

NxR² provides traders,
portfolio and risk managers
with superior risk, scenario
and portfolio analytics for
real-time pricing, hedging,
and **capital management** of
multi-asset portfolios.



NxR²

SOLUTION OVERVIEW

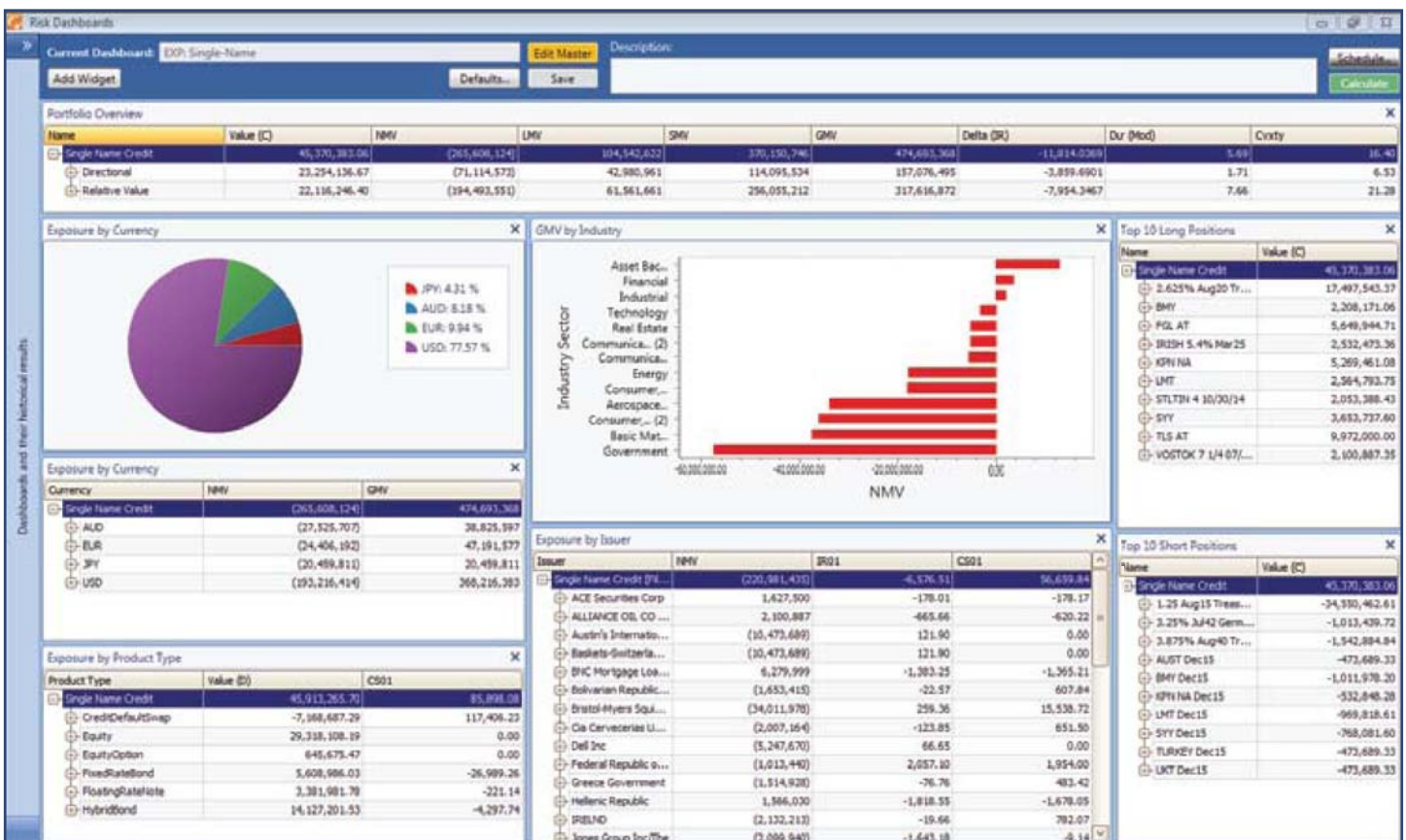
Real-time Pricing, Hedging & Strategy Analysis for Portfolio Management

NxR² is a real-time pricing, portfolio construction and risk management application designed to help active trading desks, structurers and risk managers to independently price and analyze the risk in complex portfolios. Leveraging Numerix's advanced pricing models and the R² proprietary methodologies, the system allows users to create profiling strategies in real time, perform advanced analyses of their portfolios (such as roll down, carry and aging) and provide transparency and clarity around portfolio and position risks and the impact of market changes. In addition to the real-time valuation and hedging capabilities, *Strategy Analyzer* provides portfolio managers with the

ability to measure the return on their strategies under specific scenarios and investment horizons, taking into account the degree of leverage undertaken, financing costs and their cost of capital.

Drill Down, Roll Up, Slice & Dice Reporting

The user interface and dashboarding capabilities built into the NxR² platform give it the sort of front end usability that enhances productivity and provides more time for doing actual analysis. Rather than spending time on data cleaning or formatting reports, the pre-configured capabilities (such as widgets) allow users to quickly build new ways of looking at their positions, portfolios or result sets.





Advanced Pricing Engines

NxR² includes a number of R² proprietary models as well as industry-leading Numerix specialized credit models, including:

- Advanced NPV Models where users can set specific credit and liquidity spreads to price fixed income products
- Default Recovery Model to value trade claims, bankrupt assets, assets under receivership or assets that model as a recovery from default amount
- Weighted Monte-Carlo Model to value structured finance assets using an option based framework
- Cutting edge models like Stochastic Volatility Libor Market Model, Generalized Jarrow-Yildirim and Black-Karasinski
- Hybrid Model incorporates stochastic processes for capturing correlations in a way consistent with market-observed behavior

Flexible Calibration Capabilities

Knowing that our customers have to understand both model-based pricing and the reality implied by the current market levels, NxR² is designed to enable a robust calibration between the two. Theoretical model prices can be compared to market prices and the differences stored and reported on to ensure that risk management tools can account for either by using them in further downstream analyses.

One of a Kind Scenario Studio

Built into NxR² is a scenario analysis capability that offers a unique blend of macro-level tools with the ability to perform what-if analyses at a very granular level. The *Scenario Studio* was engineered to provide the ability to create predictive conditional scenarios. Users can create dynamic relationships between shocks using individual risk factors within each scenario. This enables users to create a completely custom analysis quickly, which can be easily reproduced or changed as the markets move.

Easy Integration with Market Data Interfaces

NxR² provides users the ability to integrate multiple 3rd party and in-house data sources. In addition, individual end users can customize IR curves and volatility surfaces so that their pricing and portfolio analyses are reflective of the way they see the market, rather than limited by the need to use data out of the box or stick to a single source of data or calibration methodology for an asset class. To do so, NxR² integrates a large number of complementary data sources including Bloomberg, MarkIT, LoanX, Intex, and internal data sources. You may rely on sophisticated curve fitting algorithms, data management and reconciliation tools to normalize the data.

Full Audit Capabilities

The NxR² system automatically captures and stores modeling assumptions and risk factor information through time. By doing this, and saving previous results, end users have the ability to recreate past calculations, even easily changing individual assumptions to see how results might vary. This capability also allows users to run scenarios or valuations using an “as of” date that recreates the results as if they had been run on a previous date.

Open, Scalable Architecture Supports Fast Deployment

NxR² is built on state of the art technology infrastructure. It is architected to be lightweight and configurable so that institutions can take advantage of a variety of hardware platforms and methods for extracting data or distributing results. The technology supports flat-file export to Excel, etc. and more sophisticated integration via web services or API. NxR² can be installed in weeks, rather than months or years. Fast deployment ensures that the system is able to begin to return on its investment almost immediately.

Product Coverage

Broad Asset Class Coverage, including:

- Cash Fixed Income (Treasuries, Corporates, Munis, Callables, Loans, Convertibles)
- Equities (Stocks, Preferred, ADRs)
- Interest Rate, Foreign Exchange and Equity Derivatives
- Credit Derivatives (CDS, LCDS, nth to default basket)
- Credit Indices
- Structured Finance (ABS, MBS, RMBS, etc.)
- Cash CDDs (CLOs, RMBS CDOs, multi-sector CDOs)
- Synthetic CDOs (Synthetic CDO tranches, Bespoke CDOs)

State-of-the-Art Analytics

NxR² provides advanced analytics such as:

- Bucketed duration and exposure (IR01, CR01, DV01, jump-to-default)
- Greeks
- Advanced FX analysis
- Gross Capital-at-Risk
- Net Capital-at-Risk
- Value at Risk
- Leverage
- Carry (\$ or %)
- Yield Carry (\$ or %)
- Levered and Unlevered Yields

For more information, please visit our website at www.R2-Financial.com or call us at +1.416.306.6464



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