



# Hunting for alpha in challenging markets

Unlock operational excellence by leveraging technology, unified data and next-gen tools





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Modern investment management demands both sharp decision-making and efficient operational models. As volatility, competition and investor expectations increase, firms must optimize not only what they invest in but how they operate. This e-book explores how firms can unlock both performance alpha and operational alpha by leveraging technology, unified data and next-generation tools.



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# Performance alpha vs. operational alpha

Performance alpha focuses on beating benchmarks, while operational alpha centers on driving efficiency and reducing friction behind the scenes. The two are not separate; each amplifies the other.

## Barriers to operational alpha:

- **Fragmented systems:** Siloed platforms obstruct a unified view of risk, performance and exposure, creating redundant processes and slowing decision-making.
- **Legacy technologies:** Outdated systems cannot support modern asset classes, real-time insights or advanced analytics, hindering scalability.
- **Over reliance on individuals:** Critical processes often depend on institutional knowledge or manual workarounds that are not scalable or resilient.
- **Accumulated technical debt:** Deferred upgrades lead to rising maintenance costs, integration issues and operational bottlenecks.

## What modern technology enables:

- **Workflow automation:** Reduces manual touchpoints, errors and latency across the investment lifecycle.
- **Scalable operations:** Systems can handle growth in AUM, asset classes and complexity without proportional increases in headcount.
- **Cost efficiency:** Lower infrastructure spending and reduced operational overhead through cloud and managed services.
- **Enhanced decision-making:** Real-time data, analytics and integrated systems improve the speed and quality of investment decisions.





Firms with instantaneous visibility operate with a meaningful competitive advantage.

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## The rise of real-time data as a competitive differentiator

Real-time data has become essential for firms operating in markets where milliseconds can determine outcomes.

Expanded benefits of real-time data:

- **Up-to-the-minute portfolio adjustments:** Managers can adjust exposures, hedge positions or rebalance in direct response to market movements.
- **Smarter capital allocation:** Real-time insights reveal opportunities and inefficiencies faster, enabling better tactical deployment of capital.
- **Proactive risk management:** Firms can monitor drawdowns, VaR breaches, liquidity shifts and exposure changes instantly.
- **Immediate regulatory adherence:** Automated checks detect compliance issues before trades execute, protecting firms from costly breaches.
- **Faster idea validation:** Real-time feeds accelerate quantitative research, model calibration and hypothesis testing.

# The push toward alternative investments

As traditional public markets shrink and become more concentrated, firms increasingly seek alpha in private markets.

Key drivers influencing this shift:

- **Shrinking public market opportunity:** Fewer listed companies mean fewer differentiated investment opportunities.
- **Concentration among mega caps:** A handful of large firms dominate the indices, making it difficult to diversify effectively using public equities alone.
- **Superior risk-adjusted return potential:** Private markets often reward long-term capital with outsized returns relative to risk.
- **Portfolio diversification:** Illiquid assets reduce correlation to listed markets, smoothing overall volatility.
- **Growing investor demand:** Institutional clients increasingly expect private market exposure in blended portfolios.

Alternative assets offer strong upside – but with added complexity.

PE-backed company count (Exclusive VC) vs. domestic firms publicly listed on NYSE and NASDAQ





# Managing multi-asset complexity

Private markets introduce unique operational demands that traditional systems struggle to support.

Core technology requirements:

- **Unified view of public and private assets:** A consolidated perspective improves oversight, risk management and performance attribution.
- **Support for bespoke workflows:** Private equity, venture capital and credit require specialized cashflow modelling, valuations and lifecycle tracking.
- **Flexible architectures:** Technology must adapt to new asset classes, liquidity structures and regulatory rules.
- **Automated data ingestion:** Handling unstructured documents, capital calls, distribution notices and valuation files becomes easier with intelligent data tools.

Technology is becoming a strategic differentiator – not merely an operational utility. Once the preserve of billion-dollar firms, institutional-grade, cross-asset trading platforms are now accessible via scalable SaaS solutions, allowing small and mid-sized managers to operate on nearly equal technological terms.

# Cloud, SaaS and the modern scalable operating model

Cloud adoption is reshaping operating models for firms of all sizes, where small and mid-sized hedge funds can now access tools previously reserved for billion dollar firms.

Why firms are accelerating cloud and SaaS adoption:

- **Faster deployment cycles:** New environments can be provisioned in days, not months.
- **Lower total cost of ownership:** Firms avoid large capital investments in hardware and significantly reduce maintenance costs.
- **Elastic scalability:** Infrastructure expands or contracts with business needs, supporting growth without added burden.
- **Access to managed services:** Outsourcing infrastructure, upgrades and monitoring frees teams to focus on investment activities.
- **Improved regulatory consistency:** Standardized environments offer stronger controls, auditability and cross jurisdictional compliance.
- **Strengthens risk management:** Cloud offers enterprise grade security, resilience and redundancy.

Cloud technology has transitioned from being optional to indispensable.

# The reality of AI: Augmenting, not replacing, investment teams

AI enhances human capabilities by delivering insights and efficiency across the investment lifecycle.

How AI is transforming decision-making and operations:

- **Synthesis of large datasets:** AI rapidly processes structured and unstructured data – from market feeds to research documents – to surface insights.
- **Sentiment and language analysis:** Natural language processing extracts tone, signals and themes from earnings calls, news and filings.
- **Scenario simulation and idea generation:** AI models test multiple market conditions, stress scenarios and investment hypotheses.
- **Pattern recognition for risk detection:** AI identifies anomalies, correlations and hidden exposures in portfolios.
- **Democratized expertise:** AI tools help less experienced staff perform complex modelling or analysis previously limited to specialists.

AI empowers teams to make smarter, faster and more consistent decisions.

# Unified data strategies for the AI era

Unified data is the prerequisite for effective AI implementation.

Expanded benefits of unified, high-quality data:

- **Standardization across systems:** Ensures that data definitions, fields and formats align, reducing inconsistencies.
- **Higher model accuracy:** Clean, complete datasets produce more reliable AI outcomes.
- **Faster training and analytics:** Reduces time spent cleaning, reconciling or normalizing data.
- **Cross domain insight generation:** Combining market, client, risk and portfolio data creates richer intelligence.
- **Real time workflow automation:** Data flows seamlessly into trading, compliance, reporting and analytics tools.
- **Traceability and explainability:** Regulators and clients expect clear lineage – unified data makes it possible.

Without unified data, AI generated insights may not be complete, accurate and trustworthy. In this scenario, data gaps could undermine risk portfolio performance and reporting.





# 68%

of multi asset managers who aggressively expanded their offering cite technology as their primary constraint

\*Source: Hedgeweek® The Great Multi-Asset Reset, October 2025

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## Overcoming fragmentation: The case against legacy systems

Legacy systems create operational fragility.

Risks of maintaining fragmented technology:

- **Integration failures:** Disconnected systems lead to reconciliation issues, data breaks and manual patchwork processes.
- **Inability to scale:** Legacy platforms cannot easily support new asset classes, volumes or regulatory requirements.
- **Rising operational risk:** Dependence on aging infrastructure or niche skillsets increases vulnerability.
- **Slower innovation cycles:** Firms stuck on legacy systems cannot adopt new technologies quickly.

Strategies for transitioning away from legacy technology:

- **Adopt modular, interoperable architectures:** Allows firms to modernize piece by piece rather than via big bang transitions.
- **Consolidate systems and vendors:** Reduces duplication, cost and operational risk.
- **Centralize data:** Eliminates discrepancies and supports enterprise wide insights with a single source of truth.
- **Upgrade incrementally:** Ensures continuity while modernizing.



# Staying compliant in a multi-jurisdictional world

Regulatory expectations continue to tighten across jurisdictions.

What modern compliance requires:

- **Embedded pre-trade and post-trade checks:** Real-time validation ensures all trades meet regulatory and internal policy criteria.
- **Real-time monitoring:** Continuous surveillance of portfolios, limits and exposures.
- **Holistic risk views:** Unified risk dashboards across geographies and asset classes improve oversight.
- **Proactive compliance:** Systems flag potential issues before violations occur, reducing regulatory and reputational risk.

# 6%

of managers cite compliance as their main constraint, especially those working with insurance capital or mutual fund structures

\*Source: HedgeWeek® The Great Multi-Asset Reset, October 2025





# The future: Emerging tech shaping the next 3–5 years

## Short-term (1–3 years):

- **Advances in AI:** More accurate models, autonomous agents and deeper integration with investment workflows.
- **Digital client engagement:** Personalized portals, dynamic reporting and AI enhanced communications.
- **Stronger data pipelines:** Automated harmonization tools that reduce manual data engineering and accelerate insights.

## Longer-term (5+ years): Quantum computing

- **Portfolio optimization breakthroughs:** Ability to run millions of scenarios in seconds.
- **Acceleration of complex calculations:** Quantum algorithms could reshape derivatives pricing, risk simulations and optimization problems.
- **Cloud based quantum access:** Pay-as-you-go quantum computing could democratize access to extreme compute power.

# AI models and evolution

| Narrow or specific AI                                                                                     |                                                                                                              |                                                                                                                        |                                                                                                                                             |                                                                                                              | General AI                                                                                                                          |
|-----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| Large language models (LLMs)                                                                              | Generative AI (Gen AI)                                                                                       | Agentic AI                                                                                                             | World models                                                                                                                                | Artificial general intelligence (AGI)                                                                        | Artificial superintelligence (SGI)                                                                                                  |
| Understand and generate language                                                                          | Creates new content from learned patterns                                                                    | Autonomous systems that think and act                                                                                  | Imagines and predicts how the world works                                                                                                   | Human-level learning and reasoning                                                                           | Surpasses human-levels in every way                                                                                                 |
| LLMs are deep learning models trained on massive text data to understand and generate human-like language | Generative AI creates new content – such as text, images, or audio – by learning patterns from existing data | Agentic AI refers to autonomous systems that can plan, reason and act to achieve goals with minimal human intervention | World models are internal simulations that allow AI to predict and reason about how environments change over time or in response to actions | AGI is a theoretical AI capable of performing any intellectual task that a human can, across diverse domains | ASI is a hypothetical AI that vastly surpasses human intelligence in all areas, including creativity, reasoning and problem-solving |
| “AI as tools”                                                                                             |                                                                                                              | “Hybrid Agentic AI”                                                                                                    | “Fully Agentic AI”                                                                                                                          | “Autonomous AI”                                                                                              |                                                                                                                                     |
| • Power applications such as chatbots and search engines<br>• Unimodal (text only)                        | • Assistants in text, image, video, audio and code<br>• Integrating multi-modalities                         | • Retriever-based agents<br>• Task-based agents<br>• Autonomous agents<br>• Embodied “physical” agents                 | • Generation of simulated material<br>• Forecasting and planning<br>• Robotics and real-world interaction                                   | • Cognition, reasoning, learning from experience<br>• Adaptability in multi-modalities                       | • Recursive self-improvement<br>• Problem solving beyond human comprehension                                                        |





# The road ahead with FIS

The investment industry is transforming rapidly. Capabilities have increased, but the competitive bar is even higher. Firms that embrace real-time intelligence, unified data, AI, cloud technology and alternative investments will be best positioned to capture both performance and operational alpha.

## Unlock smarter, faster, more resilient investing

In today's fast moving markets, investment managers need technology that can keep pace with evolving asset classes, rising data security risks and the pressure to achieve alpha with greater efficiency. FIS® Cross Asset Trading and Risk Platform provides investment managers with a real-time, front-to-back solution designed to keep pace with fast moving markets and increasingly complex asset classes. It supports multiple deployment models – including public cloud, private cloud, on premise and SaaS – making advanced trading and risk capabilities accessible to firms of all sizes.

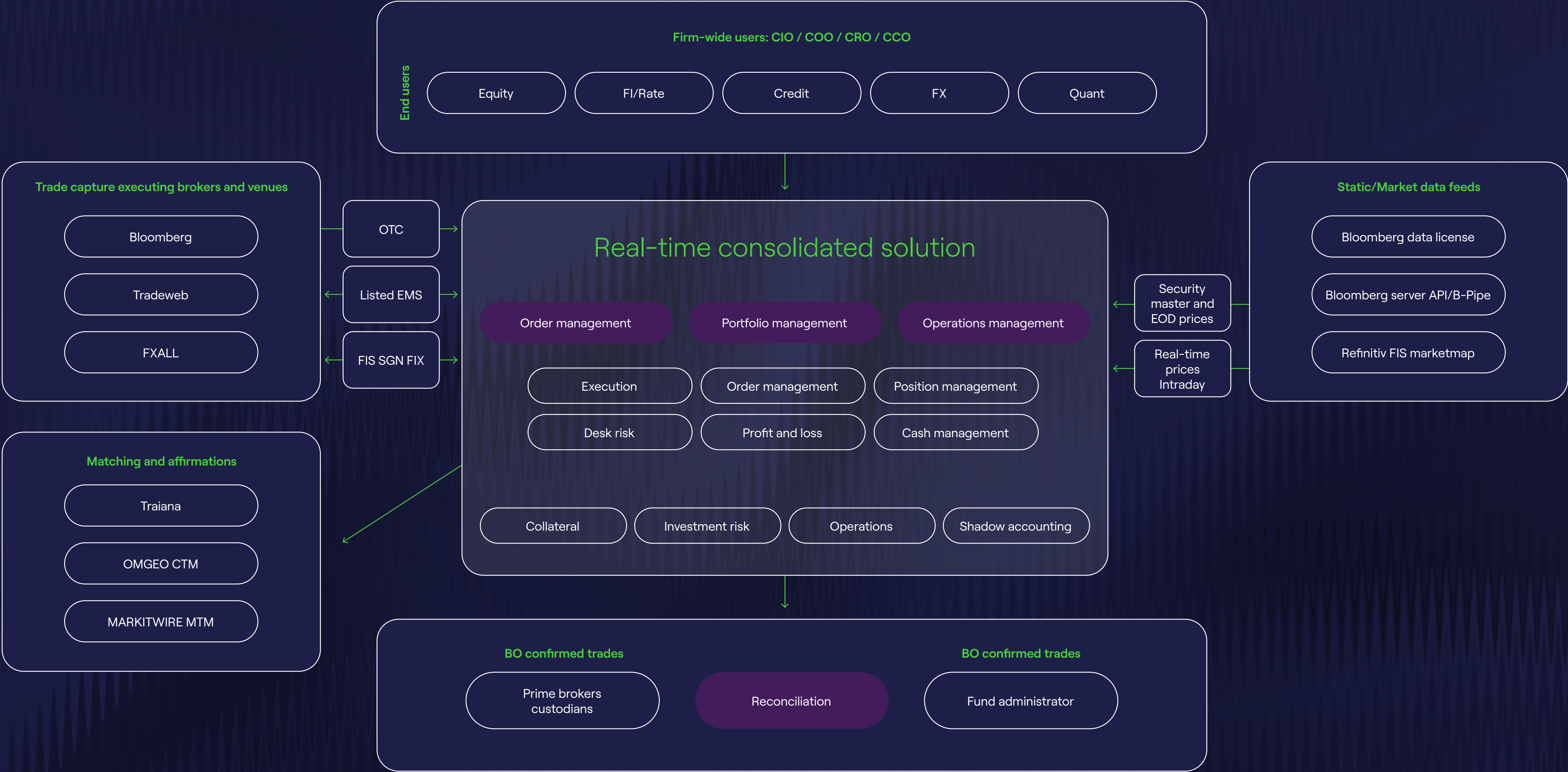
A unified, resilient data repository enhances operational continuity and strengthens protection against rising cybersecurity threats. Cross-Asset Trading and Risk Platform enables management of a full range of asset classes, from traditional markets to private equity, private credit and digital assets – all within a single system. Its integrated APIs ensure seamless connectivity with third party tools and market infrastructure, enabling faster innovation and more responsive decision making.

AI powered agents streamline navigation and speed up development cycles. By consolidating order, portfolio and risk management under one vendor, firms can reduce total cost of ownership while benefiting from real time position keeping, IBOR capabilities and sophisticated risk analytics including greeks and sensitivity analysis.

With built in regulatory reporting, configurable limit monitoring and holistic risk visibility, the platform helps investment managers make more informed decisions, improve operational efficiency and enhance overall portfolio performance – ultimately transforming how firms trade, manage risk and scale their businesses.

[Learn more](#)







Our **technology** powers the global economy across the money lifecycle.



Money  
at rest

Unlock seamless integration and human-centric digital experiences while ensuring efficiency, stability, and compliance as your business grows.



Money  
in motion

Unlock liquidity and flow of funds by synchronizing transactions, payment systems, and financial networks without compromising speed or security.



Money  
at work

Unlock a cohesive financial ecosystem and insights for strategic decisions to expand operations while optimizing performance.

## About FIS

FIS is a financial technology company providing solutions to financial institutions, businesses and developers. We unlock financial technology that underpins the world’s financial system. Our people are dedicated to advancing the way the world pays, banks and invests, by helping our clients confidently run, grow and protect their businesses. Our expertise comes from decades of experience helping financial institutions and businesses adapt to meet the needs of their customers by harnessing the power that comes when reliability meets innovation in financial technology. Headquartered in Jacksonville, Florida, FIS is a member of the Fortune 500® and the Standard & Poor’s 500® Index. To learn more, visit FISglobal.com. Follow FIS on LinkedIn, Facebook and X (@FISglobal).



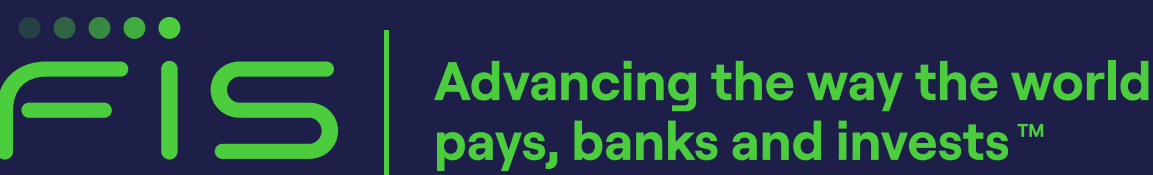
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