

Hedge Funds in 2024:

Risks, Resilience, and Technology

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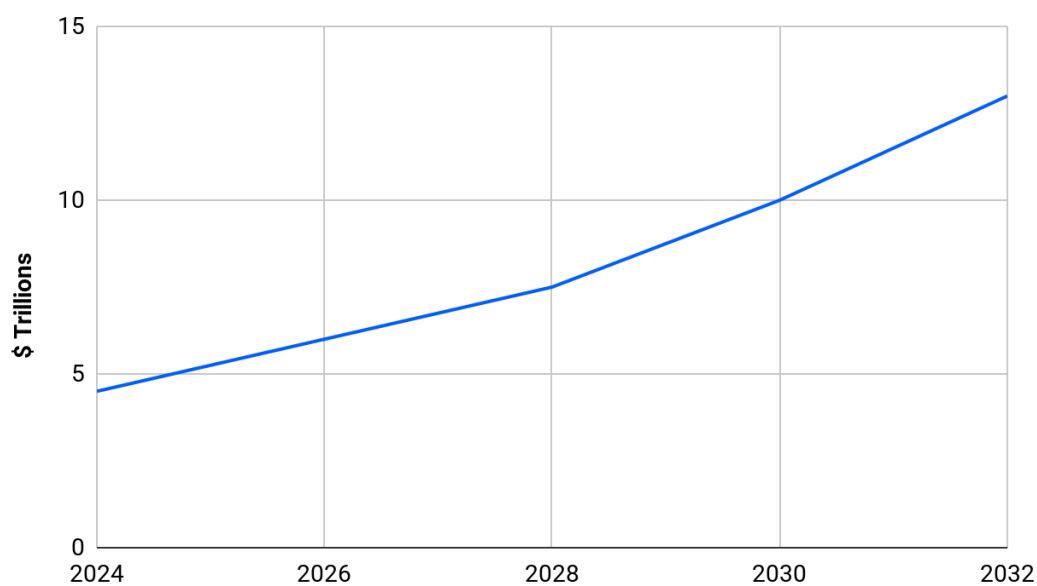
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2024: A Time of Volatility, Risks, and Innovation

\$4.51 TRILLION AUM

Data from Hedge Fund Research estimated total capital at hedge funds grew to record amounts for the fifth consecutive quarter, ending the year at \$4.51 trillion. The industry's 8,328 funds added \$53.5 billion of assets in the last quarter and \$401.4 billion since the beginning of 2024. Allied Market Research has estimated that the global industry will reach \$13 trillion by 2032, with a 10.7% CAGR.

TOTAL HEDGE FUND ASSETS UNDER MANAGEMENT BY YEAR



Source: Hedge Fund Market 2024, Allied Market Research

CHALLENGES, NEEDS, AND ASPIRATIONS

To build a greater understanding of the hedge fund market, and its challenges, needs, and aspirations, Beacon Platform Inc. commissioned independent research company Pure Profile to interview 200 investment management and hedge fund executives worldwide.

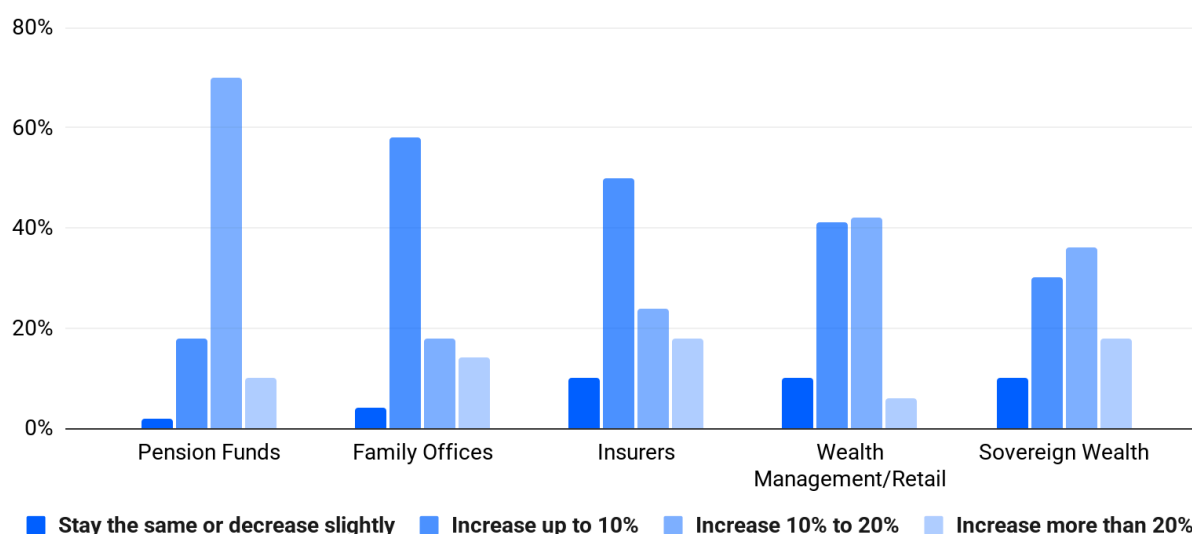
One study queried 100 executives at pension funds, family offices, and insurance asset managers. The other study queried 100 senior hedge fund executives in the US, France, Germany, Italy, Norway, Sweden, Switzerland, UK, Hong Kong, and Singapore, who are collectively responsible for \$901 billion assets under management. The research was conducted in the second half of 2024 using an online methodology.

Investors Will Back Hedge Fund Sector Growth

But there are concerns about the quality of information and level of risk management

Pension funds, insurers, family offices, sovereign wealth funds, and wealth managers/retail investors all expect to boost allocations to hedge funds over the next 3 years. The surveyed group was most optimistic about Pension Funds, expecting 81% to increase their hedge fund allocation by 10% or more, compared to 54% of Sovereign Wealth, and 49% of Wealth Managers/Retail Investors.

EXPECTED ALLOCATIONS FROM DIFFERENT INVESTOR TYPES TO HEDGE FUND STRATEGIES OVER THE NEXT 3 YEARS



93% of institutional investors anticipate fundraising by hedge funds to rise by 10% or more over the next 3 years, with 14% predicting over 20% growth.

CONCERNS ABOUT THE QUALITY OF INFORMATION AND LEVEL OF RISK MANAGEMENT

Hedge funds should take steps to improve transparency and deepen their understanding of potential risk if they want to participate in this growth.

KEY FINDINGS:



91% expect hedge funds to add over \$190b in assets this year



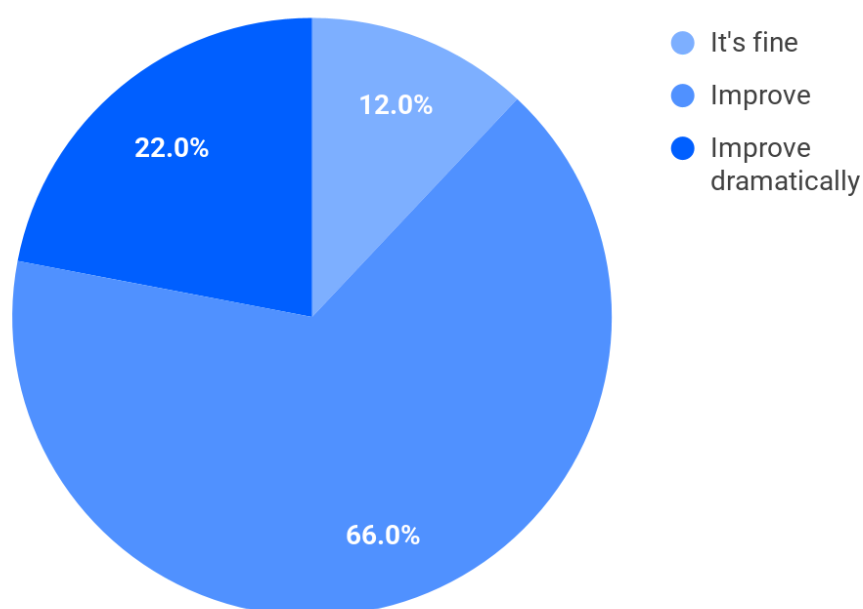
88% want better information quality



85% have withheld investments due to risk concerns

A majority (66%) of these investors agree that the quality of information and transparency in hedge funds needs to improve, with 22% saying it needs to improve dramatically. This may be a contributing factor to changes in fund allocations – (85%) have decided not to invest in a particular fund because of concerns over its risk management, and almost all (93%) think that this will be a growing trend.

ASSET OWNERS: DO YOU AGREE THAT THE QUALITY OF INFORMATION AND TRANSPARENCY IN HEDGE FUNDS NEEDS TO IMPROVE?



Tougher Risk Parameters Are Limiting Trading Activity

Funds are reducing trading activity in some areas because of increased or poorly understood risks

"As risk parameters at hedge funds become stricter, some firms are having to consider giving up certain types of trades or curtailing activity in certain sectors. This opens up opportunities for those that can quickly develop a clearer understanding of new and different risk scenarios, and make informed trading decisions, faster."

KIRAT SINGH
CEO & CO-FOUNDER, BEACON

Almost all (93%) senior hedge-fund executives questioned said risk parameters are becoming stricter at their firm in terms of what they can and cannot trade. Almost all involved (95%) say they are having to reduce trading in some areas because of the growing risks or because they don't have a good enough understanding of the risks in that area.

Most funds (84%) see trading restrictions as an increasing trend over the next 3 years, with 9% seeing a dramatic increase.

IMPACTS OF TRADING RESTRICTIONS IN THE PAST 2 YEARS:



76% had seen restrictions on areas they can trade



56% said there were restrictions on the value of trades



46% said the level of reporting they have to do has increased



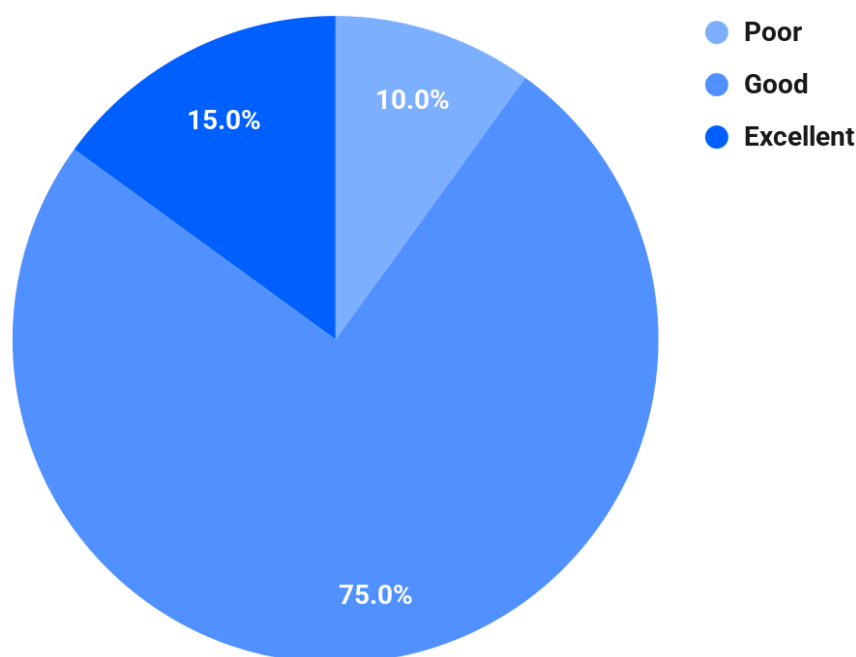
23% said they have to wait for risk analysis before trades

HEDGE FUND TRADING AREAS AND PERCENTAGE WHO THINK THEY WILL REDUCE TRADING ACTIVITY

Respondents were asked to select up to 3

	AREA OF REDUCED TRADING ACTIVITY	PERCENTAGE OF RESPONDENTS
	Credit	71%
	Currencies/FX	50%
	Equities	79%
	Commodities	46%
	Real Estate	43%
	Derivatives	39%

RATING THE FUND'S VISIBILITY OF THE RISKS IT FACES



THE MOST IMPORTANT ACTIONS TAKEN TO IMPROVE RISK VISIBILITY



55% said a greater investment in technology



54% indicated a platform that makes it easy to integrate and aggregate risk data across multiple asset types



48% wanted systems that can quickly, but in a controlled fashion, revise or customise models and analytics to adapt to changing market conditions



47% mentioned greater use of third parties who specialise in this area



41% advised more investment in growing our team/training

Turning to Third Parties for Risk Management

Cost control and efficiency are key drivers for increased use of third parties

“Risk management is crucial for hedge funds, and our research shows that the industry is taking multiple steps to boost their capabilities. While they are increasingly looking to third-party providers to provide support, outsourcing is not the only solution. Hedge funds are simultaneously increasing investments in training and technology, and many are looking to recruit from a wider range of industries to help enhance their risk management skills gaps.”

ANDREW DUNLOP
SENIOR PRODUCT MANAGER, BEACON

As the overall level of risk increases and hedge funds toughen their risk parameters, they will increasingly turn to third-party organisations for support on managing risk.

HOW DO YOU SEE THE GROWTH OF THIRD PARTIES?



86% say they expect the use of third-party providers to increase over the next 5 years



26% predict a dramatic increase

COST, EFFICIENCY, AND SUBJECT MATTER EXPERTISE ARE THE TOP 3 FACTORS BEHIND OUTSOURCING

As they try to better understand and increase visibility of portfolio risks and exposures, all hedge funds questioned said they are likely to switch vendors for some or all of their trading and risk management software over the next 2 years. And around 23% are very likely to switch.

WHAT ELSE ARE FUNDS PLANNING TO DO TO INCREASE VISIBILITY OF RISKS AND CLOSE ANY SKILLS GAPS?



72% recommend increasing the level of training



54% advocate outsourcing more



52% propose increasing their IT budget

Outsourcing is not the only action taken to address risk management concerns. Most funds are likely to switch risk management software vendors over the next 2 years.

Risk Management and Regulation Concerns Rise

All funds plan to boost spending on risk management, more than half believe regulation challenges will rise over the next 3 years

"As regulatory challenges increase and clients demand greater transparency, our research shows that hedge funds are gearing up to respond to these concerns. Spending is expected to grow across the sector as funds look to leverage the advanced reporting features of modern risk management and portfolio analysis systems to improve transparency for investors and regulators alike. Technology-leading funds are already benefiting from these advanced technical capabilities, increasing the transparency of analytic models, accelerating their time to compliance, and delivering real-time views of risk limits and exposures."

ASSET TARABAYEV
CHIEF PRODUCT OFFICER, BEACON

INCREASED RISK MANAGEMENT SPENDING



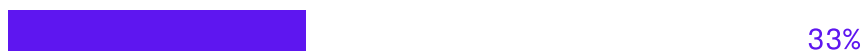
99% of hedge fund executives say their fund will increase spending on risk management over the next 2 years



56% say they will increase risk management spending by 20% or more

AREAS OF CONCERN

Although generally happy with their current systems, the hedge fund executives identified some areas of concern:



33% reported only average latency – the ability to get complex calculations within an acceptable time frame



30% said only average accuracy – the ability to mark to market and use industry standard models for all products



5% thought system accuracy was poor

More than 4 out of 5 (82%) who rated their systems as poor plan to replace one or more of them in the next 12 months.

65% will use more systems to compensate for their systems' weaknesses.

56% of executives, managing more than \$500 billion in assets, say spending on risk management will rise by 20% or more.



What is driving the spending increase?



Funds trying to catch up to the leaders in risk visibility and competitiveness.



RISK AND VISIBILITY

Executives were asked to rate their fund's risk visibility as "Excellent", "Good", or "Average", and how that visibility had changed over the past 2 years.

LOOKING BACK 2 YEARS:

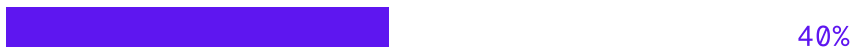


100% of hedge funds that increased their risk management budgets dramatically over the past 2 years improved their risk visibility



100% of hedge funds that reduced their risk management spending saw little to no improvement in risk visibility

LOOKING AHEAD 2 YEARS:

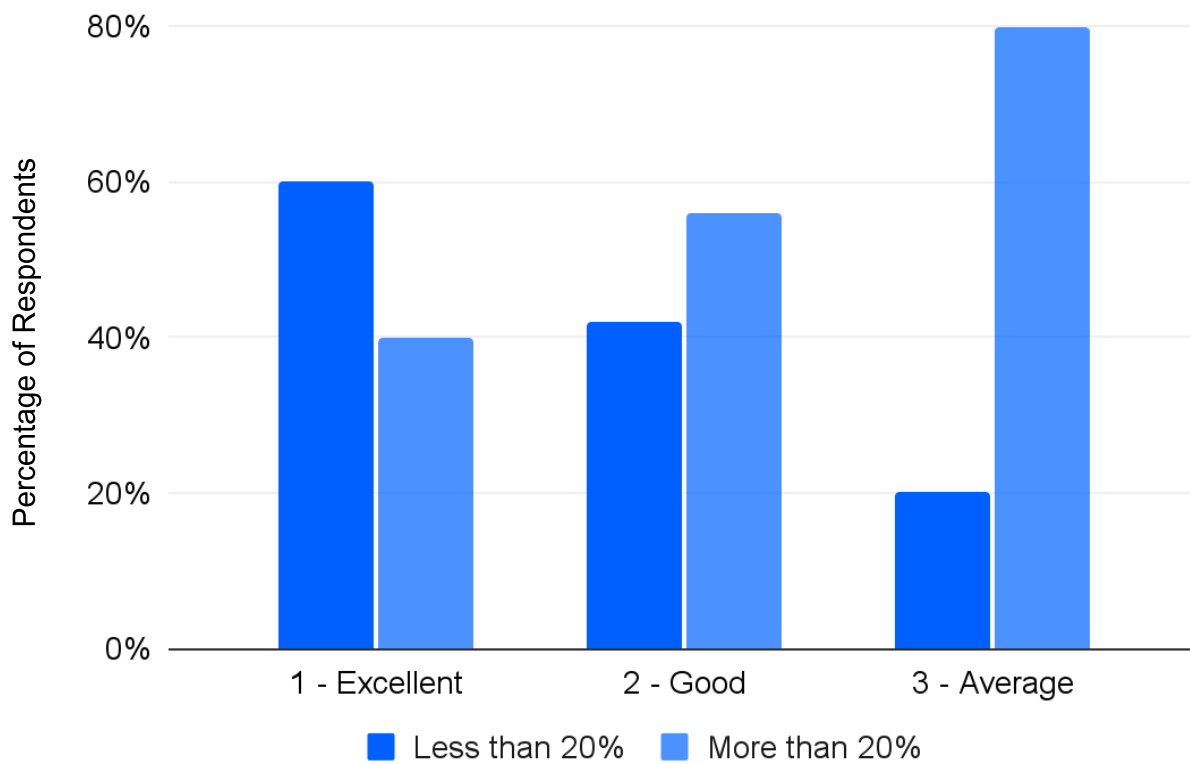


Just 40% of those who rated their risk visibility as "Excellent" are planning to increase their risk management spending by more than 20%



But 56% who rated their visibility as "Good" and 80% who rated "Average" are planning to spend more

RISK VISIBILITY VS EXPECTED INCREASE IN RISK MANAGEMENT SPENDING



Rating of hedge fund's risk visibility

PORTFOLIO COMPETITIVENESS AND RISK

Funds were asked to rate the competitiveness of their portfolio analytics and risk management systems as "Excellent", "Good", or "Average".

LOOKING BACK 2 YEARS - HOW DID RISK MANAGEMENT SPENDING AFFECT COMPETITIVENESS?



90% with an excellent competitive edge increased spending



94% with just average competitiveness reported little to no increase, or even a slight decrease, in spending

LOOKING AHEAD 2 YEARS - WHO WILL BE SPENDING MORE?



35% of those who rated their systems as "Excellent" plan to increase risk spending by more than 20%

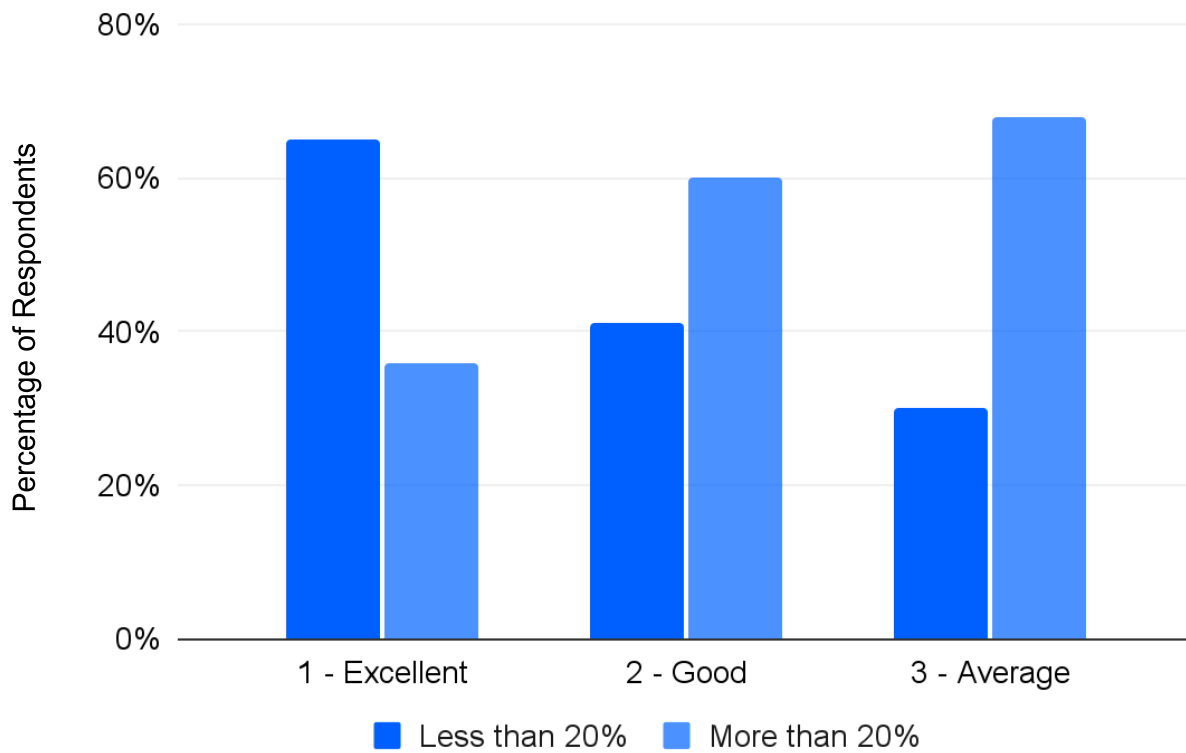


59% who rated as "Good" will be increasing their spending



69% who rated as "Average" will be increasing their spending

COMPETITIVENESS VS EXPECTED INCREASE IN RISK MANAGEMENT SPENDING



Rating of portfolio analytics and risk management competitiveness

REGULATION CONCERNS – OVERALL AND BY JOB ROLE

OVERALL



56% say that regulatory challenges will become harder over the next 3 years



39% expect the regulatory pressure to ease

BY JOB ROLE

C-Suite executives were almost twice as likely to think that regulatory challenges would become harder (73%) than their investment analyst or portfolio management colleagues (38%).

INFORMATION TRANSPARENCY NEEDS TO IMPROVE

What is driving greater transparency?

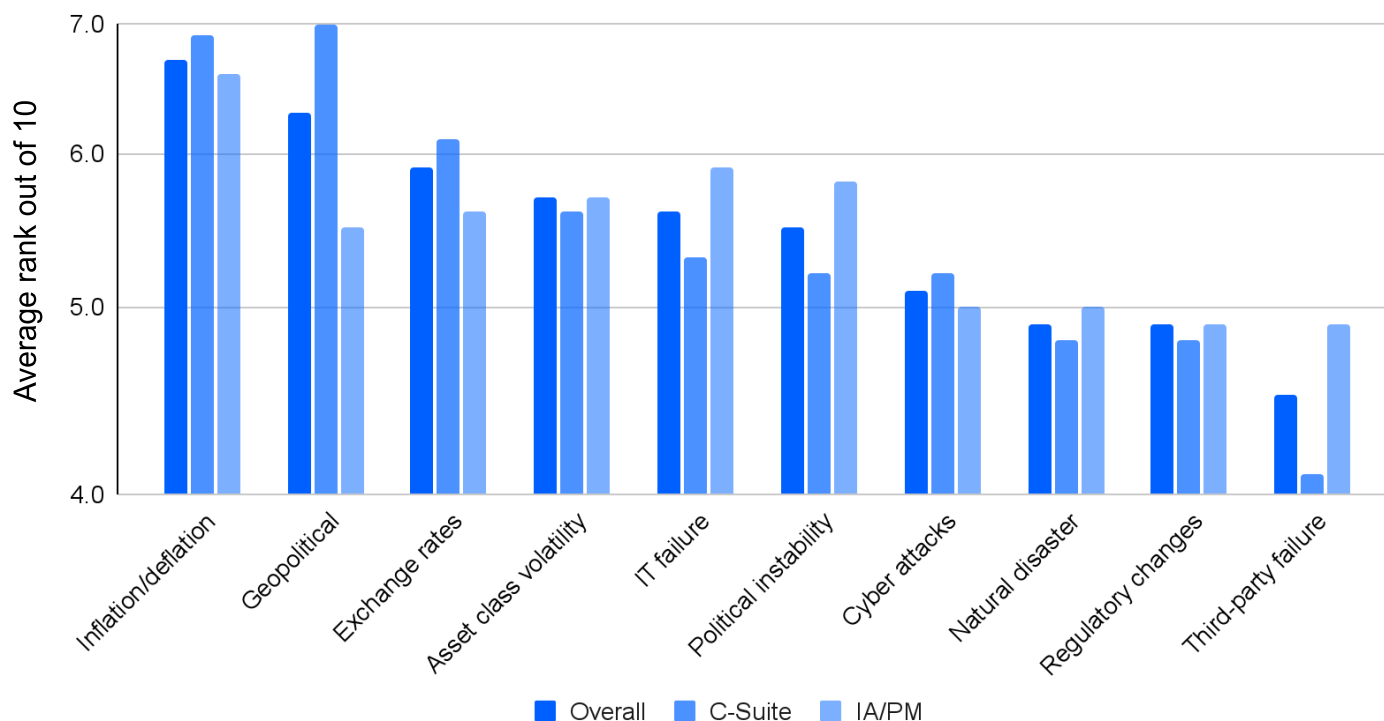
1st overall for both groups: Regulators

But industry trade bodies, internal stakeholders, and transparency as an aid to scaling the business all ranked higher than investor customers.

BUILDING INFORMED RISK

When asked to rank 10 risks facing the fund, "Regulatory changes" was ranked 8th out of 10 by both C-Suite and investment analysts and portfolio managers.

RANKING HEDGE FUND RISKS



The overall driver of regulatory concern is not that regulations are too much, but that complexity is increasing.

Funds are working to improve and broaden their own understanding of all risks, as investment strategies multiply and become more complex and sophisticated. In turn, they need to communicate the details to regulators and investors, striking an appropriate balance between transparency and proprietary/competitive advantage.

Using Advanced Technologies and Systems Integrations to Improve Risk Visibility

Identifying the most important risk management capabilities

"Hedge funds clearly understand that data and systems integration are essential components of both risk visibility and competitive advantage—even if only 1 in 8 think that their current systems are extremely well integrated."

ASSET TARABAYEV
CHIEF PRODUCT OFFICER, BEACON

Advanced technologies and systems integrations are playing vital roles as hedge funds strive to improve their visibility in an increasingly risky and volatile investment environment.

93% describe seamless integration with existing systems, including compatibility with current tools and near-real-time data on positions, PnL, and risk, as an important or very important source of competitive advantage of modern portfolio analytics and risk management systems.

Advanced technical features, such as cloud-based architecture for scalability and integrated development environment for proprietary models and customisation, were the next most important at 87%.

Not many hedge fund executives describe their existing systems as "Excellent".

HOW IMPORTANT WILL THESE ASPECTS OF MODERN PORTFOLIO ANALYTICS AND RISK MANAGEMENT SYSTEMS BE AS A SOURCE OF COMPETITIVE ADVANTAGE?

VERY IMPORTANT
+ IMPORTANT

Seamless integration with existing systems - Compatible with current Portfolio and Order Management tools - Provides near real-time data on positions, profit and loss (PnL), and risks	93%
Advanced technical features - Cloud-based architecture for scalability - Integrated development environment for customisation	87%
Broad market coverage - Supports multiple asset classes across global markets - Allows funds to capitalise on diverse opportunities	86%
Powerful reporting capabilities - Scalable framework for customisable reports - Enhances risk transparency and PnL explanations	84%
Single, extensible platform - Consolidates analytics and risk management in one solution - Adaptable to evolving fund strategies and market conditions	79%

Only 20% of those surveyed describe the competitive edge gained from their portfolio analytics and risk management systems as "Excellent".

SYSTEMS INTEGRATION, VISIBILITY,
AND COMPETITIVE EDGE

Systems integration is leading to greater success, playing
an important role in competitiveness and risk visibility.

VISIBILITY

60% of the group with “Excellent” risk visibility said their systems were extremely well integrated, compared with 10% or less of the “Good” and “Average” funds.

Thinking about the hedge fund you work for, how well integrated are its technology systems?	How do you rate your hedge fund’s visibility of the risks it faces?		
	EXCELLENT	GOOD	AVERAGE
Extremely well integrated	60%	4%	10%

COMPETITIVE EDGE

Half of those who rated their competitive edge as “Excellent” said their systems were extremely well integrated, compared with just 5% of those who had a “Good” competitive rating and none of the “Average” funds.

Thinking about the hedge fund you work for, how well integrated are its technology systems?	How would you describe the competitive edge of the portfolio analytics and risk management systems at your fund?		
	EXCELLENT	GOOD	AVERAGE
Extremely well integrated	50%	5%	0%

INCREASED TECHNOLOGY INVESTMENTS ARE PAYING OFF

"Excellent" funds were more likely to have increased their risk management budget dramatically over the past 2 years (55%), compared to 13% who describe their processes as "Good", and just 6% of those who rate it "Average".

COMPETITIVENESS AND RISK MANAGEMENT BUDGET

From a competitive perspective, how would you describe the portfolio analytics and risk management processes around your fund management firm's work?

How has the risk management budget at your organisation changed over the past 2 years?	EXCELLENT	GOOD	AVERAGE
Increased dramatically	55%	13%	6%

"EXCELLENT" GROUP EXPERIENCED GREATER IMPROVEMENTS IN RISK VISIBILITY

60% said visibility has improved dramatically over the past 2 years, compared to less than 10% of those rating their processes as "Good" or "Average".

COMPETITIVENESS AND VISIBILITY OF RISKS

From a competitive perspective, how would you describe the portfolio analytics and risk management processes around your fund management firm's work?

How has the visibility of the risks your fund faces changed over the past 2 years?	EXCELLENT	GOOD	AVERAGE
Improved dramatically	60%	8%	6%

On the Lookout for New Software as a Source of Competitive Advantage

Executives say they are spending too much time and manual effort on essential processes

"Consistent, cross-asset, real-time views of positions and risks are enabling technology-leading funds to quickly research, refine, and spin up new trading desks and strategies when and where the market opportunities arise."

ASSET TARABAYEV
CHIEF PRODUCT OFFICER, BEACON

LIKELIHOOD OF SWITCHING SOFTWARE VENDORS AND COMPETITIVE EDGE

Most hedge funds are spending too much time and manual effort on some important risk management processes—and they are willing to switch software vendors to improve the situation.

While all of the funds surveyed replied that they were likely to switch trading and risk management software vendors over the next 2 years, more than half (55%) of those rating their system's competitive edge as "Excellent" said they were very likely to switch vendors, compared to less than 20% of those who rated it as "Good" and just 6% of those who rated it "Average".

Over the next 2 years, how likely do you think it is that you will switch vendors for all/some of your trading and risk management software?	How would you describe the competitive edge of the portfolio analytics and risk management systems at your fund?		
	EXCELLENT	GOOD	AVERAGE
Very likely	55%	17%	6%

DOES YOUR HEDGE FUND SPEND TOO MUCH TIME AND RESOURCES ON THESE ASPECTS OF PORTFOLIO ANALYTICS AND RISK MANAGEMENT?

FAR TOO MUCH TIME
+
A LITTLE BIT TOO
MUCH TIME

Consolidating/integrating data from multiple sources	92%
Investment evaluation/due diligence	81%
Aggregating and measuring risk across strategies, desks, and at the firm/fund level	79%
Manual or spreadsheet-based portfolio analytics and optimisation	73%
Trying to define the factors behind unexplained PnL residuals	71%

Those rating the competitiveness of their systems as "Excellent" were more likely to say these processes were taking too much time than those who rated their systems "Good" or "Average".

EFFECTIVE BACK TESTING IS THE MOST IMPORTANT PART OF THE TRADING INFRASTRUCTURE

Back testing, specifically producing consistent results between live trading and back tests by factoring in real-life trading costs and market structures, is regarded as by far the most important feature of trading infrastructure. Around two-thirds (66%) rated back testing as a very important part of the trading infrastructure, compared with just 39% for the next most important feature, the ability to move seamlessly from research into production.

HOW WOULD YOU RATE THE FOLLOWING FEATURES OF YOUR TRADING INFRASTRUCTURE?

	VERY IMPORTANT	IMPORTANT
Back testing - Consistent results between live trading and back tests by factoring in real-life trading costs and market structures	66%	30%
Ability to move seamlessly from research into production and execution	39%	52%
Clean data	36%	54%
Getting to market with strategies faster	35%	58%

BACK TESTING BECOMES MORE IMPORTANT AS FUNDS GROW IN SIZE

The importance of back testing grows significantly with the size of the fund. Only half of the funds with between \$500 million and \$1 billion assets under management rated back testing as very important, compared with almost 9 out of 10 (89%) of the funds managing between \$25 and \$50 billion.

TECHNOLOGY-LEADING FUNDS ARE NOT BEING COMPLACENT

Hedge fund executives see technology as a strong component of their competitive advantage, and they are not being complacent about their capabilities.

Even with high levels of systems integration, more than 9 out of 10 (92%) of the executives surveyed said that they were still spending too much or far too much time consolidating and integrating data from multiple sources.

Technology is also a source of competitive concern for many C-level execs. Almost 7 out of 10 (69%) felt that advances in technology were making it easier to launch new funds. And 83% of them suspect that some colleagues are planning to leave the company they work for to launch a new fund.

Model Control and Analysing Overall Exposure Are Top Risk Management Challenges

Inflation and geopolitical issues identified as
biggest overall risks

"As geopolitical risks continue to grow and bring with them renewed threats of inflation or deflation and increased volatility, our research shows that hedge fund executives are turning their attention towards the capabilities that they will need to prosper in this environment. As a provider of risk management systems, our job is to make sure that hedge funds can, in a timely manner, figure out where their edge is, trade the risks that they want to take, and manage the portfolio lifecycle. Because if you don't understand your risks, you can't take the right risks."

KIRAT SINGH
CEO & CO-FOUNDER, BEACON

Investment analysts have greater concerns about
IT failure than their C-Suite colleagues.

RANKING THE BIGGEST RISKS

Overall, the group considered inflation or deflation and geopolitical issues to be the top 2 risks they were facing, followed by exchange rates and asset class volatility. And they were least concerned with third-party failures and regulatory changes.

IT failure was a notable difference between the C-Suite respondents and their investment analysts and portfolio managers, with the latter group ranking it as their second biggest risk.

The largest funds, with assets under management between \$25 and \$50 billion, were much more concerned about inflation or deflation (8.7/10) and geopolitical instability (8.1/10), rating these issues 30% higher than the overall group.

RATING RISK MANAGEMENT CHALLENGES AND HEDGE FUND CAPABILITIES

The group was asked to rank a key set of risk management challenges faced by hedge funds, and then to rate their own systems against each challenge. Control of models and algorithms was a clear leader as the biggest challenge, followed by understanding the fund's overall exposure and having minimal latency when getting results from complex risk calculations.

When rating their own systems, on average the group thought they were best at getting coverage of all traded products in the same system and worst at calculation latency.

RATE THE FOLLOWING RISK MANAGEMENT CHALLENGES HEDGE FUNDS ARE CURRENTLY FACING, AND YOUR FUND'S CAPABILITIES IN THAT AREA

Highlights show the highest ranking challenges for each column, emphasising the top 4 challenges for each set of funds with a similar capability level, from darkest to lightest.

CHALLENGE/ CAPABILITY	DESCRIPTION	CHALLENGE	FUND'S CAPABILITIES		
		AVERAGE /10	EXCELLENT	GOOD	AVERAGE OR POOR
Control	Manage who can change models and other algorithms, see what was changed, when, and readily compare results before and after the change	6 . 7	33%	42%	25%
Exposure	Look at correlation, covariance, VaR, and other relationships between all asset types	6 . 1	40%	35%	25%
Latency	Get results from complex risk calculations within a useful time window	6 . 1	29%	35%	36%
Resilience	Make sure that automated reports are produced and get alerts or automatically execute alternate calculation paths in the event of bad data, unavailable data, data pipeline issues, or other automation issues	5 . 8	39%	35%	26%
Scalability	Quickly and cost-effectively respond to demands for greater computing power, larger datasets, or other performance demands	5 . 8	31%	47%	22%
Coverage	Include all assets and products traded in the same system	5 . 8	43%	40%	17%
Flexibility	Integrate multiple data sources, including market, reference, trade, and alternative data into the same system	5 . 1	28%	44%	28%
Accuracy	Get mark to market on all exchange-traded products and adopt industry standard models for all products	5 . 0	30%	35%	35%
Adaptability	Author, review, and revise code/algorithms/ directly within the platform or through readily available and user-friendly APIs	4 . 9	38%	37%	25%
Transparency	Understand and explore levels of risk at a granular level, examine and adapt to unexplained risk factors in e.g., VaR calculations	3 . 7	29%	43%	28%

CONCERNS AND CAPABILITIES VARY BY SIZE

As hedge funds increase in size, it is not surprising that their top challenges and capabilities will change. The smallest funds surveyed, with less than \$1 billion in assets under management, were most concerned with accuracy, exposure, and adaptability as they build and improve their risk management systems.

The middle group, with assets between \$1 billion and \$10 billion, shift their focus to model control, calculation latency, and overall system resilience, as they work to handle more models and run calculations for a greater variety and complexity of assets.

And the biggest funds, with assets between \$10 billion and \$50 billion, need to ensure that they are including full coverage of their broad portfolio of assets, are calculating accurate and appropriate information about their exposures, and are getting results from these complex calculations in time to be actionable.

Spending Too Much Time on Spreadsheets

Funds that rely heavily on spreadsheets are less competitive and have poorer visibility of potential risks

"Excel spreadsheets clearly have a place in managing trading activity and risk management in the hedge fund sector. However, with so many saying that they are spending too much time on spreadsheets, there is a strong case for greater use of the available technologies. Leading funds are turning massive spreadsheets with millions of cells into cloud-enabled analytics, increasing the scale and speed of their analysis and decision making."

KIRAT SINGH
CEO & CO-FOUNDER, BEACON

Hedge funds are still spending too much time on spreadsheets despite the advanced technologies available to them. And they are incurring greater, and possibly unnecessary, risks by doing so.

73% say their fund or department is wasting time with manual or spreadsheet-based portfolio analytics and optimisation.

HEDGE FUNDS, RISK MANAGEMENT, AND SPREADSHEETS BY THE NUMBERS



17% of funds - More than 50% of work is in spreadsheets



59% of funds - 25% to 50% of work is in spreadsheets



24% of funds - 10% to 25% of work is in spreadsheets

THERE IS MORE AT RISK THAN JUST SPENDING TOO MUCH TIME

There are significant risks of relying too heavily on spreadsheets; missed opportunities, reputational damage, and even billions of dollars in regulatory fines and investment losses are at risk as a result of slow processing times or errors in complex calculations within spreadsheets.

Are heavy spreadsheet users aware of the risks they face? Maybe not. Funds with the highest amount of spreadsheet usage were half as likely to think they were spending too much time with spreadsheets than those with the lowest usage.

SPREADSHEET USAGE PATTERNS ACROSS DIFFERENT GROUPS AND OUTCOMES

Average spreadsheet usage is higher at the smallest funds (under \$1 billion AUM), drops by around 20% in the mid-range funds (\$1 billion to \$25 billion AUM), and then jumps up by 34% for the largest funds (more than \$25 billion AUM).

Funds with a higher usage of spreadsheets thought that it would be harder to navigate changing regulations.

Greater spreadsheet usage was associated with lower visibility of the current risks facing the fund and less likelihood of improvements in risk visibility over the past 2 years.

The highest users of spreadsheets were 30% more likely to be concerned about their exposure (the ability to look at correlation, covariance, VaR, and other relationships between all asset types) and coverage (including all assets and products traded in the same system) than the lowest users.

SPREADSHEET USAGE NEGATIVELY AFFECTS SCALABILITY AND ACCURACY

Light users of spreadsheets (10% to 25% of risk management processes) were 2 to 3 times as likely to rate as “Excellent” the scalability (how quickly and cost-effectively they could respond to demands for greater computing power, larger datasets, or other performance demands) and accuracy (if they could get mark to market on all exchange-traded products and adopt industry standard models for all products) of their systems, compared to the heaviest users (50% or more of risk management).

Closing Remarks

With more than \$400 billion flowing into hedge funds each year, portfolio and risk managers are under continual pressure to manage increasing capital allocations and deliver superior risk-adjusted returns. At the same time, investors are looking for greater transparency and more detailed understanding of risk factors—even choosing to withhold investments if they have concerns about the fund’s ability to manage those risks.

As a result, hedge funds are adopting multi-strategy models, investing in risk management technologies, and increasing their use of third parties to boost their fund’s capabilities. The scope and scale of the required data and analytics are moving well beyond the capabilities of spreadsheets. Cross-asset portfolio analytics, effective version control and model governance, and portfolio-wide exposure reporting are now essential risk management tools, enabling funds to manage trades and optimise portfolios at the leading edge of their risk profile.

Beacon Platform, a cross-asset risk management solution, delivers the broad and customisable instrument coverage, scalable cloud architecture, and integrated development environment that leading funds are using to operate at the forefront of public and private markets around the globe. Enhanced risk transparency and explainable PnL factors are giving investment analysts and portfolio managers the information they need, when they need it. Funds that are equipped with these tools can capitalise on market opportunities faster, effectively manage portfolios with growing complexity, and deliver the detailed level of transparency that their investors demand.

KIRAT SINGH, CEO & CO-FOUNDER
ASSET TARABAYEV, CHIEF PRODUCT OFFICER
ANDREW DUNLOP, SENIOR PRODUCT MANAGER

About Beacon

Beacon is a financial technology platform designed to empower investment and risk teams with the tools and infrastructure they need to innovate and stay ahead. Combining deep financial markets expertise with cutting-edge technology, Beacon provides everything from pre-built trading and risk applications to the flexibility for quantitative developers to build, deploy, and share custom analytics and models. Its unified, cloud-native platform helps firms manage risk across all asset classes, streamline operations, and focus on developing strategies that drive competitive advantage.

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