

Credit Trading Report

Developing enhanced reporting in support of client exposure management



BUSINESS REQUIREMENT

One of OpHedge's credit-based hedge fund clients, whose portfolio is heavily concentrated in bank loans, distressed debt, swaps and other OTC derivative instruments, required a highly adaptable

P&L report to consolidate and manage complex business information. The client relies on this information (e.g. positions, pricing, capital used and P&L) to make daily trading decisions.

CHALLENGE

Generating a credit trading report can present significant challenges. This type of report requires extraction of data from multiple sources and subjecting the data to independent calculation. Associated risks are very high since trading decisions are based on the report's accuracy.

In this particular instance, the required report encompassed complex business logic (e.g. accrued interest calculations, custodian position collapsing,

calculations of current yield, yield to worst, yield to event, funding and risk capital used, advance rates, and return on equity). The information either did not exist in any vendor system or resided in multiple systems: loan processing, cash trade processing, derivatives trade processing and general ledger. Without an automated solution, report generation would be lengthy and very error prone. Meeting the reporting requirement thus presented a substantial business and technology challenge.

SOLUTION

To mitigate the risks associated with multiple information sources, OpHedge's development team created a data warehouse, extracting all necessary information from various source systems and consolidating them into an in-house database. A proprietary reporting system was developed to perform the necessary economic calculations by applying the complex weighted average FX rates for calculating the base currency P&L.

The final report is validated by the Loan Operations department and delivered to our client through the OpHedge portal. The shared portal provides OpHedge and our client with an effective business tool as it facilitates communication and information-sharing.

OpHedge generates and delivers an accurate Credit Trading Report at the end of each business day. With our flexible reporting framework and delivery mechanism, OpHedge is able to adapt the Credit Trading Report to meet our client's ongoing requirements at a reasonable cost.

OpHedge Investment Services, LLC
Headquarters
3 International Drive
Floor 3
Rye Brook, NY 10573
Tel: +1-914-935-8000

OpHedge Investment Services, LLC
420 Lexington Avenue
Suite 648-55
New York, NY 10017
Tel: +1-646-214-4600

OpHedge Investment Services (Shanghai), Ltd.
China Fortune Tower
5th Floor
1568 Century Avenue
Pudong District
Shanghai, China 200122
Tel: +86-21-6100-9520

OpHedge Fund Services (Cayman) Ltd.
3A Landmark Square
West Bay Road
P.O. Box 1373
George Town
Cayman Islands
Tel: +1-345-947-4374

OpHedge Investment Services (Singapore) Pte. Ltd.
International Plaza #10-10
10 Anson Road
Singapore 079903
Tel: +65-6298-0548