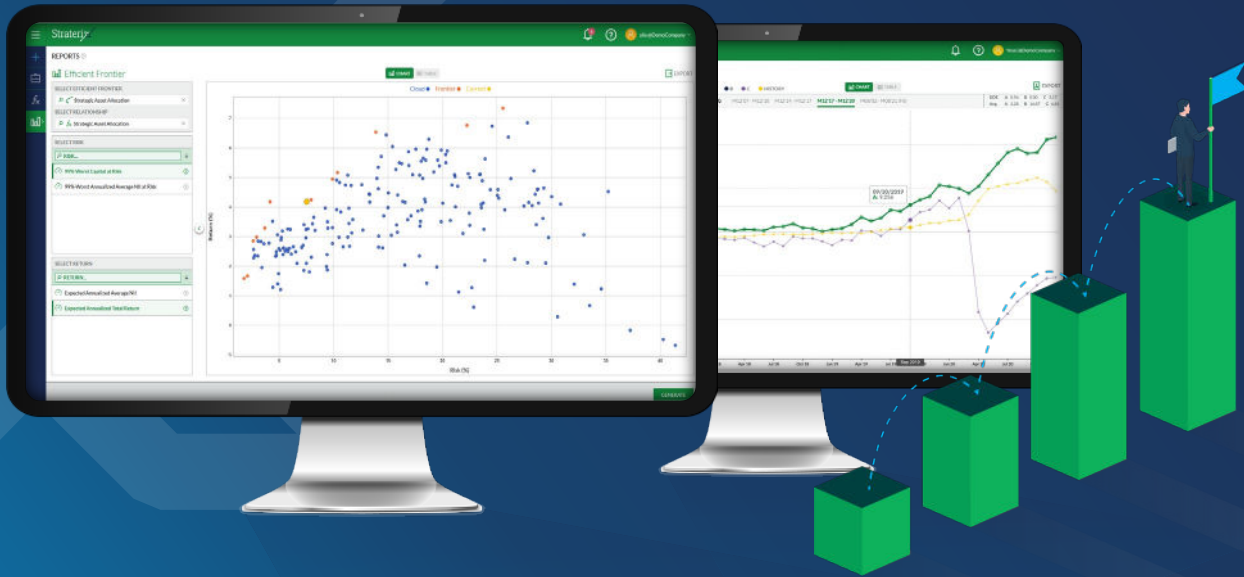




# NEXT-GEN STRATEGIC ASSET ALLOCATION (SAA) PLATFORM



**Bringing the power of machine learning and full-range scenario analysis to Strategic Asset Allocation, Straterix is the first SaaS application of its kind for CIOs and senior risk managers.**

The Straterix platform enables stress-testing of hundreds of portfolio alternatives that include both traded and real assets against thousands of economic scenarios in minutes.

Investment managers can optimize strategic allocations based on numerous KPIs and risk metrics and be confident that no significant risk concentrations have gone unnoticed.

Early Warning Indicators (EWIs) for tail risk outcomes are identified automatically.

Institutions can now integrate SAA and ALM to consistently monitor their capital and liquidity positions.

## KEY FEATURES



Efficient frontier based on chosen risk/return metrics and constraints (including duration targets)



Early Warning Indicators (EWI) discovered through correlation heatmaps



Sophisticated scenario generation that incorporates unprecedented tail outcomes



Portfolio values and cash flows linked to macroeconomic environments



Stress test capital and liquidity consistently, incorporating liability benchmarks

## THE CHALLENGE

Traditional portfolio optimization and risk management tools are all based on the mean-variance methodology. These tools are incapable of capturing real-world market dynamics. The post-Covid era of extreme geopolitical and macroeconomic uncertainty has made this fundamental flaw more perilous than ever before.

To overcome these issues, one must integrate dynamic correlations between market factors and macro-economic variables into portfolio projections on long-term scenarios.

Incorporating macroeconomic and geopolitical shocks and their ripple-effects are essential elements of investment management in fast-paced, changing environments.

Reviewing a few dozen stress scenarios is insufficient, as not even a fraction of all possible outcomes are considered. CIOs and risk managers are struggling to identify the most relevant futures for their specific organizations. Overlooking potentially critical outcomes can be extremely costly.

Importantly, developing a sufficient number of robust, defensible, and plausible forward-looking scenarios in-house is prohibitively expensive and time consuming. The biggest challenge is to generate multiple unprecedented scenarios with dynamics that have no similar imprints in historical data.

## THE SOLUTION

Straterix is a SaaS platform that is easy and quick to deploy. Incorporating dynamic correlations between macroeconomic, market and portfolio-specific variables, it produces thousands of scenarios that realistically quantify the tail risk and capture how underlying risk drivers interact in a multitude of market environments.

Portfolio outcomes (e.g., portfolio mark-to-market and net income) are projected on all scenarios. This includes both traded instruments and illiquid real assets. Scenario probabilities are based on the full distribution of portfolio outcomes, enabling reverse scenario analysis.

This allows institutions to identify the scenarios that are most impactful for them, revealing which portfolio segments are the main contributors to these outcomes. Early Warning Indicators for such scenarios allow CIOs and risk managers to proactively adjust their strategies.

Investment managers use Straterix to generate efficient frontiers where hundreds of automatically constructed portfolio alternatives are evaluated on the same set of scenarios within minutes.

Various risk/return metrics and constraints can be applied to the frontier, providing a long-term, robust optimization that the mean-variance approach lacks.

Custom-made scenarios (e.g., given regulatory scenarios) can be plugged into Straterix's platform as well, and be evaluated consistently with all other scenarios. Straterix uniquely addresses 'what-if'-questions on-the-spot through AI-powered expansion of one or a handful of given variables into full-fledged scenarios and shows their impact on portfolios.

With Straterix's next-generation Strategic Asset Allocation platform, CIOs and risk managers are better prepared for unprecedented events and potential shocks, gaining unique insights into the scenarios that are most relevant for their portfolio optimization from profitability, risk, and liquidity perspectives.



## BENEFITS



**Optimized asset allocation.** Investment managers can choose asset compositions that achieve their performance objectives while at the same time, preventing adverse outcomes through early warnings.



**Improved profitability and margins.** Accurate measures of portfolio sensitivities help identify vulnerabilities and allow for proactive decisions that improve performance and reduce risk.



**Reduced risk.** The Straterix platform enables discovery of hidden risk concentrations and their early warning indicators. Institutions identify scenarios of relevance and prepare contingency plans accordingly.



**Accurate assessment of tail risk.** Straterix delivers a more accurate assessment of tail risk, which better captures extreme scenarios and adequately adjusts the outcome distribution. It considers all combinations of macroeconomic variables and market drivers and incorporates dynamic correlations.



**Improved efficiency.** Straterix automatically loads, verifies, and processes new data and significantly reduces the time and resources needed to design scenarios for long-term portfolio management. It saves critical time by pinpointing the scenarios that matter most and allows executives to focus on strategic decisions. Portfolio alternatives and potential management actions can be assessed in minutes.



# Straterix

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