



**CONVERGENCE**  
OPTIMAL PERFORMANCE

**A Look at Apex Fund Services  
Purchase of Custom House Administration  
Convergence Insight #27  
August 14, 2018**

On August 14<sup>th</sup>, 2018 Apex Fund Services (Apex) announced the acquisition of Custom House Administration (Custom House). The newly combined firm will boast 572 fund administration relationships with \$136.55BN in Private Fund Assets. In our July 2018 Fund Administration League Tables, they remain #13, in Private Funds while its rank improves from #15 to #13 in Private Fund Assets. Of note, Apex assets in Emerging Markets now top \$1BN, improving its rank from #12 to #8. This is the industry's sixth deal this year with 807 funds and \$109.1BN changing hands.

Apex has been actively buying smaller Administrators. Custom House represents Apex's 5<sup>th</sup> buy in 2018. It had acquired Dundee Leeds in 2015, a small non-US Administrator. Since buying Dundee Leeds, Custom House maintained its #51 rank by Funds in Convergence Top 100 Fund Administration League Tables, yet, its rank in Assets dropped to #44 from #37, suggesting growth was hard to come by.

Fund Administration cognoscenti understand the real motive behind SS&C's buying spree, yet Apex's buying spree is somewhat perplexing. Are they simply rolling-up these smaller Admins to ultimately sell to the "acquisition king", or, do they plan to fully integrate these companies to generate the financial scale needed to improve their client's experience? Who knows, but in the Fund Administration chess game, Advisers have increasingly become the game's pawns, not its kings and queens. Do these deals really create benefits to their clients? Maybe it's time to use the power of novation to ensure they improve their position on the board? Stay tuned....

FUND TYPES	PRIVATE FUNDS					
	APEX		Custom House		COMBINED	
	#	RANK	#	RANK	#	RANK
HEDGE FUNDS	232	13	38	26	270	12
PRIVATE EQUITY	97	21	7	53	104	20
REAL ESTATE	9	24	3	30	12	21
VENTURE CAPITAL	5	28	0	-	5	28
SAF	111	6	20	11	131	4
OTHER	48	14	2	37	50	14
<b>TOTAL PRIVATE FUNDS</b>	<b>502</b>	<b>13</b>	<b>70</b>	<b>49</b>	<b>572</b>	<b>13</b>
<b>HEDGE FUNDS</b>	<b>#</b>	<b>RANK</b>	<b>#</b>	<b>RANK</b>	<b>#</b>	<b>RANK</b>
DEBT-DIVERSE	23	9	1	21	24	8
DISTRESSED-DEBT	1	12	4	9	5	8
EMERGING MARKETS	33	4	5	13	38	4
EQUITY	52	9	9	22	61	8
FUND OF FUNDS	15	18	1	29	16	17
MULTI-STRAT	69	12	12	25	81	12
REAL ESTATE	11	1	0	-	11	1
SAF	0	-	0	-	0	-
QUANT	3	10	1	12	4	9
ALL OTHER STRATEGIES	25		5		30	
<b>TOTAL HEDGE FUNDS</b>	<b>232</b>		<b>38</b>		<b>270</b>	

PRIVATE FUND ASSETS					
APEX		Custom House		COMBINED	
BN	RANK	BN	RANK	BN	RANK
\$40.33	16	\$5.09	36	\$45.42	16
\$24.72	17	\$1.94	52	\$26.66	17
\$3.90	14	\$0.15	62	\$4.06	14
\$0.29	52	\$0.00	-	\$0.29	52
\$35.20	6	\$5.74	11	\$40.94	6
\$17.58	13	\$1.61	42	\$19.19	13
<b>\$122.02</b>	<b>15</b>	<b>\$14.53</b>	<b>43</b>	<b>\$136.55</b>	<b>13</b>
<b>BN</b>	<b>RANK</b>	<b>BN</b>	<b>RANK</b>	<b>BN</b>	<b>RANK</b>
\$5.17	13	\$0.04	34	\$5.21	13
\$0.05	20	\$0.06	18	\$0.11	15
\$2.86	12	\$1.01	18	\$3.87	8
\$7.83	12	\$0.21	62	\$8.04	12
\$1.33	23	\$0.07	54	\$1.40	23
\$17.17	14	\$3.34	24	\$20.51	14
\$2.56	4	\$0.00	-	\$2.56	4
\$0.00	-	\$0.00	-	\$0.00	-
\$1.07	14	\$0.06	23	\$1.13	14
\$2.28		\$0.30		\$2.58	
<b>\$40.33</b>		<b>\$5.09</b>		<b>\$45.42</b>	