



Factsheet

Quantax[®] Risk & Return Services

for asset managers, banks, pension funds

Quantax Risk & Return: we concentrate on measuring so you can concentrate on managing

Managing Risk & Return belongs to the core activities of every financial institution. But all the operations needed to measure risk and return effectively as well as to report them in a suitable form for internal and external purpose often do not. Yet the resources allocated to these tasks are ever inflating, due to enhanced complexity and growing regulatory requirements. Quantax Risk & Return takes care of all non-core activities – and allows you to concentrate on what you do best: managing.

Risk management can only be as good as the inputs and the systems that are used for it. This assessment is undisputed and highlights the importance of measuring risks on a correct basis and reporting them in a clear and understandable way. Only then can the manager take the right decisions. Getting there requires a capable software and, even more important, competent people to operate the software, to enrich the input data adequately, to monitor the interfaces from third-party systems, and to understand the outputs. This often comes at a huge cost, although (or maybe just because) these processes do not belong to the strategic strengths of most financial institutions.

Quantax Risk & Return combines a state-of-the-art software and a team of highly experienced professionals to provide full business services (BSP) around risk and performance measuring. This results for the institution in significant cost savings and higher quality together with freed resources and no project risks.

Can you benefit from Quantax Risk & Return?

As soon as you manage assets, you need to measure risks and performance. You want to optimize your resources, enhance the tools you use to make your decisions, and at the same time add value through tailor-made internal and external reporting.

Moreover, the regulatory pressure and the growing complexity of

financial markets require professional, yet highly flexible solutions, which can keep the pace with the developments in your business.

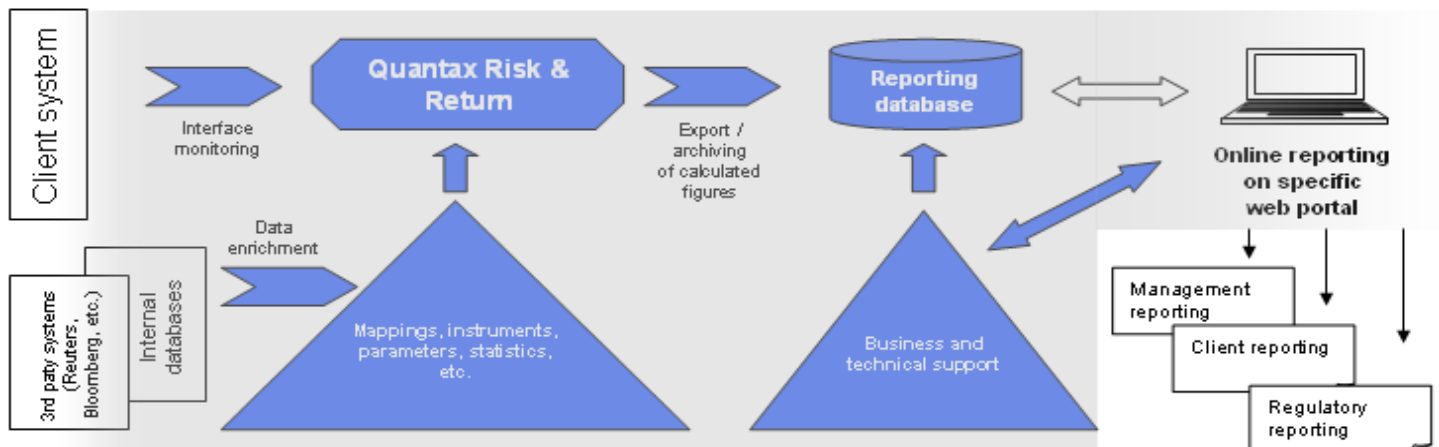
Whether you are a bank, an asset manager, or a pension fund, Quantax Risk & Return offers you a unique way to satisfy all these requirements within a single solution.

One single partner to cover all your needs

COMIT develops, maintains, implements and, most important, operates Quantax Risk & Return within one single team. We endorse therefore the full responsibility for delivery.

In addition to constantly enhancing the functionality of Quantax Risk & Return to address new needs, COMIT operates the solution from A to Z:

- application hosting and management, incl. upgrades, backups, system maintenance, etc.
- monitoring of interfaces and error management
- maintenance and archiving of all needed market data and valuation parameters (market prices, yield curves, credit spreads, etc.)
- calculation and maintenance of all relevant statistical risk parameters (volatilities, correlations, betas, etc.)
- setup and maintenance of all needed instruments, incl. reverse engineering and decomposition of structured products
- maintenance of relevant mappings for uniform reporting (e.g. issuers, sectors/industries, ratings, etc.)
- complete daily risk and/or performance reporting according to client specific needs and in adequate form (web-reporting, pdf reports, etc.)
- plausibility tests and corrective actions where needed
- maintenance of full interactive web-platform for ad-hoc reporting and analysis
- extensive business expertise to give clients full support on calculations, outputs, and specific requirements.



Effective risk & return management at reduced costs

Extensive functionality in both risk and return measurement

Quantax Risk & Return offers state-of-the-art functionality for both risk management and performance measurement. Therefore the calculation of ex ante and ex post figures uses the same inputs. This brings huge advantages in terms of consistency and traceability, which is essential for effective management.

Market risk analysis

- mark-to-market and model valuation of all instruments
- position keeping and drill-down to cashflow analysis
- multidimensional exposure analysis on any aggregation level
- sensitivity and hedging analysis based on any risk factors
- flexible simulations and stress testing (client-specific what-if-analysis)
- value at risk (parametric and Monte Carlo) on any aggregation level and risk category; diversification effect; component/marginal VaR
- backtesting (VaR vs. clean P&L).

Credit risk analysis

- flexible use of credit spreads for currencies, industries and ratings
- notional and cashflow exposures; replacement value and add-on (Basel I approach)
- Monte Carlo Credit VaR based on rating transitions and recovery rates (Basel II approach).

Return analysis

- P&L analysis and explanation on any aggregation level
- flexible performance measurement methods: MWR, TWR, IRR
- return of portfolios with complex assets (OTCs, structures, etc.)
- benchmarking, tracking error, risk-adjusted ratios
- performance allocation and performance attribution (Brinson model).

Limits can be set for all calculated figures – limit utilization report.

Interactive online reporting

All the processes needed to produce the outputs are run overnight. This daily cycle automatically performs a great variety of tasks, such as data enrichment, mappings, revaluations, and plausibility checks, to end up with the calculation of all needed standard outputs and reports.

You have full access to all calculated and archived reports over a secured and user-friendly web reporting tool. The user can drill any figure down to the position or transaction level, allowing unlimited traceability and effective management.

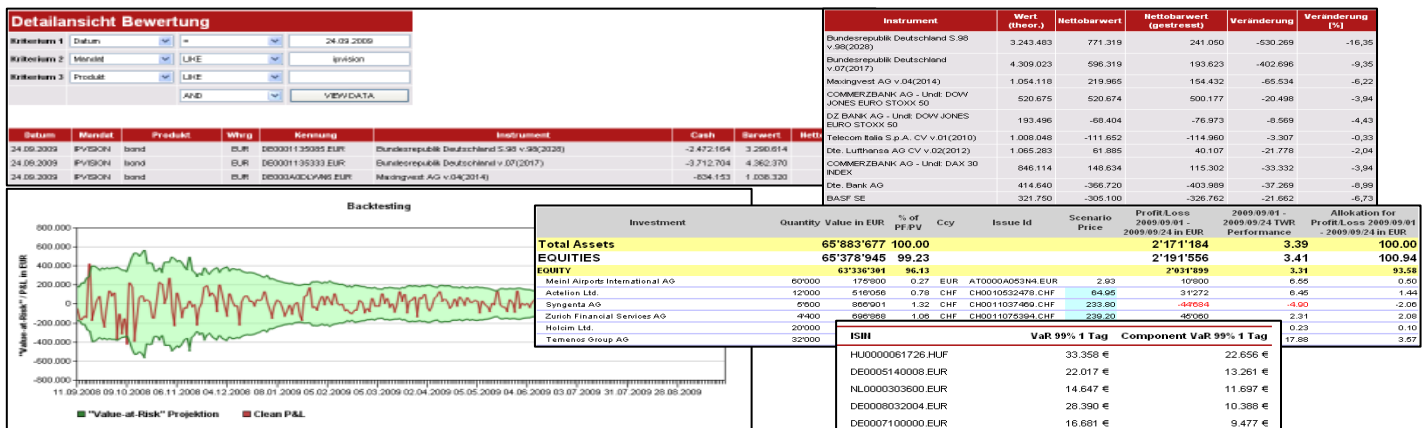
Moreover, the web interface allows any user to perform non-standard reports of any kind (e.g. performance for a selected sub-portfolio over a specific period).

In addition, any of the calculated outputs can be summarized into a management report, e.g. in the form of a customized pdf report. At any time, you or your clients can produce such a report online for any given reference date, allowing instant and professional response to management or client queries.

Crisis-proof backtesting

The turmoil of the past years in the financial markets has been a tough test for all risk management solutions. A meaningful assessment of any solution's accuracy is to look at its backtesting track record. How much of the ex post market moves could be caught by the ex ante risk measurements? Were the exceptions held to a number in line with the chosen confidence interval?

Thanks to independent monitoring of the input parameters and timely adjustments to risk modelling and, first of all, thanks to effective interaction with the responsible risk managers, Quantax Risk & Return presents a strong backtesting track record. Our daily challenge is to keep it that way in the future.



References

Quantax Risk & Return and its related business services help the following institutions achieve their goals in terms of financial risk management and performance measurement (excerpt):



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Key benefits

Quantax Risk & Return allows you to focus more on your core business and less on operating a financial application. In addition, you get the following direct benefits:

- low initial investment and project risks (rent vs. buy)
- short time to market and quick response to new needs
- easy and cost-efficient scalability
- high business continuity and low business risk thanks to COMIT's high degree of specialization
- efficient operation with a single partner for all business and technical issues; high proximity to the solution provider
- added value for management and customers
- low use of resources for compliance with regulatory requirements
- low total cost of ownership.

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COMIT has served the finance industry for 30 years with professional IT and business services within the value-added chain: from strategic consulting through system implementation to the development and operation of the implemented IT solutions. Our areas of expertise are consulting & solutions, the implementation of core banking solutions – especially the Avaloq and Finnova systems – as well as core insurance solutions, application management, and IT infrastructure services. COMIT is an independent subsidiary of Swisscom IT Services. We employ 700 IT and business specialists at various locations in Switzerland, Luxembourg, Germany, Austria, and Singapore.

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