



## **Moody's Analytics RiskFrontier 2.5 Adds Optimization Feature for Portfolio Holdings**

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NEW YORK--(BUSINESS WIRE)-- Moody's Analytics, a leader in risk management solutions, today announced the release of RiskFrontier 2.5, an update to its portfolio management and economic capital solution for banks, corporations, insurance companies and asset management firms. The update includes a new trade optimization feature that allows portfolio managers to make better informed buy, sell and trade decisions, helping to maximize the risk/return on their portfolios. The release also offers a new Small and Medium Enterprise (SME) correlation model and a Pairwise Correlation Utility.

"The new trade optimization feature, or Trade, makes it easier and faster for portfolio managers to calculate a trade's optimal buy/sell amount and improve portfolio performance," said Vanessa Wu, Managing Director of Portfolio Products at Moody's Analytics. Trade allows portfolio managers to identify a target portfolio and specify instruments in a trade, including constraints like max buy, max sell and trade amount. It then computes the optimal holding amount for each instrument in the trade. This optimizes the portfolio's risk/return efficiency as measured by its Sharpe ratio.

The new SME correlation model in RiskFrontier 2.5 is the latest enhancement to Moody's Analytics Global Correlation model (GCorr), a diversification model that helps to mitigate concentration risk. The SME model is based on data from the Credit Research Database, Moody's industry-leading repository of global financial statements and defaults for non-listed firms. The new model enables firms to more accurately measure the benefits of diversifying SME holdings for firms in the U.S., France and the U.K.

RiskFrontier 2.5 also includes a new Pairwise Correlation Utility that can produce a correlation matrix of pairwise asset correlation, default correlation and/or joint default probability implied by Moody's Analytics GCorr model or any user-provided correlation model in RiskFrontier. This new tool helps firms meet the regulatory demand for model transparency and data validation.

For more information visit [www.moodys.com/riskfrontier](http://www.moodys.com/riskfrontier).

### **About Moody's Analytics**

Moody's Analytics helps capital markets and credit risk management professionals worldwide respond to an evolving marketplace with confidence. The company offers unique tools and best practices for measuring and managing risk through expertise and experience in credit analysis, economic research and financial risk management. By providing leading-edge software, advisory services and research, including the proprietary analysis of Moody's Investors Service, Moody's Analytics integrates and customizes its offerings to address specific business challenges. Moody's Analytics is a subsidiary of Moody's Corporation (NYSE: MCO), which reported revenue of \$1.8 billion in 2009, employs approximately 4,000 people worldwide and maintains a presence in 26 countries. Additional information about the company is available at [www.moodys.com](http://www.moodys.com).

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Contact:

Moody's Corporation

Michael Adler, 212-553-4667

Vice President

Corporate Communications

[michael.adler@moodys.com](mailto:michael.adler@moodys.com)