Hedge SPA

Hedge Funds & Sophisticated Products Advisors

A Solution Designed for Institutional Investors

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The Problem

A senior manager at a prominent buy-side institution is trying to choose an investment analytics platform for the firm:

"We need a platform that is both accurate and comprehensive, but most affordable solutions today are incomplete or mass-produced with limited responsiveness to industry development. For the few niche providers with domain expertise, we are simply subsidizing their internal priorities."

"We are not spending a fortune on any "check-the-box" solution that no one will bother to look at. That will only invite loud complaints from pros with genuine needs for investment analytics to construct balanced portfolios and select assets."

"Even more sophisticated solutions carrying matching high prices have limitations. Those systems are often pieced together over time, instead of designed from the ground up to provide any native support for multi-asset, multi-frequency portfolios."

"Should we sacrifice analytical depth and flexibility? Should we send a big check to pay for a solution designed for another institution's needs instead of ours?"

A Solution Designed to Address Genuine Needs Of Institutional Investors

	Day-to-Day Needs	Typical Buy-Side Platforms	HedgeSPA
1.	**Handling Multi-asset, Multi-frequency, or "Exotic" Assets**	Frequently equity-focused, or different models are forced together mixing both interest rates and prices	Provides native multi-asset / multi-frequency support, along with multi-factor representation option for exotic assets with grossly insufficient data
2.	**Simplifying & Customizing Asset Selection Process**	Sub-universe selection based on rigid classifications defined by vendors, does not adjust for factor betas, and users have few options to customize factors	Sub-universe selection based on user-definable classifications and adjusted for betas from factors that can be customized by users
3.	**Accurately Handling Charging Rates Calculations To Meet Overall Portfolio Performance Goals**	Risk models largely based on classic normal distributions, with potential fat-tail add-ons that do not support multi-frequency data; results can be grossly misleading in real-life markets	Native state-of-the-art tail-risk models with multi-frequency support, combining millions of statistical cross moments for actuarial-grade accuracy that will produce charging rates consistent with real-life market expectations
4.	**Attributing Performance From Both Historical & Forward-looking Perspectives**	Historical attribution based on rigid textbook-based methodologies resulting in large "unexplained" components	Both historical and forward-looking attribution, with flexibility for user customization; results still presented in easily comprehensible industry-standard format
5.	**Quick Yet Stable Construction & Simulation Of Portfolios Under Constraints & Rebalancing Rules**	Legacy systems tied to traditional portfolio optimization algorithms leading to unstable corner solutions, with limited practical values to portfolio managers	Native Black-Litterman-style techniques construct consistent and practical portfolios across asset classes and organizational hierarchies, while accounting for forward-looking views and practical portfolio constraints
6.	**Sophisticated Scenario Analyses To Allow Mitigation Techniques**	Either a) limited and "batch" based, with long, overnight wait times for results each time a scenario is modified, or b) simplistic single-factor and/or fixed historical scenarios	Sophisticated, immediate-response, multi-factor what-if scenario analyses to help assess investment impacts in near real-time, along with line-item level factor analysis of scenario impact
7.	**Easy Yet Comprehensive Reporting With The Ability To Accept Accounting Adjustments**	Solutions driven by tactical development needs of internal clients or large customers with other pre-existing complementary systems, often resulting in "piecemeal" development with limited coherence or strategic focus	Strategic product management plan developed with end-user to address their total asset management needs: e.g. generation/simulation of independent paper-trading records for new portfolio ideas is a direct outcome of top-down strategic product planning
8.	**Able To Manage Research Notes & Client Data Securely**	Data may be encrypted, but unlikely to take holistic approach to data security	Cryptographic strength client key used to secure research notes or client data meeting industry standards