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Brio: BNP Paribas' One-Stop Shop For Delta One And Quantitative Investment Strategies

In 2020 **BNP Paribas Global Markets** officially launched **Brio** – a premium global equities digital platform allowing hedge funds, asset managers and the wider institutional investment community access to analytics, indices, custom strategies and research, among other tools, in one platform. **Renaud Meary**, global head of equity derivatives institutional sales, **Emmanuel Dray**, global head of equity derivatives flow sales, and **Geoffrey Rodrigue**, global head of equity derivatives business transformation, discuss in this article how Brio caters to the demands and addresses the challenges of modern portfolio managers and their evolving requirements.

What Is The Ambition Of Brio?

Renaud Meary: Since 2019, BNP Paribas has significantly invested in Brio with the ambition to provide high-quality content and financial tools to facilitate the investment decisions of our institutional clients. This platform also offers a better exposure to our set of QIS indices and thematic baskets to those clients through simplified access and enhanced transparency.

Emmanuel Dray: The goal with Brio is to offer a portal with tools that offer customization, a real one-stop shop for portfolio managers across asset classes and strategies. Brio seeks to differentiate itself in its capacity to measure the hidden risk of equity investments and to control it. You can upload your portfolio into the platform and see what ultimately you need to do depending on your views.

Geoffrey Rodrigue: Brio demonstrates the close collaboration across different businesses of BNP Paribas Global Markets internally by focusing on system innovation and risk management technology to uncover new operating efficiencies for institutional clients, improve compliance and tackle their challenges at the investor relations level. In some specific areas, BNP Paribas global markets has also capitalized on external expertise, cooperating with fintechs such as Raise Partner for instance, when we felt that it would be bringing extra value to our clients. This combination of expertise and skills was key since fund managers are increasingly recognizing the value that innovative technology and customizable systems can deliver to their funds, their investors and their portfolio managers.

What value does Brio bring to institutional investors?

RM: Before getting into their day-to-day business, portfolio managers need a relevant and concise outlook of the markets. This is what Brio THINK provides, access to the latest BNP Paribas equity derivatives Markets 360 research in just one click. Brio THINK also comprises insights from the BNP Paribas' QIS structuring team, market comments from sales and traders on the delta one universe and exclusive publications from the QIS Lab. In

addition to offering curated content about hot trends, our clients can also retrieve QIS flagship indices and the top delta one thematic baskets thanks to an easy access to their detailed reporting page within Brio modules.

ED: Once up to date with insightful market news, our

delta one clients can run a set of analytics on their portfolio to monitor their risks (factor analysis, factor scan, stress test) and adjust their position accordingly. They can also build a dedicated proxy hedge (optimization by tracking error minimization) to a given position to isolate their idiosyncratic risk and only remain exposed to the alpha. Then, our basket management functionalities enable Delta One portfolio managers to create their custom basket (with a private Bloomberg ticker) and to manage its composition (reshuffle functionality) within the platform. Finally, with BRIO delta one, our clients can create risk reporting compliant with the Alternative Investment Fund Managers Directive framework and stress their portfolios against major historical crisis as well as simulate the capacity to liquidate their positions.



Emmanuel Dray

“Fund managers are increasingly recognizing the value that innovative technology and customizable systems can deliver to their funds, their investors and their portfolio managers.”

— **Geoffrey Rodrigue, BNP Paribas**

GR: BRIO also offers an immersion into the quantitative investment strategies world of BNP Paribas. Our clients can start their journey by exploring our quantitative investment strategies suite and for every index, they can get detailed reporting including performance, return and risk analysis, as well as their evolution over time. They can then create and simulate their portfolios by choosing among more than 200 QIS indices and different allocation models, from fixed weight up to dynamic volatility-controlled CVaR allocation. At the end, and similarly to the functionalities offered in the delta one area, the main purpose of BRIO is to offer our clients all the information and analytics that they need to fully apprehend the pros and cons of those investments, i.e. to have maximum transparency to make their investment decision in full confidence. And that comes on top of the tools needed to adjust those investments in an efficient way (QIS portfolio allocation, custom basket reshuffling etc).



Geoffrey Rodrigue

“BNP Paribas is one of only four banks globally that can offer the full suite of investor services to clients, from trading to financing, clearing and custody.”

— Emmanuel Dray, BNP Paribas

Will BNP Paribas' Brio digital platform soon reveal further innovations?

GR: We are currently developing a new component of BRIO called “NEAT” whose main objective is to make data available to clients in various formats. In practice, through NEAT, BNP Paribas will make available various internal pricing and valuation parameters like implied volatility, financing rates, implied correlations that most portfolio managers do not access via their existing data sources. The NEAT application will allow them to get access to this data through various widgets including graphs and tables that will be customizable to meet their needs perfectly. An alerting system integrated into NEAT will also allow our clients to define thresholds and target levels on this data that should trigger an alert

sent via mail or via Symphony (the chat tool available within the platform). This comprehensive NEAT setup will therefore provide our clients with plenty of market data that they will be able to link to the market and other trading comments provided through the THINK component of BRIO.

ED: In addition to these digital improvements, recently, strategic operations have enabled BNP Paribas Global Markets to strengthen its positioning in the equity derivatives business. BNP Paribas is one of only four banks globally that can offer the full suite of investor services to clients, from trading to financing, clearing and custody. In 2019, we started the global migration of Deutsche Bank's Global prime finance and electronic equities platform to BNP Paribas, and the integration is expected to complete by end of 2021. Thanks to this, we can leverage the strengths of the combined platform and establish a new standard in prime services and electronic equities.

RM: Indeed, and the recently-closed Exane acquisition is another transformational one for BNP Paribas in the equities space. This milestone represents a new chapter for BNP Paribas and in particular for BRIO. This will enable us to leverage Exane's expertise in cash equities (execution and research) and derivatives and to offer our Institutional clients globally a full suite of services and solutions on equities. This acquisition plays a key role in our fully-fledged equity ambition as we bring in cash equities, while continuing to strengthen our flow and derivatives offerings, and expanding our prime services through the integration of Deutsche Bank's electronic equities global platform. In conclusion, with BRIO, BNP Paribas continues its journey to offer cutting-edge digital services to the community of EQD institutional investors. This reflects the bank's derivatives DNA. Going forward, BNP Paribas global markets will keep pushing digital to new parts of equity trading. So stay tuned!



Renaud Meary

This article presents in general the components of the BRIO platform. The BNP Paribas BRIO digital services are available for professional investors in EMEA, USA and APAC but may vary depending on your region. Please contact your BNP Paribas local sales representative for more information.