Deep Value

Deep Value's high-performance algorithmic trading strategies can significantly lower transaction costs.

Deep Value, Inc. is a sharply focused firm which leverages proprietary market microstructure and transaction-cost expertise to develop execution strategies for buy- and sell-side firms.

Deep Value's Buy-Side Services

The buy-side faces a proliferation of algorithmic trading vendors and strategies. Algorithmic trading vendors are incented to and focused more on growing their customer base, rather than improving core algorithmic performance.

Deep Value's unique pay-for-performance model, where its compensation is tied to beating prior cost benchmarks, brings the focus back where it should be: at reducing costs and enhancing capital commitment opportunities.

Deep Value's Service Model for the Buy-Side

Pay For Performance Service

A unique feature of the firm's business proposition on the buy-side is that wherever there are previously agreed-upon benchmarks for a client's order flow, it arranges to be paid only for performance, charging a modest percentage of cost savings demonstrably achieved over the benchmark.

Significant Cost Savings

The firm is typically able to achieve costs savings of several million dollars for each $10 billion of U.S. equities traded annually relative to the existing cost benchmark.

Flexible Provisioning

For clients that have considerable variation in their trading, or to dovetail into pre-existing workflows, the firm offers algorithms along conventional lines: as hosted FIX destinations running high-performance algorithms, and flat pricing.

Pay for Performance Methodology

Deep Value analyses recent historical client trading data and designs custom algorithmic execution strategies to mitigate the specific adverse impact characteristics of a client's order flow. The firm then programs execution tactics into existing execution management systems or has orders sent real-time to its execution infrastructure.

Deep Value targets identified sources of adverse impact by using sophisticated techniques to carefully "camouflage" orders and trades in the noise of overall market activity; and exploiting small pricing inefficiencies that are systematic but short-lived to reduce actual trading costs incurred.

For historical analysis, the firm prefers to work with randomly chosen but statistically representative subsets of order and fill data. Actual transaction costs are analyzed on a monthly basis, and clients' execution algorithms are continually refined in response to changing market conditions and their own order flows.

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