



IBM Algorithmics Portfolio Construction and Risk Management for Fund Managers

Highlights

- Offers customizable, innovative risk analytics and monitoring tools in a Managed edition (a service hosted by IBM) or an Installed edition for full control
 - Includes a hybrid deployment option that combines in-house and on-cloud systems and that can help tailor the risk solution to your business needs
 - Offers market data to provide a solid foundation for trusted risk analytics
 - Helps meet the need for an integrated enterprise-wide risk management solution
 - Provides flexibility and power to address the requirements of executives, chief investment officers, chief risk officers, compliance officers, portfolio managers and researchers
 - Applies the same underlying risk methodology to both the Managed and Installed editions
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Advanced risk analytics in a customized risk management solution

Executives, chief investment officers, chief risk officers, compliance officers, portfolio managers and researchers all have diverse requirements for risk analytics. IBM, with two decades of experience in providing powerful risk and portfolio analytics technology, offers fund managers a true decision support solution that is based on risk and enables a high degree of sophistication and personalization. The IBM® Algorithmics® Portfolio Construction and Risk Management for Fund Managers solution provides a flexible, customizable tool to portfolio managers, risk analysts and senior officers to address their different perspectives on risk. It also offers a bundled data package provided by IBM Algorithmics Managed Data Service, a specialist market data provider focused on producing transparent, high-quality, consistent market risk factor data aligned with best practice risk management functionality. This solution is available in both Managed and Installed editions.

The Managed Edition is a service option that is hosted by IBM and accessed through a web-based interface configured to address your specific requirements. Data management, model configuration and application support are provided by experienced IBM risk professionals, enabling you to avoid investing in a costly infrastructure.

The Installed edition is available for organizations that prefer in-house deployment. This version provides full control and, because data does not need to leave the premises, confidentiality concerns can be addressed.



The Managed and Installed editions for fund managers enable better informed investment decisions. They also provide greater oversight for ex-ante risk and performance, contributing to improved transparency and confidence for external investors and regulators.

Features and benefits

Advanced portfolio and risk analytics

The IBM Algorithmics Portfolio Construction and Risk Management for Fund Managers solution gives you access to advanced features for risk aggregation, attribution and decomposition of portfolio risks, providing you better insight for decision-making. A true and robust risk assessment of the portfolio is achieved through integrated simulations for market and credit scenarios. Together with other advanced risk tools, such as Optimization, these features add up to a powerful risk platform.

Offers market data to provide a solid foundation for trusted risk analytics

The Managed Edition includes, as part of the subscription fee, market data covering risk factors, scenarios, and T&Cs for exchange traded instruments. The data is provided by IBM Algorithmics Managed Data Services on Cloud which is a specialist market data provider focused on producing transparent, high-quality, consistent market data. The integration and management of high quality data helps instill greater confidence in the risk numbers.

IBM Mark-to-Future methodology

The IBM Mark-to-Future[®] methodology underpins the distinct approach to advanced risk management, helping ensure that it is grounded in reality. Risk numbers do not need to be scaled over time. During simulations, matured instruments are settled correctly, while optionality is exercised properly and the aging of instruments is accurately captured.

Comprehensive coverage and modeling accuracy

The Algorithmics Portfolio Construction and Risk Management for Fund Managers solution offers comprehensive asset coverage, including complex derivatives and structured products. Model accuracy is especially important for proper measurement of path-dependent and nonlinear instruments. For example, with barrier options and callable convertible bonds, proxies are proven to be grossly inaccurate. The assets are modeled and validated by IBM financial engineers for accuracy and consistency.

Exceptional flexibility and customization

The interactive user application switches the emphasis from the reporting of risk analytics to a solution that supports the investment process. It enables interactive, on-demand analysis to help make informed decisions based on timely risk analytics. Many data sources can be obtained directly and consolidated into a single strategy or portfolio view. The managed service offers a dedicated client environment and access to IBM risk professionals to help ensure rapid deployment of a customized risk service.

Risk reporting to suit your organization

The Managed and Installed editions offer a choice of pre-configured risk reports for fund managers, investors and regulators. Customized versions of these reports, which are configured to address specific reporting requirements, can also be delivered according to a defined and agreed schedule.

A choice of deployment options

You can even choose a hybrid deployment, which includes a mix of on-premises and on-cloud solutions that are better tailored to your heterogeneous business requirements. You can select an on-cloud deployment where it is appropriate for the business to take advantage of a lower cost of ownership, yet, at the same time, deploy the solution on-premises where it is needed. For example, you might want to process on-premises if you have intellectual property in a certain asset class. Yet, for other asset classes, especially if the modeling is fairly standard and there is no reason to process it on-premises, you might want to take advantage of an on-cloud risk solution to lower your cost of ownership.

The option of standalone products to address collateral management and operational risk is also available. For more information about these products, see ibm.com/software/analytics/algorithmics.

About IBM Business Analytics

IBM Business Analytics software delivers data-driven insights that help organizations work smarter and outperform their peers. This comprehensive portfolio includes solutions for business intelligence, predictive analytics and decision management, performance management and risk management.

Business Analytics solutions enable companies to identify and visualize trends and patterns in such areas as customer analytics that can have a profound effect on business performance. They can compare scenarios; anticipate potential threats and opportunities; better plan, budget and forecast resources; balance risks against expected returns and work to meet regulatory requirements. By making analytics widely available, organizations can align tactical and strategic decision making to achieve business goals. For more information, see ibm.com/business-analytics.

Request a call

To request a call or to ask a question, go to ibm.com/business-analytics/contactus. An IBM representative will respond to your inquiry within two business days.



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New Orchard Road
Armonk, NY 10504

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