



youDevise Introduces New Version of Forex Exposure Module for Funds of Hedge Funds

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[youDevise](#) Limited, which develops and operates web on-demand applications for financial markets, introduced a new version of its Forex Exposure module for the Hedge Fund Information Provider (HIP).

The solution aims to reduce the negative effects of volatile currency fluctuations that have been plaguing the funds of hedge funds (FoHF) industry, the vendor said.

Over the last year, FoHFs have endured a multi-dimensional liquidity crisis due to withdrawals by disillusioned investors and the imposition of gates by underlying hedge funds to limit or suspend redemptions.

This has been compounded by lesser-publicized losses FoHFs have suffered due to the decline of the euro and the pound against the US dollar, youDevise said.

"This decline mobilised credit-hungry hedging providers to demand more frequent margin payments to cover losses creating, an almost intolerable set of circumstances for many FoHFs," the New York and London-based company said in a release.

The HIP's new Forex module mitigates the problem by enabling FoHF portfolio managers to view their FX exposure, in real time, using live currency feeds from Thomson Reuters.

FoHFs can drill down to identify exposures relating to particular hedge funds or investor share classes, then plan and implement hedging strategies based on a firm understanding of risk.

"While managers can protect themselves from a worst-case, investor-driven liquidity crisis through lock-up and notice periods, to date FoHFs have lacked sufficient information to protect themselves from losses resulting from volatility in FX rates," Richard Koppel, managing director, youDevise, said in a release.

"Many FoHF managers have taken a laissez-faire approach to managing FX, hedging themselves incompletely and updating their positions infrequently " sometimes only once a month," Koppel added.

"Recent losses, however, have exposed the 'hidden pain' of doing little as the value of dollar share classes increases and euro and pound based investments decline. FoHFs now see an urgent need to monitor and manage these hedges actively, which is what our module does," he explained.