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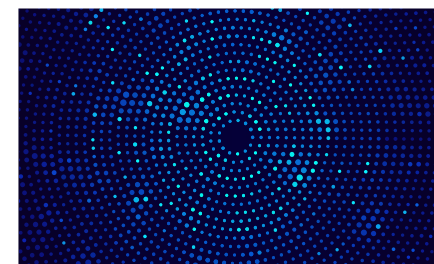

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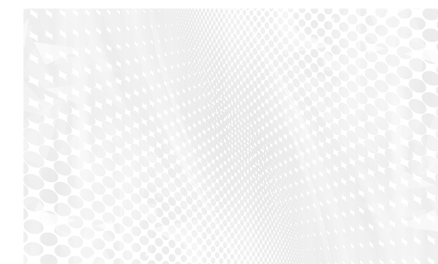

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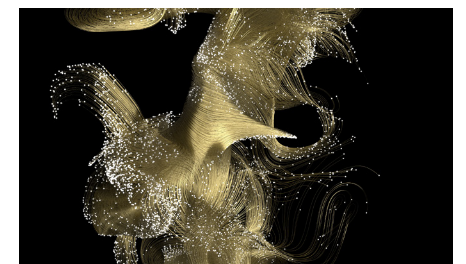

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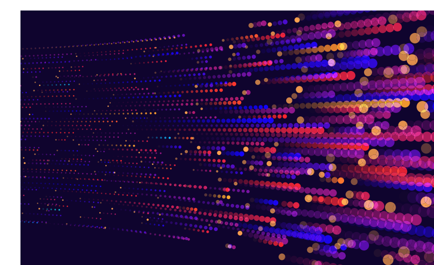

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HEDGE FUNDS DIVERSIFYING INTO PRIVATE DEBT

With private debt well-positioned to navigate the difficult market headwinds, the potential to provide reliable income, high risk-adjusted returns, and access to a wider mix of institutional investors is attracting institutions – including hedge funds managers – to the asset class.

Hedge funds have proven resilient despite the inflationary risk, recessionary fears, falling equity markets, and recent banking turmoil. According to Hedge Fund Research, managers have generated returns of 2.2% year-to-date in 2023. However, hedge funds have experienced a combination of increasing costs, and growing competition from passives – all of which are putting pressure on the industry.

These volatile conditions are prompting a growing number of hedge funds to diversify into new strategies, such as private debt, which are well-positioned to withstand some of the difficult market headwinds. In addition to the diversification benefits, private debt can also help hedge fund managers differentiate themselves from some of their peers.

PRIVATE DEBT GROWTH CONTINUES TO IMPRESS

According to Preqin, assets under management (AUM) controlled by private debt firms enjoyed a compound annual growth rate (CAGR) of 15.7% between 2015 and 2021, with the industry now managing $1.2tn. Preqin anticipates AUM growth in the asset class will increase by a CAGR of 10.8% between December 2021 and December 2027, bringing AuM to $2.3tn.

In contrast to long-duration fixed income instruments, private debt typically consists of floating rate loans, meaning yields will increase in tandem with rising interest rates.

Preqin notes that 36% of investors are attracted to private debt because it provides them with a reliable income stream, while 37% cited the asset class's high risk-adjusted returns as the most compelling reason to allocate. Accordingly, many firms are launching private debt vehicles to widen their sources of returns.

Increasingly, hedge funds also see private debt strategies (plus other illiquid strategies, such as private equity) as a way to access a wider mix of institutional investors. A diverse client base invested across both hedge and private debt strategies can help shield managers against withdrawals during bouts of volatility, especially in some of their more liquid funds.

In addition, more hedge funds are delving into Business Development Company (BDC) funds as they seek to diversify their investment portfolios and capitalize on the potential for higher yields in the private debt and lending market. The BDC structure allows hedge funds to gain exposure to a variety of middle-market businesses, providing them with opportunities for enhanced returns and greater risk management flexibility.

Other managers see private debt as an opportunity to target retail investors, who while historically eschewing alternatives, are reconsidering due to poor yields generated by traditional assets. Increasingly, retail investors are looking to capture returns by investing in private market strategies such as private debt.

Regulators are also encouraging this retailisation by developing semi-illiquid fund vehicles, including the UK's Long Term Asset Fund (LTAF) and EU's European Long Term Investment Fund (ELTIF,) aimed at retail investors. But why is private debt so compelling for asset managers?

RIPE CONDITIONS FOR PRIVATE DEBT

In a low interest rate environment, the junk bond market is normally an enticing place for corporates to borrow. But as inflation picks up and central banks tighten rates, companies are increasingly turning to private debt for financing. The same rings true for leveraged buyouts (LBOs) as private debt managers underwrite ever larger transactions, a practice that has traditionally been dominated by investment banks.

There are additional private debt opportunities too. Ever since the global financial crisis and the subsequent Eurozone sovereign debt crisis, banks have been trying to offload problem lending from their balance sheets, and the prospect of double-digit returns is fueling manager appetite for these from non-performing loans (NPLs).

The current economic uncertainty is having a mixed impact on private debt. While volatility is causing stress for existing borrowers and undermining portfolio performance, it opens opportunities for managers to structure bespoke deals, although good governance and water-tight covenants are paramount.

NEW ASSETS AND NEW INVESTORS REQUIRE NEW EXPERTISE

With more asset managers adopting private capital-type structures and investment styles, managers must ensure their internal operations can cope with the various changes. Unlike a conventional trading strategy, private debt instruments command specific expertise, especially in credit analysis.

The adoption of these structures also requires fund managers to invest in technology systems capable of handling complex and highly bespoke asset classes. Moreover, better automation and a transition away from manual-based processing is essential if firms are to oversee and suitably manage the risk of private debt in their portfolios. Equally, technology can enable managers to keep a close eye on their portfolio companies while supporting endeavors to meet unique market demands and benefit from the accompanying yields.

As an alternative, some managers may opt to outsource these middle and back-office activities to trusted third parties with a strong track record of supporting multiple asset classes and financial instrument types with automated custom workflows.

Broadridge's portfolio management for private debt solution streamlines many activities including research, origination, administration, and reporting, allowing managers to simplify their middle and back offices with one integrated system. In addition, the system helps firms manage deal pipelines and borrower financials.

On the investor side, managers need to achieve scale and enhance their reporting processes through digitalisation as dealing with the requirements of an institution is a very different process from supporting the needs of a retail investor, and Broadridge is already seeing promising signs that the private capital industry is starting to adapt, with 61% of private capital managers seeing digital transformation as being their most important strategic initiative according to the firm's 2023 Digital Transformation study.

As hedge funds transition into new asset classes and target different investors, they will need to make wholesale changes to their operating and technology models.

JEREMY HINTZE
General Manager, Sentry

In his role as General Manager, Jeremy is responsible for overseeing all aspects of the Broadridge Sentry business. Jeremy joined Broadridge in November 2019 upon the acquisition of ClearStructure Financial Technology. After co-founding ClearStructure in 2004, he oversaw all aspects of the Sentry business, including building and oversight of the client support, professional services, sales, marketing, analytics and quality assurance teams.

FRANK CATAUDO
General Manager, Investment Management Solutions

In his role as General Manager, Frank is responsible for overseeing all aspects of the Broadridge Investment Management Solutions business. Frank joined Broadridge in August of 2022. He most recently was at Bridgewater Associates, where he held leadership roles in Trading and Portfolio Operations where he was focused on operational excellence and technology transformation.

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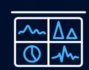
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DEPLOYING ADVANCED OEMS TECH TO MEET MULTI-STRAT CHALLENGES

While pod or platform based multi-strategy hedge funds are proving an irresistible draw for both investors and portfolio managers, their diverse investment strategies and complex portfolios create multiple challenges best served by advanced OEMS technology…

The rise of multi-strategy hedge funds in recent years has been remarkable. In 2022 alone, data from HFR sized the multi-strategy hedge fund space at $890bn in assets under management, rapidly approaching and rivalling the $1tn equity fund hedge sector.

Consequently, with pure alpha as their primary objective and demonstrable growth to illustrate success, multi-strategy firms that use a pod or platform model are both a sought-after proposition for investors and a magnet to the brightest portfolio management talent.

MULTI-STRATEGY HEDGE FUND CHALLENGES

From an operations and technology perspective, the rapid growth experienced by many multi-strategy funds combined with the diverse investment strategies and complex portfolios they manage creates multiple challenges.

For instance, pods that have been successful over time, have often been given leeway to deploy asset class or strategy-specific technologies separate from the firm's broader infrastructure. Further, new pods might need to be swiftly added to diversify risk and support new strategies as the business demands. However, adding a new asset class, such as options and futures, or moving to a strategy like pairs trading, usually requires a specialised new trading solution.

Over time, this approach can create delays in executing strategy from a management level and, from an IT perspective, a dispersed systems architecture, which requires aggregation of positions to create a single overview for the firm's management team to understand risk and overall performance, which is crucial for capital allocation.

OPTIMISING MULTI-STRATEGY HEDGE FUND OPERATIONS WITH TECHNOLOGY

Consequently, firms are looking for a single, scalable, cross-asset order and execution management system (OEMS) platform with exceptional trading capabilities, such as FlexONE, that can quickly deploy and handle new asset classes or strategies, with sophisticated risk and compliance functionality to deliver management teams with a streamlined, centralised platform to control order and execution management.

By driving core order generation workflows centrally from an OEMS, management can slice and dice granular information to understand the individual performance of each pod, as well as manage order allocation, fund splits, tracking/centrebook strategies, efficiently and transparently.

REDUCING TRADING COMPLEXITY BETWEEN PODS

Complexities can also arise from running strategies and trading the same names across multiple pods. Firms can use a modern OEMS solution with powerful APIs to provide sophisticated capabilities around order marking, locates, and internal crossing, which can significantly streamline the complexity of managing large volumes of trades across various diverse strategies.

For instance, pods can sometimes be trading the same instruments in different directions. Suppose an individual pod within the firm looks to short Apple stock. In that case, centralised order marking enables the tracking and management of orders at the chief investment officer or investment committee level to understand what is being held across different pods or at their prime brokers and the overall position.

DAN ENSTEDT
Director of Business Development EMEA, FlexTrade

Dan Enstedt, Director of Business Development EMEA, joined FlexTrade in 2016 and covers Sales and Business Development for FlexTrade's EMEA team, based in the London office working across our buy-side EMS and OEMS solutions. He has more than 15 years of experience in the FinTech/electronic trading space, covering both buy-side and sell-side.

Further, locates functionality native to a modern OEMS can ensure you have locates/inventory to go short in a particular stock or instrument. For example, FlexONE's flexible, robust APIs can make seamlessly integrating a prime broker's services a reality, meaning traders can request locates programmatically.

Additionally, using order marking and locates to gain a holistic overview of holdings, if you hold assets that a pod wants to buy and another pod seeks to sell, an internal cross can be made between pods at a management level within the firm, without the need to go to market. Filling the order with an internal cross means no market impact or need to pay commission fees on the street.

RUNNING FIRMWIDE, UNIFIED RISK AND COMPLIANCE – AT SPEED

Multi-strategy hedge funds can carry a higher risk level due to their diverse, complex portfolios. Consequently, they need a comprehensive and robust risk and compliance framework to underpin the diverse nature of each pod's strategy, while ensuring that they adhere to the overall thresholds set out at a management level, safeguarding the fund's capital, and ensuring investor confidence in its ability to manage risk effectively.

An OEMS with robust risk management capabilities allows the firm's management committee to monitor and control risk exposure in real time at the trader, PM, pod, strategy, or fund level. For instance, if a pod runs a systematic strategy, complex and detailed compliance checks across many granular rules can be automated to run at pod-level, firmwide, or across prime brokers. Further, a cutting-edge OEMS can offer other options to run compliance checks – whether in baskets, via GUI, or using a modern open-architecture OEMS over API.

THE NEXT-GENERATION OF MULTI-STRATEGY FUNDS

By nature, multi-strategy hedge funds bring complexity. To operate as a successful multi-strategy hedge fund and generate high-quality risk-adjusted returns, you need excellent innovative pods and the technology tools that provide them with a competitive edge. A comprehensive OEMS with robust compliance, risk management, trading capabilities, centralized order marking, an automatic short locate system, high capacity, and powerful APIs are indispensable.

As the industry continues to evolve, hedge funds that embrace and leverage advanced OEMS technology will be better equipped to navigate the complexities of the financial markets and provide their investors with consistent, risk-adjusted returns.

HAZELTREE

Thank you.

Thank you Hedgeweek readers, for voting Hazeltree "BEST TREASURY SOLUTION" on both sides of the pond.

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IN PURSUIT OF A GOLDEN SOURCE OF TRUTH

In today's demanding market conditions, having a competitive advantage as a hedge fund manager is vital. Competition for investments and investors is fierce, while differentiation within peer groups is subtle.

Success is as much built on an accumulation of small improvements driven by analysis as it is on one or two larger changes. As such, data lies at the heart of establishing a sustainable competitive advantage.

Of course, hedge funds can gain an edge by exploring existing data through new perspectives and unearthing fresh insights by incorporating new data sources. Doing this in practice is not without its complexities.

MOUNTING DATA CHALLENGES

Macroeconomic events cause aberrations in data sources and corresponding data analytics outputs, creating decision-making challenges for investors. During the Global Financial Crisis, prime brokers struggled with volatility lookbacks in their margining models. More recently, during Covid, overnight shifts in consumer behavior left investors scrambling for visibility on massive sector rotation.

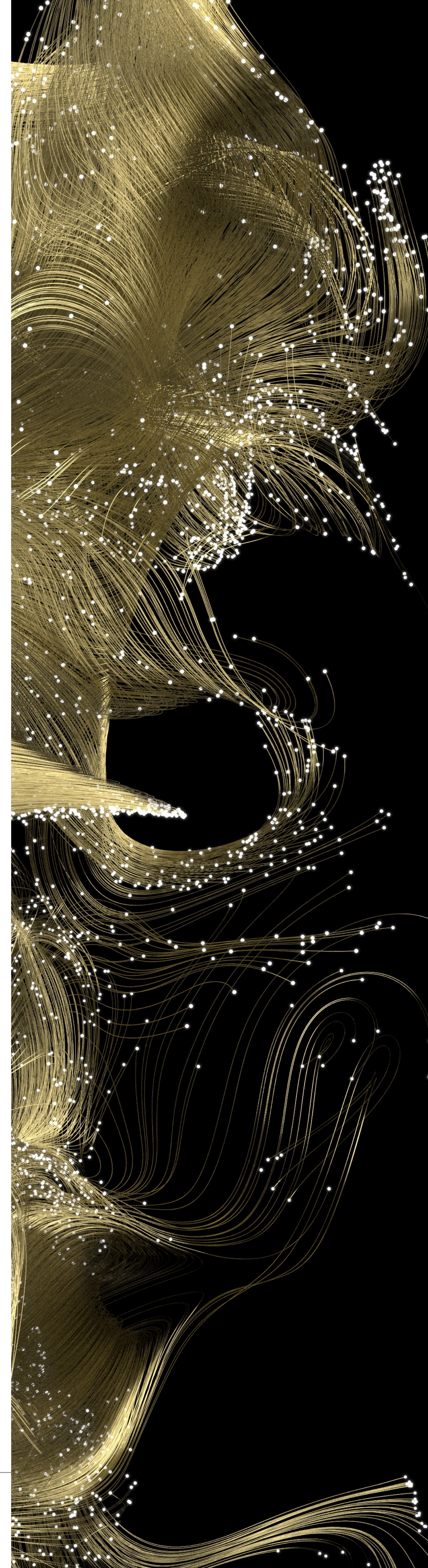
Furthermore, investors have heightened expectations for more frequent and more precise reporting. As asset managers have expanded in size and complexity, the load on investor relations teams has grown, making it hard to keep pace.

Today's data challenges for hedge fund managers are manifold, but here are a few key examples:

- **Addressing Technical Debt**
  Numerous funds are considering a transition away from past investments in point solutions, which have resulted in data asynchrony as their organizations' AUM and complexity grow. This shift comes as their existing data strategy has proven to be insufficiently scalable.

- **Data Volume and Variety**
  Dealing with the ever-increasing volume and variety of data, both structured and unstructured, can be overwhelming if hedge funds don't have the proper infrastructure and tools to handle and make sense of their collected data.

- **Data Quality**
  Ensuring data accuracy and consistency is a persistent challenge. Poor data quality can lead to poor decision making, and on the investment side, this can lead to big losses.



- **Data Integration**
  Integrating and harmonizing data from multiple disparate sources is a huge challenge for hedge funds today. Having a scalable system that can harmonize disparate data into a unified format should be table stakes for any data strategy.

- **Cost Management**
  Data storage and, particularly, data processing costs can be substantial. Hedge funds need to optimize their data infrastructure to manage costs effectively.

These challenges have also created an opportunity for the wider market to deliver innovative solutions – dynamic data platforms that allow for adjustments in one place and from a single, synchronized source of truth.

Management firms require out-of-the-box tools that swiftly ingress data, integrate it with existing datasets, maintain data quality, enhance data discoverability, and facilitate effortless analysis and reporting.

Teams need tools purpose-built for the financial services industry that empower them to creatively merge data and manage the influx of new data in various formats, frequencies, and greater volumes. Powerful modeling capabilities and connectivity to counterparties, administrators, and other services are a game-changer in enabling data to move fluidly across an organization. Robust processes are also essential to ensure data quality and safeguard decisions from the influences of flawed data.

In addition, comprehensive governance is indispensable. This governance not only pertains to the data acquired but also extends to the methods employed to derive insights from it and how to regulate access to this valuable resource.

SUPPORTING INNOVATION

To achieve all this, a hedge fund manager needs an organizationally aligned data strategy. They also need the right data partners.

Service providers are crucial in handling essential yet undifferentiated tasks, allowing hedge fund managers to concentrate on delivering distinctive value. An integrated environment that consolidates all facets of a data platform offers substantial benefits and is a prerequisite for higher-order tasks.

By harnessing an integrated data platform, hedge fund managers can expedite their route to market, attaining distinctive value more swiftly. Service providers can likewise streamline connectivity to prevalent industry sources.

Domain-aware data models, that offer built-in awareness of asset classes, lifecycle events, and geographies, allow investment teams to accelerate data integration and analytics. Investor relations teams benefit from self-service reporting and analytics tools developed on an integrated data platform to help managers meet and surpass investor expectations.

So, yes, having a competitive advantage is vital. But when it comes to infrastructure, hedge fund managers shouldn't be reinventing the wheel. A manager's time is precious. It should be spent developing an edge where it really matters – in the front office, using data to evolve the investment strategy and deliver value to clients. Allow others to hone the platform for success.

KEITH RAFTERY
Senior Vice President, Business Development, Arcesium

Keith Raftery is a Senior Vice President for Business Development at Arcesium. Prior to joining Arcesium, Keith was responsible for building and maintaining relationships with key influencers in the hedge fund ecosystem at Broadridge. He also held positions at Credit Suisse Prime Brokerage and ENSO Financial Analytics. Keith earned his bachelor's degree in business administration from the University of Phoenix.

HAZELTREE

THE FUTURE OF COLLATERAL MANAGEMENT: WHERE DO WE GO FROM HERE?

The Uncleared Margin Rules (UMR) scramble may be behind us, but the need to improve and automate collateral management systems and processes remains critical…

It's been 13 years since the passage of the Dodd-Frank Act in the US, and seven years since the first phase of UMR started going into effect for the largest entities in 2016. The final phase of UMR came in effect in September of 2022, and while UMR will never be truly "over" (new entities come into scope each year), it's natural for many in the industry, who have been heads down working on the planning and implementation of UMR for all these years, to look up at this point and ask, "What now?"

The answer to this question may become clearer as we take a step back to look at the processes that were put in place in the rush to comply with UMR. In many cases, manual processes were stitched together to compute daily margin calls, calculate collateral amounts, settle those collateral movements, identify disputes, produce end of day (EOD) risk reporting, etc. Some of these manual processes were stacked on top of the manual processes that already existed in the pre-UMR collateral workflow. In the haste to become compliant, many organisations were forced to focus on the needed result, with less focus on how that result could be attained efficiently.

EMBRACING AUTOMATION

So, "what now?" Well, now that we, as an industry, have done what was necessary to attain compliance, the focus turns to doing it better, with automation and efficiency becoming the hot-button topics, as firms turn to technology partners to help them move into the next phase of the collateral management journey.

A good place to start is with the daily margin call workflow itself, which too often, is dependent on a person clicking dozens, sometimes hundreds, of times to review, issue and respond to daily margin calls. In many cases, this process can be partially or completely automated.

When a margin call is received electronically, the amount of that margin call can be automatically compared to the receiving firm's internal books and records to determine the extent to which that firm agrees, partially agrees, or disputes the call. That response can be sent back to the issuing party automatically, with no clicks needed, and the resulting collateral movement can also be booked and processed automatically.

Similarly, margin calls can also be issued automatically. As responses to those calls are electronically received, those responses can be processed automatically as well. While it's prudent to put some parameters around this automated workflow to ensure bad data isn't processed without sufficient oversight, it's very possible to achieve a workflow where only those exceptions require manual intervention, resulting in a far more efficient process than we typically see today.

THE MOBILITY OF COLLATERAL

Another area where it's possible to achieve greater efficiency is in the mobility of the collateral itself. Distributed ledger technology (DLT) makes it possible to move assets 24/7, eliminating the typical afternoon rush to beat the Fed deadline. Immutable proof of settlement is also visible to all participants using this technology, making the old process of chasing down Fed reference numbers obsolete. While most in the industry aren't quite ready (or willing) to use cryptocurrencies as collateral, there are other ways to utilise DLT and blockchain technology to achieve this kind of efficiency with collateral mobility. Tokenising assets that are already generally accepted as eligible collateral, such as treasury securities or money market funds, can be a good entry point, and the idea is gaining mainstream acceptance with ISDA publishing papers that broach the topic, and the Depository Trust and Clearing Corporation (DTCC) recently completing the acquisition of a company called Securrency, which focuses on tokenising assets on the blockchain.

While using tokenised digital assets for collateral mobility seems like the most immediate use for DLT and blockchain technology, it's certainly not the only conceivable use case. When we think about the element that injects the most inefficiency into the daily collateral process, it's probably dispute management, with an inordinate amount of time and effort being put into reconciling portfolios to find the root cause of differences. While AI can help to do this quicker, even when breaks are automatically highlighted, they're still breaks. It isn't a stretch to imagine firms using DLT and blockchain technology to define the contents of a portfolio of positions between parties, including contractual terms, such as independent amount. When the portfolio of positions on the blockchain is viewed as the single source of truth, reconciliation becomes obsolete.

While some of these applications of technology may seem futuristic, the fact is that the technology exists right now. As the dust has now settled from the UMR focus of the past decade, the industry seems primed to move more quickly in the direction of increased automation and efficiency. The future is here.

JOSEPH SPIRO
Director of Product Management, Hazeltree

In his role at Hazeltree, Joseph (Joe) Spiro focuses on helping buy-side clients to improve their collateral management process, to increase efficiency, reduce risk and increase liquidity. Joe has been part of the Collateral Management industry for over 25 years and has contributed to the International Swaps and Derivatives Association (ISDA) and other industry working groups on the topic of collateral management.

BUY AND BUILD – PREPARING FOR A MULTI-ASSET FUTURE

It's no secret that competition among hedge funds has become increasingly intense. The ramifications are manifold, but one outcome is clear – it has become harder for investment firms to find success by specialising in a single trading instrument or asset class.

Ten years ago, a hedge fund firm could focus on a particular market, or even a single instrument, and generate an attractive return. Today, few firms can do this effectively. The market is evolving, and hedge fund managers' toolkits need to adapt quickly.

In some ways, the fallout is straightforward. Many hedge fund managers that have thus far focused on one or two instruments have now found they need to diversify into a multi-asset shop. In turn, this drives the need for a more complex system and operation. Hedge fund managers today have an increasing need to access a multi asset environment, where they can research, invest, and thereafter monitor with flexibility, in a safe and prudent way.

For many investment managers operating an institutional setup, we find there is a recurring missing element – a single place to trade multiple asset classes and, at the same time, easily monitor and control margin requirements. Yes, there are platforms where asset managers can purchase equities, bonds, mutual funds, and other cash products in a siloed or even multi-asset environment – and this, of course, remains important – but few that suit the wider toolkit of the contemporary institutional hedge fund.

For example, an investment manager with exposure to a specific market, sector, or even single instrument may want to manage or reduce some of that risk. There can be multiple ways of dealing with this, but the basic requirement is the same for all – an accessible and transparent overview, which effectively allows them to see all their exposure and margin requirements in a quick and consolidated approach. Then, by combining this 'big picture' view with a broader array of tools, they can then act on it, decisively – such as through contracts for difference (CFDs) for hedging.

The opportunity for greater transparency and control is a core benefit of having everything in one place. The siloed approach, whereby having one place for cash products, another one for CFDs and potentially a third place for futures and options don't give investment managers or hedge funds any real benefits, simply because it is limiting their mobility and decisions making at the core.

BUY, BUILD, AND INTEGRATE

How are modern managers looking to achieve a system that offers this? Historically, the decision facing investment managers has been 'buy or build'. Which can be translated into either building and managing the technology in house, or buying something off the shelf, installing it, and working with it.

Today, with the expertise available in-house and externally, the approach is more akin to 'buy and build'; purchasing multiple off-the-shelf technologies that can be easily adapted and integrated with other systems to create a bespoke solution. This allows the modern managers to buy a standardised system and functionality or even outsource them to specialised vendors. Then add their own 'secured source', by building the IP on top of the solution.

Research we conducted in collaboration with Coalition Greenwich this year on buy-side trading technology builds, found that 'hybrid proprietary/vendor' (aka buy and build) was the most popular approach among investment managers, used by more than 40%. Second was 'propriety, built in house' (aka build) on 24%, followed by 'non-broker, third-party vendor-provided' and 'broker-provided' (both aka buy) on 17% and 15%, respectively.

As noted in that CMC/Greenwich report, Trading Technology Unveiled, the decision to build in-house is partly influenced by AUM. Only 15% of managers surveyed with AUM <$500m run fully proprietary systems, versus 33% of those with AUM $1bn+. However, as we noted in our 2021 research on the use of OEMS systems, many larger managers are now working with third-party platforms to access lower costs and broader functionality.

EMBRACING CHANGE

Outside the US, few places understand this shift towards the multi-asset, buy-and-build environment better than the Middle East. Not because of where the region's investment industry has been – it remains an emerging one utilising many manual processes – but because of where it's going, who's arriving, and perhaps primarily, its progressive mindset.

Culturally, the Middle East is attuned to, ready for, and welcoming of change. Especially in Dubai. It is a mindset that stems right from the top. We've seen it in the sports and leisure industry via the influx of football players and music stars. We're now increasingly seeing it in the financial services industry.

The findings of our recent research report in collaboration with Hedgeweek, Beyond Dubai, showed a high proportion of multi-asset managers showing an interest in the region. Of the 20% of global hedge fund firms surveyed with or considering a Middle East presence, more than one quarter were global macro strategies. Furthermore, among the 30 largest hedge fund firms by AUM globally, six have a presence in the Middle East (20%). And among the eight largest multi-strategy shops in the US, six have a presence (75%).

A desire for change and the influx of progressive, multi-asset hedge funds are reasons why the Middle East is a key market – among others – for our multi-instrument trading platform, CMC Connect; an expanded offering for which soft launched last month.

Traditionally, CMC Markets has been a retail shop, and that industry remains a hugely important part of what we do. But we are evolving beyond that by addressing the challenges of the institutional industry. CMC Connect is designed for forward-looking investment firms and financial centres.

We have a plan going forward. Modern hedge fund managers need a technological infrastructure that allows them to plug and play; to easily adapt and integrate with other systems. This has been our goal – to build all-encompassing technology that is easy integrate. Only by finding a system that offers quality and adaptability can a hedge fund manager ensure its trading operation is truly futureproof.

KIM LJUNG ANDERSEN
Head of Institutional Product Solutions, CMC Connect

Kim Ljung Andersen is the Head of Institutional Product Solutions at CMC Connect, responsible for the design and functionality of the Connect trading platform. Prior to joining CMC Connect in 2022, Kim spent 18 years at Saxo Bank as a multi-asset solution specialist, developing and integrating the white label offering for the institutional market.

Arcesium is a global financial technology and professional services firm, delivering post-investment and enterprise data management solutions to some of the world's most sophisticated financial institutions, including hedge funds, banks, institutional asset managers, and private equity firms. Expertly designed to achieve a single source of truth throughout a client's ecosystem, Arcesium's cloud-native technology is built to systematize the most complex workflows and help clients achieve scale. Building on a platform developed and tested by investment and technology development firm, the D. E. Shaw group, Arcesium was launched as a joint venture with Blackstone Alternative Asset Management. J.P. Morgan, another large client, later joined as our third partner. Today, Arcesium services over $675 billion in global client AUM with a staff of over 1,700 software engineering, accounting, operations, and treasury professionals.

Broadridge, a global Fintech leader with more than $6 billion in revenues, provides technology, communications, data and intelligence that powers investing, corporate governance and communications to enable better financial lives. Hedge funds worldwide rely on our technology and expertise to help them accelerate product innovation, grow AUM and drive operational efficiencies. Our integrated, front-to-back investment management solutions allow our clients to expand into new markets and support liquid and illiquid asset classes, including private debt and CLO. We are uniquely positioned to help hedge funds get ahead of today's challenges and capitalize on what's next.

CMC Connect provides online trading and investment services to a global institutional client base of banks, brokerages, funds, and dealing desks. Our continuous innovation and investment in trading technology means that we are able to respond consistently to changing markets. Through a single connection, our clients have access to multiple asset classes worldwide allowing them to seamlessly execute their chosen strategy and increase revenue potential. Learn more at www.cmcmarkets.com/connect.

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