



Quantax® News

Introduction

Welcome to the first issue of the newsletter addressing the Quantax tools and related COMIT Risk Advice Services. The Quantax newsletter will be published in loose sequence, usually driven by software releases.

In March 2001, the COMIT Risk Advice Services group expanded its team by the acquisition of Quantax, a startup specializing in provision of risk and portfolio management services to active investors.

COMIT's **RiskWeb** trading and risk management software was renamed to **Quantax Professional**, and forms the core part of the Quantax product line.

This first issue briefly introduces Quantax Professional and highlights the main new features of its latest release 3.01.

Future issues will address new features in Quantax Professional and introduce **Quantax Investor**, the companion product geared to active investors.

The latest information is always available on the Quantax product site www.quantax.com. This new site complements the redesigned COMIT site www.comit.ch, which contains general information about the company and its offerings.

Quantax Professional Overview

What is Quantax Professional?

Quantax Professional is a software product targeted to provide manageable trading and risk management technology to:

- Sophisticated individual investors
- Investment consultants
- Asset managers
- Small to medium scale trading operations,
- etc.

What does manageable mean?

Manageable in terms of attractively low Total Cost of Ownership, virtually avoiding the need for ongoing professional IT support while still providing sophisticated functionality known from professional investment banking solutions.

Quantax Professional provides an extensive range of front office functions and is very open to interface back-office systems, data warehouses in real-time or snapshot mode.

Rich Set of Functions

Quantax Professional enables the users to:

- perform detailed real-time profit and risk analysis
- apply the rich set of professional simulation tools
- define their own custom real-time reports
- build custom Web Portals accessing Quantax real-time data – anywhere and at any time.

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Risk Advice Services



Wide Range of Instruments

Quantax Professional supports:

- Forex
- Money Market
- Bonds
- Equities
- Commodities

... including their OTC and exchange traded derivatives. And it's a snap to define your own structured products as new instruments or benchmarks.

How does it fit your Needs?

Quantax Professional fits your needs, whether you want to use it as a complete standalone portfolio and risk management system, or you require a system plugged into rate and / or deal feeds from your partners, or whether you want to provide value added risk advice services to your partners as an ASP.

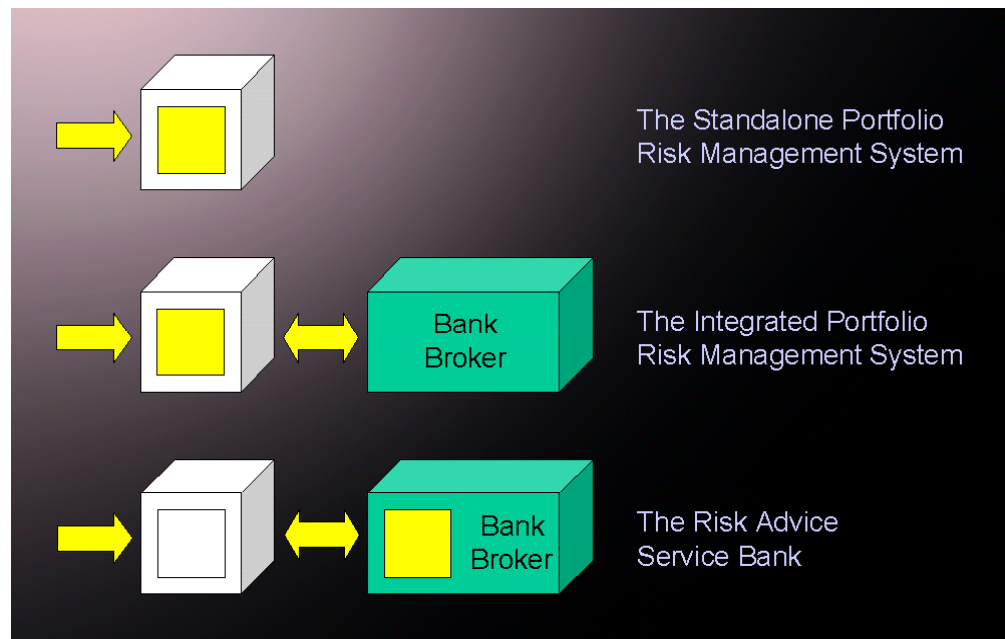
What is the Value Proposition?

Quantax Professional is value for your business.

- ✓ Complete consolidated View of Positions, P&L and Risk over all Products
- ✓ Detailed real time profit and risk analysis
- ✓ Sophisticated professional Simulation Tools like Risk Matrix, Stress Scenarios
- ✓ Dynamic ad hoc Portfolio Definition and Analysis
- ✓ Interactive Definition of custom real time Reports
- ✓ Custom Portals offering quick Access to Key Functions for Individuals or Groups
- ✓ Quantax enables our Customer Retention and Acquisition Process by offering professional Tools tailored to specific Customer Needs
- ✓ Quantax is excellent Value for Money

And it represents value for your IT portfolio, such as:

- Zero client rollout cost: only a standard Web browser is required at a client location anywhere on the network.
- Low operation cost: The standard Quantax base package is designed to be operated by non-IT-professionals.
- High flexibility / extensibility due to the Rapid Application Development Platform.
- Low integration effort for remote (WAN) users.



Quantax Professional Release 3.01

Release 3.01 of the Quantax Professional trading and risk management software brings a wealth of new features adding again significant value for the user. The following sections highlight the most important extensions.

Release 3.01 is available now.

Split FX Spot / Forward / Swap Transaction

This new function allows the user to split any non-private FX Spot, Forward, or Swap transaction into individual FX transactions with different counterparties. This function is used to split bulk deals, usually arranged by a broker, into individual transactions. The function is also known as *fund split* or *broker split*.

Pricing Date Entry Extended

Pricing functions now allow the entry of date values in any of the standard Quantax date formats, or as the number of years from TODAY, as before.

Accrued Interest Report

A new function in the Positions menu, "Accrued Int.", is introduced. This function provides a report on interest paid / received (cash) and accrued during an arbitrary time period. The results are provided in original currency as well as in a selected reporting currency. The report shows the detail amounts (by ccy, book, product, commodity, cpty, buy/sell) and the total amounts in reporting currency for the entire period.

Counterparty and Security / Commodity Browsers

New configuration parameters controlling the mode of static object identification are introduced. If the corresponding configuration flag is set, a browser button and data entry field will appear in all forms accessing these objects, as opposed to the default dropdown list of object names. Installations with large sets of counterparties and / or securities / commodities will choose to set the appropriate configuration, for smaller sets drop-down lists are sufficient and may be more convenient.

Daily Time Weighted Return of Portfolio (GIPS / SPPS)

The P&L Overview function has been extended to also show the time weighted return rate (as a pro rata and annualized interest rate) of the portfolio in the chosen time period, based on the selected reporting currency. In addition to the rate of return, the portfolio value at the end of the last and at the end of the chosen period and the net investment / divestment cash flow within the period are shown as well.

CLS Flag in FX Transactions

If the new configuration parameter 'CLSflag' is set, a checkbox 'CLS' will appear in FX cash deal entry screens. This allows the user to mark a transaction as CLS settled (continuous linked settlement). The CLS status (CLS: YES / NO) will also be shown on deal tickets and transmitted to back-end systems.

PF Riskmatrix Function Extended

The portfolio matrix sensitivity tool (PF Riskmat) in the Positions menu has been extended by '% Change' checkboxes, allowing the user to

specify percent changes of the current rate and / or volatility, rather than just absolute changes as before.

PF Value at Risk Extended

The Portfolio VaR report can now be displayed in any reporting currency, and with a selectable confidence interval and horizon date. The RiskMetrics datasets are automatically mapped and scaled according to the selection.

New Instrument Interest Rate Futures

Interest rate futures (short term Eurodollar-type), are now fully supported, including margin payments.

Excel Web Query Examples

Excel Web queries are an elegant method to access Quantax data in real-time, and anywhere on the network, from Excel spreadsheets, e.g., to produce quality custom reports and graphs.

Sample Excel workbooks and corresponding Web queries illustrating how this data access is implemented are contained in the release documentation.

Risk Contribution Drill-Down

The valuation (PF Value) and risk detail (PF Risk) functions in the Positions menu have been enhanced by hot links, enabling the user to immediately drill down from an aggregate risk position of a risk factor, e.g. 'EUR.R' (Euro swap yield curve), to the underlying transactions contributing to this particular risk figure.

The transaction details are presented as a standard blotter, enhanced with the individual risk contribution amount (delta risk).

FX Position Drill-Down Function

The FX Position function in the Positions menu has been enhanced by hot links enabling the user to immediately drill down from an aggregate FX risk position of a currency pair and value date, e.g., 'USD-CHF.X 3m', to the underlying transactions contributing to this particular position.

The transaction details are presented as a standard blotter.

Position / Blotter / Report Display Footer Extended with Portfolio Info

All position, blotter and report functions referencing the current or a frozen portfolio are now showing a standard footer identifying the user that has requested the display and the definition of the underlying portfolio. This ensures that the data contained in these displays is always linked to the proper information source, e.g., if the data is printed and used out of the Quantax context.

FX Hedge Overview

A new function 'FX Hedge' has been added to the Positions menu. The FX Hedge Overview shows the cash and the put and call option positions by ccy pair, counterparty and date. Date is the option settlement date for options and the value date for underlying cash positions.

Sales Spread Calculator and Deal Capture

For FX and money market deal capture screens an additional spread entry field can be configured. If a spread (in % of the price / rate) is entered, the corresponding base rate, the margin and, for FX, the spread amount will be shown immediately (before the deal is

submitted). This allows the user to capture and control sales spreads at deal capture time.

Transaction Report Wizard Extended with Reporting Currency Equivalents

The transaction report wizard has been extended with new calculated fields, which can be included in any report. The transaction quantity/amount attributes (quantity, amt2, fee etc) are now available in two forms: the original form under the original name, e.g., quantity, and the equivalent value expressed in a selected reporting currency. The reporting currency can be chosen in the report wizard when the report is defined or modified.

The equivalent amounts are calculated based on the historic FX rates (saved when EOD Reval is executed) for the deal date of the transaction.

To Do List Filter Changed

The filter for the ToDo list (Fälligkeitsliste) has been significantly extended. The user can now choose individual time windows for the different event categories:

- FX Cash payments
- Other Cash payments
- Option Expiry
- Futures Expiry
- Interest Rate Fixings

New Instrument Feature: Loan / Bond Discount Rate

Interest rates and coupons can now also be entered as discount rates rather than interest rates (yields). A loan entered with the discount flag checked will generate the nominal quantity cash flow at end maturity and -(nominal - interest) at settlement date.

Rating Objects, Counterparty Rating, Bond Rating, Bond Credit Spreads

A new static data object 'Rating' is introduced. The user can define any number of ratings. Each rating object defines a set of credit spreads for bonds, FX and MM transactions. The ratings can be associated to counterparty and bond static data. If a bond rating is defined, theoretical bond valuations and risk calculations will use a yield curve constructed by a parallel shift of the basic currency yield curve (swap zero curve). The shift rate is the bond spread defined in the rating object associated with the bond.

Real-time and Snapshot Feed to ODBC Transaction and Rate Data Warehouse

All transactions captured, modified or cancelled by deal capture functions can now be automatically and immediately, in real-time, exported to any ODBC compliant transaction data warehouse. This feature exposes the entire transaction history in real-time to any standard relational database query and reporting tool.

The feed can be turned on or off in the configuration.

The Unload Trx function in the Utilities menu has also been extended to allow the choice between file export (as before) and direct ODBC data warehouse export (snapshot).

In addition to transactions, all rates and volatilities used in official end of day valuations will be snapshot to the data warehouse if configured.