

Case Study:

Simplicity Eliminates Errors & Strengthens Reputation



Background/ Client Snapshot

- **AUM:** \$5+ Billion
- **Location:** Connecticut
- **Asset Classes:** Corporate Bonds, Currency, Futures Contracts, Forwards Contracts, Swaps, Credit Derivatives
- **Strategies:** Macro
- **Prime Brokers:** None; ISDA – 20+
- **Fund Administrators:** Bank of NY Mellon

Key Challenge Areas



Shadow Accounting with Stringent Reporting Timelines

- **Before:** Difficulty in calculating NAV for complex asset classes; NAV must close in T+2, publish statements by T+3; Daily GAV signoff by 11AM; Time consuming lifecycle process with bookings, fixings, and accruals issues
- **After:** Efficiency in report review and comparison; integrated admins accounting books and VU Allocations platform; replicated the fund ADMIN templates to align with look of report; Daily GAV process is seamless and error free



Zero Margin for Error on T0 Reporting

- **Before:** Imprecise OTC valuations and flash P&L; Lack of ability to rapidly sign off on P&L due to difficulty in meeting requirements for trade bookings, independent pricing, and break resolutions
- **After:** OTC valuation calculations are integrated to existing platform; Custom FINCAD valuations with MarkIt integration; real-time booking of OTC trades; Seamless, straight through process for all OTC products; resolves all breaks and errors within 1 hour of receiving T0 P&L and reports

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Full Shadow of Mid-Office Functions

- **Function 1: OTC Collateral Management**

Independently computes, compares, and signs off on margin calls; Eliminates counterparty risk via collateral segregation and verification of call, recalls, and pledges

- **Function 2: Cash Management**

Daily cash projection report showing cash flow for next 10 days; Covers trade & expense settlements, coupons and more; Enables confident investment of excess cash in a STIF

- **Function 3: Settlements**

Viteos signs off on pre-settlements before admin; Accurately calculates complex unwind price of variance and volatility swaps

- **Function 4: Position and Cash Reconciliations with Street**

Reconciles position and cash with custodians; Acts as primary for settlement issues; In tri-party situations Viteos directly follows up with custodian and counterparty to return initial margin

- **Function 5: Support for Bond – Repo Trades**

Viteos provides detailed report on DVP to ensure accurate settlements; prepares short security report for reverse trades; Matches maturing repos against open bond positions with 3 day notice, ensuring timely roll over of repos



New York

+1 646-861-3409

Global headquarters

+1 732-356-1200

Mumbai

++91 022 61082200

London

+44 (0)20 7016 9170



Email

reply@viteos.com



Website

www.viteos.com



LinkedIn

www.linkedin.com/company/viteos/

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