OVERVIEW

Hedge funds are at an inflection point. The need to demonstrate positive returns for investors and drive greater efficiency is relentless in a highly competitive market environment.

Several years of disappointing performance coupled with the growth of low-cost passive products has led to a compression of the fees that funds are able to charge to their clients. At the same time, the cost of operations has increased due to the demands of investors for governance, transparency and customized solutions in the form of managed accounts.

For hedge funds to succeed in a challenging market environment their ability to differentiate innovative strategies, coupled with proven performance, is what will make a firm stand out from the competition. The requirement for robust risk controls that will satisfy the regulator and potential investors is driving the need for a technology platform that can help provide cost-effective support for their business while also enabling future growth.

Key benefits

- Real-time decision support
- Governance and regulatory readiness
- Transparency for investors
- Flexibility to handle complex funds
- Ability to enable growth into new strategies.

Cross-Asset Trading and Risk Platform includes OMS, PMS, and risk tools to reduce operational complexity and cost.

REAL-TIME MULTI-ASSET PORTFOLIO MANAGEMENT

FIS® Cross-Asset Trading and Risk Platform (formerly Front Arena) is a full front-to-back, cross-asset class platform for hedge funds that helps demonstrate institutional credibility, promotes operational excellence and enables future growth into new strategies.

REAL-TIME DECISION SUPPORT

Cross-Asset Trading and Risk Platform's, real-time capability allows hedge fund managers to monitor and manage their fund in response to market volatility and market events as they unfold. Together with a flexible risk management toolkit, this allows managers to protect investor capital and exploit investment opportunities.
FIS CROSS-ASSET TRADING AND RISK PLATFORM
Overview for hedge funds

ENABLING GROWTH INTO NEW STRATEGIES

First mover advantage in search of enhanced alpha is provided not only through broad asset class coverage, but also by having support for new means of electronic execution. Cross-Asset Trading and Risk Platform allows clients to harness a trading platform that includes cross-asset class support for both OTC and electronic trading, to provide seamless expansion into new strategies to support growth and speed to market.

GOVERNANCE AND REGULATORY READINESS

Cross-Asset Trading and Risk Platform can help demonstrate to investors that appropriate technology infrastructure and controls are in place to manage operational and investment risks. Most notably Cross-Asset Trading and Risk Platform enables managers to adhere to limits and mandates (both post- and pre-trade) as well as complying with the appropriate regulatory framework. Full audit capabilities provide a digital trail of all decisions in the trading and operational lifecycle.

REDUCING OPERATIONAL COMPLEXITY AND COST

Cross-Asset Trading and Risk Platform can be the single platform that a fund manager can consolidate on for its technology infrastructure. The real benefits come into play when considering the range of additional services that FIS provides including infrastructure hosting, and outsourced middle and back office operations.

FLEXIBILITY TO HANDLE COMPLEX FUNDS

Clients are using Cross-Asset Trading and Risk Platform to cover the broadest range of strategies. This is enabled by the platform’s extensive cross-asset class coverage and its open architecture which supports clients who need a system that can model and integrate the unique aspects of their funds.

DELIVERING TRANSPARENCY

Investors are demanding increased transparency and communication on all aspects of their allocation to a fund. The ability of Cross-Asset Trading and Risk Platform to generate the necessary data, including regulatory data such as solvency capital requirements, either natively from the platform or as part of a managed service, is a key part of this offering.

Reporting functionality powered by the Cross-Asset Trading and Risk Platform
CROSS-ASSET TRADING AND RISK PLATFORM FEATURES

PORTFOLIO MANAGEMENT (PMS)

Cross-Asset Trading and Risk Platform provides portfolio managers with a dashboard that gives them a real-time view of their positions, P&L and risk. This functionality is delivered consistently across asset classes including equity, rates, credit, FX, commodities, inflation, and volatility. The platform has over 200 valuation models that can be extended to include third party or proprietary models.

RISK MANAGEMENT

Cross-Asset Trading and Risk Platform provides a broad range of analytics, sensitivities and risk metrics including greeks, cross-greeks, DV01, CS01, projected cash flows, value at risk (VaR) and beta to risk factors. Users can drill down into these metrics and attribute contributions from positions, groups of positions, risk factors, or alternatively across curves for key rate analysis. Furthermore, the platform allows users to stress a multitude of risk factors including shocks to equity prices, FX, rates, credit, and volatility to assess the effectiveness of the investment strategy under a broad range of market scenarios.

ORDER MANAGEMENT (OMS)

Cross-Asset Trading and Risk Platform supports the full lifecycle of a trade from order generation, through pre-trade compliance checks, order execution, real-time trade capture, post-trade compliance checks, trade allocation and trade matching. The system supports a flexible workflow for trade execution including electronic system-to-system orders, electronic orders with manual entry, chat orders and telephone orders, and with pre-built FIX connections to brokers and FIS’ global trading network. This flexibility extends to clients wishing to use a third-party OMS (order management system) or other execution platforms, in which case Cross-Asset Trading and Risk Platform will capture and aggregate all these trades to deliver a real-time view of positions and risk.

OPERATIONS

Cross-Asset Trading and Risk Platform provides a rich set of interfaces and functionality to support hedge fund operations. This includes:

- Workflows for reconciliations with prime brokers, admins and custodians
- Trade support including enrichment of trade tickets and lifecycle events such as fixings, options exercise and corporate actions
- Collateral and margin management including storage of CSA agreements and workflows to manage margin and collateral calls
- A flexible reporting framework encompassing all aspects of the platform, for example position reporting, P&L reporting, risk reporting and exception reporting.

Many aspects of these operational workflows can be outsourced to FIS as a set of managed services. This can help deliver operational efficiencies allowing the fund to focus on their core skills and capabilities.

ENTERPRISE REPORTING

Cross-Asset Trading and Risk Platform can deliver daily reports covering positions, asset allocations, ex-ante risk measures (including VaR), sensitivities, P&L and stress testing results. These reports can be scheduled or delivered on an ad-hoc basis. Reporting templates are available to cover key regulatory requirements including UCITS, AIFMD, FormPF as well as OPERA reports for investor reporting.
ACCOUNTING AND GENERAL LEDGER

For funds that run shadow accounting, Cross-Asset Trading and Risk Platform has a fully integrated general ledger with workflow to support all aspects of the accounting lifecycle including the generation of financial statements.

Key functions of the accounting module:

- Real-time accounting and error handling
- A standardized set of report templates to create financial statements
- A web-based interface to support report aggregation, customization and scheduling
- Dynamic drilldown to identify the events that generated postings in the general ledger
- Web services to allow users to extract details of the postings to the general ledger.

Cross-Asset Trading and Risk Platform’s high-powered capabilities will keep you in the lead with innovative technology for full trading, risk and portfolio life-cycle management.