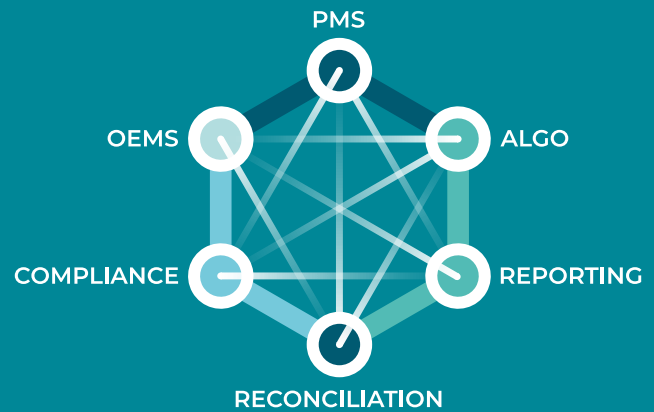


Why Hedge Funds Trading Digital Assets Need Institutional-Grade Technology



According to recent data from Hedge Fund Research^[1], hedge funds generally had a difficult year in 2021, delivering aggregate returns of just over 10%, way below the S&P 500 index’s return of 26.9%. However, data from the same report showed that hedge funds investing in digital assets had a much more successful year, with an average 214% return.

With figures like these, it is perhaps not surprising that the number of hedge funds investing in cryptocurrencies is rapidly accelerating, with digital assets themed funds seeing record net inflows of \$9.3 billion in 2021, a 36% increase over 2020^[2]. That said, dedicated crypto funds only tell part of the story. Traditional hedge funds have also become more active participants in the digital asset market, attracted by the uncorrelated return profiles and alpha-generating opportunities that cryptocurrencies offer^[3].

For any hedge fund looking seriously at this nascent asset class, the importance of having institutional-grade infrastructure to support their investment and trading operations cannot be understated. As with other asset classes, hedge funds need robust technology solutions to cater for every stage of the digital asset trading lifecycle, from ingestion and analysis of market data, order and execution management across exchanges, real-time monitoring of positions and P&L, all the way through to risk monitoring, compliance and reporting.

Technology has evolved considerably in the asset management space over the years, and there is now a wide range of mature PMS, OMS and EMS platforms that firms can choose from to manage their activity in the more traditional asset classes (equities, fixed income, FX and derivatives, for example). In fact, TORA (Caspian’s parent company) has been servicing this market for over 15 years.

One of the most important features of Caspian is its portfolio management functionality, which is currently unique in the digital asset space...



Digital assets are different, however. Most cryptocurrency platforms have been designed with the retail market in mind, and are not architected to serve the demands of hedge funds and other regulated financial institutions.

At TORA, we recognise that hedge funds have significantly more complex requirements than the retail sector. And in order to successfully manage their investment and trading activities in digital

assets, they need the same levels of functionality, scalability, connectivity, reliability and support that they have come to rely on for other asset classes.

This is why our Caspian digital asset management system utilises the same fundamental platform and architecture as the award-winning TORA PMS/OEMS, used by some of the world's largest hedge funds and asset managers.

One of the most important features of Caspian is its portfolio management functionality, which is currently unique in the digital asset space in that it provides a full book of records, with real-time monitoring of positions and valuations across exchanges and wallets, full transaction history, reconciliation tools, granular P&L analysis on both real-time and historical bases, comprehensive risk monitoring and an extensive suite of compliance functionality, including comprehensive reporting.

As an all-in-one platform, Caspian's PMS is fully integrated with its OEMS, which provides a unified trading interface for connecting to all major cryptocurrency exchanges, providing fast order execution for both screen-based and algorithmic trading.

Caspian is also built on an open platform with a full suite of APIs, which makes it an ideal solution for hedge funds running systematic and quantitative strategies around digital assets. Firms can rapidly integrate their systematic trading models and achieve full straight-through processing, from order generation and automated execution, to real-time update of positions and portfolios. Our APIs also facilitate rapid, automated reconciliation with external parties such as fund administrators and custodians.

Caspian provides not only dedicated digital asset functionality, but also all of the comprehensive portfolio management, order management and execution management features that firms would expect to see in any other asset class

For hedge funds that are dedicated to digital asset trading, or for funds that are looking to add cryptocurrencies to their portfolios, Caspian provides not only dedicated digital asset functionality, but also all of the comprehensive portfolio management, order management and execution management features that firms would expect to see in any other asset class, all on a scalable, robust, secure and institutional-grade platform.

[1] <https://coinmarketcap.com>

[2] <https://www.livemint.com>

[3] <https://www.pwc.com>

For more information, contact us at info@caspian.tech

Caspian was launched by TORA to provide digital asset trading technology that cover the entire lifecycle of a crypto trade. It includes a fully developed OEMS, PMS, algos and reporting. Caspian provides a single interface into all major crypto exchanges and OTS providers, a complete suite of sophisticated crypto trading algorithms, real-time and historical P&L, exposure tracking and professional customer service.

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Robert Dykes

Robert is CEO and Co Founder of Caspian has served as TORA CEO for the past 18 years. Prior to that Robert spent 11 years in the enterprise software and high-tech industry in Europe, North America, and Asia at such companies as WebPartner and Audiosoft. Robert holds a B.A. in Economics from Princeton University

