

Nexus Risk Management

Managing risk with a clear focus on financial objectives to create value

SHARPEN
YOUR
FOCUS

Many companies worldwide do an adequate job of executing risk management at a tactical level to eliminate or minimize their risk. In today's competitive landscape, it is becoming more and more apparent that this approach to managing risk is not good enough and can mean the difference between gaining competitive advantage and lost opportunity. Companies succeed or fail based on the decisions they make. All too often these decisions – to eliminate or minimize profitable risk, or to take risks outside of the stated risk appetite – lack clear focus. We believe risk management should be the front and centre focus of all strategic decisions enabling companies to achieve their financial goals subject to their risk tolerances and constraints.

Our Company

Nexus Risk Management provides a clear focus for managing risk to maximize value. As a company, we focus exclusively on risk. We deliver tools, training, expertise and execution to enable our clients to have the sharp focus needed to achieve their financial objectives. Worldwide we work closely with insurance companies and pension plans, rating agencies and regulators, leading experts from academia and the investment industry as well as reinsurers and other counterparties to create a nexus comprising all crucial elements to managing risk and

running a company. This nexus is more than our namesake. It is our promise to bring together deep industry knowledge, leading edge techniques and best practices from around the world.

Through our offices in Toronto and Seoul we provide highly specialized risk management products and services to our clients globally:

- 1) **Software**
- 2) **Consulting**
- 3) **Asset Management**
- 4) **Training**

Nexus Risk Platform

Nexus Risk Platform is a powerful software platform on which to manage asset and liability risks.

Nexus Risk Platform is comprised of a suite of modules and utilities that enable companies to execute risk management as a strategic-decision making framework, incorporating overall financial goals, risk appetite and specific risk tolerances.

Modules are available for executing ALM strategies, dynamic hedging, and calculating economic capital.

Utilities available include a series of financial modules, interest rate models and economic scenario generators.

Nexus Risk Platform is fully automated to allow seamless integration with our clients' existing systems.

Nexus Risk Platform combines the security of a .NET platform, the transparency of Excel and the power of a SQL-Server database.

ALM Module

Nexus Risk Platform – ALM Module is a powerful tool for managing the risk associated with assets and liabilities. The ALM module allows users to measure and monitor multiple dimensions of interest rate risk and execute sophisticated ALM strategies.

MONITORING AND REPORTING

- Real time analysis of interest rate risk exposure
 - Live feed from Bloomberg and/or other market data sources
 - track and monitor changes in risk position
 - ALM risk reports

ATTRIBUTION ANALYSIS

- Analysis of change in economic surplus over reporting period
 - Analysis by source
 - Analysis of the change predicted by various risk measures
- Value-added by source
 - ALM strategies
 - Active asset management decisions

SCENARIO TESTING

- Powerful SQL-Server platform to manage cash flows by product and scenario

RISK DISTRIBUTION

- Risk profile of interest rate risk exposure

TRADE IMPACT

- Test impact of proposed trades
- Execute ALM strategies

PORTFOLIO OPTIMIZATION

- User defined optimization algorithms
- Yield curve optimization

Dynamic Hedging Module

Nexus Risk Platform – Dynamic Hedging Module is currently being offered to selected clients on a custom build basis. The Dynamic hedging module is customized to model our clients' liabilities with GMXBs, integrated with their systems and fully automated. The dynamic hedging module enables our clients to implement and execute a dynamic hedging program in-house.

HISTORICAL ANALYSIS

- Fund Replication
 - Fund mapping
 - Fund monitor
- Hedge Effectiveness
 - Mark to market analysis
 - Attribution analysis

PORTFOLIO MONITORING

- Liabilities
 - Economic value
 - Fair value liability
- Hedge Portfolio
 - In-force assets
- Risk Analysis
 - Greeks summary
 - Risk analysis
- Hedge Report
 - Compliance report
 - Summary report
- Trade sheet
 - Hedge instrument universe
 - Capital market monitor
 - Risk optimization

PROSPECTIVE ANALYSIS

- Strategy Analysis
 - Risk profiles
 - Hedging strategy results

Asset Management within a Risk Framework

For insurance companies and pension plans the traditional asset management model can fail to achieve the overall financial objectives even when the investment objectives have been met. By executing asset management within a risk framework the true risk exposure can be reduced and substantial value can be added.

Through strategic partnerships we provide integrated asset management and ALM services for a competitive fee. By managing the assets directly against the liability cash flows and focusing on the financial objectives of our clients we add significant value over the traditional asset management approach. In addition to all asset management services, as part of our services, we provide the following:

- Implement a sound ALM framework integrated within Enterprise Risk Management
- Perform all ALM services including measuring, monitoring and reporting of risk exposure
- Perform a risk optimization on a default free basis
- Determine strategic asset allocation

Risk Advisory

By keeping a clear focus on risk at all times and making informed risk decisions, companies can maximize stakeholder value. Nexus Risk Management helps companies implement risk frameworks and formulate innovative strategies to gain competitive advantage. Specific service offerings include:

- ALM Strategies to Achieve Financial Objectives
- Benchmarking Reviews of ALM / ERM Based on Observed Industry Best Practices
- Investment Strategies and Strategic Asset Allocation
- GMXB Product Reviews
- Dynamic Hedging and Management of Equity-based Guarantee Products
- ALM / ERM Framework Implementation
- Portfolio Optimization
- Economic Capital and Risk Budgeting

Risk Training

Nexus Risk Management is a leading industry provider of ALM courses and training internationally. The world acclaimed Asset Liability Management Techniques and Practices for Insurance and Pensions course is conducted globally with the Society of Actuaries and co-sponsored by Standard and Poor's. We also offer extensive on-site corporate training that best suits your needs.

Our Vision

We continuously strive to be the global leader in risk management. Our promise is to help companies sharpen their focus by delivering sound and innovative risk management solutions. We strictly adhere to the highest levels of integrity, professionalism and applied thought leadership. We are committed to generating significant value for our clients and key stakeholders.



Nexus Risk Management works with insurance and reinsurance companies globally to implement best practice ALM, ERM and LDI frameworks, formulate effective ALM strategies, execute asset management within a risk framework and perform risk optimizations.

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