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Why Startup Hedge Fund Harness Liquid Macro Chose FINCAD Analytics

We primarily trade derivatives and we needed a valuation solution that was not only accurate and reliable, but it also had to be very easy to use and easy to implement on a desktop – essentially a turnkey solution.

Q CAN YOU TELL ME ABOUT YOUR HEDGE FUND?

Harness Liquid Macro is a boutique startup Hedge Fund that opened its doors in mid-July 2009 in London. Our main strategy style is liquid global macro and we trade mainly in G10 markets. Most of our derivatives deals are exchange traded however we do a small but significant portion in OTC or over-the-counter derivatives. These are mainly in Interest Rates and FX asset classes.

Q WHAT IS THE GENERAL NEED OR ISSUE THAT PROMPTED YOU TO SEEK OUT OR CONSIDER FINCAD?

As a team we have always relied on strong infrastructure. We primarily trade derivatives and we needed a valuation solution that was not only accurate and reliable, but it also had to be very easy to use and easy to implement on a desktop – essentially a turnkey solution. In addition, our administrator uses FINCAD. Given these factors, FINCAD Analytics Suite for Excel was a logical choice for us.

We are all familiar with FINCAD from our previous roles at Fortress and we are very comfortable with the analytics. We trust the numbers that FINCAD generates. All the functions come with math references and are fully documented, you have instant access to which inputs and models are being used at all times.

Q HOW ARE YOU CURRENTLY USING FINCAD ANALYTICS AT HARNESS?

We currently use FINCAD Analytics Suite for Excel to price interest rate swaps and calculating net present value, we also use it for generating forward curves and running scenario analysis of changes in the forward curves. The comprehensive coverage is impressive – even if we don't use everything right now, it is reassuring to know it is available. For options we use FINCAD to generate the risk statistics, ie. calculating the greeks. FINCAD currently is being used on a daily basis to monitor and value these instruments from our proprietary custom built workbooks. The customized workbooks are easy to use and easy to build from the single function. We have also integrated Bloomberg into our spreadsheets so we have access to real time valuations and risk monitoring.

Q NEXT STEPS? WHAT KIND OF FUTURE PLANS OR USES FOR FINCAD DO YOU HAVE GOING FORWARD?

We intend to use FINCAD for a long time at Harness and would like to integrate the analytics into our proprietary Risk Management System using FINCAD Analytics Suite for Developers or F3 SDK. Since we already use it extensively as a front office system it seems only natural to have it integrated into our middle office operations.