

BondEdge Asset Manager

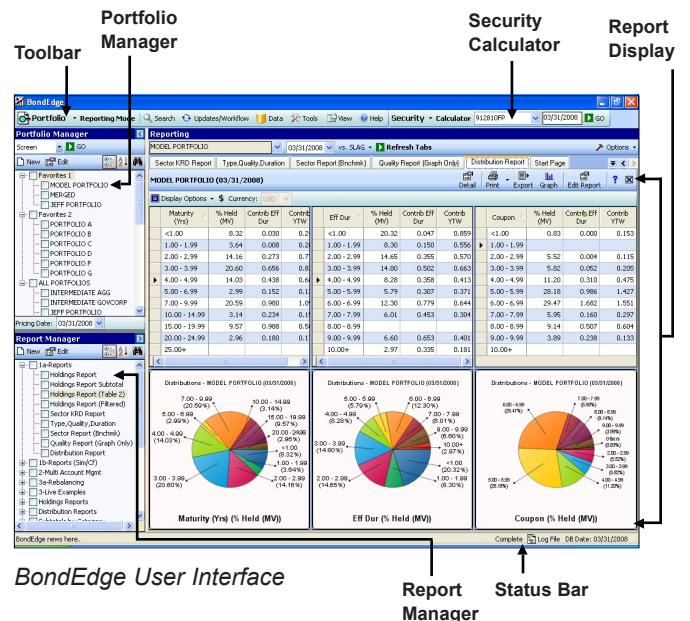
A new package of capabilities designed to assist portfolio managers and analysts manage relative risk and reward versus leading fixed income indices and liability benchmarks.

BondEdge® Asset Manager is a new package of product capabilities designed to assist portfolio managers and analysts at asset management firms manage relative risk and reward for either single or multiple portfolios versus leading fixed income indices and liability benchmarks. This package can also help address the needs of investment professionals at organizations which manage their own fixed income funds internally, such as pension funds, endowments and foundations.

For many years, asset management professionals have leveraged the robust analytical asset, portfolio and benchmark modeling tools and comprehensive security database coverage of Interactive Data's market-leading BondEdge service for fixed income portfolio versus benchmark risk analysis, performance attribution and compliance testing based upon client input guidelines.

Significant total return dispersion among bond sectors and credit rating cohorts have increased the need for enhanced granular portfolio versus benchmark risk analysis and performance attribution tools. Regulatory and accounting rule changes have also heightened focus on the closer matching of pension portfolio assets versus pension liability risk characteristics. The analytical enhancements delivered with this new package of capabilities were developed with these trends in mind.

BondEdge is built on the Microsoft® .NET Framework and provides a highly intuitive, flexible user interface. BondEdge, which is available as an on-site software installation or through an OnDemand Software as a Service (SaaS) option, includes an extensive structured finance deal library, cash flow engine and term structure and prepayment models, enabling clients to generate dynamic risk measures and asset cash flows for agency and non-agency residential mortgage-backed securities, including sub-prime issues, as well as asset-backed and commercial mortgage backed securities.



BondEdge User Interface

Key Features

Extensive Security Coverage, including Structured Finance Library

- Comprehensive security database, including treasuries, agencies, Government Sponsored Enterprises (GSE), corporates, fixed and adjustable mortgage-backed pools, agency and non-agency RMBS, asset backed securities, CMBS, preferred stock, municipal securities
- Derivatives coverage, including interest rate futures, interest rate and credit default swaps, caps/floors and OTC options
- Flexible bond modeling tools for private placement securities and client-created bonds

Robust Analytical and Cash Flow Models

- Arbitrage-free Multi Factor and Single Factor Interest Rate Term Structure Model
- Structured Finance Cash Flow Engine
- Mortgage-backed Prepayment Modeling with Monte Carlo-based analytics
- Bond Option Model with implicit finite difference method

Comprehensive Set of Security and Portfolio Level Option-adjusted Risk Measures, including:

- Effective Duration and Convexity (par or spot curve)
- Option-adjusted Spread (government or swap curve)
- Key Rate Durations
- Spread Duration
- Volatility Duration
- Prepayment Duration

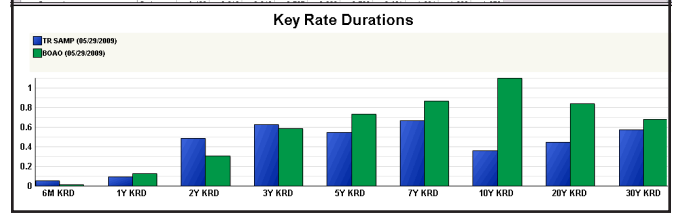
Flexible Portfolio Reports, Graphics and Scans/Alerts

- Intuitive user-interface for quick and easy system navigation
- Centralized reports engine that allows clients to create customizable reports
- Automated report and graphics production and export
- Automated portfolio upload process from leading accounting systems and Microsoft Excel[®]
- Portfolio Scan and Filter tools to quickly create portfolio segments for report generation, stress testing and cash flow analysis
- Portfolio Alerts to easily identify securities with ratings upgrades/downgrades/change in watch status

Portfolio versus Bond Index Comparison Capabilities

BondEdge provides the ability to generate detailed Portfolio versus Index comparison reports in a variety of standard and client customized report templates for taxable and tax-exempt index benchmarks. These tools can utilize pre-computed summary index measures

Sector (U.S.)		Overall	6M KRD	1Y KRD	2Y KRD	3Y KRD	5Y KRD	7Y KRD	10Y KRD	20Y KRD	30Y KRD
total:	Port	3.853	0.852	0.895	0.485	0.626	0.547	0.670	0.360	0.444	0.573
	Bnchkrk	5.247	0.812	0.124	0.284	0.388	0.732	0.809	1.098	0.940	0.578
LGD	Port	3.853	0.852	0.895	0.485	0.626	0.547	0.670	0.360	0.444	0.573
	Bnchkrk	5.247	0.812	0.124	0.304	0.588	0.732	0.869	1.098	0.840	0.678
U.S. Government	Port	2.768	0.853	0.099	0.653	0.956	0.495	0.468	0.064	0.000	0.000
	Bnchkrk	4.920	0.013	0.149	0.344	0.709	0.790	1.036	0.795	0.520	
Treasury	Port	3.161	0.006	0.012	0.740	1.156	0.642	0.596	0.000	0.000	0.000
	Bnchkrk	5.356	0.006	0.139	0.310	0.578	0.754	0.853	1.217	0.855	0.645
Nonreal Pay	Port	3.161	0.006	0.012	0.740	1.146	0.642	0.596	0.000	0.000	0.000
	Bnchkrk	5.356	0.006	0.139	0.310	0.578	0.754	0.853	1.217	0.855	0.645
Agency	Port	2.392	0.099	0.182	0.570	0.754	0.278	0.386	0.125	0.000	0.000
	Bnchkrk	3.774	0.029	0.177	0.433	0.643	0.589	0.627	0.561	0.493	0.222
Credit	Port	5.760	0.011	0.048	0.535	0.528	0.625	0.636	0.967	0.949	1.462
	Bnchkrk	5.750	0.012	0.082	0.238	0.576	0.771	1.002	1.200	0.983	0.929



Portfolio versus Benchmark Key Rate Duration Comparison Report

generated by the BondEdge Index Maintenance Group, and are available to clients on a daily, weekly and/or monthly basis. In addition, issue level index data can be computed at the client site for customized portfolio versus index reporting. Features available in this capability include:

- Access to over 350 global and domestic indices from market-leading benchmark providers, including Barclays Capital[®], Bank of America Merrill Lynch[®] and Citigroup[®]
- Analytic Measure Comparisons
- Scenario Analysis based upon shifts to government or swap curve and credit spreads
- Global Tracking Error Analysis
- Customized Portfolio versus Benchmark Reports
- Weighted Index Creation facility
- Multiple and single portfolio report analysis supported

Performance Attribution Tools

Portfolio versus index performance attribution reports can be generated for taxable, tax-exempt and blended accounts. BondEdge provides an option-adjusted spread (OAS) driven multi-factor approach which disaggregates term structure effects from credit spread effects, as well as granular returns-based approach which computes allocation and selection effects based upon client specified segment decomposition of a fixed income benchmark. Features supported in this capability include:

- Factor-based and Returns-based Methodologies
- Index coverage from leading benchmark providers
- Security, Portfolio and Benchmark-Level Reports
- Weighted Indices supported
- Taxable and Municipal Portfolio and Benchmark Analysis available
- Holdings and Transaction Updates supported

Liability Driven Investing (LDI)

The Pension Protection Act (PPA) of 2006 and FAS 158 have increased the focus on pension fund asset-liability management. For decades, BondEdge has offered tools for portfolio managers and analysts who employ duration and cash flow matching LDI strategies. BondEdge provides the ability to generate detailed LDI reports and sensitivity analysis. Features in this capability include:

- Duration Match, Cash Flow Match and Horizon Match (blend of duration/cash match) Strategies supported
- Flexible Surplus Statement and Risk Measure reports
- Surplus Volatility Analysis via Stress Testing of government/swap curve and credit spreads
- Multiple Liability Discount Methods supported, including client specified discount curve, spread to government or swap curve, internal yield, constant rate
- Linear and Mixed Integer Optimization available for portfolio rebalancing or creation

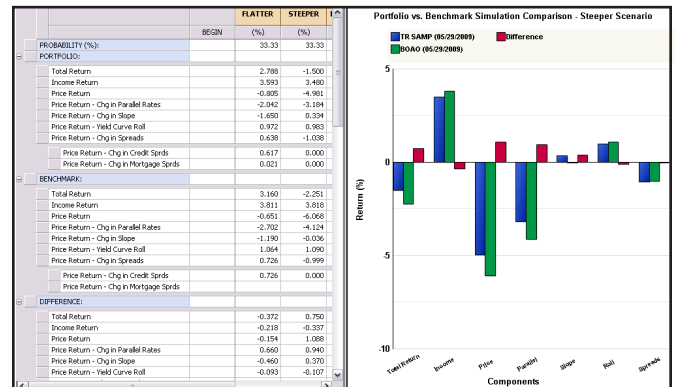
Compliance

- Pre and Post Trade Compliance Testing versus client specified portfolio guidelines
- Constraints may be specified in absolute or benchmark relative terms
- Portfolio Risk Measure Averages Constraints supported
- Constraints based upon allocations to sector, industry, credit rating, issuer and issue level supported

Stress Testing Tools

BondEdge provides capabilities for the generation of projected market and book values based on shifts to the government or interest rate swap curve and credit spreads. Robust term structure, option and prepayment models are used to compute horizon security, portfolio and benchmark values. Prepayment model assumptions may also be changed.

- Parallel/non-parallel interest rate shifts
- Credit spread shifts for sectors/industries/issuers
- Credit spread shifts by underlying collateral/tranche types
- Flexible report creation at security/portfolio level
- Comparison to liability benchmarks supported
- Prepayment User Scaling – stress/alter BondEdge prepayment model assumptions in an automated fashion



Example of Multi-Scenario Analysis for Portfolio versus Benchmark

Portfolio "What-If" Analytics For Pre-Trade Analysis

BondEdge provides the ability to measure the effects of trading on both a market value basis and book value basis, including before/after portfolio risk characteristics and distribution analysis.

Credit Loss Modeling for Structured Securities

- Credit trigger setting toggle, set future default expectations, loss severity
- Portfolio and Security Loss Adjusted Measures, including: yield, effective duration, convexity, total return projections and dynamic cash flow analysis

BondEdge API

BondEdge includes an analytical measures and trade analysis API (application programming interface) that includes:

- Security-level derived analytical measures
- Static Cash Flows
- Scenario Based Analytical Measures – parallel/ specified scenario simulations
- Bond Swap Analysis
- Portfolio “What-if” Analysis

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Third Party System Integration

Portfolio position import capabilities from accounting systems, including:

- Advent Axyx/APX
- Thomson Reuters Portia
- Princeton Financial Systems PAM[®]
- SS&C Technologies, Inc. CAMRA[™]

BondEdge Solutions is a leading provider of fixed income portfolio analytics to the investment community with decades of expertise. Its client base includes more than 400 leading banks, investment managers, brokerage firms, insurance companies and pension funds throughout North America and Europe. This business is known for its flagship product, BondEdge[®], which allows customers to identify opportunities and analyze portfolio risk using robust modeling techniques. BondEdge Solutions also provides direct access to sophisticated risk measures for a wide universe of fixed income securities via its analytical datafeed service.

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