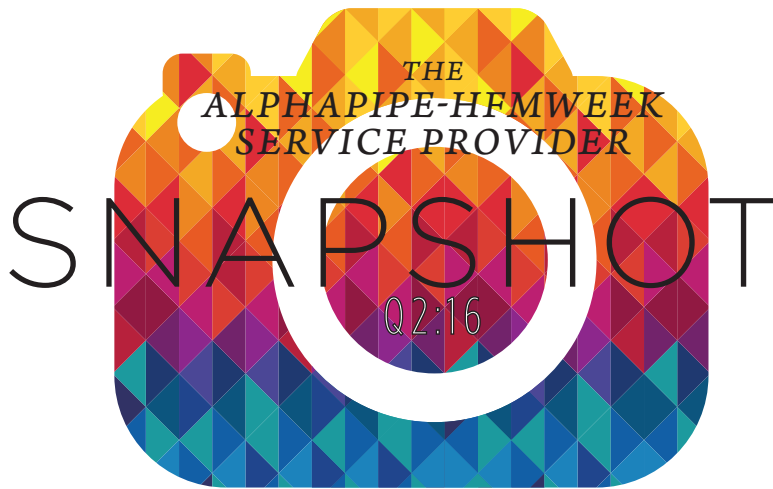


ANALYSIS SERVICE PROVIDER SNAPSHOT



The latest update in the *Alphapipe/HFMWeek Service Provider Snapshot* has seen order maintained at the summit of the provider tables in the second quarter, with administrator SS&C GlobeOp extending its lead in both the number of funds serviced and regulatory assets under management (RAuM).

Despite a tough start to the year, hedge funds managed to rectify negative performance in the second quarter, making returns of 1.8% over three months, according to the *HFRI Fund Weighted Composite* index, taking YTD returns to 1.2% at the end of June.

The Alphapipe/HFMWeek data is taken from hedge fund filings with the SEC and so only relate funds that are registered with the US regulator.

Benefitting earlier this year from the migration of the majority of assets from Citibank's hedge fund administration business first-placed SS&C has increased its fund count by 2.8% to 1,241, up from 1,207 at the end of the first quarter. Its RAuM has risen 6.4% over the same period to \$1.1trn, up from \$1.06trn at the end of June.

"SS&C's combination of software ownership with fund administration translates to applications delivered over web and mobile for customers. Our commitment and continued investment is helping us win mandates and bring additional value to our clients," says SS&C senior vice

Order maintained in four sectors with a number of interesting trends to note

BY SAM MACDONALD

Q2	Q1:Q2	BY FUND	FUND	%*	Q2 CHANGE	(\$B)	Q2 CHANGE	%*		
1	-	SS&C GLOBEOP	1,241	12.9%	34	2.8%	1,131.3	6.4%	19.3%	
2	-	CITCO	1,196	12.4%	10	0.8%	1,058.4	-2.2%	18.1%	
3	-	STATE STREET	1,080	11.2%	3	0.3%	1,030.2	0.4%	17.6%	
4	-	SEI	552	5.7%	9	1.7%	163.4	0.8%	2.8%	
5	-	BNY MELLON	542	5.6%	4	0.7%	450.1	-1.0%	7.7%	
6	-	MUFG INVESTOR SERVICES	425	4.4%	13	3.2%	188.7	-0.9%	3.2%	
7	▲	NORTHERN TRUST	315	3.3%	0	0%	323.5	-0.2%	0.0%	5.5%
8	▼	MORGAN STANLEY	314	3.3%	-5	-1.6%	332.0	-1.9%	-0.6%	5.7%
9	-	US BANCORP	296	3.1%	2	0.7%	100.7	6.7%	7.2%	1.7%
10	-	HEDGESERV	285	3.0%	1	0.4%	152.9	1.8%	1.2%	2.6%
11	▲	JPMORGAN CHASE	227	2.4%	7	3.2%	105.0	1.1%	1.0%	1.8%
12	▼	NAV CONSULTING	219	2.3%	-9	-3.9%	12.8	0.2%	1.5%	0.2%
13	-	CITIGROUP	145	1.5%	-35	-19.4%	84.6	-1.7%	-17.4%	1.4%
14	-	UMB	144	1.5%	-1	-0.7%	14.8	0.0%	-0.1%	0.3%
15	▲	ALPS FUND SERVICES	139	1.4%	11	8.6%	9.9	0.9%	10.3%	0.2%
16	▼	STONE COAST	138	1.4%	3	2.2%	35.2	0.2%	0.5%	0.6%
17	▲	BNP PARIBAS/CREDIT SUISSE	120	1.2%	2	1.7%	71.0	5.2%	7.9%	1.2%
18	▼	KAUFMAN ROSSIN	113	1.2%	-9	-7.4%	13.9	-1.1%	-7.1%	0.2%
19	-	HSBC	112	1.2%	7	6.7%	76.2	2.8%	3.8%	1.3%
20	-	APEX FUND SERVICES	90	0.9%	3	3.4%	9.6	-0.2%	-1.9%	0.2%
TOP 20 TOTAL			7,693	79.9%		5,364.2		91.7%		
TOTAL HF ADMIN RELATIONSHIPS			9,626	100.0%		5,848.4		100.0%		
LESS: MULTIPLE ADMINS			99			13.6				
TOTAL HFS ADMINISTERED			9,527			5,748				
TOTAL HFS (ALL SCHEDULE DS)			11,909			6,287.9				
% OF TOTAL HFS ADMINISTERED			80.0%			90.9%				
ALL PRIVATE FUNDS			42,062			12,093.1				

Q2	Q1:Q2	BY RAUM	(\$B)	AVERAGE
1	-	SS&C GLOBEOP	1,131.3	0.91
2	-	CITCO	1,058.4	0.88
3	-	STATE STREET	1,030.2	0.95
4	-	BNY MELLON	450.1	0.83
5	-	MORGAN STANLEY	332.0	1.06
6	-	NORTHERN TRUST	323.5	1.03
7	-	MUFG INVESTOR SERVICES	188.7	0.44
8	-	SEI	163.4	0.30
9	-	HEDGESERV	152.9	0.54
10	▲	WELLS FARGO	117.6	2.50
11	▼	JPMORGAN CHASE	105.0	0.46
12	-	US BANCORP	100.7	0.34
13	▼	CITIGROUP	84.6	0.58
14	▼	HSBC	76.2	0.68
15	▼	BROWN BROTHERS HARRIMAN	71.0	0.89
16	▼	BNP PARIBAS/CREDIT SUISSE	71.0	0.59
17	▼	HARMONIC FUND SERVICES	49.6	3.10
18	-	STONE COAST	35.2	0.25
19	-	DUQUESNE FUND SERVICES	19.8	2.83
20	-	DEUTSCHE BANK	19.3	0.24
AVERAGE			279.0	0.97

* MARKET SHARE



president Rahul Kenwar.

SS&C has topped the table in funds and assets for three consecutive quarters since replacing Citco at the end of June last year. Citco remains in second place on both fronts despite seeing its RAuM drop -2% to \$1.06trn, down from \$1.08trn. The firm has seen its fund count rise 1% to 1,196, up from 1,186 three months prior.

“AuA decrease is largely due to performance issues in the manager industry. Citco continues to out-pace the administrator industry in terms of adding new client AuA as measured by new client wins and successful RFPs and we remain the largest organically grown fund administrator,” says Citco co-head of fund services Jay Peller.

Alps added the most funds over the quarter, increasing its count by 8.6% to 139, while its RAuM was boosted by 10.3% as assets jumped to \$9.9bn, increasing from \$9bn at Q1 end.

Citi has re-entered the administration table, after it emerged that the bank retained a number of high-value hedge fund administration clients which also use other services with the bank.

Alphapipe founder West Chapman says: “Citigroup returns to the Snapshot at number 13. *HFMWeek* identified and a review of recent Form ADV updates confirmed that SS&C GlobeOp only acquired a third of the continuing business while Citigroup retained about half.”

“We traced the 315 Citigroup-administered hedge funds in 2Q 2015 through to the current Snapshot, finding 51 were no longer in active Form ADV filings with most appearing to have been closed. The 264 funds still in the AlphaPipe ADV database at 2Q2016 are now administered by Citigroup (125 funds, \$82bn RAuM), SS&C GlobeOp (89 funds, \$58.6bn RAuM), Citco (17 funds, \$18.9bn RAuM), JPMorgan (5 funds, \$5.1bn RAuM) and others (28 funds, \$11.8bn RAuM).”

Citigroup continues to have almost 600 private funds administered including over 300 private equity funds and a roster of name brand clients across all fund types including Goldman Sachs, Blackstone and Pinebridge.

Elsewhere in the admin ranks, BNP Paribas Securities Services increased its assets by 8%, with RAuM rising to \$71bn, up from \$65.8bn at the end of Q1, adding two new funds to take its total to 120.

The French bank completed a deal to acquire Credit Suisse’s admin book in June 2015 and is understood to be on the lookout for further possible acquisitions.

“We continue to see convergence in the market place and, due to our wide client base and experience managing a full range of assets, are ideally placed to support traditional asset managers and private equity firms as they develop their alternative strategies. We are also seeing significant activity in the onshore market and have an offering



2,611
EY remains top auditor in funds and RAuM

Q2	Q1:Q2	BY FUND	FUND	%*	Q2 CHANGE	(\$B)	Q2 CHANGE	%*	
1	-	ERNST & YOUNG	2,611	230%	23	0.9%	2,486.9	4.3%	40.0%
2	-	PRICEWATERHOUSECOOPERS	2,549	225%	25	1.0%	1,780.0	0.6%	28.6%
3	-	KPMG	2,120	187%	-35	-1.6%	941.8	0.1%	15.1%
4	-	DELOITTE	1,315	116%	13	1.0%	565.1	-0.1%	9.1%
5	-	RSM INTERNATIONAL	461	41%	0	0.0%	62.9	0.1%	1.0%
6	-	EISNERAMPER	373	33%	-3	-0.8%	62.8	0.1%	1.0%
7	-	GRANT THORNTON	261	23%	-1	-0.4%	152.4	0.4%	2.4%
8	-	BDO	246	2.2%	-1	-0.4%	58.9	-0.2%	-0.9%
9	-	SPICER JEFFRIES	139	1.2%	0	0.0%	4.6	0.1%	2.6%
10	-	ARTHUR BELL	67	0.6%	1	1.5%	3.7	-0.2%	-4.0%
11	-	MARCUM	61	0.5%	2	3.4%	14.0	0.4%	2.8%
12	-	ELLIOT DAVIS DECOSIMO	59	0.5%	1	1.7%	7.7	0.0%	0.0%
13	-	COHNREZNICK	56	0.5%	1	1.8%	11.1	0.0%	0.0%
14	-	ANCHIN BLOCK & ANCHIN	51	0.4%	0	0.0%	6.7	-0.1%	-1.1%
15	-	WITHUMSMITH+BROWN	46	0.4%	-1	-2.1%	7.5	-0.1%	-1.1%
16	-	CITRIN COOPERMAN	43	0.4%	0	0.0%	1.2	0.0%	0.0%
17	▲	COHEN FUND AUDIT SERVICES	39	0.3%	7	21.9%	1.9	0.0%	1.9%
18	▼	WEAVER	36	0.3%	0	0.0%	1.6	0.0%	0.4%
19	-	DEMETRIUS BERKOWER	31	0.3%	0	0.0%	1.1	0.1%	9.5%
20	-	KAUFMAN ROSSIN	30	0.3%	1	3.4%	1.7	0.0%	0.3%

TOP 20 TOTAL	10,594	93.3%	6,175	99.2%
TOTAL HF AUDITOR RELATIONSHIPS	11,353	100.0%	6,224	100.0%
LESS: MULTIPLE AUDITORS	22		32	
TOTAL HFS AUDITED	11,331		6,229	
TOTAL HFS (ALL SCHEDULE DS)	11,909		6,289	
% OF TOTAL FUNDS AUDITED	95.1%		98.9%	
ALL PRIVATE FUNDS	42,062		12,031	

Q2	Q1:Q2	BY RAUM	(\$B)	AVERAGE
1	-	ERNST & YOUNG	2,486.9	0.95
2	-	PRICEWATERHOUSECOOPERS	1,778.0	0.70
3	-	KPMG	941.8	0.44
4	-	DELOITTE	565.1	0.43
5	-	GRANT THORNTON	152.4	0.58
6	-	RSM INTERNATIONAL	62.9	0.14
7	-	EISNERAMPER	62.8	0.17
8	-	BDO	58.9	0.24
9	-	MARCUM	14.0	0.23
10	-	COHNREZNICK	11.1	0.20
11	-	WEISERMAZARS	9.1	0.45
12	-	ELLIOT DAVIS DECOSIMO	7.7	0.13
13	-	WITHUMSMITH+BROWN	7.5	0.16
14	-	ANCHIN BLOCK & ANCHIN	6.7	0.13
15	-	BAKER TILLY INTERNATIONAL	6.2	0.25
16	-	SPICER JEFFRIES	4.6	0.03
17	-	ARTHUR BELL	3.7	0.06
18	-	RAINES & FISCHER	3.3	0.25
19	-	HORTY & HORTY	3.2	0.63
20	-	MAYER HOFFMAN MCCANN	3.0	0.11
AVERAGE			309.4	0.31

* MARKET SHARE



and depository bank to support it,” says BNP head of sales Paraic Cosgrave.

In the prime broker stakes, table-topper Goldman Sachs saw a -0.5% drop in its fund count, falling from 2,206 down to 2,194 at the end of June. Despite the drop in funds, its RAuM was up 0.3% as assets rose to \$2.52trn from \$2.51trn.

Second-placed Morgan Stanley saw a -1.4% drop in its RAuM as assets dipped to \$2.41trn, down from \$2.42trn at the end of the first quarter. At the same time, it saw a marginal increase in funds, up to 1,849 from 1,846.

Wells Fargo fared well in both fund count and assets, seeing the number of portfolios using its prime brokerage increase by 3% to 257, up from 248 three months prior. RAuM of the funds in Wells’ business was up 11% to \$147.4bn, rising from \$133bn over the quarter.

“Our clients appreciate the strength of the Wells Fargo platform and its capital base, as well as our commitment to growing the prime brokerage franchise,” says Eamon McCoey, head of Wells Fargo Prime Services.

The top three prime brokers, Goldman Sachs, Morgan Stanley and JP Morgan have a total market share of 44.6% of funds and 33% of RAuM. On a pro rata basis, Goldman Sachs continues to top the prime broker table with \$678.5bn, while JP Morgan stands second with \$670.9bn.

METHODOLOGY

AlphaPipe’s ADV Data service includes more than 100,000 private fund vendor relationships. The snapshot focuses on 11,909 hedge funds managing \$6.3trn 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 30 June 2016. The AlphaPipe team has eliminated overcounting related to fund structure, 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 vs 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 to each vendor. RAuM figures are as full credit unless otherwise stated. Data for the Snapshot is created by Alphapipes ADV Change Report Service.



\$3.1trn

BNY Mellon tops the custodian table for funds and RAuM

Q2	Q1:Q2	BY FUND	FUND	%*	Q2 CHANGE	(\$B)	Q2 CHANGE	%*		
1	-	BNY MELLON	2,288	145%	52	23%	3101	761	25%	145%
2	-	JPMORGAN CHASE	1,628	103%	-64	-38%	1,684	-213	-12%	79%
3	-	STATE STREET	1,108	70%	15	14%	1,934	116	64%	90%
4	-	BANK OF AMERICA MERRILL LYNCH	884	56%	3	03%	1,059	75	77%	50%
5	-	NORTHERN TRUST	866	55%	26	31%	1,308	69	05%	61%
6	-	CITIGROUP	640	41%	-3	-05%	1,283	84	70%	60%
7	-	WELLS FARGO	593	38%	-4	-07%	945	-24	-26%	44%
8	-	GOLDMAN SACHS	581	37%	0	00%	686	51	08%	32%
9	-	DEUTSCHE BANK	526	33%	-5	-09%	553	69	13%	26%
10	-	MORGAN STANLEY	452	29%	-3	-07%	544	08	01%	27%
11	-	US BANCORP	416	26%	8	20%	346	68	20%	16%
12	-	FIRST REPUBLIC BANK	405	26%	3	07%	159	-07	-04%	07%
13	-	HSBC	345	22%	5	15%	1,138	112	119%	52%
14	-	UBS	317	20%	-2	-06%	310	14	05%	14%
15	-	CITCO	301	19%	2	07%	240	21	09%	11%
16	-	CREDIT SUISSE	254	16%	1	04%	316	-09	-03%	15%
17	-	FIDELITY/NATIONAL FINANCIAL SERVICES	197	12%	0	00%	116	-01	-01%	05%
18	▲	CHARLES SCHWAB	175	11%	1	06%	148	00	01%	01%
19	▼	BARCLAYS	173	11%	-1	-06%	680	88	148%	32%
20	-	BNP PARIBAS	158	10%	7	46%	346	66	268%	15%
TOP 20 TOTAL			12,307	779%			16,742		783%	
TOTAL INDEPENDENT CUSTODIAL RELATIONSHIPS			15,796	1000%			21,381		1000%	
LESS: MULT INDEPENDENT CUSTODIANS			6,712				15,720			
TOTAL HFS WITH INDEPENDENT CUSTODIANS			9,084				5,660			
TOTAL HFS (ALL SCHEDULE DS)			11,909				6,287			
% OF TOTAL HFS WITH INDEPENDENT CUSTODIANS			76.3%				90.0%			
ALL PRIVATE FUNDS			42,062				12,093			
FUNDS WITH INDEPENDENT CUSTODIANS			32,031	76.2%			10,728		88.7%	

Q2	Q1:Q2	BY RAUM	(\$B)	AVERAGE
1	-	BNY MELLON	1,213.3	0.53
2	-	STATE STREET	770.8	0.70
3	-	JPMORGAN CHASE	561.2	0.34
4	-	NORTHERN TRUST	424.1	0.49
5	-	CITIGROUP	280.4	0.44
6	-	HSBC	269.4	0.78
7	▲	BANK OF AMERICA MERRILL LYNCH	231.0	0.26
8	▼	WELLS FARGO	219.3	0.57
9	-	GOLDMAN SACHS	142.1	0.24
10	▲	BARCLAYS	128.5	0.74
11	▼	DEUTSCHE BANK	116.6	0.22
12	-	MORGAN STANLEY	110.6	0.24
13	▲	US BANCORP	98.4	0.24
14	▼	CITCO	96.8	0.32
15	-	BROWN BROTHERS HARRIMAN	81.7	0.68
16	-	FIRST REPUBLIC BANK	74.2	0.18
17	-	UBS	65.0	0.21
18	▲	BNP PARIBAS	61.8	0.39
19	▼	CREDIT SUISSE	51.4	0.20
20	-	BUTTERFIELD	34.1	0.36
AVERAGE			251.6	0.40

* MARKET SHARE



In the auditor table, EY continues its dominance of the sector, increasing its funds haul by 1% over the quarter to 2,611 from 2,588 and seeing its regulatory AuM climb to \$2.49trn, rising from \$2.38trn at the end of Q1.

PwC also saw an increase on both fronts, with the number of funds using its services up 1% to 2,549, from 2,524. Third-placed KPMG saw a -1.6% fall in its fund haul with a total of 2,120, down from 2,155 last quarter. However, the firm's RAuM was up marginally, rising to \$941.8bn from \$940.5bn.

"KPMG has made significant investments in the industry, including a large commitment to the emerging manager market. However, the recent difficult market conditions have led to fewer start-ups and an increase in liquidations," says Robert Mirsky, global lead partner for hedge funds at KPMG. "Our growth within the middle and larger market continues to be strong and we expect the start-up environment to bounce back," Mirsky adds.

Deloitte remains in fourth position with 1,315 funds, an increase of 1% from the 1,302 it held at the end of March, while its assets stand at \$565.1bn, a small fall from the \$565.4bn it had at the end of the first quarter. The top four auditors' combined market share by fund count stands at 75.8%. By assets, the share is even higher at 92.8%, including a 40% share held by EY and PwC's 28.6%.

“ THE RECENT DIFFICULT MARKET CONDITIONS HAVE LED TO FEWER START-UPS AND AN INCREASE IN LIQUIDATIONS ”

ROBERT MIRSKY, KPMG

As with the auditor tables, there has been little movement in the way of the custodian rankings, a return to normality after the changes seen over the first quarter when JP Morgan shed 824 hedge funds using its services thanks to the closure of its Broker Dealer Services business.

BNY Mellon tops the rankings and has seen a 2.3% increase in its fund population to 2,288, up from 2,236 in the first quarter. Its assets have been boosted by 2.5% to \$3.1trn, rising from \$3.03trn.

JP Morgan saw a -3.8% drop in its funds, as its count dipped to 1,628, down from 1,692 in the previous quarter. JPM's RAuM was down -1.2% to \$1.68trn, falling from \$1.71trn.

Third-placed State Street saw its assets increase 6.4% over the three-month period to \$1.93trn. ■



\$2.2trn

Goldman Sachs remains top of the prime broker table

Q2	Q1:Q2	BY FUND	FUND	%*	Q2 CHANGE	(\$B)	Q2 CHANGE	%*		
1	-	GOLDMAN SACHS	2,194	17.6%	-12	-0.5%	25258	6.9	0.3%	115%
2	-	MORGAN STANLEY	1,849	14.8%	3	0.2%	24083	-345	-1.4%	110%
3	-	JPMORGAN CHASE	1,527	12.2%	20	1.3%	22943	155	0.7%	105%
4	-	CREDIT SUISSE	1,020	8.2%	2	0.2%	22899	271	1.2%	105%
5	-	DEUTSCHE BANK	800	6.4%	4	0.5%	12770	-49	-0.3%	79%
6	-	UBS	735	5.9%	0	0.0%	16439	139	0.9%	75%
7	-	BANK OF AMERICA MERRILL LYNCH	656	5.2%	-2	-0.3%	18507	10.0	0.5%	85%
8	-	CITIGROUP	602	4.8%	4	0.7%	14048	-86	-0.6%	64%
9	-	BARCLAYS	402	3.2%	7	1.8%	16105	31.2	2.0%	74%
10	▲	FIDELITY/NATIONAL FINANCIAL SERVICES	313	2.5%	0	0.0%	3806	-0.3	-0.1%	17%
11	▼	BNP PARIBAS	310	2.5%	-4	-1.3%	8308	57.8	7.5%	3.8%
12	-	BNY MELLON/PERSHING	271	2.2%	4	1.5%	3767	0.0	0.0%	17%
13	-	WELLS FARGO	257	2.1%	9	3.6%	1474	144	10.8%	0.7%
14	-	JEFFERIES	231	1.8%	0	0.0%	919	0.0	0.0%	0.4%
15	-	INTERACTIVE BROKERS	213	1.7%	1	0.5%	251	0.1	0.6%	0.1%
16	-	BTIG	158	1.3%	1	0.6%	145	-0.2	-1.5%	0.1%
17	-	SOCIÉTÉ GÉNÉRALE/NEWEDGE	122	1.0%	-1	-0.8%	1683	12.9	8.3%	0.8%
18	▲	HSBC	68	0.5%	2	3.0%	2516	7.6	31%	1.1%
19	▼	CONVERGEX GROUP	66	0.5%	-1	-1.0%	23	-0.1	-4.8%	0.0%
20	-	CHARLES SCHWAB	58	0.5%	1	1.8%	70	0.0	0.0%	0.0%
TOP 20 TOTAL			11,852	94.8%			20,051.4			91.6%
TOTAL PB RELATIONSHIPS			12,497	100.0%			21,890.8			100.0%
LESS: MULTIPLE PBS			6,024				17,192.4			
TOTAL HFS PRIME BROKERED			6,473				4,698.4			
TOTAL HFS (ALL SCHEDULE DS)			11,909				6,287.9			
% OF TOTAL HFS PRIME BROKERED			54.4%				74.7%			
ALL PRIVATE FUNDS			42,062				12,093.1			
TOTAL FUNDS PRIME BROKERED			7,903	18.8%			4,993.7			41.3%

Q2	Q1:Q2	BY RAUM	(\$B)	AVERAGE
1	-	GOLDMAN SACHS	678.5	0.31
2	-	JPMORGAN CHASE	670.9	0.44
3	-	MORGAN STANLEY	615.8	0.33
4	-	CREDIT SUISSE	521.0	0.51
5	-	BANK OF AMERICA MERRILL LYNCH	347.4	0.53
6	-	DEUTSCHE BANK	326.9	0.41
7	-	UBS	324.1	0.44
8	-	BARCLAYS	302.1	0.75
9	-	CITIGROUP	278.5	0.46
10	-	BNP PARIBAS	157.8	0.51
11	-	FIDELITY/NATIONAL FINANCIAL SERVICES	89.3	0.29
12	-	BNY MELLON/PERSHING	63.2	0.23
13	-	WELLS FARGO	39.4	0.15
14	-	NOMURA	35.9	0.90
15	-	HSBC	30.2	0.44
16	▲	SOCIÉTÉ GÉNÉRALE/NEWEDGE	27.8	0.23
17	▼	JEFFERIES	25.1	0.11
18	-	SKANDINAVISKA ENSKILDA BANKEN	21.8	1.56
19	-	RBS	15.4	1.19
20	-	STATE STREET	14.3	0.51
AVERAGE			279.0	0.97

* MARKET SHARE

