

FIS



White Paper

Riding the storm of volatility

Unlock investment opportunity to boost alpha and growth

Market conditions are stormy. Is volatility buffeting your trading?

Investment management is in the eye of a perfect storm, driven by persistent volatility.

Geopolitical tensions and trade wars continue to cause frequent spikes in trading, with wild price swings and sudden sell-offs across equities, fixed income, FX and commodities. Asset classes no longer behave in isolation, and correlations between them rise quickly in periods of stress. Markets are shocked on a regular basis.

In a new environment, knock-on macroeconomic challenges are also reshaping the investment landscape. Gold prices are at new heights while oil prices constantly fluctuate. And although inflationary pressure is keeping interest rates at a relative high, risk-averse banks are lending less to businesses and driving corporate borrowers toward private credit.

Meanwhile, the search for alpha moves into new market territories, as investors explore the growing potential of a broad range of asset classes to work their money harder. Diversification is more key than ever to mitigating risk, while boosting returns in volatile markets relies on active expertise: being able to identify opportunities early and execute decisively.

Identifying opportunity needs

As investment managers invest beyond traditional equities and bonds, volatility and the expansion of the market certainly present new opportunities for informed decision-makers to drive alpha.

Increasing allocations to private credit, securitized products, derivatives and alternative investment strategies meet the need for income, downside protection and uncorrelated returns. And hedge funds especially are primed to capitalize on volatility and spot investment opportunities in dislocated markets.

As the financial education company Atlehar-edu says, "The very essence of hedge funds is to hedge investors' capital against market downturns. That's why these funds tend to thrive in volatile markets."¹

Now, hedge funds are driving diversification and multi-asset investment strategies even further. In research sponsored by FIS, Hedgeweek found that just under 70% of hedge funds report having actively evolved their strategy, with 21% expanding into new asset classes and a further 41% refining their existing approaches within current exposures.²

Across the investment management industry, a growing number of asset managers and owners are following suit. In another FIS-sponsored report, Institutional Priorities in Multi-asset Investing, Risk.net states, "Multi-asset investing is entering a new phase as institutional portfolios expand beyond traditional public markets into private assets, alternatives and a broader mix of exposures. This shift reflects a structural broadening of opportunity set alongside the influence of higher rates, changing liquidity conditions and continued growth in non traditional asset classes."³

However, to be able to take advantage of stormy market conditions and seize opportunities in new asset classes, investment managers - whether they're boutique or large asset managers - must be operationally agile

It's time to rapidly adapt and expand your trading strategies. But to stay ahead of the markets, you need institutional-grade technology that will scale to new operational requirements, higher trade volumes and complex reporting demands - fast.

Converging strategies will steady your course to alpha. But can you navigate the complexities?

In the eternal quest for alpha, the investment universe isn't just expanding; it's also converging.

The line between public and private markets is blurring. While 58% of investment managers plan to increase their exposure to private markets,⁴ private assets under management are projected to grow at more than twice the rate of public assets and reach a global value of \$60 to \$65 trillion by 2032.⁵ And amid this exponential growth, funds are increasingly offering investors a combination of public and private asset classes in semi-liquid hybrid funds.

The retailification of the markets has seen hybrid funds emerge, largely to meet the needs of a new generation of retail investors. In times of unprecedented wealth transfer to younger generations, this ever-growing cohort want not only the high returns associated with closed-ended private market funds but also the periodic access to liquidity promised by open-ended, publicly-traded assets.

By offering the best of both worlds, semi-liquid hybrid funds are growing rapidly. The number of semi-liquid funds almost doubled from 238 in 2020 to 455 in 2024, and their AUM almost tripled from \$126 billion to \$349 billion over the same period. With this momentum predicted to continue, AUM for semi-liquid funds is expected to reach \$4.1 trillion by 2030.⁶

¹ Atlehar-edu, Hedge Funds in a Volatile Market, August 2023

² Hedgeweek, The Great Multi-asset Reset, October 2025

^{3, 4} Risk.net, Institutional Priorities in Multi-asset Investing, December 2025

⁵ Bain & Company, Private Market Assets to Grow at More than Twice the Rate of Public Assets, August 2024

⁶ Deloitte Center for Financial Services, Semi-liquid funds: A US\$4 trillion opportunity for traditional and alternative investment managers, September 11, 2025

Meanwhile, the private credit market has hit an estimated \$2 trillion in value.⁷ As the most dominant private credit strategy, accounting for 52% of AUM,⁸ direct lending by investment managers is increasingly converging with traditional syndicated lending by banks, as more asset managers, hedge funds and asset owners provide private loans to businesses, and offer higher returns and greater diversification to investors.

More institutional asset owners are internalizing trading, too. In a Northern Trust survey, 39% of institutional asset owners say they mostly insource management of public equities.

But again, multi-asset strategies are a high priority for asset owners, as 86% in North America currently invest in private as well as public markets.⁹

The benefits of multi-asset investing are clear for asset managers and owners alike, with 40% citing diversification and 39% alpha generation as key drivers of multi-asset strategies.¹⁰ Strong investment returns are in your sights, no matter how volatile the market. But there are still complexities ahead.

Multi-asset portfolios carry multiple risks

If diversification is essential for driving alpha, it also brings operational challenges.

For investment managers, multi-asset portfolios introduce a combination of risks that require careful management, from valuation and liquidity risks to regulatory considerations. With a blend of open- and closed-ended investments, some with longer capital commitments than others, semi-liquid strategies are especially complex to handle.

EY notes, "Deploying capital in the alternatives industry is fraught with difficulties, particularly concerning liquidity management. The complexity of managing investments that may not be readily liquidated requires robust operational frameworks and innovative solutions ...

"Limited access to reliable data can lead to inaccurate valuations and increased risk, emphasizing the need for improved data management practices. Moreover, the increased volatility of public markets poses additional risks for asset managers. One of the primary reasons for the existence of private markets is to protect investors from the volatility associated with public markets. Consequently, it is becoming increasingly difficult to tag the value of illiquid assets directly to indexes."¹¹

To manage these complexities, investment managers are waking up to the need for technology that delivers a single, up-to-the-minute view of risk covering all of their asset classes, both public and private. Across the industry, there's already a push to invest in powerful platforms that enable real-time visibility, stress testing and scenario analysis across an entire portfolio.

In Risk.net's Institutional Priorities in Multi-asset Investing report, the surveyed asset managers and owners ranked technology modernization as the top capability they plan to invest in over the next year, closely followed by cross-asset risk management.

As the Risk.net report highlights, "This priority aligns with the increased use of private and alternative assets, which often generate more varied datasets and reporting cycles. Institutions prioritize the type of capabilities needed to consolidate exposures that might sit across disparate tools or require manual reconciliation between systems."¹²

⁷ Fidelity International, Why Are People Suddenly Talking about 'Private Credit'? March 20, 2026

⁸ Morgan Stanley, Evolution of Direct Lending, March 2, 2026

⁹ Northern Trust, Asset Owners in Focus, September 2025

¹⁰ Risk.net, Institutional Priorities in Multi-asset Investing, December 2025

¹¹ EY, Navigating Challenges in the Valuation of Semi-liquid Funds, September 2025

¹² Risk.net, Institutional Priorities in Multi-asset Investing, December 2025

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– EY, Navigating Challenges in the Valuation of Semi-liquid Funds



Time is against you. Are you moving swiftly through the storm?

In turbulent times for the geopolitical and macroeconomic landscape, markets are changing on a dime. So, you need to act fast to capitalize on the latest trading and investment opportunities.

When an alternative asset class offers potential for alpha, whether it's carbon, crypto, private credit or a digital instrument, you have to know you can trade it tomorrow.

But often, moving to a new asset class means adapting your systems and processes to new processing and reporting demands. Worse, it could involve implementing a completely new solution, which can take months and overcomplicate your technology environment.

The advantage that's possible in today's volatile markets is not just about investment strategy. It's about the infrastructure that enables execution, the data architecture that powers decisions, and the operational excellence that protects performance.

Hedgeweek says, "Technology remains the defining factor shaping multi-asset growth across the hedge fund industry. Every manager who has significantly expanded their multi-asset offerings cites technology or platform limitations as the primary constraint on further progress."¹³

Agility is affordable for today's investment managers

The good news is that technology is democratizing and making sophisticated tools for multi-asset investment management available to organizations of all sizes.

Referring to hedge funds in particular, Hedgeweek says, "Access to institutional-grade, cross-asset trading platforms is reshaping the competitive landscape for smaller hedge fund managers. Tools once reserved for billion-dollar firms are now available through scalable SaaS models, enabling small and mid-sized managers to compete on near-equal technological footing."¹⁴

Ultimately, more than half (55%) of hedge fund managers believe technology has meaningfully narrowed the capability gap with large peers.¹⁵ But whether you're a small hedge fund or a boutique asset manager, a new generation of solutions can give you a competitive edge in volatile markets.

With a modular, cloud-based, software-as-a-service (SaaS)-powered solution, designed specifically for multi-asset order, portfolio and risk management, you can add asset classes to your portfolio within days – making the market easier to maneuver and keeping you agile without breaking the bank.

Insight is your compass. But is data at your fingertips?

As an investment manager, you can't make the right decisions without all the right data. But the right data isn't always so easy to pin down. Traders are tired of swiveling between multiple systems or scrolling through spreadsheets just to get the up-to-date insight they need for decision-making.

Real-time data has become critical for informed portfolio adjustments, capital allocation, winning trading strategies and proactive risk management. As Pontus Eriksson, Front Office Strategy Director at FIS, says, "Data in general is the backbone of many trading decisions, if not all, and the overall value creation for portfolio management."¹⁶

But as trading data is now produced at unprecedented rates, you need to automate processes throughout the trading and investment lifecycle to provide a complete and accurate picture of risk and performance at speed.

AI can help deliver faster, more accurate intel

Thanks to continued advancements in technology, investment managers can now further improve the speed and accuracy of the insights they gather from data.

Paired with AI, automation revolutionizes workflows, accelerates decision-making and delivers precise insights, with easy-to-use digital dashboards and intuitive interfaces providing improved intelligence, real-time data access and greater clarity.

Pontus Eriksson, FIS, says, "Real-time data has become key across the portfolio management space. Competition is moving fast, and the winners are those, I believe, that can access the most comprehensive and meaningful data in real time and pair that with the latest emerging technologies."¹⁷

By harnessing the power of AI and digitalization, you can make quick, well-informed decisions in a lightning-fast environment, where even a split-second delay can cost millions.

And with all your data on one unified, highly automated platform, plus AI-enhanced decision support, you can focus on turning insights into action – and action into alpha.

Change is always on the horizon. Is your technology holding you back?

In volatile markets, where delayed reactions cost dearly, you can't afford to hang onto heavy legacy on-premise trading and risk systems that take months to upgrade or consist of multiple, single-point solutions that don't integrate effectively.

You need to respond to market change fast, seize new opportunities as they appear and switch to any new asset class without delay. You need a single, modular cross-asset platform that incorporates emerging AI technologies to rapidly turn data into insight and your business.

FIS® Cross-Asset Trading and Risk Suite is that platform. Now available on a SaaS basis, this market-leading multi-asset solution can meet the requirements and budget of smaller asset managers, hedge funds and asset owners – providing all the powerful functionality it takes to pursue multi-asset strategies in one cost-effective package.

But Cross-Asset Trading and Risk Suite is also highly scalable – and a top choice for large and medium-sized firms that need to run their technology on-premise or in their own cloud.

^{13, 14, 15} Hedgeweek, The Great Multi-asset Reset, October 2025

^{16, 17} FIS, How Modern Architecture is Reshaping Investment Management, November 7, 2025

With cutting-edge AI tools helping you get the best from the solution, trust Cross-Asset Trading and Risk Suite to orchestrate the whole front-to-back trading and investment lifecycle – and help your investment strategies work harder through the stormiest, most volatile market conditions.

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