Wallstreet Suite’s performance measurement and attribution solution provides the tools to analyze absolute and relative returns structured in arbitrary ways. The flexibility of the functionality enables you to clearly assess the strengths and weaknesses of your investment strategy and communicate results, even on an intra-day basis.

BUSINESS CHALLENGES
In today’s institutional asset management, organizations need to have a clear understanding of the success factors and failures of their investments in order to validate their strategies. This information is then regularly reported to the investment committee. Such an understanding requires the performance information to be consistent with the investment strategy and available on-demand. Furthermore, in the light of increased regulations, the reporting must comply with strict performance presentation standards.

Asset managers need to quickly seize ever-changing investment opportunities and in doing so must have access to a complete up-to-date definition and administration of portfolios and benchmarks. In addition, they need to be able to breakdown the performance analysis and analyze the contribution of the different sectors, geographies, currencies, ratings etc. to the return and excess returns.
KEY FEATURES

STRUCTURE PORTFOLIOS, INSTRUMENTS AND BENCHMARKS

Wallstreet Suite allows you to define multiple hierarchical portfolio structures which reflect your investment or funding strategies and which can be used to monitor how your investments or funding differ from your strategies.

You can define the instruments for your cross-asset portfolios, including money market, fixed income, equity, foreign exchange and derivatives. In addition to grouping by portfolio or instrument, there are many other customizable ways of grouping available for your performance reporting, such as grouping by market, country, industry sector, credit class, and maturity gap.

The flexibility in hierarchical portfolio structures and classifications also applies to the benchmarks you define in Wallstreet Suite. You can define your benchmarks in two different ways:

• As a benchmark portfolio; where the index composition can be either directly imported or combined from an arbitrary number of percentage weighted benchmark portfolios or calculated automatically from existing benchmark portfolios by specifying a target duration. This enables relative position and performance analysis between the investment or funding portfolio and the benchmark portfolio, using the same market prices, FX rates and calculation principles. The performance contribution and attribution figures can be displayed on arbitrary aggregation levels, and drilled down upon to individual security level.
• By a return index series; the index series can be just an index value imported from the market or a custom index derived from an arbitrary number of percentage weighted source indexes. It is possible to re-weigh the derived indexes and benchmark portfolios in order to comply with the originally set percentage weights of the source indexes. This can be done on fully flexible periods, e.g. daily, monthly or on demand.

The indexes and index compositions used in the benchmark structures are either industry-standard indexes, which can be automatically imported from providers such as Bloomberg, Reuters and Merrill Lynch, or custom indexes/benchmark portfolios constructed according to your individual investment strategy.
PORTFOLIO AND BENCHMARK VALUATION

Wallstreet Suite’s Performance Monitor lets you track the daily market value of your portfolios and benchmark overtime. There are a number of ways available for valuing your portfolios and benchmarks:

- You can choose whether the sum of intraday cash flows should be regarded as if occurring at the start of the day or at the end of the day, or you can split them between start and end of day.
- You can value positions in the settlement period by using both transaction date and settlement date-based valuation.
- You can value both on an actual basis and all cash basis in order to separate the performance of your portfolio in stock picking and leverage when using leveraged instruments.

RETURN CALCULATION

Wallstreet Suite’s performance measurement is based on the daily valuation of portfolios and the daily Dietz returns which are linked in a unique geometric scheme and support short-selling. In addition to the time-weighted rate of return, you can view the money-weighted rate of return in a fully configurable user interface, giving you the flexibility to select the period monitored and to analyze the position and its returns at different levels. In addition, fees, taxes, dividends and specific chosen cash flows can be flexibly included or excluded from the return. All performance calculations have been designed to provide additional flexibility and higher theoretical sophistication thereby satisfying the most demanding user. All calculations comply with industry standards, for example, AIMR-PPS of the CFA Institute.

When evaluating the return of investment portfolios, it is important to consider the level of risk taken to achieve the return. For this purpose, Wallstreet Suite provides the following statistical and risk adjusted return measures for which you can flexibly choose sampling count and frequency:

- Return Standard Deviation
- Return Volatility
- Beta
- Tracking Error
- Tracking Error (annualized)
- Alpha
- Alpha (annualized)

- Return Semideviation
- Information Ratio
- Sharpe Ratio
- Modigliani-Modigliani
- Treynor Ratio
- Jensen’s Alpha

PERFORMANCE ATTRIBUTION

In order to analyze and explain how the return was derived, Wallstreet Suite’s performance attribution functionality quantifies the contribution of the various investment decisions to the final overall portfolio (excess) return. For single currency portfolios, the Brinson model provides the split of the excess return into the standard key figures Allocation, Selection and Interaction.

Multicurrency performance attribution for domestic and international investments is supported by breaking down the impact of active asset management into that arising from currency decisions or that arising from local market decisions. The impact arising from these decisions can be grouped on many levels including, for example, geographic market, sector, credit class or maturity gap.

Using the Karnosky and Singer framework for management of foreign currency investments, Wallstreet Suite defines the market effect in terms of return premiums, i.e. local return in excess of local deposit return, leading to true separation of the market and currency effects. The market effect is further divided into the standard allocation, selection and interaction effects. The currency effect is divided similarly into currency allocation, hedged selection and currency interaction.

Within global portfolios, the investment process can be divided into multiple levels. For example, a portfolio might have one level where an allocation decision between global sectors or countries is made, and another where the actual security choice within the global sector or country is made. The attribution scheme and the implementation in Wallstreet Suite supports multi-level investment processes as well as currency overlay management. The attribution effects are calculated from daily data and adaptively linked overtime using the Carriño method.
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<thead>
<tr>
<th>BUSINESS CHALLENGE</th>
<th>WALL STREET SUITE SOLUTION</th>
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<tbody>
<tr>
<td>INFORMATION CONSISTENT WITH INVESTMENT STRATEGY AND AVAILABLE ON DEMAND</td>
<td>Wallstreet Suite generates performance reporting of cross-asset portfolios in one single tool. Its reporting tools give immediate access and allow for flexible grouping and analysis of integrated and consistent data from the investment decision to the performance analysis.</td>
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<td>COMPLIANCE TO PERFORMANCE PRESENTATION STANDARDS</td>
<td>The performance calculations in Wallstreet Suite are designed to comply with industry standards such as AIMR-PPS. Performance is measured by the time-weighted rate of return, and is based on the daily valuation of portfolios. In addition, it allows for trade date-based valuations.</td>
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<td>COMPLETE DEFINITION AND ADMINISTRATION OF PORTFOLIO AND BENCHMARK</td>
<td>Wallstreet Suite provides streamlined benchmark and index management and its complete flexibility in the definition of hierarchical portfolio structures and security classifications applies to both portfolios and benchmarks. You can define many different kinds of indexes as well as benchmark portfolios composed of individual securities. Furthermore, you can easily import benchmark compositions and flexible definitions of custom indexes and benchmarks.</td>
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<td>FLEXIBLE BREAKDOWN OF PERFORMANCE ANALYSIS</td>
<td>Wallstreet Suite supports flexible and customizable grouping levels to analyze the different components’ contribution to the return and excess return. Wallstreet Suite’s performance measurement and attribution solution also handles attribution analysis and reporting for single and multi-currency portfolios based on the Brinson and Karnosky-Singer frameworks, and allows for attribution reporting drilled down from top level to security level.</td>
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