

The Asset Management AWARDS 2020

Technology Provider of the Year

CONNING



Technology is essential for continued success in the management of assets, and this award is to recognise the firms that are leaders in this field, especially those who are aiding customers with their performance.

The judges described Conning's FIRM® Portfolio Analyzer and Investment Optimizer software as a "well-established and proven tool", believing it provides a wide range of solutions for both insurance and pensions.

Conning, founded in 1912 and with investment centres in Asia, Europe and North America, is a leading investment management firm with \$168.4bn in global assets under management, as of March 31, 2020. With a long history of serving institutional investors, the firm supports the insurance and pensions industries with investment solutions and asset management offerings, risk modelling software, and industry research.

Conning's risk management software platform comprises the GEMS® Economic Scenario Generator, FIRM Portfolio Analyzer, and Investment Optimizer, offering forward-looking

risk modelling and providing deeper insights for decision-making and strategic asset allocation.

FIRM Portfolio Analyzer is a robust, stochastic simulation tool designed to meet the unique requirements of risk analysis in the insurance industry. Using Conning's tool, insurers can project the full range of possible outcomes with respect to investment, liability, and capital management strategies, to give them the visibility they need to properly assess and manage the risks to their business.

The tool combines the GEMS Economic Scenario Generator with the most comprehensive investment risk module on the market and the ability to model sophisticated management rules. Conning's software allows investment risk analysis to be performed on an aggregate asset class or individual security basis, while liability cash flows and reserves from other systems can be imported for full asset-liability modelling.

The Investment Optimizer produces efficient frontier analyses of asset allocations, reflecting clients' individual constraints. The tool tests thousands

of possible strategies against a variety of risk and reward metrics. The performance of efficient candidate strategies can then be assessed against full distributions of results to support better decision-making.

Conning's software also provides users with the ability to obtain a detailed understanding of financial risks, the relationships between them, the scope to mitigate them, and the potential rewards in retaining them. Models can be implemented with any degree of complexity, ranging from a simple asset-only portfolio measuring economic value in one economy up to multi-entity, multi-portfolio, multi-economy models of assets, liabilities, and capital.

There is also no upper limit on the number of scenarios that the system can produce. FIRM can be run with a choice of time steps — e.g., annually, quarterly, monthly.

Conning has proved itself to be a leading global investment management firm, with software that is truly changing the insurance industry. Congratulations to all at the firm.



Deeper insights support better asset allocation decisions.

Harness the power of the cloud to deliver fast and efficient results.

Conning's FIRM® Portfolio Analyzer and Investment Optimizer provide detailed stochastic analysis of investment decisions. Their cloud-based power helps our clients quickly identify the efficient investment strategy to fit their risk and reward profile.

[LEARN ABOUT OUR AWARD-WINNING SOFTWARE TODAY AT CONNING.COM.](https://conning.com)



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All Systems Go!

Hamish Bailey, managing director at Conning Risk Solutions talks to MoneyAge Editor Adam Cadle about the firm's adoption of new technologies to meet growing client demands for better investment risk modelling and analytics

The technology that Conning provides has a wide range of applications. Can you explain why this is the case?

Yes, our software is used to meet a range of requirements by both life and general insurers, as well as investment managers, pension providers and consultancies. This stems from the inherent flexibility of the tool. Firstly, it allows users to choose the level of granularity to be modelled, it allows them to select from a wide range of asset classes available in the tool, and it offers the ability to add non-standard asset classes. These can include even the most individual of alternative investments. Users can also implement complex and dynamic constraints within, between and across portfolios that accurately reflect their management decisions, and can produce both standard and custom analytics to best evaluate and communicate the results. These can range from simple return distributions to complex risk-based capital implications. Finally, the close



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integration of our tools with common applications such as Excel enables users to create fully customised analytics and dashboards to reflect

any use case and to satisfy a range of audiences.

One key trait of Conning's technology is the ability to add its capabilities to existing systems. How does this work with the Investment Optimizer technology?

Both FIRM® Portfolio Analyzer and the Investment Optimizer benefit from an advanced and integrated economic model — the GEMS® ESG (Economic Scenario Generator). However, both can now be easily integrated with third-party ESGs or asset models, enabling them to be implemented as an add-on to an existing system. So, for example, a client can use output from its pre-existing ESG to generate asset returns for the Investment Optimizer. In this way, they can benefit from the power and flexibility of our cloud-enabled optimisation technology, without having to revisit their ESG. Furthermore, the tools can link to other downstream financial modelling systems, enabling users to add powerful stochastic modelling functionality on top of deterministic

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systems or to pull stochastic liability cashflows into an ALM-based strategic asset allocation analysis.

Can you explain how the analytic process works based on the full distribution of results?

Both FIRM Portfolio Analyzer and the Investment Optimiser tools are powered by stochastic models. Some traditional techniques, such as mean-variance optimisation, produce results based on a two-dimensional view of risk and reward, whereas our stochastic approach to strategic asset allocation means that each efficient strategy identified by the model can be assessed based on its full distribution of results under a range of different economic conditions, providing a much clearer picture of potential performance. Users can, therefore, focus on the part of the distribution relevant to them. For example, while for insurers this may be the size of tail-risk events, for pension providers the focus may be on more central percentiles.

Can you talk about the power of the Cloud in your financial risk modelling solutions?

The demands on modelling and reporting are increasing all the

Conning's goal is for FIRM Portfolio Analyzer and the Investment Optimizer to become the industry standard for the modelling of constrained portfolios and investment strategies

time, requiring more analysis in shorter timeframes. To support this, our software takes advantage of the Cloud in two ways: by providing access to powerful, on-demand computing power via our GaaS (Grid-as-a-Service) offering, which is compatible with our desktop client systems, and by providing access to our tools through SaaS (Software-as-a-Service) via a web-browser client. Both of these approaches provide clients with power-on-demand without the need to justify the costly procurement of specialist IT and a highly time-efficient model that better reflects the peaks and troughs of normal usage patterns.

As an additional benefit, the latest web-browser technologies provide our system developers with greater power and flexibility

to implement new, cutting-edge graphical interfaces and to manage deployment of systems updates in a more timely and efficient manner, helping further drive the pace of development.

What are Conning's aims and ambitions going forward in the technology space?

Conning's goal is for FIRM Portfolio Analyzer and the Investment Optimizer to become the industry standard for the modelling of constrained portfolios and investment strategies. To support this, our software undergoes a process of continual improvement, driven both by our clients' requirements and by our own consultants' experience. Based on their feedback, our current focus is on the application of new technologies to further enhance our capabilities. This includes further streamlining of usability to particular use cases and extending the deployment to the Cloud for greater flexibility and efficiency.

