

Development and implementation of a trading and hedging strategy with the use of interest rate derivatives

Client / sector	German corporation
Project description	<p>Development and implementation of a trading and hedging strategy with the use of interest rate derivatives</p> <ul style="list-style-type: none"> • Today's financial markets differentiate themselves according to volatility, liquidity and correlation, but also according to regulatory and political influences from the markets before the financial crisis. Risk/return considerations overlap and market participants reactions are motivated by regulatory and political issues. • This has a negative effect on the allocation efficiency and risk premiums rise above average in market segments leading to distorted market prices. • The developed strategy arbitrages and targets these imbalances with simple cash and derivative instruments. • Experienced portfolio managers analyse the markets with quantitative/statistical methods, structure trades and build the portfolio with technical support according to clear investment processes.
Service	<ul style="list-style-type: none"> • The portfolio management develops and structures relative value trades, which are passed on to the clients and implemented.
Technology	Proprietary market scanning tool, proprietary pricing systems, Bloomberg VBA, C-Sharp
Professional input	Market and quant know-how, portfolio and risk management experience
Scope	2 portfolio managers, 1 risk manager, ongoing
Tags	interest rate derivatives, arbitrage, relative value, hedging