

# Case Study:

## Simplicity Produces Alpha for a \$5+ Billion Fund



### Background/ Client Snapshot

- **AUM:** \$5+ Billion
- **Location:** New York
- **Asset Classes:** Derivatives (Futures, Forwards, Options, CDS, FX, Commodity), Fixed Income, Equity, Cryptocurrency
- **Strategies:** Commodities, Event Driven, Fixed Income Arbitrage, Long/Short Equity, Macro, Special Situations
- **Prime Brokers:** Citi, Credit Suisse, J.P. Morgan
- **Fund Administrators:** Citi Fund Services
- Operations across multiple time zones, multi-party agreements, exotics, and illiquid assets

### Key Challenge Areas



#### Reconciliation and Commissions Management

- **Before:** Reconciled stockpiles of invoices and data only once a year leading to “drowning in data”
- **After:** Daily reconciliation; Automated commission schedule with all necessary rules
- **Impact:** Faster operations, increased goodwill between front and middle office, every stakeholder is on the same page every DAY, increased transparency



#### Confirmation Management

- **Before:** PDF printouts for manual analysis of resolutions; Increased human error impacting compliance
- **After:** Automated solution with direct interface, integrated PMS, and bidirectional data flow; Real time highlight of discrepancies such as wrong allocations or missing margins
- **Impact:** Electronic affirmation; Deals are cleared in CME/LCH within 2 hrs; Lower need for manpower



#### Trade Support Management

- **Before:** Complex structured trades were entered manually; Need for manpower and slower execution
- **After:** Automated trade support for most complex trades
- **Impact:** Easy rate comparison for traders, better connectivity with PMS, limited manual intervention



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### Trading of Swaps

- **Before:** Swap trades were “punched-in”, Need for manpower and slower execution
- **After:** Pre-defined template platform to enable faster and error-free settlements
- **Impact:** Improved due diligence on a timelier basis due to better record-keeping and tracking



### Collateral Management

- **Before:** Lack of metric leading to inadequate assessment of performance
- **After:** Daily collateral call matrix for each fund; Ratio of disputes decreased due to dispute management
- **Impact:** 9% dispute ratio on volume of \$1.3B, better risk and cash management, increased appeal to investors



### Cash and Fee Management

- **Before:** Limited control and forecasting of cash and expenses led to missed opportunities and higher costs
- **After:** Cash with prime broker, annual fee projections, future settlements, commission matrix, firm grasp of cash on-hand and fees each day
- **Impact:** Improved risk management, cost savings, mitigated trade risk, 70% reduction in breaks



### CONCLUSION

By automating manual processes, improving data flow and accuracy, and eliminating time-consuming tasks, we were able to help our client save on interest/opportunity costs on \$1.15B released back to operations. Furthermore, after an 8+ year journey with Viteos, the client is able to scale without restrictions, optimize efficiency and predictability, and plan effectively for the future.



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