Ortec Client Conference 2023

PEARL User Group

Union Investment

Genossenschaftliche FinanzGruppe
Volksbanken Raiffeisenbanken

Agenda

1 Introduction (5 Minutes)

2 RailPen Presentation (20-30 Minutes)

3 Open Discussion – Data extraction and reporting (15 Minutes)

4 Union Investment – Breakdown Configuration (20-30 Minutes)

5 Open Discussion – Data Quality (15 Minutes)

Open Discussion
Data extraction and reporting

Which third party reporting/BI tools do you use and how do you use them?

- Tableau, PowerBI, Qliksense, Python, Excel, Other

How do you structure the export of PEARL data for reporting purposes?

- Frequency
- Amount of data
- refreshing history
- do you pull multiperiod returns or recalculate

How do you use the publication environment in your organization?

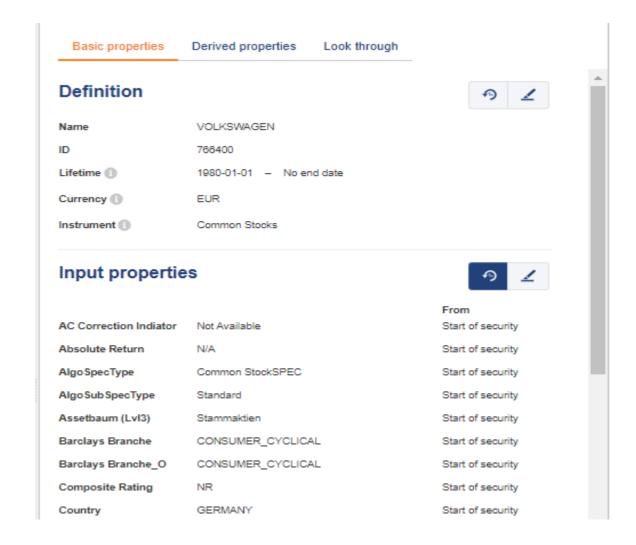# Union Investment – Breakdown configuration

Breakdown Configuration
Security Property Overruling

PEARL Standard Product:

- Every Security can only have **<u>one</u>** valid Security Property Value at any given time

- Every Fund will show this specific Security Property Value in every single Analysis

Limitations:

- You can not have different Security Properties for the same Security (on Fund- or Analysislevel)

- Flexibility in the Analysis is limited

Basic properties	Derived properties	Look through

Definition

Name	VOLKSWAGEN
ID	766400
Lifetime	1980-01-01 — No end date
Currency	EUR
Instrument	Common Stocks

Input properties

		From
AC Correction Indiator	Not Available	Start of security
Absolute Return	N/A	Start of security
AlgoSpecType	Common StockSPEC	Start of security
AlgoSubSpecType	Standard	Start of security
Assetbaum (Lvl3)	Stammaktien	Start of security
Barclays Branche	CONSUMER_CYCLICAL	Start of security
Barclays Branche_O	CONSUMER_CYCLICAL	Start of security
Composite Rating	NR	Start of security
Country	GERMANY	Start of security

Breakdown Configuration
Security Property Overruling

Why do we need custom Security Properties?

There can be different viewpoints on Security Properties by the parties involved:

- Portfolio Management Teams / Portfolio Managers

- Different Investment Decision Process

- Customers

- Benchmark Providers

- A Security can jumps between two Property Values

Use Cases:

- An Investment Team and some Customers classify Slovenia as EMU Core instead of Emerging Markets

- Paypal Stock is classified differently in different Benchmarks (Information Technology vs. Financial Services)

- A High Yield Investment Target Fund switches between HY and IG (-> will be shown in both Segments). Security should be shown only in the HY Segment to be in line with the Investment Process
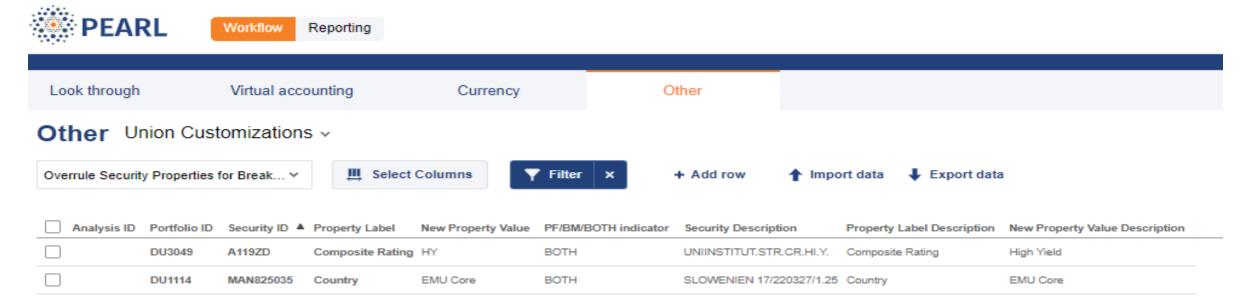
Breakdown Configuration
Security Property Overruling

Solution: Union Overruling Functionality

- Functionality that can overrule the default Security Property Value with a different Property Value for a specific Fund and/or Analysis

Limitations

- Does not update Derived Properties

- Derived Properties need a separate entry

- Currently not time-dependent

	Analysis ID	Portfolio ID	Security ID ▲	Property Label	New Property Value	PF/BM/BOTH indicator	Security Description	Property Label Description	New Property Value Description
☐		DU3049	A119ZD	Composite Rating	HY	BOTH	UNIINSTITUT.STR.CR.HI.Y.	Composite Rating	High Yield
☐		DU1114	MAN825035	Country	EMU Core	BOTH	SLOWENIEN 17/220327/1.25	Country	EMU Core

Breakdown Configuration
Brinson Top-Down Multi-Level Attribution Analysis

Single Allocation Level View

Segment All figures in percent	Attribution		
	Allo-cation	Selec-tion	Total Effects
Fonds XY	0,05	0,19	0,24
Equities	0,07	0,06	0,12
Developed Markets	-0,02	0,09	0,07
Emerging Markets	-0,10	0,09	-0,02
Fixed Income	0,06	0,13	0,20
Sovereign	-0,02	0,17	0,15
Corporate	-0,03	0,01	-0,02
Cash	-0,08		-0,08

Additional Allocation Levels in separate columns

Segment All figures in percent	Attribution			
	Allo-cation 1	Allo-cation 2	Selec-tion	Total Effects
Fonds XY	0,05	-0,17	0,36	0,24
Equities	0,07	-0,12	0,17	0,12
Developed Markets		-0,02	0,09	0,07
Emerging Markets		-0,10	0,09	-0,02
Fixed Income	0,06	-0,05	0,18	0,20
Sovereign		-0,02	0,17	0,15
Corporate		-0,03	0,01	-0,02
Cash	-0,08			-0,08

- In single-level view, effects of lower levels do not add up to the upper segment level (see green box)
- Top-down multi-level view represents a multi-level attribution process
  - For instance: asset class as first allocation decision; sub-type as second allocation decision
- Selection effect of upper level/s is explained by the allocation effects of lower levels and selection effect of last level
  - Fixed income selection of 13bps (on 1st allocation level: asset class) further decomposed (on 2nd allocation level: sub-type) into -5bps allocation effect (-2bps sovereign; -3bps corporate) and 18bps selection effect (17bps sovereign; 1bps corporate)
- Through top-down multi-level analysis, allocation and selection effects of lower levels can be directly retrieved and add up (see blue box)

Questions or feedback?

Open Discussion
Data Quality

How to verify data quality, taking into account the growing amount of data required?

- Customized data checks – are there any place or do you use standard checks
- Ad-Hoc data checks (for a selected fund or seleceted data set)
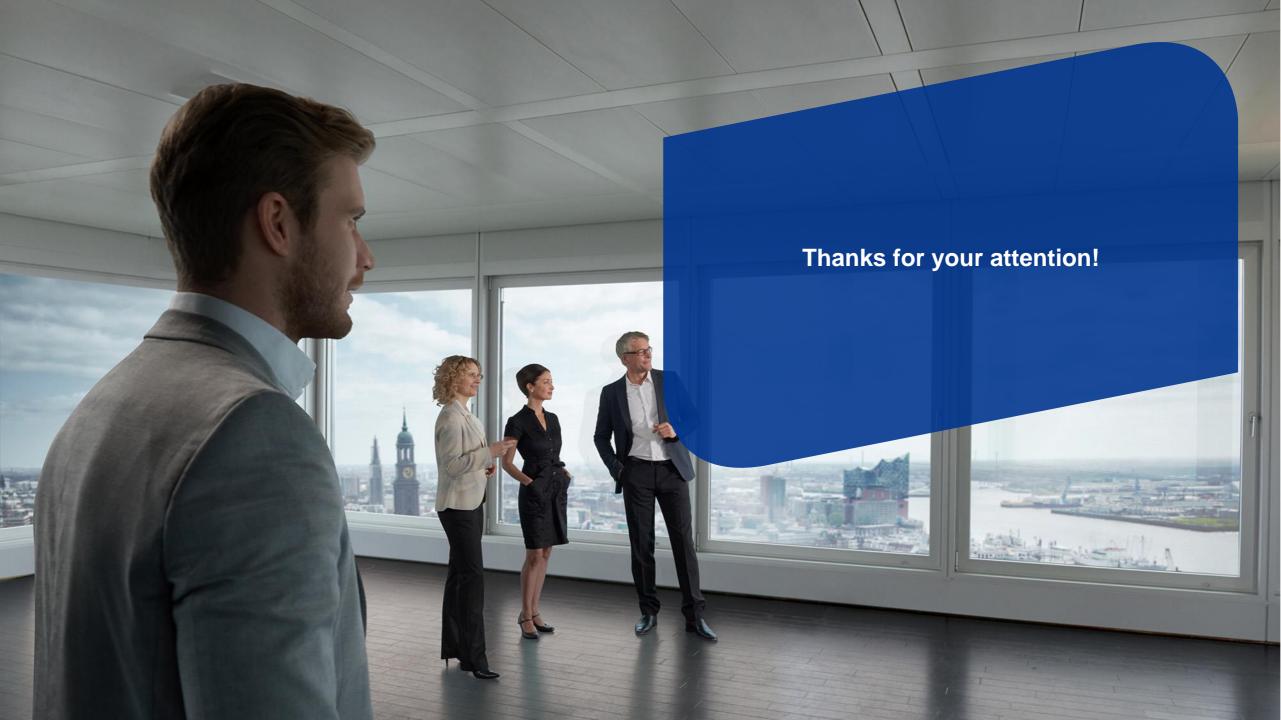
How to deliver data into PEARL?

- Transactions vs. Positions interface
- Property information (benchmark securities)

Backup

Further topics

- Upgrading to PEARL 9 - what are your plans?

- Usage of Fixed Income attributions - how it is used in your company?

- Cloud Strategy - Do you have any requirements to run PEARL in the cloud? (According to your IT-Strategy)

- On-Premise vs. Hosted Solution

Thanks for your attention!

Breakdown Configuration
Brinson Top-Down Multi-Level Attribution Analysis

Top-Down Multi-level
General Setup