

Market growth boosts demand for software tools

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Created 03/10/2010 - 11:49

The growth of the South African hedge fund industry in recent years and the overall development of the country's institutional investment sector have prompted increased demand for PerTrac Financial Solutions' software tools, from the PerTrac Analytical Platform used by larger investors and fund of funds managers to the PerTrac CMS investment management workflow solution and, most recently, the RiskPlus returns-based risk analysis engine.

The firm's diversified client base in South Africa includes leading institutional investors as well as hedge fund managers. Many clients use the flagship analytical platform for long-only fund analysis, but they increasingly appreciate its capability to support multi-asset class investment portfolios, in contrast to other providers that focus on either traditional or alternative asset classes.

PerTrac Analytics is a staple tool of South African clients for automating tasks such as quantitative analysis, peer-group analysis, benchmark analysis, risk analysis and fact sheet production. A richly-featured product comprising a range of tools and options to analyse a fund or portfolio including portfolio construction and backtesting, factor and style analysis, the analytical platform is used for a range of asset management and investment purposes.

The PerTrac CMS workflow solution is used by managers of hedge funds and funds of funds as a company-wide data repository for assembling, organising and sharing qualitative information including due diligence material, compliance and legal documents. It facilitates co-operation within fund management teams – particularly useful for organisations whose activities are split between, for instance, London and Cape Town.

Many hedge funds have been assisted in their marketing efforts by the PerTrac Suite. Investor relations teams have found that PerTrac CMS has aided them maintain and grow assets under management through co-ordinated client communication.

The product allows both investment management and investor relations teams to automate the qualitative workflow around these key business areas according to their own internal requirements. PerTrac CMS also includes nuts-and-bolts customer relationship management, information that may be hard to administer, particularly by smaller asset managers.

The most recent addition to the PerTrac product suite is RiskPlus, an addition to the PerTrac Analytics platform offered at a much more affordable cost than stand-alone products. RiskPlus goes beyond traditional measures such as standard deviation and Sharpe ratio by modelling the actual distribution of returns and helping investors understand the true drivers of performance and risk in each portfolio.

For example, South African investors might use it to determine their exposure to emerging markets or commodity sectors. Crucially, given the market conditions of the past few years, it is more realistic about the likelihood of extreme events.

The future will see new developments across the PerTrac product range driven by the evolving needs of market players. For instance, in response to the increased focus on transparency in the hedge fund industry, PerTrac is developing the capacity of its analytical platform to capture exposure data according to factors such as geography and strategy, and is expanding the functionality to offer higher-frequency data to a broader range of clients.

As the South African market develops, PerTrac will be ready to provide investors and managers with the increasingly advanced and sophisticated tools they require.

By Rado Lipuš, director of sales for Europe, the Middle East and Africa at PerTrac Financial Solutions

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