

ESSENTIAL QUANTITATIVE ANALAYSIS FOR INVESTMENT MANAGERS THAT USE STRUCTURED PRODUCTS

- Automated download of product details and analysis
- Essential information for investment managers using structured products
- Enhanced marketing and client reporting
- Demonstrate products and portfolios are suitable and appropriate

Do you want to have a quick and simple way to download consistent information on the structured products you hold? Do you want to be able to see what the volatility of returns of each product is, or what the chance is of hitting a barrier? Do you want to have an estimate of the sensitivity of the price of a product when markets move? Do you want to be able to show investors what returns they may receive and the risks that they face? Do you want to be able to demonstrate that products and portfolios are suitable and appropriate?

If the answer to any of these questions is yes, then we are able to offer you a simple solution. Through our research partner Investment Product Research, we are able to offer a simple and automated way to evaluate individual products and portfolios.

<i>Managed Portfolios</i>	<i>Income</i>	<i>Return</i>	<i>Growth</i>
<i>Volatility</i>	6.1	5.5	13.9
<i>ExpectedReturn(%pa)</i>	4.1	4.9	6.3
<i>ArithmeticReturn(%pa)</i>	4.5	5.4	7.7
<i>Bench Return</i>	2.8	2.6	5.3
<i>XS return</i>	1.4	2.2	1.0
<i>Ask / Fair</i>	99.0%	99.3%	100.1%
<i>ConditionalStrictGain(%pa)</i>	5.6	6.8	9.8
<i>ProbabilityOfStrictGain</i>	95.0	96.3	86.4
<i>ProbLoss</i>	5.0	3.7	13.6
<i>WorstCaseReturn(%pa)</i>	(1.7)	0.1	(5.0)
<i>CDS5y</i>	92.6	106.6	95.4
<i>MaxBarrierLevel(%)</i>	60.6	58.8	59.8
<i>MaxBarrierProb(%)</i>	3.7	2.5	4.4
<i>CouponReturn(%pa)</i>	6.0	0.6	2.1
<i>Duration</i>	2.7	2.1	3.7

PORTFOLIOS

The first step is to create “portfolios” of the products you hold and then the ability to

download the information that you want to see easily, quickly and regularly. We can set up multiple portfolios for each user in IPR. Each portfolio will have a unique username and password. You can manage the products you have in each portfolio through the IPR website by logging into IPR using the username for the portfolio and simply marking each product you hold as a “position”. If we don’t have a product you hold please send us the term sheet and we will upload it.

DOWNLOAD

Once you have created your portfolio you can download the information you want to see for each product, and the portfolio as a whole. The data can be downloaded directly from the web-site or automatically using an API that you can simply paste into your browser. Here is the API for our Cautious Target Return Portfolio.

(<http://investmentproductresearch.com/assets/inc/ajax.inc.php?action=getPortfolioPerf&userEmail=DERP@cubeinvesting.com>) You can also use this API in an XL sheet so that the data downloads automatically and this can be used to download data directly to your systems

DATA AND ANALYSIS

The data you can download can be broken down into a number of sections. Here is some of the information we offer. (if you want different data we can easily create an API with the information you want to see)

PRODUCT FEATURES

- Promoter
- Issuer
- Start date / maturity date
- Currency
- Product description, we have separate descriptions for the investment return, income and return of capital
- ISIN
- Underlying assets and Strike levels
- Current underlying levels
- Barriers as a percentage of the current levels

PRICING AND TRADING

- Closing bid and ask used for the analysis
- Fair value (the reduction in yield calculated by using the product FV is a PRIIPS requirement)
- Delta up and down to each underlying asset
- Remaining inventory

RISK AND RETURN

- Expected return (CAGR and IRR)
- Index exposure (simple and delta x weight)
- Issuer CDS, rating and Tier 1

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- Volatility of annualised returns
 - Returns in normal, unfavourable and favourable conditions (a new PRIIPS requirement that uses 90th, 50th and 10th percentile VaR)
 - Chance of gain and conditional gain
 - Chance of loss and conditional loss
 - Chance of maturity at 100%
 - Average shortfall (we use the average of the worst 10% of the returns from the stress test)
 - Max Barrier percentage
 - Max barrier breach probability
 - Chance of next event (in fact chance of all future events)
 - Coupon return (probability weighted coupon yield)

PORTFOLIO DETAILS

We can collate the analysis of individual products to show portfolio level analysis

- Issuer exposure
- Average and max issuer CDS
- Index exposure (simple exposure and effective exposure; delta x weight)
- Average and max Barrier percentage
- Average and max barrier breach probability

REPORTING

You can use this information when you communicate with investors. The new PRIIPS regulation means that forward looking stress-test data is mandatory for individual retail products. It seems obvious that a similar level of reporting should now be offered for discretionary clients and funds as well

- You can use the analysis to illustrate the risk and return of each product and the portfolio
- You can show the expected return, the coupon return and the expected volatility of the portfolio
- The analysis helps illustrate why you have made changes to the portfolio
- We can create charts for the fact sheets in XL