

New Singapore Algorithmic Trading Platform Aims to Fast-Forward Wealth Managers' Investment & Trading Capabilities

Singapore-headquartered united/river capital is a quantitative investment firm that since earlier this year has begun its trading operations - running algorithmic trading and investment strategies that support objective, systematic investment decisions in a fully automated manner. The underlying quantitative platform took more than seven years to develop, goes by the name of Hedgtrade and is now commercially available to the broader institutional investment community (www.hedgtrade.com). It is essentially a ML/AI software platform that has more than 3.8 million lines of code, and was designed to automatically identify trading and investment opportunities based on a set of pre-determined forward-looking strategies and based on automated supervised learning using what they call cyclical regression. The platform supports more than 2600 financial instruments as of Q4 2023 and offers a library of 130+ trading strategies across different asset classes, including US indices, bonds, forex, metals, US stocks, commodities, and more. Hubbis met recently with Frank Maltais in regards to the official launch of the quant platform. He explained that although the Hedgtrade technology has been running since 2018, the marketing of the platform is still in its early days yet progressing well arguing that the goal is really to find the right users and managers as opposed to finding anyone and as many - a much smaller yet well versed and experienced ecosystem of users is what is sought after. Frank also helped demystify some of the concepts arguing that it's all mathematics and statistics as opposed to magic, it is not, and typical use cases vary based on the type of managers & strategies.

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FRANK MALTAIS
united/river capital

“Our clients use Hedgrtrade as their wingman for example to validate their own Elliott Wave count, while other users will leverage Hedgrtrade to get into directional trades, and others to hedge and manage drawdown against their own longer term long exposure (AAPL, S&P500, etc). So the point being Hedgrtrade does not provide signals to enter and exit because the reality is that there’s no one-size-fits-all answer. Much depends on the manager’s risk tolerance and goals, short term vs long term and so on,” explains Frank. “Another example, aggressive traders and investors could be layering in on this decline down in the US market at the moment, and placing stops where they feel comfortable. Others that are much more risk averse may want to wait for the downtrend channel to complete in the US market, and then buy some long positions, etc. So Hedgrtrade is in that respect a ‘wingman’ to the manager’s trading and investment decisions, or as its formally called a ‘quantitative research platform for traders & investors’. So different strategies that can help significantly elevate the capabilities of key participants

in the wealth management industry, from private banks to EAMs and family offices.”

Here comes Hedgrtrade

Frank opens the discussion by explaining that Hedgrtrade is an AI-driven quantitative trading platform that was built by united/river capital, a quantitative fund based out of Singapore. He says Hedgrtrade can be simply defined as a ‘Quantitative Research Platform for Traders & Investors that supports portfolio managers during the construction and the day-to-day maintenance of their market exposures.

“It does all this by systematising the trading approach with a data-driven view and therefore supports a playbook that’s entirely removed from any emotions,” he reports. “It thereby supports a manager’s trading hypothesis on market trends and movements, for example when markets appear to be over-stretched, as in July this year for the S&P500. Hedgrtrade adds value by streamlining the trading decision process and complements the portfolio manager’s individual skills to locate alpha with a data-driven, structured and emotionless approach.”

Raising the game

The results are impressive for united river capital using the Hedgrtrade quant technology, with Frank reporting that by August 1st this year, the registered performance was in the double digits percentage wise. “Ok,” he says, “but major markets especially the US were fairly sympathetic in H1 of this year, and results vary on the buckets of strategies created, but this is based on actual data points from 128 fully automated trading strategies from actual broker-dealers we work with

and with which we are fully connected via API.”

Frank explains that Hedgrtrade is the simplified version of the quant platform and offered as a risk reporting service that provides forward looking projections for more than 2600 instruments across a broad range of asset classes, including US and Global indices, FX (major/minor/exotic), US treasuries, Metals & Commodities, US equities & ETFs and even Cryptos. The point being it is all template driven and any instruments can be onboarded, as long as the underlying data sets are available.

Your friendly robotic trader

As this is all template-driven, it allows for any instrument to be onboarded.

“In a nutshell, we are helping the manager not to lose money, rather than distinctly prioritising making them money,” he states. “Remember that no trading system is effective 100% of the time as traders and investors alike live in a world of probabilities, not certainties, but we help drive downside protection, which thereby enhances overall performance. We do so as the algorithmic trading models are aligned with a dynamic real-time risk management foundation using machine learning (ML) concepts. In a word, this means the investors and traders become more informed, more objective, and less reactive.”

Reaching out to the wealth community

Frank explains that he wants to deliver this technology to the wealth management community, for example, private banks, EAMs, family offices or anyone else making trading decisions, whether that is for hedging their longer term exposures, or to take directional trades.

“Essentially, we are helping take the emotion out of investing and trading,” he reports. “Our data-driven models mitigate emotions and elevate objectivity. And as I said, this is less about hunting out alpha, which by the way it also helps achieve, and more about hedging your bets and risk management using forward looking models. That is ideal for the appropriately conservative professional wealth management market, which is more centred on wealth preservation and sensible returns.”

Super-easy access & scalability

Access to the technology is online via login and provides access to a ton of dashboards all organised per asset class and also timeframes. “It is very visual and with plenty of graphics,” he reports. You do not need to go into exact numbers provided, as the charts will project a forward-looking view based on the model we use,” he elucidates. “So, here we are in October and I can visualise the projection for the S&P 500 going to March 2024 and even a potential bottom going into mid 2024, for example.”

Frank highlights the actions of the US ‘whale’ investor Michael Burry who announced through the TV in July, when the US indices were still racing ahead, that he was getting into a massive short position on the markets, running directly counter to widespread sentiment at the time.

“Hedgtrade’s data models were in agreement,” Frank reports, “and I could clearly see that everything was about to turn down, from a data-driven point of view, thereby eliminating my emotions, and my fund went neutral to short in July, where it still resides today [mid-October 2023].”

Incidentally, the quantitative fund Frank is referring to is united/river capital that allocates any excess returns into real estate investments, which represent the core of the company’s balance sheet and support risk-adjusted, longer-term and sustainable wealth creation through asset appreciation and rental income, among other streams.

Building from the ground up

“My fund dates back to 2018 and was predicated on longer-term investments and real estate but also on the continuous volatility of markets in the short to mid-term that you must manage,” Frank comments. “Hedgtrade helps investors hedge those longer-term holdings based on the short to mid-term volatility. Nobody knows the future, but there is data that can be aggregated and enhanced to help manage fear, exuberance and bias. As an example, you might be long Apple, but Hedgtrade can help you spot any upcoming drawdown and possibly help you buy puts to hedge that position, deliver risk mitigation and enhancing returns.”

Keeping it all as simple as possible

He explains that Hedgtrade’s immensely sophisticated coding hunts out data from numerous sources and makes it all simple to digest in highly visual dashboards. So it’s all about making the complicated made simple, Frank explains. “Do the asset managers or family office CIOs want to hunt through all those manually, every day? Well they can, and again Hedgtrade is no magic,” he ponders. “But we aggregate all of that and then apply mathematical and statistical models to come up with forward-looking projections. The value is immediate and immense, especially in a time-sensitive industry such as the world of wealth management and investments.”

Competitive edge

As to differentiation, Frank explains that what is very innovative with the platform is the machine learning (ML) and artificial intelligence technology combination that it employs, giving it a major competitive edge and possibly making it a unique proposition at this very unique moment.

“There are other standardised type sources out there, but I would argue that none deliver the levels of data-driven objectivity and forward-looking assessments. The Hedgtrade platform will give you those forward-looking projections using ML and AI-driven projections that cannot be found anywhere else

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at the moment. And that is why it took over seven years to develop and yes along with a few failures along the way.”

Looking into 2024 and beyond

Frank closes by noting that as to licensing the idea is at this point to find and build the right ecosystem of users. In other words we are keen to find the right managers as opposed to signing up as many as possible, that is not the goal. The Hedgtrade technology is a reporting layer that acts as a wingman in this respect and offered at USD 2700 per user per year. A fully fledged API access for the more tech savvy institutions is also offered starting at USD 10,000 per year.

He also articulates the key priorities for the year ahead. “The platform is live, it took over seven years to build and refine, and we now want to make it more visible, help the wealth community and by the same token create an additional stream of income to united/river capital by offering that FinTech publicly, and so it’s all win-win for the ecosystem.”

He says scale is not an issue as this is delivered via online website logins, for which there are theoretically no limits, provided the supporting architecture is there and expands over time to meet the customer needs.

“We are just at the start of this journey, and we believe this to be an outstanding offering that will sit well with the wealth management industry in this region and well beyond,” Frank concludes. ■

Getting Personal with Frank Maltais

Frank is Canadian and joined united/river capital from his former role as head of APAC responsible for sales and business development for Eze Software (SS&C Eze, a unit of SS&C Technologies), where he had worked since early 2020, before which he was in different management and sales roles at State Street Bank. His career dates back to the early 2000s where he started off in Silicon Valley, California.

He is reasonably well-educated, to say the least! He holds a BSc in Electrical Engineering from ETS in Canada and the University of Reykjavik in Iceland, and holds an MBA from Webster University in the US. He’s also started but not yet attained he clarifies a Master’s degree, in Data & Statistics from MIT.

By the time the 2008 Global Financial Crash hit, he was running his own technology consulting company for the private banking industry in Switzerland. The company was actually registered in London (UK), and he later moved to Singapore, along with State Street, where he worked for over 11 years in total.

“I have been lucky with my career twists and turns to date, as it has all worked out really well for us, and we are likely lifers here in Singapore, where I have now been PR for about 13 years,” he says. “The evolution through SS&C and State Street and the exposures to the hedge fund industry is what brought me to manage my own fund, and to then quit full-time work for SS&C Eze and launch Hedgtrade.”

They also have a home in Phuket and love travelling when time permits, especially to more exotic locations. He recalls that when he was a student, he enrolled in an NGO helping poorer communities in places such as India, Central Africa, Tibet and Peru, managing to navigate at least one serious disease along the way.

He also loves ice hockey, being a true Canadian, but in Singapore finds it difficult to follow his favourite Ottawa Senators team. “Live in the moment and focus on the future, and get the right life and work balances, these have all been core missions in my life,” he says. “Well, so far, so good.”

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