

Axioma's Risk Model Suite: Innovations that Help You Meet the Challenges of Today's Volatile and Complex Markets

Unlike any other offering on the market, Axioma's suite of Robust™ Risk Models provides both fundamental and statistical factor models, with all components updated on a daily basis.

“Today’s market movements are unprecedented, and risk models need to respond to this regime of higher volatility. Having daily updates of all risk model components is essential for survival. And having multiple styles of the same models gives portfolio managers better perspective on their risk. With Axioma’s Robust Risk Models, portfolio managers can understand where risk is coming from, and act on that insight in a timely fashion.”

— Sebastian Ceria, PhD
Chief Executive Officer of Axioma

With daily updates and the ability to use multiple risk models simultaneously, Axioma sets a new standard in risk-model performance and flexibility.

Ten key reasons why Axioma's risk models provide superior risk management:

- 1 All models are updated daily, with daily re-estimation and production of factor exposures, covariance matrices, and asset-specific risks. Daily updates enable a more accurate assessment of intra-month risk—which is critical in rapidly changing markets. Managers who rely on monthly risk models are forced to analyze and rebalance their portfolios on a vendor's schedule, based on stale information. In contrast, Axioma's customers can differentiate their investment strategies by rebalancing at will.
- 2 Both fundamental and statistical factor models are available. Multiple perspectives on risk provide valuable insights in turbulent market environments. Research has demonstrated that the use of two models during portfolio construction produces significant benefits. With multiple types of models, practitioners get a better understanding of the sources of risk that drive their returns.



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- 3 **Axioma offers complete transparency into its risk models.** Clear definitions of the style-factor computations in the fundamental-factor models let you accurately align your risk model usage with your investment objectives, and eliminate the “black box” mentality. Axioma’s risk models remove the mystery in understanding and managing risk in your portfolio.
 - 4 **Axioma’s models are consistent with industry standards.** Axioma’s industry factors are based on the widely accepted and understood GICS classification, ensuring alignment and consistency with your portfolio reporting needs.
 - 5 **Multi-country models can be transformed into country or industry-focused versions.** The flexibility of Axioma’s model allows a single-risk model to offer multiple views of risk, so managers can decompose returns by either industry or country dimensions. This flexibility enables a more comprehensive decomposition of risk and better alignment with your investment process.
 - 6 **Methodological enhancements help risk models adapt to rapidly changing risk environments.** Axioma has developed proprietary techniques to address one of the most common criticisms of risk models: their slowness to adapt to changes in volatility regimes. Axioma’s risk predictions adapt to changes in volatility quickly—without adding unnecessary turnover to the portfolios—resulting in estimates that are more accurate, timely and stable.
 - 7 **Structured currency risk factors enable both risk prediction and decomposition in any base currency and consistent currency risk across all models.** Axioma’s risk models are accurate

and relevant to all global portfolios, regardless of their home country and currency.

- 8 **Axioma’s risk models are offered with clear and attractive pricing.** Axioma offers multiple models in each geography for a single price, with significant economies of scale for clients making use of the models across multiple locations and regions
- 9 **Axioma’s risk models were developed and tested with the input of leading practitioners at firms with upwards of \$2 trillion in combined assets under management.** Axioma’s models address the real-world challenges that these firms have faced in using existing risk models.
- 10 **Axioma stands behind its products with unparalleled customer service.** Axioma’s success over its eight year history reflects a simple business philosophy: continuous innovation, supported by close and collaborative client relationships and outstanding service. Axioma’s team of PhDs and sophisticated staff will work with you to maximize the value of the risk models in your own organization.

Axioma offers models for the global market, emerging markets, Europe, the U.S., the U.K. and Japan.

Axioma’s risk models are provided as flat files that integrate easily with any third-party system, or in proprietary formats that integrate seamlessly with Axioma’s portfolio construction and performance-attribution tools.

To learn more about Axioma’s suite of global risk models, please call 212-991-4500 or visit www.axiomainc.com.

FLEXIBLE IS BETTER