



## CASE STUDY

### VWAP P&L Scorecard

Proto Financial®

#### CLIENT TYPE

Hedge Fund

#### PRIMARY USER

Trader

#### LOCATION

New York, NY

#### KEY BENEFITS

- Solution directly resulted in profit
- Proto cleans data, eliminates outliers
- New value derived from existing systems
- No additional IT infrastructure required

#### DATA SOURCES INTEGRATED

- Macgregor XIP (OMS)
- Built-in tables for data mappings
- Bloomberg Professional

#### USER TESTIMONIAL

*"We heard so many brokers talk about delivering 'best execution.' With Proto, we were able to quickly see who delivered best execution with regard to a particular benchmark."*

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## A Dashboard that Transparently Presents Best Execution to Enable Optimal Ongoing Trade Order Allocation

### The Need

A fund executes VWAP trades with a selection of brokers, but certain brokers seem to outperform and others underperform relative to the trader's expectation. The trader needs to see specific trades as well as overall performance metrics to illustrate instances of poor execution with brokers. For a given time period, he wants a report showing the overall win/loss ratio, the total VWAP execution P&L, the average VWAP P&L in basis points per transaction and the best/worst transactions in the period. With this information at hand, the trader can make better ongoing trade venue decisions and negotiate concessions with his brokers for poorly executed trades.

### Proto's Solution & Benefits

Proto's interactive VWAP analysis dashboard provides all summary metrics and instant drill down to any trade. The trader can run the dashboard daily or even intra-day as necessary. Specific benefits of the solution include:

- Directly responsible for profit: The visibility into overall VWAP performance as well as specific poorly executed trades has allowed the trader to get commissions reduced on multiple occasions.
- Correctness / the ability to spot & eliminate exceptions: To calculate VWAP P&L, both the execution data and a Bloomberg VWAP price must be available. Starting with the transaction data from Macgregor, Proto was able to filter and normalize the securities as necessary to pull a VWAP from Bloomberg and finally calculate P&L. Finally, clear exceptions could be spotted and filtered out of the VWAP scorecard.
- New, concrete value was generated from existing systems: The hedge fund had the necessary market data and transaction data to make better trading decisions. With Proto Financial they were able to more effectively leverage their existing resources.
- Zero overhead or infrastructure: There was no additional IT infrastructure to install or maintain. Proto linked together existing systems from the periphery of the IT landscape, without having to redundantly export and centralize existing data sources.
- A manual reporting process was avoided: Proto's solution runs with a button click. The alternative was a semi-manual spreadsheet-based analysis process that was time consuming and ultimately impractical to run on a daily basis.