

LDIOpt

Liability Driven Investment Optimisation

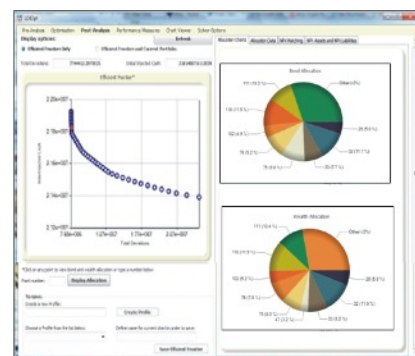
Asset Classes

The user has the option to invest in bonds, indices and /or make use of an overlay strategy using interest rate swaps. By simply ticking the boxes the additional asset classes are considered when solving for an optimum portfolio. By default, LDIOpt considers only bonds and cash for selecting optimal portfolio. The user can input the maximum cash to be borrowed at each time step. Also portfolio can be constrained by maximum and minimum unit of bonds, indices and interest rate swaps.

Post - Analysis



After portfolio optimisation the user can analyse the allocated portfolio. Users may choose any efficient frontier point (see the diagram) and can display the optimum portfolio by all sectors and rating. Selling and buying details of the bond, indices is also shown for portfolio rebalancing. Also users can see the graph for borrowing and lending for each time period. The cash inflow and outflow streams for the optimised portfolio are also plotted. Net present values of the asset and liabilities for all efficient frontier points are also plotted on the time scale.



Performance Measures

The performance of any portfolio can be evaluated using different measures.

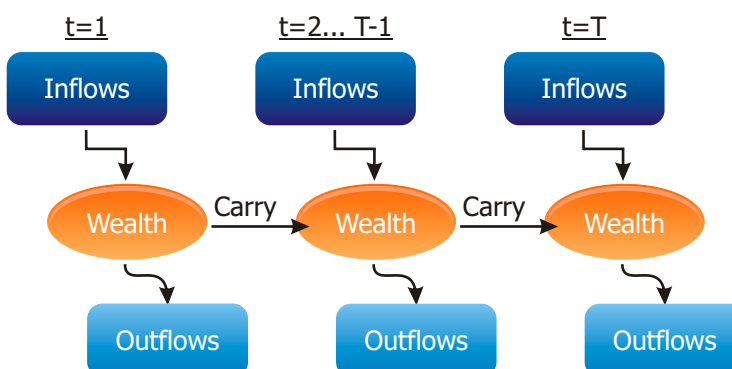
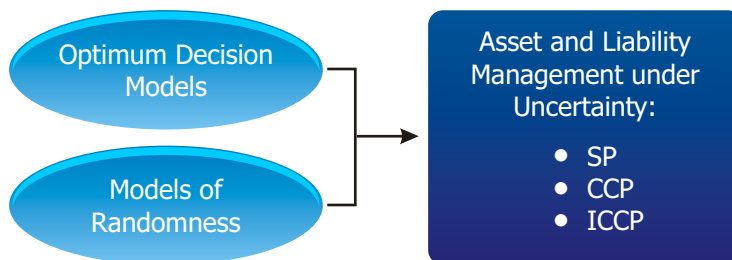
We use the most common ones:

From academia:

1. Solvency ratio
2. Funding ratio
3. Standard Deviation or tracking error
4. Sharpe ratio
5. Jensen Index

From industry practice:

1. Sortino ratio
2. Treynor ratio
3. Information ratio
4. M-Square Alpha



For more information, please visit our company website www.optirisk-systems.com. Or contact any of our offices:

OptiRisk Systems Ltd, The Atrium, Suites 536 & 537, 1 Harefield Road, Uxbridge UB8 1EX, UK

Tel: +44 (0)1895 819 481 / +91 99706 36341 (Asia-PAC)

Email: info@optirisk-systems.com