved from second to first place, taking over from Citco.

Rahul Kanwar, senior vice president and managing director of alternative assets at SS&C, says the outlook in the industry is "as healthy as it has ever been" for administrators.

"That opportunity comes from new fund formations as well as takeaways from existing fund administrators where somebody is dissatisfied with some aspect of the service they are currently getting."

BNY Mellon remained in fourth position with 565 funds. Mitsubishi UFJ added 51 new clients in Q1 (250) while UMB on-boarded 76 new funds to its roster (179).

Kanwar notes that Citigroup's pending departure from the admin space is clearly benefiting its rivals and also says the move further "called into question" the bank-based model.

He adds: "These tend to be relatively small businesses within large banking organisations and they tend not to get the focus and investment they would in a pure-play organisation like SS&C."

"At times of pressure, they tend to be the kinds of businesses that are divested and you saw that with Goldman selling its business, Credit Suisse, you are now seeing it with Citi and we think that trend is going to continue."

"There are certainly pretty savvy managers out there who are customers of these organisations that are taking a look at their options."

On the auditing side, EY once again led its peers on client numbers and RAuM, as funds managed reached 2,523 in Q1.

Mike Serota, partner and co-leader of global hedge fund services at EY, says the firm expects to see greater levels of diversification among managers over the coming months.

"We expect to see diversification down the road – the larger hedge funds and private equity funds are likely to evolve into multi-product, multi-dimensional asset managers – this is not only to support growth aspirations but is also what investors want," Serota says.

EY's positioning is contrasted to the loss of clients experienced by the rest of the big four.

PwC, KPMG and Deloitte all saw fund figures drop in the first quarter with KPMG shedding 165 clients.

Commenting on the survey, KPMG principal James Suglia says the downturn experienced so far in 2015 has been caused by its recent acquisition of Rothstein Kass.

He says: "During the quarter, we did experience a loss of some hedge fund clients stemming from our combination with Rothstein Kass, which was expected. Client losses were primarily driven by client acceptance requirements



# 1,144

Total SEC-registered hedge funds administered by Citco

TOP 20 BY NUMBER OF FUNDS					TOP 20 BY HF RAUM (\$BN)				
	FUNDS	FUND %	HF RAUM (\$BN)	RAUM %		HF RAUM (\$BN)	AVERAGE RAUM (\$BN)		
1	EY	2,523	23.0%	2,238.4	37.0%	1	EY	2,238.4	0.89
2	PWC	2,420	22.0%	1,812.7	30.0%	2	PWC	1,812.7	0.75
3	KPMG	2,201	20.0%	1,025.4	17.0%	3	KPMG	1,025.4	0.47
4	DELOITTE	1,208	11.0%	509.8	8.4%	4	DELOITTE	509.8	0.42
5	MCGLADREY	468	4.3%	71.7	1.2%	5	GRANT THORNTON	143.9	0.59
6	EISNERAMPER	350	3.2%	62.1	1.0%	6	BDO	73.9	0.33
7	GRANT THORNTON	243	2.2%	143.9	2.4%	7	MCGLADREY	71.7	0.15
8	BDO	224	2.0%	73.9	1.2%	8	EISNERAMPER	62.1	0.18
9	SPICER JEFFRIES	129	1.2%	3.8	0.1%	9	COHNREZNICK	10.7	0.20
10	ELLIOT DAVIS DECOSIMO	60	0.5%	7.6	0.1%	10	RSM INTERNATIONAL	8.6	0.24
11	WITHUMSMITH+BROWN	58	0.5%	6.3	0.1%	11	WEISERMAZARS	7.7	0.38
12	COHNREZNICK	53	0.5%	10.7	0.2%	12	ELLIOT DAVIS DECOSIMO	7.6	0.13
13	MARCUM	50	0.5%	4.2	0.1%	13	ANCHIN BLOCK & ANCHIN	7.4	0.17
14	ARTHUR BELL	50	0.5%	3.7	0.1%	14	WITHUMSMITH+BROWN	6.3	0.11
15	ANCHIN BLOCK & ANCHIN	43	0.4%	7.4	0.1%	15	MARCUM	4.2	0.08
16	RSM INTERNATIONAL	36	0.3%	8.6	0.1%	16	SPICER JEFFRIES	3.8	0.03
17	CITRIN COOPERMAN	35	0.3%	1.2	0.0%	17	ARTHUR BELL	3.7	0.07
18	WEAVER	34	0.3%	1.3	0.0%	18	RAINES & FISCHER	3.4	0.20
19	COHEN FUND AUDIT SERVICES	31	0.3%	0.7	0.0%	19	HORTY & HORTY	3.1	0.63
20	KAUFMAN ROSSIN	27	0.2%	1.8	0.0%	20	MAYER HOFFMAN MCCANN	2.6	0.13
<b>TOP 20 TOTAL</b>					<b>AVERAGE</b>				
10,243					300.3				
93.3%		5,995.0		99.2%		300.3		0.31	
TOTAL HF AUDITOR RELATIONSHIPS					TOTAL HF RAUM (\$BN)				
10,983					6,045.9				
100.0%					100.0%				
LESS: MULTIPLE AUDITORS					TOTAL HFS AUDITED				
21					6,041.4				
4.5									
TOTAL HFS (ALL SCHEDULE DS)					%				
11,536					95.0%				
6,113.3					98.8%				
% OF TOTAL FUNDS AUDITED									
95.0%									
98.8%									
ALL PRIVATE FUNDS					AUDITED				
37,844					31,980				
11,603.7					84.5%				
95.0%					11,026.4				
					95.0%				

## AUDITORS

No duplicates due to filing errors, multiple offices of same auditor or multiple advisors to same fund with same vendor.

(mainly independence and risk management).”

While the top four still account for 76% of the industry, EisnerAmper (350), Elliot Davis Decosimo (60) and Spicer Jeffries (129) experienced a good start to 2015.

According to this latest round of Alphapipe data, the top 20 audit companies – which includes Citrin Cooperman for the first time – represent 93% of the market and around \$5.9trn in assets.

WithumSmith and Brown was another firm with decent performance as it saw its client numbers double to 58, while assets jumped from \$3.6bn to \$6.3bn.

Partner Anthony Tuths says: “Funds are continually seeking higher level client service – from their administrators as well as their auditors.”

“Many sub-\$1bn AuM funds are leaving the big four in search of an audit firm more aligned with their size and focus. WSB has become the firm of choice in that regard – the alternative to the big four for the alternative investment funds.”

Prime broker usage is unsurprisingly still dominated by Goldman Sachs, Morgan Stanley, JP Morgan and Credit Suisse, while Deutsche Bank swapped places with UBS to move into fifth place.

Mortgage-Backed Securities Clearing Corporation and

RBS dropped out of the rankings entirely and were replaced by SEB and Scotiabank who have RAuM of \$19bn and \$9.7bn respectively.

Alphapipe’s Chapman says: “Stability in the PB rankings masks trends with six of the top 10 registering declines in the number of funds supported.

“While the only brokers registering double-digit percentage growth were clustered in the lower half; 14th placed Wells Fargo is up 10%, Interactive Brokers plus 18%, BTIG gained 14%, and Societe Generale/Newedge experienced growth (+10%).”

From the custodian perspective there was little change in the overall standings for Q1, with BNP Paribas the only new entrant.

JP Morgan continues to lead the pack with number of hedge funds serviced (2,613) and BNY Mellon/Pershing holds the largest RAuM at \$1.1trn.

There were several other custodians that made significant gains in the first quarter. Among them were Northern Trust who added 50 new funds to its client base, First Republic serviced an extra 90 managers in 2015, while Goldman Sachs added \$39bn to its RAuM.

Look out for the next edition of the quarterly *HFM-Week/AlphaPipe Snapshot*, later this year.



# 2,613

Number of SEC-registered hedge funds that use JPMorgan Chase as a custodian

TOP 20 BY NUMBER OF FUNDS	FUNDS	FUND %	HF RAUM (\$BN)	RAUM %	TOP 20 BY HF RAUM (\$BN)	HF RAUM (\$BN)*	AVERAGE RAUM (\$BN)
1 JPMORGAN CHASE	2,613	17.5%	2,160.5	11.1%	1 BANK OF NEW YORK MELLON/PERSHING	1,167.4	0.56
2 BANK OF NEW YORK MELLON/PERSHING	2,076	13.9%	2,975.1	15.2%	2 JPMORGAN CHASE	861.1	0.33
3 STATE STREET	994	6.6%	1,824.5	9.3%	3 STATE STREET	692.7	0.70
4 BANK OF AMERICA MERRILL LYNCH (BOAML)	832	5.6%	956.9	4.9%	4 HSBC	252.2	0.77
5 CITIGROUP	568	3.8%	1,004.9	5.1%	5 NORTHERN TRUST	236.1	0.51
6 GOLDMAN SACHS	540	3.6%	709.3	3.6%	6 CITIGROUP	220.7	0.39
7 NORTHERN TRUST	467	3.1%	716.5	3.7%	7 BANK OF AMERICA MERRILL LYNCH (BOAML)	182.6	0.22
8 MORGAN STANLEY	438	2.9%	539.4	2.8%	8 WELLS FARGO	167.5	0.40
9 DEUTSCHE BANK	438	2.9%	493.0	2.5%	9 GOLDMAN SACHS	147.7	0.27
10 WELLS FARGO	420	2.8%	741.3	3.8%	10 BARCLAYS	120.7	0.65
11 U.S. BANCORP	360	2.4%	340.3	1.7%	11 MORGAN STANLEY	107.4	0.25
12 UBS	343	2.3%	328.2	1.7%	12 BROWN BROTHERS HARRIMAN	105.1	1.02
13 HSBC	328	2.2%	1,047.7	5.4%	13 DEUTSCHE BANK	86.5	0.20
14 CREDIT SUISSE	291	1.9%	314.9	1.6%	14 U.S. BANCORP	86.1	0.24
15 FIRST REPUBLIC BANK	239	1.6%	109.2	0.6%	15 UBS	74.8	0.22
16 CITCO	229	1.5%	164.5	0.8%	16 CREDIT SUISSE	63.1	0.22
17 BARCLAYS	187	1.2%	697.7	3.6%	17 CITCO	55.5	0.24
18 FIDELITY/NATIONAL FINANCIAL SERVICES	182	1.2%	112.4	0.6%	18 FIRST REPUBLIC BANK	54.4	0.23
19 CHARLES SCHWAB	178	1.2%	13.8	0.1%	19 BNP PARIBAS	50.7	0.46
20 BNP PARIBAS	110	0.7%	272.4	1.4%	20 SCOTIABANK	31.2	1.30
<b>TOP 20 TOTAL</b>	<b>11,833</b>	<b>79.1%</b>	<b>15,522.4</b>	<b>79.5%</b>	<b>AVERAGE</b>	<b>238.2</b>	<b>0.46</b>
TOTAL INDEPENDENT CUSTODIAL RELATIONSHIPS	14,961	100.0%	19,517.1	100.0%	*PRO RATA		
LESS: MULT INDEPENDENT CUSTODIANS	6,450		14,163.4		<h1>CUSTODIANS</h1>		
TOTAL HFS WITH INDEPENDENT CUSTODIANS	8,511		5,353.7				
TOTAL HFS (ALL SCHEDULE DS)	11,536		6,113.3		<p>Excludes custodians separately disclosed as prime brokers. No duplicates due to filing errors, multiple offices of same vendor or multiple advisors to same fund with same vendor.</p>		
% OF TOTAL HFS WITH INDEPENDENT CUSTODIANS	73.8%		87.6%				
ALL PRIVATE FUNDS	37,844		11,603.7				
% OF TOTAL FUNDS WITH INDEPENDENT CUSTODIANS	28,884	76.3%	10,106.6	87.1%			

## METHODOLOGY

AlphaPipe's ADV Data service includes more than 100,000 private fund vendor relationships. The snapshot focuses on 11,536 hedge funds managing \$6.1trn 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 8 April 2015. The AlphaPipe team has eliminated overcounting 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 fund 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 in 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.

Annual updates for most managers are in. Let AlphaPipe's ADV Change Report digest filings for you... [Alphapipe.com/ADV](http://Alphapipe.com/ADV)



# 18.1%

Proportion of SEC-registered hedge funds that use Goldman Sachs for prime brokerage

**ALPHAPIPE**

TOP 20 BY NUMBER OF FUNDS	FUNDS	FUND %	HF RAUM (\$BN)	RAUM %
1 GOLDMAN SACHS	2,217	18.1%	2,459.5	12.3%
2 MORGAN STANLEY	1,744	14.2%	2,371.3	11.8%
3 JPMORGAN CHASE	1,588	13.0%	2,187.6	10.9%
4 CREDIT SUISSE	1,155	9.4%	2,314.0	11.6%
5 DEUTSCHE BANK	806	6.6%	1,703.0	8.5%
6 UBS	757	6.2%	1,507.2	7.5%
7 BANK OF AMERICA MERRILL LYNCH (BOAML)	599	4.9%	1,597.9	8.0%
8 CITIGROUP	565	4.6%	1,176.8	5.9%
9 BARCLAYS	410	3.3%	1,366.4	6.8%
10 BNP PARIBAS	315	2.6%	518.5	2.6%
11 FIDELITY/NATIONAL FINANCIAL SERVICES (NFS)	271	2.2%	355.0	1.8%
12 JEFFERIES	244	2.0%	95.0	0.5%
13 BANK OF NEW YORK MELLON/PERSHING (BNY)	223	1.8%	158.2	0.8%
14 WELLS FARGO	195	1.6%	30.0	0.2%
15 INTERACTIVE BROKERS	160	1.3%	21.9	0.1%
16 BTIG	149	1.2%	19.3	0.1%
17 SOCIETE GENERALE/NEWEDGE	120	1.0%	152.5	0.8%
18 HSBC	72	0.6%	180.9	0.9%
19 CHARLES SCHWAB	55	0.4%	8.3	0.0%
20 CONVERGEX GROUP	46	0.4%	1.9	0.0%

TOP 20 BY HF RAUM (\$BN)	HF RAUM (\$BN)*	AVERAGE RAUM (\$BN)
1 GOLDMAN SACHS	697.5	0.31
2 JPMORGAN CHASE	657.5	0.41
3 MORGAN STANLEY	615.0	0.35
4 CREDIT SUISSE	574.5	0.50
5 DEUTSCHE BANK	343.2	0.43
6 UBS	329.5	0.44
7 BANK OF AMERICA MERRILL LYNCH (BOAML)	322.6	0.54
8 CITIGROUP	300.0	0.53
9 BARCLAYS	296.7	0.72
10 BNP PARIBAS	102.0	0.32
11 FIDELITY/NATIONAL FINANCIAL SERVICES (NFS)	80.5	0.30
12 BANK OF NEW YORK MELLON/PERSHING (BNY)	42.1	0.19
13 NOMURA	35.4	1.11
14 JEFFERIES	31.5	0.13
15 SOCIETE GENERALE/NEWEDGE	30.5	0.25
16 HSBC	24.9	0.35
17 WELLS FARGO	21.8	0.11
18 SKANDINAVISKA ENSKILDA BANKEN (SEB)	19.0	2.37
19 CITADEL	10.9	1.56
20 SCOTIABANK	9.7	0.39

TOP 20 TOTAL	11,691	95.4%	18,225.2	91.0%
TOTAL PB RELATIONSHIPS	12,253	100.0%	20,019.1	100.0%
LESS: MULTIPLE PBS	5,822		15,367.0	
TOTAL FUNDS PRIME BROKERED	6,431		4,652.1	
TOTAL HFS (ALL SCHEDULE DS)	11,536		6,113.3	
% OF TOTAL HFS PRIME BROKERED	55.7%		76.1%	
ALL PRIVATE FUNDS	37,844		11,603.7	
% OF TOTAL FUNDS PRIME BROKERED	7,650	20.2%	4,915.0	42.4%

AVERAGE	227.2	0.57
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\*PRO RATA

## PRIME BROKERS

No duplicates due to filing errors, multiple offices of same vendor or multiple advisors to same fund with same vendor.