

Professional Software for Managing Risk



Risk Optimization

ALM Strategy Execution

Yield Maximization

Risk Aggregation

Credit Spread Risk Exposure

Product Pricing

Minimum Risk Portfolios

Trade Impact

Attribution Analysis

Real-Time Measurement

Risk Reporting

Data Management

Execute ALM at a strategic level.

Few financial institutions realize the full potential of executing **Enterprise Risk Management** as a strategic decision making framework to run the organization. As a result, most insurance company and pension plan portfolios are risk inefficient. This means that for the amount of risk in the portfolio, their financial objectives are not maximized. Asset Liability Management needs to be integrated with the ERM framework and executed at a strategic level in order to achieve the financial objectives, rather than just minimize risk.

Maximize risk efficiency.

Nexus Risk Platform delivers a powerful software platform for managing risk. The ALM Module and Optimization Utility enable financial institutions to execute sophisticated ALM strategies and perform risk optimization based on specific financial goals, risk tolerances and constraints.

Deliver results. Faster.

Nexus Risk Platform is fully automated and offers seamless integration with companies' existing systems.

KEY BENEFITS

Risk Optimization

Once an insurance company has defined their financial objectives, risk tolerances and constraints, this can be set up in the Nexus Risk Platform optimization utility. Unless the portfolio is already risk efficient, substantial value can be added by performing a risk optimization. Insurance companies have been able to add millions to their bottom line results while simultaneously reducing their interest rate risk exposure.

Risk optimization reflects the actual asset and liability cash flows and can be performed on either a risk-free or credit yield curve.

Nexus Risk Platform can also be used to perform a risk optimization that incorporates a view on interest rates so that if the view is correct the gain will be maximized for the amount of risk taken.

Execute Sophisticated ALM Strategies

Recent market volatility has underscored the danger of over-reliance on simple duration strategies to manage interest rate risk. Companies that were well-matched on a duration basis have struggled to explain large impacts resulting from recent interest rate movements.

Nexus Risk Platform is a powerful portfolio management tool to execute sophisticated immunization strategies, manage the multiple dimensions of interest rate risk exposure and measure performance of active strategies that may take a long term view on interest rates.

Aggregate Risk

Multiple systems and decentralized modeling of business cash flows can present serious challenges for companies wanting to aggregate and manage their risks across multiple product lines, business units and even countries.

Nexus Risk Platform easily aggregates and consolidates data from multiple projection sources – whether legacy or state-of-the-art – providing companies with single-platform risk analysis and reporting across product lines, business units and countries.

Integrate ALM and Product Pricing to Gain Competitive Advantage

Nexus Risk Platform can be used to ensure ALM is implemented effectively right at the product design and pricing stage. ALM strategies can be tested using the projected liability cash flows for the new product. A live asset universe can be uploaded and a risk optimization performed to determine the maximum earned rate achievable for a given level of risk.

Manage Credit Spread Risk

Recent credit spread volatility has emphasized the need for ALM to be applied beyond risk-free interest rates to encompass credit spreads in analysis, reporting and management.

With IFRS and principles-based approaches on the horizon, companies are devoting more attention to the impact of credit spread fluctuations on even their long-term held-to-maturity investments.

Nexus Risk Platform not only measures a company's exposure to changes in interest rates but can separately quantify sensitivity to changes in credit spreads. Analyze interest rate risk and credit risk independently using separate risk-free yield curve and credit spread curves, or manage on a combined basis using a swap or credit curve.

Increase Productivity

Companies are facing demands for more frequent and more comprehensive reporting while coping with limited budgets and scarce resources.

Nexus Risk Platform allows companies with limited resources and budgets to do

more with less. Users have not only realized substantial reductions in staff time required to measure, monitor and execute ALM – the streamlined process also allows them to get the work done sooner. As a result, they can perform more frequent and more comprehensive risk analysis and reporting, and spend more time focused on analyzing results and developing and executing strategy.

Streamlined and Comprehensive Risk Reporting

Each busy reporting period, companies need to deliver comprehensive reporting and analysis, but have limited time available to develop them or apply the necessary control cycle to ad-hoc, spreadsheet reports.

Nexus Risk Platform produces the comprehensive ALM reports needed in minutes for the current reporting period and can also readily reproduce any prior period report for any valuation date, product line, and yield curve specified.

Attribution Analysis and Performance Measurement

Nexus Risk Platform provides companies with a tool to execute asset management within an ALM framework, with a focus on overall financial objectives and actual liability cash flows rather than a liability benchmark. For companies still needing to work within a traditional asset management approach, Nexus Risk Platform can generate a **Minimum Risk Portfolio** benchmark to use for performance attribution.

Nexus Risk Platform also performs an ALM attribution analysis to explain cross-period yield curve impacts and provide an actual-to-expected view of results. This is invaluable for understanding the limitations of certain risk metrics in predicting changes or managing risk.

NEXUS RISK PLATFORM

FEATURES AND HIGHLIGHTS

ALM Attribution Analysis	<ul style="list-style-type: none">☑ Analyze and report of cross-period interest rate impacts☑ Explain cross-period movements in economic surplus and duration metrics using source-of-change analysis☑ Reconcile actual / expected impacts due to interest rates☑ Quantify the value added of ALM strategies☑ Evaluate the impact of inter-segment notes
Rebalancing and Optimization	<ul style="list-style-type: none">☑ Test trades using the built-in trade sheet☑ View impact of asset trades on risk position instantaneously☑ Perform real-time testing of portfolio rebalancing strategies☑ Perform risk optimization to maximize financial objectives within risk limits
Data Management	<ul style="list-style-type: none">☑ Aggregate cash flows for analysis across multiple lines of business and multiple scenarios☑ Consolidate cash flows from different projection systems☑ Load and manage cash flows from large volume scenario testing☑ Enable flexible risk analysis from segment detail up to total company level
Monitoring And Reporting	<ul style="list-style-type: none">☑ Comprehensive interest rate risk analysis and reports☑ Risk limit compliance monitoring and reports☑ Sensitivity testing for equity risk☑ Output of key statistics required for Standard & Poor's Financial Product Company (FPC) capital adequacy model☑ Powerful ALM attribution analysis and movement reporting☑ Analyze segment level or consolidated cash flow profiles☑ Perform analysis and reporting of risk results at any level of aggregation from individual segment to total company☑ Modified duration and modified convexity☑ Effective duration and effective convexity☑ Partial duration and partial convexity☑ Key rate duration and key rate convexity☑ PVBP (present value of basis point) statistics☑ Cross-period yield curve impact and movement analysis☑ Chart cash flow profiles, yield curve movement, price behaviour curves, partial durations, and risk distributions☑ Test and report risk distributions under virtually unlimited number of scenarios
Live Market Feed	<ul style="list-style-type: none">☑ Load market curves using available live feed from Bloomberg or other market data source☑ Select from default or customized government, swap and credit curves

SYSTEM REQUIREMENTS

Microsoft Windows XP, Windows 7
Dual-core processor
2.0 GHZ speed
1 GB memory
5 GB available disk space
.NET Framework 3.5 SP1 or higher
Microsoft Excel 2003 or 2007
USB 2.0 port
SVGA 1024x768, 32-bit color quality

About the Company

Nexus Risk Management provides a clear focus for managing risk to maximize value. We deliver tools, training, expertise and execution to enable our clients needed to achieve their financial objectives.

Worldwide we work closely with insurance companies and pension plans, rating agencies and regulators, leading experts from academia and the investment industry as well as reinsurers and other counterparties to bring together deep industry knowledge, leading edge techniques and best practices from around the world. Using robust ALM and LDI frameworks that are fully integrated within ERM we deliver state of the art dynamic hedging programs, asset management within a risk framework and risk optimization.

Through our offices in Toronto and Seoul we provide highly specialized services to our clients globally.