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(EM)POWERING HEDGE FUNDS



INTRODUCTION

HedgeNordic is the leading media covering the Nordic alternative investment and hedge fund universe. The website brings daily news, research, analysis and background that is relevant to Nordic hedge fund professionals from the sell and buy side from all tiers.

HedgeNordic publishes monthly, quarterly and annual reports on recent developments in her core market as well as special, in-depth reports on “hot topics”.

HedgeNordic also calculates and publishes the Nordic Hedge Index (NHX) and is host to the Nordic Hedge Award and organizes round tables and seminars.

CONTACT:

Kamran George Ghalitschi
Nordic Business Media AB
Kungsgatan 8
SE-103 89 Stockholm, Sweden
Corporate Number: 556838-6170
VAT Number: SE-556838617001

Direct: +46 (0) 8 5333 8688
Mobile: +46 (0) 706566688
Email: kamran@hedgenordic.com
www.hedgenordic.com

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Editor's Note ...

From Spitfire to Concorde

I always had a fascination with planes. As a boy, I had model planes I put together myself hanging from my ceiling. Among them were a World War II Spitfire and as a kid of the 70s, the pinnacle of aircraft, a Concorde.

Naturally then it caught my attention, when a few weeks ago, a photo kept resurfacing in my LinkedIn feed, liked and shared by different corners in my network. Two silhouettes in perfect formation: the Supermarine Spitfire and the Concorde. The caption read, "Two legends of British aviation in one frame. Despite their vastly different appearances, they're separated by just 30 years."

Of course those two masterpieces and icons of

aviation, their purpose and circumstances had nothing at all in common. But just thirty years among them, that did not seem right. Surely it had to be more like...300 years.

One felt born from canvas and courage while the other was made from calculus and cold-forged titanium. But the truth is even more astonishing. The last operational Spitfire, serving the Irish Air Corps, retired in 1961. Only eight years later, in 1969, Concorde's needle nose pointed skyward for its maiden flight.

And if that temporal compression isn't enough, consider this: in that same year, 1961, when Spitfires still traced their last arcs over Ireland, NASA launched

the Apollo program, which later put mankind on the moon, in 1969. Sputnik had startled the world it orbited already four years earlier. The age of propellers and the age of moonshots lived side by side.

Let that sink in for a moment.

That tiny sliver of time between a machine guided by cables tugging on control surfaces and a supersonic masterpiece that outran the sun is a reminder of how quickly technology and engineering, and the world it shapes, can transform. It also reminds us how often the future arrives looking wildly more complex than the past ever imagined. Complexity is the price of altitude.

And so, of course, has our industry.

The tools an asset manager relied upon when setting up shop "a few years ago" can feel, in retrospect, a little Spitfire: noble, functional, even beautiful in their simplicity, but built for a different era of speed, data, risk, and regulatory lift. Meanwhile, the Concorde and all the generations that followed, of our world, the technology stacks, service providers, data architectures, and operational models now available have accelerated dramatically. Yesterday's sturdy propeller can become today's drag. What once looked streamlined can, almost overnight, become a headwind.

The pace of innovation doesn't politely wait for anyone to catch up. If anything, it tends to break the sound barrier while we're still taxiing. The taxiway is getting shorter, too.

This edition of Powering Hedge Funds is about recognizing that reality and embracing it. Whether you're modernizing infrastructure, rethinking service partnerships, integrating AI, or simply ensuring your operational runway is long enough for the strategies you hope to fly, the message is the same: staying airborne in today's environment requires staying current.

Because the real lesson from the Spitfire and the Concorde isn't nostalgia. It's a reminder that progress arrives quickly, decisively, and sometimes without a second invitation. Those who welcome it gain altitude. Those who hesitate feel the turbulence first.

And in our business just, like in aviation, you do not want to be the one discovering too late that your instruments are analog in a digital sky. Better to upgrade while climbing than troubleshoot while descending. The truth is that every hedge fund today is flying in airspace that grows more crowded, more regulated, and more data saturated by the month. Markets shift at jet-age speed, and the operational expectations placed on managers evolve just as quickly. What once passed as "fit for purpose" can suddenly feel as outdated as a propeller in a transatlantic race.

Keeping up is not about avoiding failure. It is about enabling altitude: operational resilience that lets you climb, technology that reduces drag, partners who strengthen lift rather than add weight.

And just as Concorde did not emerge from a lone inventor in a shed, modern hedge fund infrastructure cannot rely on heroic improvisation. It requires ecosystems, specialists, and systems that talk to one another at the speed strategy demands.

The managers who recognise this are already cruising at a different flight level. The rest will notice the gentle stall warnings that signal it's time to add a little more power.

Enjoy the issue!

Kamran Ghalitschi

PUBLISHER, HEDGENORDIC

Powering the Hedge Funds – A Fireside Discussion between Stephen Roberts, CFA (CWAN) and Serge Houles, CFA (Tidan Capital)

By Kamran Ghalitschi – HedgeNordic



Serge Houles, CFA is CEO and Partner at Tidan Capital

“What investors
want is consistency
between the
narrative and the
operating model.”

Serge Houles

The Nordic hedge-fund market has long balanced innovation with prudence. As allocators push for transparency, customization and scale, that balance is being re-drawn. In this “Powering Hedge Funds” discussion, I sat down with Stephen Roberts, Vice President of Sales at CWAN (Enfusion is now CWAN), and Serge Houles, CFA, CEO & Partner at Tidan Capital. We explore how Nordic managers are evolving from portfolio differentiation and data governance to SMAs and future-proofing amid consolidation.

Q: To begin, how would you characterise the Nordic hedge-fund landscape today, and what themes are top-of-mind for investors?

Serge Houles: The Nordics have operated at a high institutional standard for years. Sweden in particular has one of Europe’s most mature asset-management ecosystems. People have been saving in funds for decades, and the hedge-fund industry is large, sophisticated and innovation-driven. The recent push for transparency and discipline isn’t a shift in mentality; it’s the natural evolution of an already well-governed market.

What investors want is consistency between the narrative and the operating model. They are looking for managers who combine research depth with clean, reliable data and a process that works in all regimes. At Tidan, running market-neutral strategies across capital-structure arbitrage, options/volatility arbitrage as well as systematic strategies requires exactly that: stable infrastructure, strong controls and daily precision in how we manage exposures and risk.

Stephen Roberts : Over the last 18 - 24 months in our experience we’ve seen a decisive tilt toward operational transparency and institutional controls. Recent market events within the Swedish pension sector (FRT) have elevated governance standards and reinforce the importance of robust risk management frameworks.

Q: As portfolio strategies evolve, particularly with the rise of private credit, where are managers finding meaningful avenues for differentiation?

Serge Houles: Diversification into private markets (including private credit) is part of the story, but

the complementary need is for liquid, uncorrelated strategies that can rebalance around those illiquid allocations. That’s where market-neutral capital-structure and volatility strategies resonate.

Stephen Roberts: In our experience, the managers who stand out in fragmented markets follow a clear, disciplined playbook. They anchor everything in data, evidencing daily financing, exposure and liquidity, and they develop a defined micro-edge, often at the issuer level, where relative-value insights across credit and equity are strongest.

They build for real look-through so investors see P&L and risk at both fund and investor levels, and they operate with broad instrument coverage by unifying public and private assets within a single book of record. Just as importantly, they maintain strict latency discipline, automating reconcile-validate-publish cycles throughout the day to keep data continuously current.

Managers who execute with this consistency de-risk the operational side of returns and win mandates faster. Nordic managers in particular are embracing

this model, drawing on the region’s deep technology culture and transparency standards to strengthen their position in global fundraising.

Q: When it comes to institutional controls and fundraising, which expectations have become true “non-negotiables” for investors?

Stephen Roberts: Operational Due Diligence (ODD) is now as decisive as investment DD. Investors expect complete audit trails, automated compliance, and segregation of duties; spreadsheet-driven workflows raise operational concerns. What makes Nordic managers unique is their ability to meet these elevated standards while maintaining the agility and innovation culture that has historically defined the region.

Serge Houles: The bar has always been high in this region. What’s changing is that allocators now expect institutional discipline from day one, even from boutiques. That’s an advantage for smaller firms: if you can demonstrate real-time transparency, automated controls and consistent data quality, you shorten the due-diligence cycle dramatically.

At Tidan, we invested from the start in building institutional-grade, scalable infrastructure. Investors recognised that immediately. When your operating model reflects genuine discipline, fundraising becomes less about persuasion and more about verification.

Q: As technology takes on a larger strategic role, how are expectations shifting for today’s leadership teams?

Serge Houles: Today’s leaders don’t need to code, but they do need to be fluent in data, integration and latency. In a Nordic context, that natural tech-savviness is ingrained. Sweden, for instance, was one of the earliest highly digitalised societies. Adopting cloud-native investment infrastructure is simply consistent with how people operate here.

At Tidan, every senior function, PMs, trading, risk and management, works off the same dashboards. It removes ambiguity and accelerates decision-making. Technology isn’t a support function anymore; it’s part of how you express your investment process.

“We’re seeing Nordic managers embrace this model, drawing on the region’s deep technology culture and transparency standards.”

Stephen Roberts



Stephen Roberts is Vice President of Sales at CWAN

Stephen Roberts: Across our client base, the cultural shift is that technology is a strategy lever, not an IT cost. Our front-to-back, single-instance cloud stack lets managers collapse silos-portfolio, order/risk, IBOR/ABOR, accounting and client reporting - to create one golden data record. When the whole leadership team sees the same validated numbers, decisions improve. In our experience, we’re seeing leading Nordic managers implement similar unified approaches, often partnering with specialized vendors while maintaining their core research advantages.

Q: Strong data governance is increasingly seen as the backbone of scalable asset management. From your vantage point, what approaches are proving most effective?

Stephen Roberts: Unifying front-, middle- and back-office data into one ecosystem is now table stakes. Best practice: ingest-normalize-reconcile-publish on a clock, with governance that’s auditable. That supports everything from regulatory reporting to investor letters - and it scales margin per mandate.

Serge Houles: For systematic and data-dependent strategies, data errors compound quickly. Our approach is “trust but verify”: automation where it counts, combined with human sign-off at key control points. The good news is that modern SaaS has made institutional-grade governance accessible even to emerging managers.

The Nordics adapt to this quickly because the underlying culture values structure and accountability. People are raised with freedom, but also with the discipline to challenge ideas and test them rigorously. That mindset translates naturally into clean data governance and controlled growth which are the foundations of scalable asset management.

Q: With SMAs and customisation becoming more prominent, how are managers reshaping the client experience to support scalable relationships?

Serge Houles: SMAs are becoming a core part of institutional relationships. Clients want to tailor risk, exposures or liquidity, and retain full look-through and control of their assets. It’s operationally demanding,

with mandate-level controls, position-level reporting, automated workflows adding complexity, but it aligns perfectly with how we already operate.

The result is deeper trust. When clients see their constraints reflected in the portfolio, you move from a product relationship to a partnership. In a region where investors are sophisticated and hands-on, SMAs are a natural fit.

Stephen Roberts: Surveys show allocators increasing SMA usage for transparency and control. The kicker is operational: with a unified platform, a manager can run dozens or hundreds of SMAs as efficiently as pooled funds - without sacrificing controls. That reframes "scale" as the number of bespoke relationships you can support, not just AUM.

Q: As the industry consolidates, what will help Nordic managers stay resilient and competitive in the years ahead?

Stephen Roberts: I see two levers: consolidation and collaboration. Some firms will merge; others will form tighter partnerships with administrators, data vendors and technology providers. Cloud-native, single-instance platforms expand capacity without ballooning cost, so teams can absorb new strategies or spin up new products quickly.

Serge Houles: Focus and clarity of purpose. Nordic firms shouldn't try to be everything to everyone. They thrive when they lean into what the region does exceptionally well: robust and innovative portfolio management with engineering-driven problem-solving. Outsource or partner on the rest.

For Tidán, that means concentrating on our research and portfolio-construction edge while relying on institutional-grade partners for non-core processes. It allows us to scale without diluting identity. In many ways, the Nordic model which is characterised by selective partnerships, strong research culture, and high operational discipline, is a blueprint for boutique managers globally.

Q: Before we close, are there any final reflections you'd like to share on where the region is heading?

Serge Houles: I'm optimistic. The Nordic region combines deep financial maturity with a culture of

innovation and accountability. Managers who pair research excellence with transparent, data-driven operations will continue to shine globally and attract capital.

Stephen Roberts: Agreed. Technology, data and investor expectations are converging in ways that reward discipline and adaptability. Nordic managers who embrace that are set to thrive.

About the Speakers

Serge Houles, CFA is CEO and Partner at Tidán Capital. He joined in 2023 to lead business development and became CEO in 2024, steering the firm toward a broader, systematic, multi-product platform. Previously, he was Managing Director and Chief Client Officer at IPM Informed Portfolio Management. His commentary often focuses on hedge-fund operations and technology.

Stephen Roberts is Vice President of Sales at CWAN and a CFA Charterholder, with 15+ years in buy-side technology. He led Nordic and UK expansion for FactSet and Charles River Development before joining CWAN. Stephen is responsible for Enfusion by CWAN, helping managers navigate portfolio complexity through a fully unified front-to-back platform that delivers real-time transparency and scalability.

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Martin 7 år,
njurtumör

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Asset Tokenisation: Democratising Nordic Hedge Fund Access and Enhancing Liquidity

By Johan Lindberg – CACEIS

Johan Lindberg, Head of Regional Coverage, Nordics & Baltics - CACEIS

“CACEIS’s new office in Stockholm will facilitate Swedish investor access into domestic and Lux/IRL funds, while providing a key entry point for fund tokenisation operations.”

How Blockchain Technology Could Transform Sweden's Alternative Investment Landscape

The Nordic financial market, long recognised for its innovative approach to investment and technology, is facing its next big transformation. Asset tokenisation, or converting real-world assets to digital tokens held on a blockchain, could revolutionise the hedge fund industry. For Swedish hedge fund managers, institutional investors, and distributors, this new technology could democratise access to the sector and enhance liquidity across long/short equity, global macro and fixed income arbitrage strategies. Sweden is a key Nordic market with €15bn hedge fund assets under management, and the adoption of tokenisation technology could strengthen the region's leadership in terms of financial innovation and enable more investors to benefit from hedge fund asset within the country's unique tax-advantaged investment wrappers.

Tokenisation's potential is greater than just being a technological innovation. By combining traditional hedge fund structures with blockchain technology, the investment industry could meet longstanding challenges related to investor access, operational efficiency, and portfolio liquidity.

DEMOCRATISING HEDGE FUND ACCESS THROUGH FRACTIONAL OWNERSHIP

Hedge funds have historically been the preserve of large institutional investors and ultra-high-net-worth individuals due to high minimum investments and regulatory barriers. Tokenisation fundamentally challenges this exclusivity using several key mechanisms.

Firstly, fractional ownership converts fund shares into digital tokens, allowing investors to purchase fractions of units in previously inaccessible strategies.

It's exactly the same approach as used in traditional money-market funds. There's also the streamlined administrative processes that could see lower costs associated with serving a broader investor base. And finally for Swedish hedge fund managers, this technology enables targeted outreach to a growing segment of younger digitally-native investors who increasingly expect seamless digital experiences.

Tokenisation's benefits extend beyond accessibility as by broadening the investor base, Swedish hedge funds could develop more stable capital bases while offering sophisticated strategies and investment diversification opportunities to a wider range of investors, including retail investors utilising Sweden's tax-advantaged investment accounts.

ENHANCING LIQUIDITY IN TRADITIONALLY ILLIQUID STRATEGIES

An additional advantage of tokenisation for hedge

funds is its positive impact on liquidity profiles across various strategies. Hedge funds typically have lengthy lock-up periods and redemption notices causing liquidity issues for investors however tokenisation can offer new solutions such as secondary market trading where tokenised fund shares can be traded on regulated digital platforms, creating potential secondary markets that don't exist for traditional hedge funds. Investors would be able to exit positions without waiting for fund redemption windows, fundamentally altering the liquidity profile.

Another solution is atomic settlement, as blockchain technology enables instantaneous settlement of transactions, eliminating the traditional T+2 cycle, cut-offs and reducing counterparty risk. Finally, there are programmable liquidity solutions involving smart contracts that incorporate liquidity rules into tokens to provide a balance between investor flexibility and fund manager' capital stability requirements. For fixed income arbitrage and other strategy-specific needs, programmability enables a more customised approach to liquidity management.

Swedish hedge fund managers are seeking a potential advantage in the competitive Nordic region and innovative approaches to the investor value proposition such as tokenisation are become increasingly important.

THE SWEDISH CONTEXT: TAX ADVANTAGES AND MARKET POSITION

Sweden's investment landscape offers unique advantages for tokenisation adoption. The country's tax-advantaged investment wrappers (such as ISK) provide an attractive framework for including tokenised hedge fund products. These wrappers could potentially house tokenised hedge fund investments, combining tax efficiency with the benefits of blockchain-based assets.

The Nordics have been key adopters of financial innovation, with robust regulatory frameworks and a tradition of forward-thinking financial strategies. Swedish firms have been notably progressive in digital finance solutions uptake, which bodes well for tokenised hedge fund products.

Tokenisation represents an opportunity for Swedish hedge fund managers to expand the reach of their financial acumen by enabling global distribution of specialised hedge strategies without a proportional increase in operational complexity.

IMPLEMENTING TOKENISATION: A PRACTICAL FRAMEWORK FOR SWEDISH MANAGERS

For hedge fund managers considering tokenisation, the implementation process requires careful planning across multiple dimensions. Based on industry insight and practical experience from service providers such as CACEIS, a phased approach appears the most viable, involving the implementation of a hybrid model. This is a practical starting-point that involves maintaining traditional infrastructure while interfacing with tokenised distribution channels. It allows managers to target both traditional and digital investors at the same time and investors can choose which channel best suits their needs.

In terms of operational integration, tokenisation involves multiple operational aspects, such as TA, where Blockchain-native transfer agency services form a bridge between traditional fund administration and digital asset record-keeping. Digital asset custody solutions demand specialised security protocols in top of existing asset custody solutions. Consolidated reporting that covers both traditional and tokenised holdings provides investors with a unified view of holdings is also essential.

A key operational aspect is the integration of a wallet infrastructure as the investor experience centres around the digital wallet that securely holds tokenised fund shares. Within CACEIS the wallet is linked to the investor account so blockchain activity features on the register and combined reports so there's minimal impact for fund managers and investors.

This operational framework fosters an evolutionary rather than revolutionary transition to tokenisation, particularly for established hedge fund managers with significant traditional business operations.

REGULATORY CONSIDERATIONS IN THE EU AND SWEDISH LANDSCAPE

The regulatory environment for tokenised assets continues to evolve across the European Union, creating both opportunities and challenges for Swedish hedge fund managers exploring tokenisation.

Tokenised fund shares that qualify as financial instruments fall under the existing MiFID II framework rather than newer crypto-specific regulations. This provides regulatory clarity but requires adherence to established securities regulations. For tokens not classified as financial instruments, the MiCA framework provides comprehensive rules for crypto-asset service providers, though pure tokenisation remains in regulatory infancy at the EU level. Finally, EU member states have adopted varying stances, with Luxembourg, France, and Germany developing national blockchain laws while Sweden leverages its robust digital infrastructure, including BankID.

From a practical perspective, the EU is currently discussing the regulatory framework for securities tokens, which are considered financial instruments, so for asset servicing groups like CACEIS, we operate under MiFID. This classification provides a reasonably clear pathway for Swedish managers, though regulatory uncertainty remains in some areas.

For Swedish investors and managers, the country's advanced digital identification system (BankID) provides a significant advantage in navigating Know Your Customer (KYC) requirements for tokenised products. However for cross border investments in European markets, KYC/AML still represents a major administrative burden and having such information available on the blockchain to digitalise the process is still a long way off due to privacy concerns on the part of investors and reputational risk concerns for managers and service providers.

THE PATH FORWARD FOR NORDIC HEDGE FUNDS

Asset tokenisation represents more than just

“Asset tokenisation represents more than just technological innovation - it signals a potential structural shift in how hedge funds operate, are distributed, and how they ensure liquidity.”

technological innovation - it signals a potential structural shift in how hedge funds operate, are distributed, and how they ensure liquidity. For the Swedish market, with its strong hedge fund tradition, progressive regulatory environment, and tax-advantaged investment wrappers, conditions are favourable for adoption.

The transformation will likely be gradual, beginning with hybrid models that serve both traditional and tokenised asset investors before evolving towards more digital-only offers. As the industry makes the transition, close collaboration between asset managers, service providers, and regulators will be essential to realising the full potential of tokenisation while maintaining the integrity and stability of Sweden's alternative investment ecosystem.

The question for Swedish hedge fund managers is not whether tokenisation will affect their industry, but when and how. By engaging with this technology now, Nordic alternatives participants can help shape the next chapter of global finance - potentially democratising access to a key asset class and enhancing its liquidity profile in ways that strengthen their competitive position both within the Nordic region and further afield.



Harold de Boer (left) Observer at Transtrend playing with Data
Picture generated by ChatGPT

A Story of Data in the age of Data Deluge

By Harold de Boer, Transtrend

Transtrend started as a research project in 1989. We had bought data and computers, hoping something could be done with that. So, that's what we tried. We dove into the data. As a result, Transtrend's Diversified Trend Program came into being.

Our starting point was a treasure trove: up to 20 years of daily market data — open, high, low, close, volume, and open interest — across 35 different futures markets. Storing all that data required a cabinet full of large, removable disk packs. The total? Less than 250 MB. Today, Transtrend stores more than a million times as much data, and our computing power has also grown exponentially.

Are our investment decisions now exponentially more informed as well? Sadly, not. The main reason is that it's not facts, as recorded by data points, that drive markets. It's stories.

STORYTELLERS

We didn't always believe this. Back then, the investment world was split into two camps: technical versus fundamental analysis. At top investment banks, using technical analysis was a firing offense. Markets were driven by supply and demand, not by trendlines or head-and-shoulder patterns. Technical analysis was dismissed as astrology for finance. On the other side, technical analysts dismissed fundamental storytelling as the Delphic oracle. Prices formed the only objective reality. All information was compressed in that. We largely sympathized with that view.

To be honest, this distinction between data and stories was never as absolute as often proclaimed. Our 'only looking at prices' is itself a story. For example, no futures trader wants to take delivery of tons of soybeans. So, even the most fundamentals-averse futures trader takes delivery dates into account. One could argue these are just other

objective data points, but the choice to avoid delivery is a fundamental story. And data is needed to uphold that story.

Another oft-repeated CTA story is: “We trade the same size in all markets.” These managers aim to avoid overcomplicating their approach with various subjective assumptions. But what exactly does ‘same size’ mean? Same number of contracts? Same notional value? Same margin? Same risk? It could truly be anything! This simple example illustrates that data alone is meaningless. It must be translated in some way to become useful — as part of a story. Also when that story itself sounds extremely simple like ‘same size’. However, this story resonates, even when it’s unclear what it means in terms of objectively measurable data. Or because of that?

Stories can be powerful — even more powerful than data. This was something we had to learn over the years. In our early years, we naively believed allocators would only look at the numbers: a sufficiently long track record, strong returns relative to risk — measured by Sharpe ratio or some other metric — and low correlation to other investments. But that’s not how money really flows. Money largely follows stories.

One of today’s success stories is AI. Whether or not AI will ultimately deliver all its supposed benefits is irrelevant to its current market impact. Companies mention AI in their earnings calls, and their stock rallies — even if the actual numbers disappoint. The story is what matters.

As quants, we may be skeptical of this phenomenon; we may dismiss these stories as fairy tales. But the truth is, it’s very hard to make money by betting against the ultimate forces that drive markets. And these forces are stories — not facts, not data. Stories can outlast the means of even the most accurate quant.

THE ACADEMIC FOUNDATION

Our first taste of ‘more data ≠ more informed’ came in the early 2000s, when we started collecting tick-by-tick data. For us, high-frequency data meant lots of data without a long history; precisely what we needed

for our correlation analysis. The correlation structure between different markets isn’t linear. Modelling that reliably required a lot of data. However, by using daily data this implied ‘a long history’, which conflicted with our conviction that correlations change over time. Eureka!

By choosing for high-frequency data to solve this problem we implicitly assumed that market dynamics are the same across timeframes. This is itself a story — and a very popular one among technical analysts in those years. It formed the foundation for viewing price patterns as fractals. Unfortunately, we soon came to the realization that this assumption was incorrect. Market dynamics — including their correlation structure — are not constant, but instead vary across different timeframes. Behavioral finance helped us understand why. So, we stopped searching for a solution in that direction.

This exemplifies the academic approach: form a hypothesis, test it on real-life data, and reject it if the data doesn’t fit. Which includes: reject the story. If you’d asked me back then about a potential explosion of available data, I would have replied that it would make it easier to bust false stories. Turns out, I was wrong.

As I was also wrong to believe that flat-earthers would extinct once information delivered through satellites circling our planet would become our daily feed of perception. I overlooked the fundamental principle of inflation: an exponentially increasing amount of data diminishes the value of each data point. More data makes it easier — or even necessary — for people to ignore most of it. It encourages us to do our own research on only the data that supports our chosen story.

The flat-earthers are not an exception; we all do it. We all embrace stories, including us. Our skilled analytical approach doesn’t make us superior. As quants, we are just as susceptible to stories as anyone else — perhaps even more so, because we love abstraction and tend to be less distracted by ‘messy’ details.

This tendency of ours isn’t new. Around 500 BC, the Pythagoreans believed that all phenomena in the universe could be reduced to whole numbers and

“It’s very hard to make money by betting against the forces that drive markets, and these forces are stories, not facts.”

their ratios — what we now call rational numbers. Irrational numbers couldn’t exist. But then one of them, Hippiasus, irrefutably proved that $\sqrt{2}$ wasn’t rational. Did they abandon their story? The Pythagoreans weren’t ready for that. Instead, they kept the discovery secret. And Hippiasus was killed.

STORIES WITHOUT FACTS

The Pythagoreans preventing Hippiasus from making his discovery public was comparable to the Roman Catholic Church forcing Galileo to recant his heliocentric theory. And hereby we’re entering religion. To understand what drives markets, we must understand what drives people. And we cannot seriously describe what drives people without addressing religion. Let’s not treat religion as the irrational numbers were once treated!

There are certainly Christians whose faith is rooted in accepting specific biblical accounts as literal facts — such as the sun circling the earth and Noah’s ark saving one pair of every species. Just like there are people who reject Christianity by ‘academically’ rejecting one or more of these facts. But for most Christians, these facts are not taken literally. Their faith is grounded in principles such as loving God and loving their neighbor as themselves.

Other religions are not essentially different in this respect. Likewise, most people who aren’t religious still embrace the story of love. Many people of my generation will have seen Pretty Woman. Was that movie really about a corporate raider who tried to acquire a shipbuilding company? What if it had been a railroad company? Or are these irrelevant details?

I would say that the film was compelling because it touched on a universal truth. This very same truth — with completely different ‘facts’ — has been portrayed in many other equally moving films. In cartoons, the same story has been told using animals, trees, or even unidentifiable creatures. No, Shrek isn’t real, but the story is.

A true story isn’t a collection of facts. It exists independently of facts — sometimes even despite them. Yet, to tell a story or to present it in a movie, we can only list or display a series of facts. In this sense,

facts are just the pixels that paint the story. What these pixels represent is essentially irrelevant; the same pixels can paint a completely different story, and the same story can be painted with different pixels.

FACTS EXALTED ABOVE STORIES

Often, some of these essentially meaningless pixels become sanctified. They turn into symbols. In religion, they manifest as rituals: attending church twice every Sunday, wearing traditional clothing. In law, it's the elevation of the letter above the spirit. Such symbols share a key trait: they are objectively measurable. And that's also why we quants are so susceptible to this pattern.

It happens everywhere. Take one of the most famous Dutch books: "The diary of Anne Frank". Most people will know what it's about; a moving story that should never be forgotten. That's also why the 'Achterhuis', the place where Anne and her family hid, has been preserved as a memorial and museum.

One could argue that the Achterhuis became a symbol of (the horror of) genocide. A few decades ago, it turned out that this status extended to the chestnut tree that Anne mentioned in her diary. In 2007, when the tree was in poor condition, and experts recommended removal, protests erupted as if Anne Frank herself would be deported again. I thought I knew what Anne Frank's diary was about. Suddenly, it was about a chestnut tree. Until a 2010 storm ruthlessly ended that story. Or did it merely fell a symbol?

BUT STORIES WILL PREVAIL

This is the world we live in. It's not just a collection of facts for us quants to measure and analyze. It's a world driven by people — people who adopt and embrace stories. Facts are necessary as pixels that paint those stories. Some of these pixels are elevated to symbols, worshiped by the followers of the stories. And to reach that status, these facts themselves don't even have to be true.

Successful politicians understand this dynamic. Every now and then, a technocrat emerges, leading a political movement with only numbers. Fresh out of university, I believed this was the only proper way to lead a country. Now I know better. Technocrats don't lead people — they annoy them. People are led by stories. And the most successful politicians jump on the bandwagon of stories that are already unfolding. We can only hope these stories are mostly factual. But for the course of future events, that makes no difference.

The storm that felled Anne Frank's chestnut tree wasn't human. But our economy is. And isn't that economy — at least, the way we quants look at it — a forest rich in chestnut trees too? Don't we, time and again, elevate numbers? One moment it's credit ratings, the next it's CPIs, or job numbers. Don't these numbers only have meaning as long as we give them meaning? But what happens when only we quants worship such data? What if the people in our societies — the people who ultimately drive our economies and vote in elections — what if our societies lose faith in these symbols?

When President Trump claims he will cut drug prices by 800, 1200, 1500 percent, such numbers make no sense from a quantitative perspective. But persistently trying to counter such numbers with 'better' numbers is equally pointless. It's like a chess player explaining the position of the king and the queen to a poker player. They may use the same words, but they talk different symbols.

We quants could dismiss the quantitative skills of politicians, but that won't improve our understanding of markets. Maybe we should realize that our facts and numbers are not the cornerstones of our societies. But is that really new? If we look back just a little further than our own academic confirmation, we might realize that we are the offspring of a quant age that lasted barely half a century — a footnote in the hundreds of thousands of years of human civilization united by shared stories.

If stories, not data, drive our societies and drive our markets, why do we quants base our decisions on data? Answering this question could be existential.



“Chance favors
the prepared mind.”

Louis Pasteur

Service Is Critical In Complex Environments

By Sami Kellali, MAIA Technologies

“Prospective clients increasingly come over to us due to a recognition that adequate technology alone simply isn’t enough.”

Whether you’re a new manager launching, an established multi-strat or a single family office, today’s market environment is defined by unprecedented complexity. If you’re running multi asset strategies that demand tailored process and cross asset expertise, or operating under tighter regimes like liquidity management tracking, or trading global markets, this complexity is compounded by intense regulator and investor scrutiny. We regularly hear directly from firms that rely on legacy technology, Excel-based workflows or disparate trading tools that they are no longer fit for purpose as a means to evolve, scale and optimise their business.

Investors now expect more than alpha. Their demand for optimal service levels, responsiveness and operational sophistication has heightened becoming the market standard pre-requisite for selection.

Sami Kellali, VP Sales - MAIA Technologies



Critically, hedge fund launches must navigate intense ODD which involves forensic-level analysis of the manager’s technology and operating processes. In turn, the investor’s decision is heavily weighted towards the manager’s choice of service provider and the relationships they have fostered or indeed inherited from a legacy selection process.

Frank Glock, Chief Revenue Officer at MAIA explained “Prospective clients increasingly come over to us due to a recognition that adequate technology alone simply isn’t enough. They regularly voice fatigue with their incumbent provider as they need agile technology, faultless delivery and responsive support, particularly when their business is to exploit dynamic swings and volatility in the markets.”

THE PROBLEM: JUST ANOTHER CLIENT...

The root cause tends to be consistent: onboarding took far longer than promised, timelines shifted and key features didn’t arrive or were delivered as clunky workarounds; square peg, round hole comes to mind.

As a by-product of the respective vendor’s relative size, many describe needing to re-explain issues to different contacts, waiting in long, ticket-based queue systems, or receiving replies that don’t necessarily cure their specific issue. Without a consistent point of contact, the smallest of issues become drawn-out exercises breeding frustration.

Often times the challenge goes deeper than just service interactions. Fees that were not made clear during the procurement stage begin to add up seemingly without meaningful justification.

For today’s hedge funds, with all the moving parts they must contend with, managers aren’t looking for just another vendor. They need a hands-on partner who understands their business, is responsive and acts as an extension of their own team.

WHITE-GLOVE MODEL – CONCIERGE-LEVEL SERVICE:

Picture returning to your favourite hotel after a year. They greet you by name, have your preferred drink waiting

“Managers aren’t just buying software, they’re choosing a partner who can scale with them.”

and as you check in, they say, ‘We’ve reserved the mountain-facing room as we remember that was important to you.’ You’re not just another booking... you’re a valued guest. That’s what white-glove service looks like.

In the hedge fund space, that translates to continuity from a dedicated team - direct access to the people who know your profile, your workflows and your goals. At MAIA, we embody the power of this model on a regular basis. We act as the faithful extension of the client’s team, often embedding onsite when needed, using Teams channels instead of generic support portals and bringing implementation and development teams into the sales process to endorse and own the roadmap from day one.

In our client-aligned and immersive service model, consistency becomes the cornerstone. Each team across the firm are joined-up and are introduced during early discussions (not after go-live) so what’s committed is what’s delivered.

Email chains, ticketing queues and disconnected call centres might work for some vendors but they wear down the client experience. Client-centric service models challenge that: dedicated teams, tech-enabled responsiveness and clear accountability. The result? Issues get solved faster, trust runs deeper and outcomes are delivered within clients expectations.

CO-CREATION: BUILDING TOGETHER

True partnership means building together. When clients co-create features with their vendors, the benefits go both ways - the client gets solutions tailored to their workflow and the vendor strengthens their platform for the broader market.

We see this in action when clients test new functionality, provide feedback and shape the platform around how they work, not the other way around. Open architecture makes this easier, an open platform with strong APIs empowers managers to integrate the tools they already rely on.

Innovation happens faster when the platform is open and the support team feels more like a dedicated

project partner than a help desk.

Daniel Mackey, COO at Protean commented “MAIA has been great at staying close to the business and continuously building their understanding of how we work. That responsiveness and flexibility makes them feel more like part of our team than just a typical vendor.”

RELATIONSHIPS FIRST IS THE FUTURE

Managers aren’t just buying software, they’re choosing a partner who can scale with them. One who’s responsive when markets are volatile, collaborative when things are calm and accountable when things go wrong. The selection is strategic. More firms are embedding service expectations into their RFPs from day one - continuity, responsiveness and technical ownership.

A dedicated team who knows you. Direct access to product owners and leadership. A model where the client’s success is the vendor’s success.

The future belongs to partners who understand that.

From PDF to Platform: Why Governance Needs a System, Not a Folder

Sofia Beckman – Co-founder, North House

“Across the Nordic market, internal governance remains one of the least developed systems inside fund organisations. Not because of missing regulation, but because governance has never been designed as an operational framework.”

INTERNAL GOVERNANCE REMAINS A BLIND SPOT

“We manage billions with real-time systems,” one COO told me. “But our governance still lives in PDFs.” That paradox runs through much of the investment management industry. Sophisticated investment strategies run on precise, automated platforms, yet the governance that underpins them often relies on manual routines. Most firms have a policy framework. But governance is not judged by what’s on file. It’s judged by what actually works.

Across the Nordic market, internal governance remains one of the least developed systems inside fund organisations. Not because of missing regulation, but because governance has never been designed as an operational framework. Policies exist, but the systems around them - structure, ownership, and traceability - are weak.

Sofia Beckman – Co-founder, North House



“Most frameworks were written to satisfy regulators at a specific point in time,” Beckman says. “Few were designed to function as live, adaptive structures that can efficiently operate at scale or under stress. That gap has become a strategic risk, and it is still widely underestimated across the industry.”

The weaknesses in governance are no longer theoretical. In 2025, regulators have turned their attention to how control and accountability function inside firms. Supervisors want proof that these mechanisms hold up in practice, not just on paper. Most recent sanctions trace back to shortcomings in governance and internal control. ESMA’s focus on algorithmic management and AI oversight points in the same direction. Governance must now be structured, explainable and verifiable.

With ICT now active under DORA, these expectations have become measurable. Firms are required to show ownership, continuity and incident response in real time. In the Nordics, regulators have already tightened their review of AIF applications, and in Sweden the proposed Lag om olovlig finansiell verksamhet signals a tougher stance on accountability. It introduces criminal liability for unauthorised financial activity and highlights the growing expectation that firms can demonstrate effective internal control. Governance is no longer a compliance exercise. It has become part of the business infrastructure.

“Governance is no longer a compliance exercise. It has become part of the business infrastructure.”

Three recurring weaknesses

01	02	03
Fragmented ownership makes governance brittle	Too many policies, not enough structure	Licensing documentation ≠ operational governance
The first question often asked of new clients is simple: "Who owns your governance process?" In many firms, no one does. Legal drafts the policies. Compliance monitors. But no single role has end-to-end accountability.	Many firms respond to every new regulation with another document. Over time, the framework becomes bloated. Forty or fifty top-level policies are not uncommon, often overlapping or contradicting one another.	Most policy frameworks are born during licensing. Lawyers draft what's needed to secure approval. But after licensing, governance shifts from legal design to operational reality. Many firms underestimate that transition.
Governance needs a defined owner, supported by process leads across business lines – i.e. people close enough to risk and strategy to keep policies relevant. Without this structure, oversight erodes.	If your firm has more than fifteen board-level policies, there's a good chance the framework was built reactively. The result is a compliance library impossible to navigate, update, or explain.	Policies remain static while the business evolves. New rules arrive – DORA, sustainability disclosure – yet few can trace what needs updating, who is responsible, or whether current documents still comply.
When parts of governance are outsourced, the risk grows. External consultants often produce high-quality documents, but once delivered, they drift. Costs rise, clarity declines.	"The strongest funds now focus on reduction, not expansion," says Beckman. "They consolidate, clarify, and map policies to a coherent system."	"We often compare this to an IPO," Beckman says. "Once a company goes public, reporting no longer lives with the lawyers. It becomes part of business operations."
As Sofia Beckman notes, "Outsourced compliance can't replace internal ownership. Without a clear process owner, governance becomes a patchwork. Defensible on paper, but fragile in practice."		Without defined ownership and traceability, compliance risk doesn't disappear. It just becomes invisible.

GOVERNANCE BREAKS DOWN IN THE DETAILS

When North House was founded by Julia Haglind and Sofia Beckman, the two came from opposite ends of the industry. Julia had led Nasdaq Clearing, one of the region’s most system-critical infrastructures. Sofia had worked within a Nordic fund platform, where the operational limits of governance were clear in daily practice.

The challenge was never writing policies. It was connecting them. Understanding how they related, who owned them, and how they were maintained. In most firms, policies lived in silos. Review cycles were manual. Responsibilities were unclear. There was no structural map linking rules/obligations, risks, and accountability.

That missing architecture later became the foundation for the framework developed at North House. Across dozens of hedge funds and AIFs, the same weaknesses repeat:

- Policies stored across SharePoint, Teams, or personal drives
- Review cycles tracked manually via email
- No audit trail of who read or signed off on what
- No link between regulatory requirements and actual controls

“Governance should be the system that links policy to action,” one fund manager said. “Right now, it’s just paperwork.”

BUILT ON STRUCTURE, NOT ON HYPE

When ChatGPT launched in late 2022, the North House team was finalising its concept. While much of the industry raced toward AI, the founding team took a different approach. They believed the real problem was not generating more text but managing what already existed.

“The real shift wasn’t the new models,” says Beckman. “It was embedding data structure and policy methodology directly into the design of the platform. Not as an overlay, but as its foundation. That’s what made everything else work.”

Instead of adding new tools, the founding team designed a governance system built on five structural principles:

1. Policy as architecture, not archive

Every document follows a hierarchy, from policy to guideline to procedure, making governance readable and enforceable.

2. Embedded roles and accountability

Ownership, review cycles, and sign-off responsibilities are built in from day one, so policies don’t just exist. They move.

3. Regulation mapped at the source

Each document is tagged to relevant frameworks, making compliance traceable and auditable.

4. Data-first, language-ready

Terminology is standardised and metadata machine-readable, creating a foundation for automation and AI.

5. Continuous oversight

Persona-based dashboards and audit trails give leadership real-time visibility, not just static PDFs.

The results are measurable. In firms adopting this structure, time spent on governance administration has fallen by half. Traceability has reached 100 percent across documents, including edit history and review status. Legal and HR policies can be deployed through ready-made playbooks, cutting onboarding time and ensuring consistency.

The real benefit is not efficiency, but resilience. When structure is in place, automation and AI become useful. Without it, they only add noise.

**WHEN STRUCTURE IS IN PLACE,
AI BECOMES MEANINGFUL**

AI alone cannot make governance work. But when ownership, roles, and regulatory mappings are embedded, AI can finally do what it should: support human judgement.

“We don’t treat AI as a surface feature,” says Shamil Limbasiya, AI Engineer at North House. “It’s a logic layer that interacts with structured governance data - version history, ownership, and regulatory tags - so outputs are accurate and explainable.”

At North House, the structured framework enables responsible use of AI. Version comparison is used to track and interpret policy changes, helping teams prepare decision materials and board documentation with full transparency. The same capability supports summaries and translations for audits and investor due diligence, ensuring that every update is traceable and clearly understood across languages and jurisdictions.

Building on this structure, North House is developing a governance assistant that helps teams navigate complex frameworks, summarise key obligations and identify potential gaps that may require review. Nudges notify owners when reviews are overdue, creating a living governance cycle. The aim is to make governance work more transparent and connected while supporting professional oversight.

**THE FOUNDATION THAT MAKES
EVERYTHING ELSE WORK**

Governance fails when it is treated as a formality. The firms now moving ahead see it as a system that connects people, processes and information. Hierarchy defines ownership. Clear structures keep accountability alive. Traceability makes decisions defensible.

When governance works this way, it does more than satisfy regulation. It builds stability and speed into

daily operations. Decisions become easier to justify because the reasoning is visible. Risks are easier to manage because responsibilities are clear.

Most firms still talk about digitalisation, yet few begin with governance. It remains the missing foundation beneath every process, every role and every decision. The next phase will not depend on new regulation, but on design. Governance built to function, not just to be filed.

“Once governance is structured, it behaves like any other core system,” says Beckman. “It can scale, adapt and integrate. It stops lagging behind strategy and starts enabling it.”

ABOUT NORTH HOUSE

North House helps fund managers turn governance into a working system. Its Governance Foundation combines structure, ownership, and lifecycle management, transforming fragmented policy frameworks into a connected, operational model.

The platform supports continuous compliance with GDPR and DORA. It is built on Microsoft Azure with data stored in Sweden, and integrates naturally with existing workflows in Word and SharePoint.

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Left to right: Martin Redgård, Catharina Östring, Ahmed Patel, Stephen Roberts, CFA, Grant Loon, Daniel Mackey, Kamran Ghalitschi, Petter Mattsson Hamilton, Katarina Carlbring, David Bergquist, Yerin Hallam moderated by Andi Woolass

Round Table Operational Challenges – A Summary

Kamran Ghalitschi, HedgeNordic

The Nordic COO Roundtable brought together a diverse group of operational leaders for a candid and wide-ranging discussion about the forces shaping their organisations. Over the course of the session organised by HedgeNordic, IG Prime and CWAN (formerly Enfusion), participants explored the technological change sweeping through the industry, the growing pressure of regulation, the rise of SMAs, the evolving relationship with data, and the promise and limitations of AI. The conversation revealed an industry that is both energised and strained, eager to modernise but cautious about taking the wrong step at the wrong time.

A MARKET APPROACHING A TECHNOLOGICAL TURNING POINT

The discussion opened with the question of what keeps COOs awake at night, and for many the immediate answer related to the rapid pace of technological evolution. Several participants described the market as sitting close to a tipping point, with established monolithic OMS and EMS

platforms struggling to keep up with new demands and the agile, younger vendors offering lighter, and more modern architectures, often SaaS. These newcomers appear more capable of responding quickly as regulation grows and portfolio structures become more varied.

Despite this, firms are not rushing towards wholesale transformation. Many are opting for a slower, incremental journey in which small improvements accumulate over time. Some have recently pushed further into STP across trade generation, allocation and reconciliation, and are now dealing with the remaining edges of manual work. Others continue to rely on internally built tools, often in Excel or proprietary code, because their portfolios or risk models are too specialised to fit comfortably into any single vendor solution.

What unites these approaches is the belief that modernisation must be purposeful. Technology is an enabler, but it works only when teams understand their own systems deeply. Several COOs described the need for recruits who combine operational

literacy with technical fluency, especially in areas like scripting, APIs and data management. The days when operations could function in isolation from technology appear to be ending.

DATA AS THE CORE OPERATIONAL ASSET

Although the conversation frequently returned to technology, the most consistent theme was the centrality of data. Participants agreed that clean, reliable and accessible data has become the lifeblood of operational efficiency. It can no longer be treated as an output of systems, but as the foundation upon which every process rests.

Many firms are now building internal data warehouses or consolidating pricing and trade feeds from Bloomberg, FactSet and OMS providers into unified internal structures. This allows them to validate data across multiple sources, highlight anomalies quickly and tailor reporting to the exact needs of PMs, risk teams and regulators. Others are further ahead,

already visualising this centralised data for teams across the business.

There was widespread recognition that high-quality data cannot be created by technology alone. It requires close involvement from the teams who understand its meaning. For this reason, COOs argued that data should be visible throughout the organisation, ensuring that errors are caught not only by technical staff but also by the practitioners who rely on that information for investment decisions, risk oversight and client reporting.

REGULATION AND THE WEIGHT OF CONSTANT CHANGE

A significant part of the session focused on regulation, which several participants described as “a tsunami of requirements”. DORA was mentioned repeatedly as an example of the scale and reach of modern regulatory expectations. Even very small managers are expected to document the details of widely used providers and maintain structures that match those of far larger institutions.

The group reflected on how difficult it is to interpret new rules in their early stages. Consultants and outsourced compliance partners often take overly cautious positions, and regulators rarely provide practical guidance that reflects proportionality. As a result, firms frequently begin by handling new rules manually simply to understand what the regulation intends, before attempting to embed it in systems.

Despite the burden, some COOs noted unexpected benefits. DORA, for example, forced organisations to review legacy systems, clarify ownership of internal tools and uncover dormant vendor relationships. The exercise became an opportunity to rationalise technology stacks and strengthen governance. Still, the broader sentiment was that regulation is contributing to consolidation pressures, especially for small and mid-sized managers who must comply with frameworks built with far larger firms in mind.

THE RISE OF SMAS AND THE SHIFT IN INVESTOR EXPECTATIONS

One of the most strategically important discussions

centred on the growing prominence of SMAs. Although some firms prefer to avoid them because of the operational overhead, others now see them as central to asset gathering. For new launches in particular, SMAs appear to dominate allocator interest, and for many sub-\$250 million managers they have become the primary route to scaling AUM.

The appeal is understandable. Institutions value the transparency, control of cash and flexibility that SMAs offer. Some can customise leverage or structure risk in a way that pooled funds cannot easily enable. The group agreed that the demand for SMAs is likely to continue and that even firms without SMAs today are beginning to build the infrastructure required for them.

At the same time, participants observed that SMAs are less operationally burdensome than they once were. Improvements in Prime Brokerage (PB) reporting, APIs and reconciliation tools mean the marginal effort of adding an SMA has fallen, provided that systems chosen are flexible enough to support multiple account structures, carve-outs and varied reporting obligations. Several COOs also challenged the belief that SMA capital is unstable. In their experience, SMA investors are no more likely to withdraw capital quickly than fund investors, provided performance is robust and communication is clear.

The main complexities relate to onboarding. New SMAs often bring new PBs, administrators or file formats, and some investors lack relationships with local Nordic counterparties. These factors require a thoughtful operational design and a willingness to adapt workflows, but none of the participants believed that SMAs were likely to become less prevalent. If anything, they appear to be an increasingly permanent part of the landscape.

AI AS A USEFUL ASSISTANT BUT NOT A DECISION MAKER

Towards the end of the session, the group turned to the future. AI has been a growing topic across the industry, yet the sentiment in the room was measured. Many saw AI today as operating at the equivalent of a junior analyst. It can summarise documents, help draft regulatory interpretations, answer structured questions and even generate coding frameworks for internal developers. What it cannot do reliably is

“Modernisation must be purposeful; technology only works when teams understand their own systems deeply.”

“Regulation has become a tsunami of requirements, with even small managers expected to match the structures of far larger institutions.”

make decisions without expert oversight.

Participants shared several examples of AI producing confident but incorrect outputs. This reinforced the view that AI should be constrained within controlled environments containing known datasets. Used in this way, it can speed up research, reduce repetitive work and support reconciliations, but it is not yet trusted for anything that directly influences investment positions or regulatory reporting.

There was also hesitation around allowing vendors to train their AI systems on client data. This raises confidentiality and competitive concerns and has slowed the development of more advanced AI-driven insights from providers. Most firms are therefore experimenting internally, focusing on efficiency gains rather than transformative change.

The consensus was that AI will reshape the mix of skills required in operations. Routine tasks are likely to be automated, and teams will need more individuals who understand programming, data and model validation. Hiring strategies are already shifting, as COOs hesitate to replace back-office staff on a like-for-like basis until the longer-term impact of automation becomes clearer.

A COMMUNITY LOOKING AHEAD

The roundtable concluded with a shared desire to continue the conversation. Participants expressed interest in forming a Nordic COO network to exchange ideas, benchmark approaches and support one another as the operating environment grows more complex. The interaction throughout the session demonstrated the value of peer-to-peer dialogue, especially at a time when the pace of change is accelerating and the consequences of missteps are growing.

Across all topics, from data architecture and regulation to SMAs and AI, the discussion pointed to an industry in transition. Nordic investment managers are adapting to a new era in which operational excellence is inseparable from technological sophistication, regulatory literacy and data discipline. The firms that succeed will be those that treat operations as a strategic function, capable of shaping the resilience and competitiveness of the entire organisation.



Daniel Mackey, Chief Operations Officer – Protean Funds Scandinavia

Building the Backbone: The Role of Operations in Boutique

By Eugeniu Guzun – HedgeNordic

For strong-performing boutique asset managers, the spotlight usually shines on portfolio managers: the stars whose decisions drive returns. And deservedly so. Yet behind every strong performance is a quieter, equally critical engine: fund operations. From trading and reporting to regulatory compliance and data management, this behind-the-scenes work often determines whether a fund can scale successfully. For growing boutiques like Protean Funds and Kvartil, operational challenges are multiplying with growth. At the same time, advances in AI and automation are creating opportunities to reduce manual workloads, enabling asset growth without proportionally increasing headcount.

For stock-picking boutique Protean Funds, “the biggest operational challenge right now is the added complexity that’s come from taking on more portfolios and resulting additional counterparties over the last couple of years,” says COO Daniel Mackey. “Each new relationship adds more data flows, reconciliations, and oversight, and that compounds quickly in a small organization,” adds Mackey, whose boutique runs three individual funds. “A lot of my focus at the moment is on removing manual steps and making

sure we’re getting full value out of the systems we already have.”

Beyond the challenges of scaling and managing increasing data complexity, boutique managers must also navigate the changing regulatory landscape. On top of that, new regulation is impacting smaller boutique managers such as Protean Fund, with DORA being a good example. With regards to DORA, Mackey explains that “the intent is good, but the workload is the same whether you’re a small portfolio manager or a major bank.” The implementation of this regulation duplicates a lot of work. “Most of us use the same critical suppliers such as AWS or Bloomberg, yet each firm still has to run the full due-diligence process individually,” explains Mackey. “That’s a challenge for anyone with a lean operational setup.”

To tackle these operational hurdles, Protean Funds is focusing on strengthening internal technical expertise and enhancing its underlying data infrastructure. “We’re adding more technical competence internally and building a better data structure so we can report and scale without creating more operational

“The biggest operational challenge right now is the added complexity that’s come from taking on more portfolios and resulting additional counterparties over the last couple of years.”

Daniel Mackey

drag,” Mackey explains. The firm sees its biggest opportunity in “continuing to build on the foundation: streamlining workflows, reducing manual work, and creating a more organized data environment,” he adds. A recent hire with automation and technical expertise has further strengthened the team. “We’re now in a better position to advance that work, and once it’s in place, it becomes much easier to adapt when our portfolios or priorities shift,” Mackey notes.

The operations team at another successful Stockholm-based boutique, Kvartil, faces challenges similar to those at Protean Funds. “Our single biggest operational challenge today is maintaining a clean, consistent, and timely data foundation across the entire value chain, from trading and risk to client and regulatory reporting, while the firm grows in products and jurisdictions without increasing headcount at the same pace,” says Chief Operations Officer Jacob Werkell. As a specialized asset manager, Kvartil operates a deliberately lean organization. “That means every new regulatory requirement, distribution partner, or data source adds complexity very quickly,” Werkell acknowledges. “If we are not careful, that can lead to fragmented data, manual checks, and spreadsheet workarounds.”

Similar to Protean, Kvartil is dedicating significant time, effort, and resources to building a scalable data backbone. “This approach reduces operational risk, enhances auditability and regulatory readiness, and allows Kvartil to grow without having to double the size of the operations team,” Werkell explains. “Our greatest opportunity lies in combining a modern, cloud-based data and system architecture with intelligent automation and the selective use of AI,” he adds. “This helps reduce manual work, improve data quality, and lessen our reliance on old legacy systems.”

Daniel Mackey at Protean also sees potential long-term benefits from AI and other automation tools. “But for us, the real value will come once the data is in good shape,” he acknowledges. “It could be interesting down the line, and we’re open to those developments, but we’re not relying on them at this stage.”

Mackey believes the greatest opportunity to enhance an asset manager’s efficiency, resilience, and scalability lies in shared infrastructure. “The industry

“Our single biggest operational challenge today is maintaining a clean, consistent, and timely data foundation across the entire value chain, from trading and risk to client and regulatory reporting, while the firm grows in products and jurisdictions without increasing headcount at the same pace.”

Jacob Werkell



Jacob Werkell, Chief Operations Officer – Kvartil

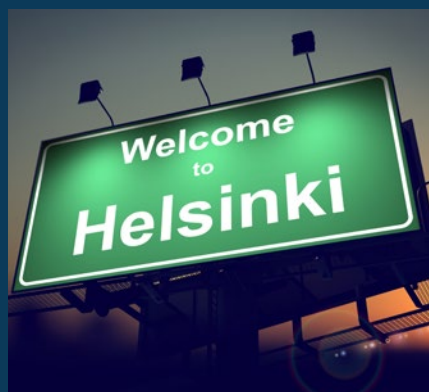
would benefit from more shared infrastructure around operational resilience,” he argues. “Even something as simple as a central register for key ICT suppliers, rather than each small firm running the same vendor checks, would save a lot of time,” he adds. “Until such solutions are in place, our focus remains on staying scalable, resilient, and nimble.”

The operational backbone of boutique asset managers is as crucial to success as the performance of portfolio managers. For firms like Protean Funds and Kvartil, growth brings complexity, but also

opportunities to innovate through automation, smarter data management, and streamlined workflows. While regulations and increasing counterparties present ongoing challenges, building a robust, scalable, and technologically advanced operations framework ensures these boutiques can continue to deliver strong performance without compromising efficiency or resilience. Ultimately, investing in operational excellence is investing in the sustainability and scalability of the fund itself, the silent driver behind every standout performance.



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2. All legal relations of the parties shall be subject to Swedish law, under the exclusion of the UN Convention of Contracts for the international sale of goods and the rules of conflicts of laws of international private law. Stockholm is hereby agreed as the place of performance and the exclusive court of jurisdiction, insofar as there is no compulsory court of jurisdiction.
3. Insofar as any individual provisions of these General Terms and Conditions contradict mandatory, statutory regulations or are invalid, the remaining provisions shall remain valid. Such provisions shall be replaced by valid and enforceable provisions that achieve the intended purpose as closely as possible. This shall also apply in the event of any loopholes.