

OVERVIEW: In a field as competitive as investment research, genuinely innovative ideas are hard to come by. In many cases, investment research remains locked into traditional methods of analysis that have evolved very little over the last 50 years, irrespective of the enormous advances that have taken place in investment theory. Consequently, as competing firms strive for research excellence using much of the same methodology, it is difficult to provide a distinctive client service that offers any significant competitive advantage.

Investment Analytics and its team of PhD economists, quantitative analysts, and programmers provides independent research focusing on applications of quantitative mathematical and financial modeling techniques to problems of financial engineering, strategy development, performance analysis, asset allocation and risk management for clients in the global investment management industry. Our clients include money management firms with \$20M to \$5Bn in assets, and we have successfully fulfilled consulting assignments ranging from risk assessment to strategy re-engineering across a wide variety of asset classes.



THE ALTERNATIVE INVESTMENT INDUSTRY

Recalibration: As the majority of hedge funds performed poorly in 2005, most of the players in the alternative investment industry are looking for ways to recalibrate their strategies.

Need For New Ideas: Funds are facing enormous pressure to find new and improved strategies – an issue that continues to be more critical, especially as funds seek to distinguish themselves.

Market Trend: Perhaps the most notable trend in the investment community recently has been the explosion of capital within the alternative fund space. With this increased profile, especially given the participation of pension funds, the need for in-depth risk analysis and support becomes increasingly relevant.

THE SOLUTION

Investment Analytics recognizes the crucial need for innovative and improved research techniques in the international investment management industry and has developed a business model to profit from their unique, proprietary offering.

OUR MISSION

Our consulting work is centered on enabling clients to correctly evaluate performance, diagnose strategy malfunction and to develop, test and implement new strategies capable of meeting investment performance criteria. Our success is based on delivering superior service to the investment management community at a competitive rate.

SERVICE FEATURES

Our products and services are based on advanced quantitative financial models developed over many years of research effort.

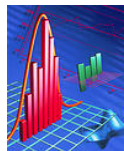
Expertise

The firm's principals and consultants have in-depth analytics expertise and trading experience in currency, commodity, fixed income, equity, derivatives and credit markets, coupled with extensive systems development capabilities, including::

- ❖ Pricing model development
- ❖ Model validation, testing and risk management

- ❖ Statistical arbitrage strategies, including high-frequency algorithmic trading systems
- ❖ Advanced econometric and mathematical modeling (GARCH, HJM, BGM etc)
- ❖ Systems development/programming in C, C++ (Quantlib, Boost), VB, VBA, Excel, SQL, ASP, Java, Ox, Matlab, Mathematica, etc

Model Development and Validation: We specialize in the design, development and validation of mathematical models for pricing, trading and risk management of cash and derivatives securities in the equity, fixed income, foreign exchange and credit markets. In addition to developing customized models, We can also assist with the validation of clients' existing models and the evaluation of third-party systems.



Strategy Development: We assist clients in developing new in-house strategies, or evaluating third party strategies, and assess their suitability to meet the clients' investment objectives.

Strategy Repair: We can diagnose performance-related problems with existing strategies and in developing repair solutions to restore or enhance strategy performance.

Performance Evaluation: We assist clients in evaluating the performance characteristics of their own or third party strategies and examine a wide range of performance criteria to determine the attribution to manager skill.

Risk Management Systems: Our proprietary risk management methodology provides protection against extreme adverse market movements and monitors the risk to clients' fixed income or equity portfolios on an ongoing basis.

Volatility Arbitrage Investment Program:

Identifies buying and selling opportunities in equity options markets using advanced mathematical models researched and developed by its team of quantitative analysts.

Consulting Assignments

- ❖ Developed innovative equity arbitrage strategy for \$200M emerging market fund.
- ❖ Designed fixed income arbitrage strategy for startup hedge fund.
- ❖ Created risk management & simulation system for major international bank.
- ❖ Engineered derivative arbitrage strategy for \$400M fund manager.
- ❖ Developed exotic options pricing and risk management system for bank trading desk.

Advantages and Benefits to Clients

- ✓ **Competitive Advantage in Research**
- ✓ **Innovative Methodology**
- ✓ **Proprietary Research Products**
- ✓ **In-Depth Analytics and Markets Expertise**

INFORMATION

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