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Round Table Discussion:

Operational Challenges in Asset Management



Editor´s Note...

Boldly go where no man has gone before!

By Kamran Ghalitschi - Publisher, HedgeNordic

When I started working in financial markets in the mid-1990s, placing an order was a rather physical affair. At the brokerage where I worked, we would pick up the telephone, call our counterparties and instruct them to buy or sell a particular security. Alternatively, we would send a fax. Eventually, the telephone would ring again, confirming that the trade had been executed.

There was something reassuringly tangible about the whole process. Somewhere, another human being had received our instructions, done something with them and called us back.

Thirty years later, that world seems almost impossibly antiquated. Orders travel through electronic networks in milliseconds. Algorithms execute thousands of transactions without human intervention. Artificial intelligence is finding its way into research, portfolio construction, risk management and virtually every corner of investment operations.

Had someone described today's financial markets to me in 1996, I might well have dismissed the whole thing as science fiction.

Which is interesting, because quite a lot of today's technology actually has its roots in science fiction. Not necessarily because writers were particularly good at predicting the future, but because their imagined futures inspired generations of scientists and engineers to try to make the seemingly impossible possible.

I was reminded of this when I read the sad news that Walter Koenig, best known as the spirited Russian navigator Pavel Chekov in the original Star Trek television series, had died at the age of 90. And then, just days later, came the heartbreaking news that Sir Patrick Stewart, who brought Captain Jean-Luc Picard to life in Star Trek: The Next Generation, had also passed away, aged 86. Two very different characters, from two generations of Star Trek, who helped inspire audiences to imagine a future beyond the limits of their own time. Their passing makes it all the more poignant to reflect on just how much of that imagined future has already become reality.

When Star Trek premiered in 1966, Captain Kirk carried a handheld communicator, Dr McCoy used a portable medical scanner, and the crew routinely spoke to a computer that appeared to know almost everything. The series imagined a world some three centuries into the future. Yet only sixty years later, much of its fictional technology seems surprisingly familiar.

The connection is not always coincidental. In 2012, Qualcomm and the XPRIZE Foundation launched a USD 10 million competition to develop a portable medical diagnostic device explicitly inspired by Dr McCoy's tricorder. The winning prototype, DxtER, was hardly ready for duty aboard the Enterprise, but it demonstrated how a fictional idea could become a serious engineering challenge.

And science fiction has inspired people as well as products. Mae Jemison, who became the first Black woman to travel into space in 1992, has spoken about the influence of Lieutenant Uhura, played by Nichelle Nichols. Seeing someone like herself on the bridge of a starship helped make a seemingly distant ambition imaginable.

I find that fascinating. Somewhere, a child watches something that doesn't exist, decides that it ought to, and eventually sets out to build it. What began as entertainment becomes an ambition, then a research project, perhaps a company, and occasionally an entirely new industry.

Of course, the journey from imagination to reality is rarely straightforward. A fictional device doesn't have to work. It doesn't need regulatory approval, cybersecurity safeguards, reliable data feeds, integration with legacy systems or a business case. The writers of Star Trek could simply have Captain Kirk ask the computer a question and receive an answer. They didn't have to worry about the infrastructure behind it.

And that, in a rather roundabout way, brings us back to hedge fund operations.

The technological transformation of our industry has been extraordinary, but it hasn't happened by magic. Behind every automated workflow, electronic execution platform and sophisticated risk system are people tasked with turning technological possibilities into reliable, functioning processes.

That is particularly true for chief operating officers. While portfolio managers and investment strategists tend to attract the attention, COOs are frequently the ones who must figure out how the latest innovation actually fits into an organisation. How to implement it, how to pay for it, how to control the risks, how to make it work with everything already in place, and how to ensure that it keeps working when something inevitably goes wrong.

Our latest COO Roundtable brought together professionals confronting precisely these questions. Artificial intelligence, automation, technology infrastructure and the growing complexity of running an investment business are no longer distant possibilities. They are practical decisions being made today, often with imperfect information and limited resources.

And perhaps that is what makes this particular moment so interesting. We are once again surrounded by technologies whose full potential we can barely imagine. Some will transform our industry. Others will disappoint. Most will probably develop in directions nobody quite anticipated.

Thirty years from now, the technology that seems cutting-edge today may look as quaint as the fax machine on my desk in 1996.

I suspect the COOs of 2056 will have plenty to say about the systems we are so proud of today. And somewhere, someone will still be trying to get two platforms to talk to each other.

Even on the Starship Enterprise, I imagine, somebody had to keep the computers running.

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PARTICIPANTS:

THE ROUND TABLE DISCUSSION TOOK PLACE IN COPENHAGEN, DENMARK ON OCTOBER 8TH, 2026



Christian Lindstrøm Andersen

Senior Operating Officer

Christian Lindstrøm Andersen joined CABA Capital in 2018 and serves as Senior Operating Officer, with responsibilities spanning the firm's operations, marketing, and corporate governance.

His role includes overseeing IT and data protection, coordinating operational and compliance-related activities, and supporting the firm's operational efficiency and business development.

Andersen holds an MSc in Economics and Business Administration from Copenhagen Business School, with a specialization in International Management and Marketing.



Jakob Møller Hommel

Head of Selection, Partner

Jakob Møller Hommel is a Partner and Head of Selection at Formue (formerly Secure Spectrum). He is responsible for selecting and monitoring Danish and international asset managers across liquid investments.

He joined the company in 2012 as an Investment Consultant, following roles as an equities analyst at Nordea Markets in Copenhagen and as a Financial Analyst at Dansk Aktie Analyse.



Nefissa Kraiem

Senior Institutional Sales

Nefissa Kraiem is a London-based Senior Institutional Sales professional with over 15 years of experience across hedge funds, prime brokerage, institutional sales and capital raising.

Having held key roles at UBS, StoneX and Enko Capital Management, she has developed an extensive global network of hedge fund managers, family offices, sovereign wealth funds and institutional investors across Europe, the US and the Middle East.

Her expertise spans investment strategies, capital introduction, business development and supporting the growth of alternative investment managers, bringing a broad international perspective to the hedge fund industry.

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Peter Kim

Managing Partner, COO

Peter Kim is Managing Partner of ARP, a role he has held since 2021. Peter is responsible for the firm's overall strategic, financial and operational decision making, as well as all non-investment related fund management activities including structuring, investor relations and third-party relationships.

He started his career at a corporate finance boutique in the City of London focusing on capital raising for SMEs and middle & back office support for a commercial real estate development fund. Peter holds a BEng (Hons) in Aerospace Engineering from University of Southampton, and completed a master's degree in Reliability Engineering and Mathematics with a distinction from City, University of London.

Peter is a Governor of a local primary school.



Ahmed Patel

Senior Institutional Sales

Ahmed Patel brings 18 years of financial industry experience to his role at IG Prime. Prior to joining IG, he held positions at major banking institutions where he specialized in relationship management, operational leadership, and offshore operations.

Currently Patel holds a position as senior Prime originator for IG's Prime Brokerage offering, responsible for partnering with new launches, emerging managers and small to medium sized hedge funds in both the Equity Long Short and Crypto Space.



Stephen Roberts, CFA

VP of Sales

Stephen Roberts is Vice President of Sales at Clearwater Analytics and a CFA Charterholder, with more than 15 years in buy-side technology. Before joining Enfusion, now part of Clearwater Analytics, he helped grow the London and Nordic businesses of FactSet and Charles River Development. He works with hedge fund managers across EMEA, with a particular focus on the Nordics, on running portfolio, order, risk and accounting workflows on one front-to-back platform.

PARTICIPANTS:

THE ROUND TABLE DISCUSSION TOOK PLACE IN COPENHAGEN, DENMARK ON OCTOBER 8TH, 2026



Mads Lercke Odgaard

Chief Operating Officer

SRV CAPITAL A/S

Mads brings 18 years of experience from the financial and fintech sectors, having held leadership roles as Head of Investment Operations at Sampension and Head of Technical Support at Danske Asset Management, alongside specialist positions at SimCorp, Nordea Asset Management, and Danske Capital.

He has extensive expertise in investment operations, including investment accounting, derivatives, collateral and liquidity management, and transaction settlement. His focus has been on developing robust and scalable operational frameworks, driving automation, and strengthening control environments to enhance operational efficiency.



Carl-Fredrik Svensson

CEO and Co-Founder

Daymi

Carl-Fredrik Svensson is co-founder and CEO of Daymi, a Stockholm-based software company that provides an Oversight platform to the Asset Management industry.

Before founding Daymi, he spent more than ten years in operations and management roles at the Nordic Fund Administrator and Software company ISEC Group.

IG Prime
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CLEARWATER



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Participants (left to right): Back row: Mads Lercke Odgaard (SRV Capital), Jakob Møller Hommel (Formue), Kamran Ghalitschi (HedgeNordic), Carl-Fredrik Svensson (Daymi), Ahmed Patel (IG Prime). Front row: Christian Lindstrøm Andersen (CABA Capital), Stephen Roberts (Clearwater Analytics), Nefissa Kraiem (IG Prime), Peter Kim (Absolute Return Partners).

ROUND TABLE DISCUSSION

OPERATIONAL CHALLENGES

THE ROUND TABLE DISCUSSION TOOK PLACE IN COPENHAGEN ON OCTOBER 8TH, 2026. ALL REFERENCES TO DATES, TIMELINES, PERFORMANCES, NEWS AND EVENTS ARE TO BE SEEN FROM THAT POINT IN TIME.

For emerging hedge fund managers, the infrastructure behind an investment strategy can determine how quickly a business gets off the ground, how operating costs erode performance and how effectively a small team can scale. At a HedgeNordic roundtable in Copenhagen, Nordic managers and service providers discussed the practical choices involved, from prime brokerage and managed accounts to regulatory compliance and artificial intelligence.

Rather than advocating a one-size-fits-all approach, participants stressed the importance of matching systems and service providers to a firm's size, strategy and resources. The central challenge is to improve efficiency without compromising risk control, data quality or accountability.

PRIME BROKERAGE: GETTING THROUGH THE DOOR

For a new manager, securing a prime broker can start with finding a provider willing to engage. Peter Kim of Absolute Return Partners says the firm initially approached the largest names, assuming they would welcome a new client. “Perhaps rather naively, we went to the bigger names first, thinking they would welcome us with open arms,” he says. Some providers told the team to “come back when you hit $100 million or $200 million,” explaining that below those levels, “it’s not even worth talking to you.”

The experience pushed the emerging manager towards providers more willing to work with firms with lower assets under management. Kim says the priority was finding a provider willing to take on an emerging manager with very low AUM while offering flexibility on minimum account charges. A provider still building its European business could offer more room for negotiation. “Before anything else, we had to consider the economics.”

Kim says personal relationships helped open doors at Nordic banks, but could not override internal requirements. “They were useful for opening doors, but when it came to business discussions, banks had their own requirements that couldn’t simply be waived at the CEO’s say-so,” he says. Compliance checks meant that “managers and mid-level teams had to justify taking on new business.”

> “If financing rates or margin rates are too high, they affect performance. Essentially, they create a drag on the fund.”
>
> Ahmed Patel, IG Prime


Nefissa Kraiem, IG Prime

These constraints reflect the balance-sheet demands of traditional prime brokerage. Ahmed Patel of IG Prime, who previously worked at a large bank, explains that banks depend heavily on “their ability to finance the balance sheet properly,” making prime brokerage “a very balance-sheet-intensive business.” This can limit their appetite for emerging managers as they allocate balance-sheet capacity across clients. Non-bank providers such as IG Prime may have more flexibility, Ahmed argues, allowing them to “work with emerging managers and grow alongside them.” More flexible minimum fees can also make them an attractive option for firms still building their asset base.

For hedge fund selectors, prime brokerage is rarely a standalone selection criterion, even though it can affect the returns they ultimately assess. Jakob Møller Hommel of Formue says it is “very hard for us to evaluate whether you’ve negotiated a good deal with your prime

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Stephen Roberts, Clearwater Analytics, VP of Sales

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broker," meaning the choice tends to be reflected in performance rather than scrutinized separately during due diligence. He expects managers to weigh their priorities, asking whether they need "the flexibility and access to execute the trades they want" or whether cost is the main consideration. Ahmed Patel highlights why the economics matter: "If financing rates or margin rates are too high, they affect performance. Essentially, they create a drag on the fund."

Prime brokerage can also shape fundraising conversations before investors examine the terms in detail. Kim says investors were more concerned with whether the fund had a prime broker at all than which provider it used. "Whether we had one or not was the main question we were asked," he says. During launch, however, that question can be difficult to answer while onboarding is still underway. Once a relationship is established, the conversation shifts, but the initial uncertainty can make it harder to demonstrate operational readiness. For a new fund, prime brokerage is therefore not just a service-provider decision; it can also be a test of the fund's operational credibility.

That practical emphasis is echoed by SRV Capital. Mads Lercke Odgaard says few investors have raised the issue with the firm. "I don't think many investors have asked us about it," he says. For the manager, the priority is ensuring that "the prime broker can deliver the services we expect and need to run our business." The choice is therefore driven less by the provider's brand than by practical considerations such as market access, execution, financing and service quality.

> "AI can support the investment process, but investment decisions are always made by our portfolio managers"
>
> Christian Lindstrøm Andersen, CABA Capital

MANAGED ACCOUNTS: A ROUTE TO MARKET

For managers starting out, a separately managed account (SMA) can provide a good way to run a strategy for an investor without launching a standalone pooled fund. Stephen Roberts of Clearwater Analytics describes an SMA as "a fast track to launching," allowing managers to "start building a track record and attract some assets." Depending on the arrangement, this can help establish a live performance record before the manager takes on the full operational and regulatory burden of an independent fund.

A hosted arrangement may be particularly relevant for managers without an anchor investor. Nefissa Kraiem of IG Prime says hosted structures allow managers to trade through an established platform. "They provide the framework," she says, enabling a strategy to build a track record without independently establishing every regulatory component. Roberts contrasts the "nine- to 12-month process" of obtaining FCA approval with operating through an SMA "under the regulatory host umbrella," where the manager acts as an adviser while the host retains compliance and execution responsibilities. These routes can lower the barriers to launch, but managers must weigh the benefits against the costs and the control they delegate.

SMA fees vary across providers, but Kraiem says pricing is becoming more competitive. For managers with limited resources, the structure may still be worthwhile if it makes a launch possible that would otherwise be difficult to finance. "The fees are becoming more competitive," she says, giving emerging managers another factor to weigh against the benefits of reaching the market sooner.

Kraiem also points to actively managed certificates (AMCs), which are popular in Switzerland. Unlike an SMA, an AMC is a security linked to an actively managed strategy. Its suitability depends on the manager's target investors, the issuing arrangement and the route to market. "AMCs are quite popular in Switzerland," Kraiem notes.

AI: AUTOMATE THE WORK THAT CAN BE MEASURED

The roundtable's discussion of artificial intelligence focuses on operational efficiency rather than investment outperformance. At CABA Capital, Christian Lindstrøm Andersen says AI and automation help with data processing and internal reporting. "We use AI-powered


Jakob Møller Hommel, Formue

tools to automate administrative tasks and internal reporting, reducing manual work and allowing us to focus on our core business," he says. The firm also uses AI as a "creative tool" for marketing, from brainstorming graphics and visuals to checking whether presentations are "formulated clearly" or could be improved.

Andersen highlights the repetitive work involved in maintaining information across the firm's funds and share classes. "We have four funds, some of which have multiple share classes," he says. "AI helps us automate repetitive tasks, which is really helpful." CABA Capital also uses AI-powered tools to support investment-related processes, reducing time spent on manual Excel work. However, Andersen stresses that AI is not used to make investment decisions: "AI can support the investment process, but investment decisions are always made by our portfolio managers."

Stephen Roberts of Clearwater Analytics stresses that AI's reliability depends on data quality. "If you're using AI for reporting or queries, you need good, validated and consistent data to work with," he says. "Otherwise, you can put yourself in a dangerous position."

> "The conversation has focused heavily on putting all data in one place, but MCPs and AI-assisted API integrations also make it possible to retain best-of-breed systems while connecting them more easily across the business."
>
> **Carl-Fredrik Svensson, Daymi**

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The discussion moves beyond back-office automation to the possibility of using AI as a research assistant for portfolio managers. Peter Kim of Absolute Return Partners says portfolio managers are looking to AI as a research assistant rather than a source of investment ideas. They want an agent "not to give me ideas, but to bounce ideas off," he says. The aim is to speed up research without outsourcing investment judgement. Rather than asking AI to generate stock picks, managers could use it to summarise lengthy reports. "If he has 15 reports, maybe AI can go through them" and produce "five bullet points" on each, Kim says. The portfolio manager can then follow up on relevant findings by reading the original material and making the investment decision independently.

Stephen Roberts draws a similar distinction between using AI to support professionals and replacing the systems a business depends on. "Just because you can do something doesn't mean you should," he says, cautioning against rebuilding existing tools simply because AI makes it possible. The priority is to provide access to reliable data and ensure trade processing and reconciliation run smoothly, freeing teams to focus on analysis and client outcomes. AI can help portfolio managers review more material and broaden or deepen their research, but its value ultimately depends on reliable underlying systems and human judgement.

Jakob Møller Hommel of Formue draws a distinction between making information easier to digest and preserving its substance. AI can shorten internal meeting notes, he says, but the summaries risk becoming generic. "Everybody reads the AI short version, which is always the same. It doesn't really add any flavour," he says. The more valuable task is to understand what was actually learned from a meeting rather than reduce it to "the big topics of the day." His point echoes a broader theme from the roundtable: faster workflows are useful only when they preserve the detail and judgement that give the output its value.

Data quality also connects directly to cybersecurity and governance. Andersen says cybersecurity and data security remain priorities as AI becomes more embedded in everyday operations. "We need to know where the data comes from and where it goes," he says, emphasizing the importance of understanding how AI


Christian Lindstrøm Andersen, CABA Capital

> “If you’re using AI for reporting or queries, you need good, validated and consistent data to work with. Otherwise, you can put yourself in a dangerous position.”
>
> **Stephen Roberts, Clearwater Analytics**

agents operate and what information they can access. He also warns against becoming too dependent on any single tool, stressing that the firm must be able to “take it out at any time and still have an operation.” Efficiency, in other words, must not come at the expense of operational resilience.

Carl-Fredrik Svensson of Daymi sees the industry’s focus on a single data warehouse as a return to centralising information. “We’re basically going back in time to having one single place,” he says. However, he argues that better connectivity offers an alternative. “The conversation has focused heavily on putting all data in one place, but MCPs and AI-assisted API integrations also make it possible to retain best-of-breed systems while connecting them more easily across the business,” he says. This could allow managers to consolidate information from multiple systems into a single report, covering everything from risk metrics and oversight statistics to NAV performance.

Stephen Roberts shares this view, arguing that firms may no longer need to consolidate all their information into a single “golden copy.” “I don’t think there’s the same need as there once was to create a golden copy of everything,” he says, provided data can be accessed through tools such as MCP servers and APIs. Connectivity alone, however, is not enough. AI must be directed to reliable sources to produce useful answers. “You have to be absolutely certain where you’re asking it to look,” Roberts says, highlighting the need to understand where data is stored, what information the AI can access and how the results should be interpreted.

The same technological shift raises a question for technology providers: could managers use AI to build tools in-house rather than buy them? Svensson puts this to Stephen Roberts at Clearwater Analytics, asking whether providers worry that clients might develop their own alternatives. Roberts acknowledges that AI has made this easier, particularly for interfaces and dashboards. “People now have the ability to vibe-code their own portfolio views, rebalancing tools and dashboards,” he says. Providers that restrict access to their systems risk encouraging clients to build their own solutions instead. Roberts points to open APIs as part of the answer, allowing clients to access and use their data programmatically while providers compete on the reliability and depth of their underlying systems.

Ahmed Patel of IG Prime raises a further question about data consistency and information sharing across firms: should a manager’s data and workflows help train AI models used by other portfolio managers, or should AI operate within a closed environment to protect proprietary information? “Do you want your AI, learning from your PMs and operational workflows, to help other hedge funds?” Ahmed asks, highlighting the tension between safeguarding sensitive information and benefiting from AI systems that learn across organizations.

Participants are wary of sharing proprietary investment information with AI systems that may use it to train models for other users. Nefissa Kraiem of IG Prime says managers running AI-driven strategies tend to be “very secretive” because they do not want others learning their “recipe for success.” Mads Lercke Odgaard of SRV Capital stresses the need to understand what data is shared, how it will be used and who can access it. Peter Kim sums up the risk: “Once it’s out there, it’s out there. You can’t retrieve it.”

Kim advises managers to manage expectations and start with simple applications rather than “jumping in with both feet just because everyone else is doing it.” He recommends focusing on “small improvements in efficiency and simple task automation to make life easier.” Jakob Møller Hommel of Formue also sees opportunities for smaller managers, but warns that larger firms can spend heavily on projects that “do more or less the same” without delivering the expected return on investment. As he puts it, “more is not necessarily better.” For now, AI adoption remains largely an internal initiative rather than a standard focus of operational due diligence.









REGULATION: OUTSOURCING DOES NOT REMOVE ACCOUNTABILITY

The balance between external support and internal control extends beyond technology to regulatory compliance. While outside providers can help managers meet their obligations, responsibility for oversight remains with the firm. SRV Capital uses external support for implementation work but has recently brought some of it in-house. Mads Lercke Odgaard says managers cannot “leave everything to them” and assume providers are doing what they should. Instead, they must “follow up and make sure that they follow the regulation that they’re supposed to.” Stephen Roberts of Clearwater Analytics makes the same point from the service-provider perspective: “The most onerous reporting requirements definitely sit with the managers. It is our job to make all the information they need as readily available as possible.” External support can provide expertise and capacity, but managers must understand the arrangements and remain accountable for compliance.


Mads Lercke Odgaard, SRV Capital


Peter Kim, ARP

Beyond firms’ own compliance arrangements, regulatory scrutiny is also extending to hedge funds’ use of repo financing and leverage. Odgaard says SRV Capital is monitoring growing attention from European and international authorities to hedge funds’ role in the wider financial system, particularly given developments in the repo market and scrutiny of banks. The implications remain uncertain but could include higher financing costs or additional data-reporting requirements. “It could” affect repo costs, Odgaard says, adding that SRV Capital is assessing what any changes might mean for the firm. For now, he describes the regulatory focus as “a data collection exercise” intended to assess potential effects on the market.

For firms within its scope, the EU’s Digital Operational Resilience Act (DORA) introduces requirements for managing information and communication technology (ICT) risks and strengthening operational resilience. The day-to-day burden depends on the controls firms already have in place. Odgaard says it is difficult to know whether firms have embedded the requirements into their routines or simply shifted their attention elsewhere. “You might need one of those happenings, or the regulator to point out something that is wrong, before it comes back into focus,” he says. The challenge is to keep controls under review, not merely document them at implementation.

The impact of DORA depends partly on a firm’s existing controls and resources. Christian Lindstrøm Andersen of CABA Capital says the firm outsources IT to a specialist partner that supports implementation. Rather than rebuilding its operating model, CABA Capital mainly needed to “formalize more procedures,” he says, as many of the necessary practices were already in place. While compliance remains “heavy,” Andersen says the requirements are more manageable for smaller investment firms that are not subject to the most demanding provisions.

Regulatory challenges extend beyond technology to the way rules are implemented and updated. Andersen at CABA Capital argues that Danish authorities sometimes add complexity when transposing EU rules into national law. “Whenever EU regulation comes along, they tend to over-implement it,” he says, pointing to a lack of proportionality in some requirements. Odgaard at SRV Capital describes regulation as “a moving target”: just as firms think they understand their obligations, “there


Carl-Fredrik Svensson, Daymi

is going to be a slight change," forcing them to revisit work already completed. Andersen also highlights new anti-money-laundering requirements around internal audit as a burden for small investment firms. The issue is not whether compliance is necessary, but how smaller firms can meet their obligations without placing a disproportionate burden on limited resources.

Fund administration and regulatory approvals can create further delays. Jakob Møller Hommel of Formue says even routine changes, such as updating a fund name or adding a share class, are taking longer than expected. "New funds, fund mergers, name changes, new share classes, everything is being pushed out," he says. Although he acknowledges that the impact depends on the change being requested, the uncertainty makes planning harder for managers that need to launch or amend products.

"Your daily work may run smoothly, but implementing new things requires the capacity to do so."

Jakob Møller Hommel, Formue

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SCALING WITHOUT ADDING UNNECESSARY COMPLEXITY

Looking ahead, managers are adapting their operating models to support further growth. SRV Capital is considering an upgrade to its portfolio management system alongside further AI applications. Formue, meanwhile, is formalising processes as the business expands. "We've moved from being a little firm to becoming a bigger firm," says Jakob Møller Hommel, adding that processes need to become "a bit more stringent" to handle client requests and new opportunities. The challenge is to strengthen internal processes without sacrificing flexibility or disrupting day-to-day operations.

The priorities differ, but the underlying challenge is the same: adding capacity without unnecessary complexity. CABA Capital, for example, wants to remain lean while expanding its business and is looking to streamline operations and automate more administrative processes.

For smaller managers that rely heavily on external providers, Peter Kim of Absolute Return Partners says the challenge is knowing how much oversight is needed. "How much do we need to understand their processes? Can we simply rely on the service-level agreements (SLAs) and contracts we've signed? And are we protected if something goes wrong on their side? I don't think so," he says.

At Formue, more consistent processes are becoming essential to serving clients while pursuing new opportunities. "Your daily work may run smoothly, but implementing new things requires the capacity to do so," he says. The constraint is not necessarily the investment process itself, but the capacity to manage internal reporting, ad hoc client requests and new initiatives without disrupting routine operations. As the business grows, formalizing procedures becomes a way to preserve flexibility rather than an end in itself.

The discussion returned repeatedly to the trade-off between efficiency and control. Prime brokers and hosted structures can help new managers get started,


Ahmed Patel, IG Prime

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external specialists provide expertise that may be costly to build in-house, and AI can automate repetitive tasks and make information easier to use. Yet each solution creates dependencies that require oversight. As firms grow, the goal is neither to automate everything nor to bring every function in-house, but to invest in capabilities that deliver measurable value, maintain visibility over providers and data, and retain the flexibility to adapt as technology, financing conditions and regulation evolve.

BEYOND THE ROUNDTABLE: BUILDING AN OPERATING MODEL FOR WHAT COMES NEXT

The discussions in Copenhagen highlighted a fundamental shift in how hedge fund managers need to think about their operations. What was once largely a question of establishing the necessary infrastructure to run an investment strategy has become an ongoing exercise in balancing efficiency, resilience, cost and flexibility. The operating model is no longer something a manager puts in place at launch and revisits only when problems arise. It requires continuous attention as the business develops, technology evolves and expectations change.

For emerging managers, the first challenge remains getting started. Access to prime brokerage, regulatory infrastructure, fund administration and suitable technology can determine whether a promising investment strategy becomes a viable business. The range of available solutions has expanded considerably, particularly through specialist service providers and hosted arrangements that allow managers to operate without immediately building a fully independent organisation.

Yet greater choice does not necessarily make the decisions easier. Each arrangement involves trade-offs between cost, control, functionality and dependence on external providers. A solution that makes perfect sense for a manager launching with limited capital may become restrictive as assets grow, strategies diversify or investor requirements become more demanding.

THE ECONOMICS OF STAYING LEAN

One recurring theme of the roundtable was the importance of matching operational infrastructure to the actual needs of the business. Hedge funds have traditionally relied on relatively lean organisations, often outsourcing functions that would be expensive or impractical to maintain internally. That approach remains attractive, particularly when fee pressure makes every additional cost harder to justify.

But the economics of outsourcing are not always straightforward. External providers can offer specialist expertise, established systems and economies of scale, while also introducing dependencies, contractual obligations and oversight requirements. The cheapest arrangement is not necessarily the most efficient, particularly if it creates additional manual work or limits the manager's ability to respond to new opportunities.

The challenge is to distinguish between capabilities that genuinely need to be owned and those that can be accessed more effectively through external partners. As firms expand, that balance may change. Some functions become sufficiently important or frequent to justify bringing them in-house, while others benefit from remaining with providers whose expertise and investment in technology would be difficult to replicate. Ultimately, remaining lean is less about minimising headcount or technology expenditure than ensuring that resources are directed towards activities that contribute meaningful value.

TECHNOLOGY WITHOUT UNNECESSARY COMPLEXITY

Artificial intelligence naturally occupied an important part of the Copenhagen discussion, reflecting its growing presence across investment management. The potential applications are extensive, from processing documents and preparing reports to supporting research, improving data access and automating repetitive administrative work.

The immediate opportunities, however, may be less revolutionary than the technology's most enthusiastic advocates suggest. For many managers, eliminating a recurring manual process, reducing reporting time or making existing information easier to retrieve could deliver more tangible benefits than attempting to redesign an entire operating platform around AI.
This distinction matters because technological progress does not automatically translate into operational improvement. New tools need reliable data, appropriate controls and a clear understanding of where human judgement remains essential. They also need to fit into the systems and workflows that already support the business.

The growing ability to connect applications through APIs and emerging AI-enabled interfaces could make this integration easier. Rather than replacing every existing system, managers may increasingly be able to combine specialist applications and access information across them more efficiently.

That prospect is attractive, but it introduces questions about data ownership, security, system reliability and accountability. Greater connectivity creates opportunities for efficiency while potentially expanding

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the number of relationships and interfaces that need to be monitored.

The objective should therefore be to reduce operational friction, not simply to accumulate more technology.

ACCOUNTABILITY CANNOT BE OUTSOURCED

Another important lesson from the roundtable concerns the distinction between delegating activities and transferring responsibility. The growing use of specialist providers can improve the quality and consistency of operational processes, but it does not remove the manager's obligation to understand how critical functions are performed.

This becomes particularly relevant as regulatory expectations increasingly encompass operational resilience, technology risk and third-party oversight. Compliance is not simply a matter of having the appropriate policies or contractual agreements in place. Firms must also be able to demonstrate that arrangements work in practice and that potential weaknesses can be identified and addressed.

For smaller managers, the challenge is one of proportionality. Regulatory requirements designed to strengthen the financial system can create significant administrative demands for businesses with limited internal resources. The difficulty is to establish controls that are sufficiently robust without allowing compliance processes to overwhelm the activities they are intended to support.

A well-designed operating model should make accountability clearer rather than more complicated. Responsibilities need to be understood, information should be accessible and oversight should form part of routine operations rather than become an exercise conducted only when an audit or regulatory review approaches.

THE NEXT STAGE OF OPERATIONAL EVOLUTION

Looking ahead, the most successful operating models are unlikely to be defined by the number of systems deployed, the extent of outsourcing or the sophistication of their AI applications. They will be distinguished by how effectively their different components work together.

For emerging managers, that means building a foundation that supports investment activity and investor confidence without imposing unnecessary costs. For established firms, the challenge is to accommodate growth, new products and changing requirements without allowing operational complexity to expand unchecked.

The Copenhagen roundtable illustrated that these are not separate challenges. They are different stages of the same process: creating an investment business that can adapt while maintaining control over the activities on which its performance and reputation depend.

Technology will continue to change the available solutions, and regulatory requirements will continue to shape how they are implemented. What remains constant is the need for sound judgement about where to invest, what to automate, which responsibilities to delegate and how to maintain effective oversight.

The operating model of tomorrow may look considerably different from today's. Its purpose, however, will remain familiar: to give investment professionals the infrastructure, information and confidence they need to concentrate on what they do best.

HedgeNordic Roundtables

The Right People.
The Right Conversation.



"Your Single Access Point to the Nordic Hedge Fund Industry!"

Publisher

Nordic Business Media AB
BOX 7285
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

Photographer: The awesome Binniam Halid

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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 and those who take an interest in the region.

HedgeNordic publishes monthly, quarterly and annual reports on recent developments in its 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, seminars and other events for investment professionals.



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