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The Alphapipe-HFMWeek service provider snapshot Q3:16

The top rankings remain unchanged although there was movement further down the tables



SAVE

Sam Macdonald (<https://hfm.global/hfmweek/author/samm/>) 10 November, 2016

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The top echelons of the AlphaPipe/*HFMWeek* Service Provider Snapshot remained unchanged in the third quarter although there were a number of interesting moves further down the rankings with firms growing market share.

In terms of overall assets, the third quarter was a mixed bag for managers with the HFRI Fund Weighted Composite Index gaining 2.9% over the quarter but the sector also suffering \$28bn of outflows.

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

In the administration ranks, SS&C GlobeOp leads for a fourth consecutive quarter. The firm increased its fund count by 1% – to 1,254 – while raising RAuM marginally to \$1.14trn, up from \$1.13trn at the end of the second quarter.

Second-placed Citco has overturned a drop in assets in Q2 to post positive figures this time around, the firm's regulatory AuM is up 1.2% to \$1.07trn, while its fund haul is up 1.8% to 1,218, rising from 1,136 three months prior.

"We have picked up a couple of clients from competitors and performance in recent months has been good, which bodes well for the coming year, even if there are the usual redemptions in the fourth quarter," says Citco managing director Jay Peller.

"While there have been redemptions from some of our clients, the inflows and performance have counteracted that so we are happy with the way things are currently," he adds.

Administrators

By Fund	Fund	%	\$bn	%	
1	SS&C GlobeOp	1,254	13.0%	1,135.8	19.3%
2	Citco	1,218	12.6%	1,071.6	18.2%
3	State Street Global Fund Services	1,077	11.1%	1,037.1	17.6%
4	SEI	556	5.7%	163.8	2.8%
5	Bank of New York Mellon	546	5.6%	456.0	7.7%
6	MUFG Investor Services	429	4.4%	188.6	3.2%
7	Morgan Stanley	320	3.3%	333.5	5.7%
8	Northern Trust	320	3.3%	323.5	5.5%
9	U.S. Bancorp	297	3.1%	103.8	1.8%
10	HedgeServ	289	3.0%	153.0	2.6%
11	JPMorgan Chase	229	2.4%	105.2	1.8%
12	NAV Consulting	212	2.2%	13.3	0.2%
13	ALPS Fund Services	147	1.5%	10.5	0.2%
14	UMB	142	1.5%	14.7	0.2%
15	Stone Coast Fund Services	135	1.4%	37.3	0.6%
16	Citigroup	130	1.3%	76.4	1.3%
17	BNP Paribas/Credit Suisse	122	1.3%	71.3	1.2%
18	HSBC	109	1.1%	75.6	1.3%
19	Kaufman Rossin	109	1.1%	13.6	0.2%
20	Apex Fund Services	91	0.9%	9.9	0.2%
	Top 20 total	7,732	79.9%	5,394.6	91.5%

By rAUM	\$bn	Average	
1	SS&C GlobeOp	1,135.8	0.91
2	Citco	1,071.6	0.88
3	State Street Global Fund Services	1,037.1	0.96
4	Bank of New York Mellon	456.0	0.84
5	Morgan Stanley	333.5	1.04
6	Northern Trust	323.5	1.01
7	MUFG Investor Services	188.6	0.44
8	SEI	163.8	0.29
9	HedgeServ	153.0	0.53
10	Wells Fargo	117.7	2.31
11	JPMorgan Chase	105.2	0.46
12	U.S. Bancorp	103.8	0.35
13	Brown Brothers Harriman	83.5	1.02
14	Citigroup	76.4	0.59
15	HSBC	75.6	0.69
16	BNP Paribas/Credit Suisse	71.3	0.58
17	Harmonic Fund Services	49.6	3.10
18	Stone Coast Fund Services	37.3	0.28
19	Duquesne Fund Services	19.8	2.83

There were four climbers and three fallers among the top 20 hedge fund admins. One of those moving up was Alps Fund Services, which saw its fund count rise by 5.8% to 147, up from 139 over three months. The firm's RAuM was up by 6.3% to \$10.5bn, rising from \$9.9bn.

Mitsubishi's MUFG Fund Services also held firm over the three months; the Japanese bank-owned admin saw funds increase by 0.9% to 429 with assets remaining steady at \$188.6bn.

"The third quarter was another strong one for MUFG, with assets under administration increasing. While capital inflows and outflows were relatively flat, the growth was driven by a combination of new wins and strong performance of our clients' funds," says MUFG CEO Ken McCarney.

Citibank remained in the list of administrators at the end of the last quarter, despite its acquisition by SS&C, after retaining a number of larger clients on its books. More of those clients now appear to be shifting elsewhere as the bank saw a -10.3% drop in its fund count slipping to 130 from 145. The bank's RAuM was down -9.7%, falling from \$84.6bn to \$76.4bn. It has fallen to 16th from 13th in the fund stakes and is down one place to 14th in the RAuM table.

As a result of the Citi drop, Stone Coast Fund Services is up to 15th spot by funds and remains in 18th place by assets after increasing its RAuM by 6.1% to \$37.3bn, up from \$35.2bn. The rise in assets comes despite a -2.2% fall in fund numbers to 135, down from 138.

"We're very pleased that Stone Coast continues to grow at a strong but steady rate. Ironically, we attribute this in large measure to a longstanding practice of limiting new business, as by not over-extending our capacity we've been able to maintain service quality and to reach progressively larger clients," says Stone Coast principal Marc Keffer.

Auditors

By Fund		Funds	%	\$bn	%
1	Ernst & Young	2,628	23.0%	2,515.9	40.1%
2	PricewaterhouseCoopers	2,571	22.5%	1,790.7	28.6%
3	KPMG	2,132	18.7%	931.2	14.8%
4	Deloitte	1,326	11.6%	568.9	9.1%
5	RSM International	452	4.0%	63.2	1.0%
6	EisnerAmper	385	3.4%	63.8	1.0%
7	Grant Thornton	264	2.3%	152.3	2.4%
8	BDO	237	2.1%	58.3	0.9%
9	Spicer Jeffries	146	1.3%	4.8	0.1%
10	Arthur Bell	66	0.6%	3.6	0.1%
11	Marcum	63	0.6%	14.1	0.2%
12	CohnReznick	59	0.5%	11.5	0.2%
13	Elliot Davis Decosimo	57	0.5%	7.4	0.1%
14	Anchin Block & Anchin	51	0.4%	6.7	0.1%
15	Citrin Cooperman	43	0.4%	1.2	0.0%
16	WithumSmith+Brown	40	0.4%	7.0	0.1%
17	Weaver	37	0.3%	1.6	0.0%
18	Cohen Fund Audit Services	36	0.3%	1.9	0.0%
19	Demetrius Berkower	31	0.3%	1.1	0.0%
20	Baker Tilly International	28	0.2%	6.1	0.1%
	Top 20 total	10,652	93.3%	6,211.4	99.0%

By rAUM		\$bn	Average
1	Ernst & Young	2,515.9	0.96
2	PricewaterhouseCoopers	1,790.7	0.70
3	KPMG	931.2	0.44
4	Deloitte	568.9	0.43
5	Grant Thornton	152.3	0.58
6	EisnerAmper	63.8	0.17
7	RSM International	63.2	0.14
8	BDO	58.3	0.25
9	Marcum	14.1	0.22
10	O'Connor Davies	12.8	1.42
11	CohnReznick	11.5	0.19
12	WeiserMazars	9.1	0.45
13	Elliot Davis Decosimo	7.4	0.13
14	WithumSmith+Brown	7.0	0.18
15	Anchin Block & Anchin	6.7	0.13
16	Baker Tilly International	6.1	0.22
17	Spicer Jeffries	4.8	0.03
18	Arthur Bell	3.6	0.05
19	Raines & Fischer	3.3	0.25

There was little movement seen in the prime broker rankings, with only two firms changing position in fund terms across the top 20 PBs, while the asset table remained the same as seen in the Q2 study.

In the fund list, BNP Paribas leapfrogged Fidelity to take 10th place, with Fidelity dropping down one spot. BNP increased funds by 0.6% to 312, up from 310, while RAuM jumped 0.1% to \$831.4bn, up from \$830.8bn.

The dominant top broker trio of Goldman Sachs, Morgan Stanley and JP Morgan saw a slight drop in their market share of funds, seeing it fall to 44.3%, down from 44.6% at the end of Q2. This drop was compared to a rise in their market share of assets, rising to 33.2%, up from 33% at the end of June.

Goldman increased its fund count by 0.4% to 2,202, up from 2,194 in the previous quarter. RAuM was up by 0.6% to \$2.5trn. Morgan Stanley added 17 funds or 0.9%, over the same period, with regulatory AuM up 1% to \$2.4trn.

JP Morgan saw its fund count fall by -0.9%, down to 1,514 from 1,527, RAuM remained steady at \$2.3trn. On a pro-rata basis, JPM remains in second place with an average fund size of \$677.4bn, behind Goldman, which averages \$683.5bn, and in front of Morgan Stanley's \$621.3bn.

In the auditor ranks, the top four's dominance continues as EY, PwC, KPMG and Deloitte all maintained their respective positions at the summit.

"The slow economic growth we have been experiencing over the past several years continues to have an impact on the alternative investments market, resulting in fewer start-ups and an increase in liquidations," says Robert Mirsky, global lead partner for hedge funds at KPMG.

"However, we are confident that the growth within the middle to large market will continue to be strong and we expect start-ups to begin a rebound in the near future," Mirsky adds.

O'Connor Davies, while not being part of the top 20 auditors by funds haul, entered in 10th place in the RAuM stakes, having increased its assets by 3.4% to \$12.8bn, up from \$11.1bn at the end of Q2.

WithumSmith+Brown was the most notable faller in percentage terms as fund numbers dropped -13% to 40, down from 46 in the second quarter, and assets dipped -5.7% to \$7bn, falling from \$7.5bn.

Custodians

By Fund		Funds	%	\$bn	%
1	Bank of New York Mellon	2,324	14.6%	3,123.0	14.6%
2	JPMorgan Chase	1,613	10.1%	1,683.5	7.9%
3	State Street	1,111	7.0%	1,941.1	9.1%
4	Northern Trust	906	5.7%	1,318.4	6.2%
5	Bank of America Merrill Lynch	887	5.6%	1,062.1	5.0%
6	Citigroup	642	4.0%	1,280.5	6.0%
7	Wells Fargo	605	3.8%	941.1	4.4%
8	Goldman Sachs	582	3.7%	687.6	3.2%
9	Deutsche Bank	528	3.3%	549.3	2.6%
10	Morgan Stanley	452	2.8%	571.5	2.7%
11	First Republic Bank	407	2.6%	157.2	0.7%
12	U.S. Bancorp	406	2.6%	342.2	1.6%
13	HSBC	345	2.2%	1,114.5	5.2%
14	UBS	317	2.0%	304.3	1.4%
15	Citco	301	1.9%	240.4	1.1%
16	Credit Suisse	256	1.6%	307.6	1.4%
17	Fidelity/National Financial Services	197	1.2%	113.4	0.5%
18	Charles Schwab	175	1.1%	14.8	0.1%
19	Barclays	174	1.1%	677.0	3.2%
20	BNP Paribas	160	1.0%	318.3	1.5%
	Top 20 total	12,388	77.9%	16,747.8	78.3%

By Pro Rata		\$bn	Average
1	Bank of New York Mellon	1,229.4	0.53
2	State Street	779.7	0.70
3	JPMorgan Chase	562.8	0.35
4	Northern Trust	435.2	0.48
5	Citigroup	280.8	0.44
6	HSBC	269.4	0.78
7	Bank of America Merrill Lynch	235.0	0.26
8	Wells Fargo	219.3	0.36
9	Goldman Sachs	142.8	0.25
10	Barclays	128.2	0.74
11	Deutsche Bank	116.4	0.22
12	Morgan Stanley	110.7	0.24
13	Citco	96.9	0.32
14	Brown Brothers Harriman	94.1	0.77
15	U.S. Bancorp	90.6	0.22
16	First Republic Bank	73.8	0.18
17	UBS	63.5	0.20
18	BNP Paribas	63.1	0.39
19	Credit Suisse	51.2	0.20

Marcum retained 11th place in the funds rankings and ninth place in the RAuM table as it boosted its portfolio numbers by 3.3% to 63 and increased RAuM by 0.7% to \$14.1bn, with its average fund size standing at \$220m.

"Marcum continues to gain ground among fund managers looking for an accounting firm that has the experience, resources and technical expertise to provide a complete range of audit, tax and advisory services," said Marcum national partner-in-charge Beth Weiner.

In the custodian rankings, BNY Mellon, JP Morgan and State Street remain the top three custodians both in terms of number of funds and regulatory AuM. They have a joint fund market share of 31.5%, a slight drop on its 31.8% share in Q2. Market share of assets by the top three stands at 31.6%, compared to 31.4% three months earlier.

JP Morgan was the only member of the top three to see negative numbers on both in its fund count and RAuM, with the number of portfolios down -0.9% to 1,613, down from 1,628 at the end of June. Assets also dropped marginally over the three-month period.

Prime Brokers

By Funds		Funds	%	\$bn	%
1	Goldman Sachs	2,202	17.5%	2,540.0	11.6%
2	Morgan Stanley	1,866	14.8%	2,433.5	11.1%
3	JPMorgan Chase	1,514	12.0%	2,318.1	10.5%
4	Credit Suisse	1,016	8.1%	2,273.5	10.3%
5	Deutsche Bank	808	6.4%	1,753.0	8.0%
6	UBS	748	5.9%	1,650.7	7.5%
7	Bank of America Merrill Lynch	655	5.2%	1,837.6	8.4%
8	Citigroup	606	4.8%	1,407.6	6.4%
9	Barclays	413	3.3%	1,621.0	7.4%
10	BNP Paribas	312	2.5%	831.4	3.8%
11	Fidelity/National Financial Services	312	2.5%	380.5	1.7%
12	Bank of New York Mellon/Pershing	280	2.2%	378.9	1.7%
13	Wells Fargo	259	2.1%	148.9	0.7%
14	Jefferies	234	1.9%	92.3	0.4%
15	Interactive Brokers	224	1.8%	25.5	0.1%
16	BTIG	163	1.3%	15.1	0.1%
17	Societe Generale/Newedge	127	1.0%	173.7	0.8%
18	HSBC	74	0.6%	257.0	1.2%
19	ConvergEx Group	67	0.5%	2.5	0.0%
20	Charles Schwab	58	0.5%	6.8	0.0%
	Top 20 total	11,938	94.7%	20,147.8	91.6%

By Pro Rata		\$bn	Average
1	Goldman Sachs	683.5	0.31
2	JPMorgan Chase	677.4	0.45
3	Morgan Stanley	621.3	0.33
4	Credit Suisse	515.3	0.51
5	Bank of America Merrill Lynch	344.1	0.53
6	Deutsche Bank	331.6	0.41
7	UBS	326.8	0.44
8	Barclays	306.5	0.74
9	Citigroup	279.1	0.46
10	BNP Paribas	158.9	0.51
11	Fidelity/National Financial Services	89.3	0.29
12	Bank of New York Mellon/Pershing	64.1	0.23
13	Wells Fargo	40.2	0.16
14	Nomura	36.0	0.92
15	HSBC	31.1	0.42
16	Societe Generale/Newedge	30.6	0.24
17	Jefferies	25.4	0.11
18	Skandinaviska Enskilda Banken (SEB)	21.8	1.56
19	RBS	15.4	1.19

BNY continued to amass funds and assets, with its portfolio count up 1.6% to 2,324, compared to 2,288 at the end of the second quarter. Assets rose 0.4% to \$3.12trn, up from \$3.11trn in the last survey.

Northern Trust replaced Baml in fourth position by funds, increasing its fund count by 4.6%, rising to 906, up from 866 three months prior. RAuM was up marginally over the same period.

"The ability to service complex strategies and portfolios through our single global technology platform has contributed to our rapid growth. We remain focused on tailored client service and industry expertise, and with our investment in developing new capabilities, Northern Trust Hedge Fund Services is well positioned to support our current clients and poised for continued growth," says head of Northern Trust Hedge Fund Services Peter Sanchez.

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