

**CASE STUDY OVERVIEW: *HEDGE FUND*  
TREASURY & FINANCING ANALYSIS**

**CLIENT:**

- \$4.5 billion *Hedge Fund* with eight different funds (onshore and offshore) with portfolios consisting of global equities and macro overlays in fixed income and currencies. International equities and fixed income traded in a variety of developed and emerging market countries. Products traded included equities, equity swaps, swaptions, equity options, Forex, Forex options (OTC) and Futures.

**CHALLENGES:**

- Responsibilities for Securities lending were limited and split amongst a variety of groups.
- *Hedge Fund* was not performing cash and collateral management functions.
- *Hedge Fund* had not reviewed Prime Brokerage relationships for many years.
- 12 OTC counterparties with de-centralized oversight of each relationship.

**DELIVERABLES:**

- Conducted a comprehensive business analysis of the current financing of all assets, fees charged, interest earned or charged on balances for Prime Brokerage, OTC collateral, Repo, Forex and long & short securities lending.
- Identified financing techniques and financing standards the firm should follow that resulted in annualized savings of over \$5 million.
- Conducted a comprehensive business analysis of all treasury functions for the family of funds including cash and collateral management, wire transfer procedures and all security movements.
- Identified and recommended best practice solutions for all treasury functions.
- Performed in-house educational tutorials for securities lending, cash and collateral management and Forex trading.
- Identified internal personnel to be responsible for the collateral management group.
- Presented findings to staff and senior management.

**RESOURCES:**

- One Senior Project Manager
- Hedge Fund Operations Staff

**DURATION:**

- Six months.

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