Release Information

Allocare AMS

Release 8.3

Allocare AG • Kantonsstrasse 3 • CH-6246 Altishofen
Tel. +41 62 748 65 65 • Fax +41 62 748 65 66 • www.allocare.com

Copyright and Comments

The information contained in this document was written and carefully revised after thorough research. Nevertheless, elimination of any errors or mistakes is not possible. The authors of Allocare AG cannot be made responsible for any consequences resulting from an accidental error or mistake. In no event shall Allocare AG, or any employees of Allocare AG, be liable for any damages arising out of mistakes, misunderstandings, or errors contained in the information of this document.

Most hardware and software referenced in this document are trademarks of the respective company.

Contents

1. Introduction

This release information describes the most important items delivered by Allocare AMS release 8.3.

The delivery of the software releases is handled via support or project managers. For additional information regarding functionality please contact our support:

Phone: +41 62 748 65 55

Fax: +41 62 748 65 59

Mail: support@allocare.com

2. New Functionalities – Overview

2.1 Audit Trail for Investments and Reports

The database now supports the maintenance of audit trails on investments and all reports and report books. Chronological records of investment-changes as well as changes of definitions in reports and report books are stored in the database. These records are essential for ensuring the reliability of financial data processing systems. They reveal the step-by-step history of these objects enabling an after-the-fact review.

The data can be prompted as XML-structure and reviewed in customer specific reports or in a customer specific web page. The different audit trails can be enabled by means of the Allocare AMS Database Setup Wizard.

In the following AMS releases audit trails for portfolios and time series are planned.

2.2 Corporate Action Module

A new module for the management of corporate actions is available. The necessary functionality for diary (conditions of a corporate action), entitlement (manual or automatic matching of positions to the diary), and accounting (creation of transactions) is supported.

The module supports interfaces to data providers (e.g. Telekurs) of corporate action information, transforms the information to Allocare AMS internal corporate events, supervises, and generates automatically the resulting business transactions. The business transactions are adjusted automatically over a matching algorithm with the statements of custodian's settlements.

Note: Corporate Actions is a license steered module.

2.3 Portfolio Risk Methods in Constraints

A new type of constraints set (Portfolio) allows the evaluation of portfolio risk figures within a constraint. The following methods are available: Standard Deviations, Tracking Errors, Sharpe Ratio, Treynor Ratio, Beta, Information Ratio and Jensen's Alpha. The calculation of the methods is based on performance time series. The type of performance time series (daily or monthly) as well as the number of performance figures used for the calculation can be defined individually within the constraints. Display of results can be done on a daily, monthly or annualised basis.

2.4 Methods Editor

The system allows now defining new customer specific methods based on existing standard methods.

Ratio methods divide a base method by a comparison method (e.g. Economic Exposure divided by Value). These methods are calculated within the same portfolio.

Difference methods allow to calculate the difference of a (sub)portfolio to another reference (sub)portfolio. The evaluation is done with one base method and an operator (arithmetic or geometric difference).

2.5 Credit Default Swaps

Allocare AMS allows entering all necessary investment data for the new investment type 'Credit Default Swap' (CDS). For the calculations two new curves **CDS Spread** and **Default Probabilities** in analogy to interest rate term structures have been introduced. Fee payment structures and recovery rates are supported. The system calculates Fair Value, Accrued Fees, PVBP and Spread DV01. A separate documentation 'AllocareAMS_CDS_830' is available.

2.6 VaR Methods

Two new VaR methods **'VaR RM DG' (Delta Gamma)** and **'VaR RM CF4' (Cornish-Fisher)** are now available. These methods support quadratic mappings to risk factors and extend therefore the existing linear Delta-Normal approach. Especially for non-linear derivatives (e.g. options) they deliver more precise VaR estimates.

2.7 Web Grid Control

A new grid control allows enhanced functionality for the display of tables and lists. Improved sorting on columns, new column reordering, and user specific column-width are supported. Data scrolling does not require page scrolling. User specific settings can be stored. The new grid will be used for future extended analysis functionality in Allocare AMS Web.

3. New Functionalities – Details

3.1 Portfolios

- **Peer Group:** A new portfolio type 'Peer Group' is available and can be selected in the Portfolio editor. The peer group allows defining an aggregation of similar portfolios for further analysis. Compared with composites, the PPS Firm logic does not enter for peer groups.

3.2 Investments

- **Audit Information:** The database now supports the maintenance of audit trails on investments.
- **CDS:** Credit Default Swap investments are supported. There is a separate documentation thereto on the distribution CD.
- **CDS Spread and Default Probabilities:** CDS spread curves and default probabilities curves for underlings of CDS with matching logic in analogy to interest rate term structures are available.

3.3 Transactions

- **Auto Sum:** For several lists, the Auto Sum function can be activated in the context menu of the list header. For each column, where Auto Sum is activated, one of the available methods can be selected in the corresponding context menu (e.g. 'Sum' or 'Sum (Abs)').

3.4 Analysis Tree

- **Speed Up:** Initialization of the context menu has been accelerated to avoid that it does become significantly slower when having a lot of positions in the reference portfolio (in case Trade Order Management is enabled).

3.5 Graphs

- **Analysis Graph:** The analysis tree and analysis matrix graphs have the new graph properties dialog option 'Show Purchases and Sales'. If this checkbox is set, then purchase and sale transactions are displayed in the graph for the working portfolio (not for the reference portfolio).

3.6 Methods, Attributes, and Time Series

- **Spread DV01:** The new method Spread DV01 for CDS has been introduced.
- **VaR Methods:** New VaR methods 'Delta Gamma Normal' and 'Cornish Fisher' are available as an improvement on non-linear derivatives.
- **Editor for New Methods:** It is now possible to define own methods of type 'Difference' or 'Ratio' in the Attributes editor.
- **BVV2 Methods:** The BVV2 exposure methods do no longer ignore the ratio when the code value setting 'Calc: BVV2 Exp' is set to 'Delta 1'. In the application (Analysis Tree), the settings 'Delta 1' and 'Ordinary' are now treated identically. Similarly, the BVV2 liquidity requirement methods also use the ratio for setting 'Purchase'.

3.7 Constraints

- A new type of constraints set (Portfolio) and corresponding methods have been added to allow the definition of constraints over risk figures of a portfolio, such as standard deviation or treynor ratio. The calculation of the methods can be influenced by defining parameters on the constraint condition or the attribute (method).

3.8 Reports and Report Books

- **Audit Trail for Reports and Report Books:** Audit record for report books allow a complete audit trail.
- **Quarterly Performance Report:** Only quarters with values are displayed in the graph.
- **Table of Content:** The table of content is now stored in the main database (access database is no longer used).

3.9 Executive

- **Corporate Events Transactions:** Allocare AMS processes new corporate actions, delivered from Telekurs/VDF. Transactions with the status 'Planned' are generated automatically for every holding of an individual event. The process is integrated in a workflow which can largely be parameterized and fulfill the different needs of the back office.
- **Job Files:** It is now possible to specify dates with respect to a set of weekdays. This is useful for jobs that have to be backdated, but skip weekends.
- **Tree Export:** In method data generation jobs ('Tree Export'), the evaluation currency is now optional; it will be defaulted from the portfolio's reference currency. Also, a basic drilldown and distribute functionality is now supported.

3.10 Interfaces

- **LODH:** There is a new transaction group in LODH feed - FX forward (see 'AlcLODHConfig.tpl').
- **Julius Baer:** New logic for fees and taxes (optional) has been implemented.
- **PIC:** New portfolio and account logic is available.
- **Check Sum:** New option 'CHECK_UPDATE->CHECK_SUM' to enable check sum algorithm in delta load for improving load performance. See 'AlcGDFExtConfig.tpl' for further information.

3.11 Allocare AMS Web

- **Grid Control:** The grid control for displaying data tables has been replaced by a new one, delivering enhanced functionality.
- **Working List Editor:** The working list editor can be opened from the settings page by clicking on a hyperlink. Now, the working list selected on the settings page is always pre-selected on the working list editor page.
- **Graphs Scaling:** The scaling of all graphs is done manually now, on the basis of the algorithm used for chart scaling in the reporting.
- **Legend Labels:** The legend labels of a chart are cut if they are longer than 25 characters and extended by ellipsis instead.

- **Browsers:** Besides Internet Explorer 6 and 7, all browsers based on Mozilla version 1.8.1.8 up to version 1.8.1.12 are now supported.
- **64 Bit Mode:** It is now possible to run Allocare AMS Web in the 64 bit mode (x64) of the Internet Information Services (IIS).

3.12 Database

- **ODBC 3.0:** The application is now using ODBC 3.0. Warnings from the stored procedures have been suppressed.
- **Database Setup Wizard:** The database setup wizard is now creating new databases using recovery model 'Full'. The database owner is now synchronised with the master database and a warning appears if 'lightweight pooling' is enabled.
- **Re-Installation Master Database:** Re-installing the master database will perform only required setup steps (in the master database).

4. System Requirements

4.1 Operating Systems

In Allocare AMS release 8.3, the following operating systems are supported:

- Windows Vista Business is supported for workstations.
- Windows XP Professional (SP2) is supported for workstations.
- Windows Server 2003 is supported as server operating system running Microsoft SQL Server or Internet Information Services (SP1 required for SQL Server installation).

4.2 Database Management Systems

Allocare AMS release 8.3 will run on:

- Microsoft SQL Server 2005 (SP2 required)

4.3 Web Servers

Allocare AMS Web release 8.3 will run on Microsoft IIS 6.0. ASP.NET 2.0 (Microsoft .NET Framework 2.0 is required).

4.4 Web Browsers

In Allocare AMS Web release 8.3, the following browsers are supported:

- Microsoft Internet Explorer version 6.0 up to 7.0
- Browsers fully supporting Mozilla version 1.8.1.8 up to 1.8.1.12, e.g. Netscape or Firefox

Note: The supported upper version can now be configured in the Allocare AMS configuration file. As long as a newer version is backward compatible, only the configuration file needs to be changed.