



SAP FINANCIAL ASSET MANAGEMENT ENABLES YOU TO ANALYZE MARKET RISKS AND CALCULATE INVESTMENT PORTFOLIO RETURNS

How to get the most out of the data in your ERP with SAP Market Risk Analyzer, thanks to its power and flexibility.

It is not commonly known that SAP can also offer NPV calculation and sensitivity indicators such as: duration, modified duration, fisher weil duration, convexity and basis point analysis, through the SAP Market Risk Analyzer (MRA) module.

These values can be displayed at an aggregated level with high flexibility configuration of different hierarchies

which can operate together in the system.

MRA also offers other functionalities such as VaR calculation, but in this article we will focus on NPV and sensitivity indicators, calculated by yield curves.

In SAP Financial Asset Management (FAM) these yield curves also have a great degree of flexibility, with

multiple configuration options (Terms, Bootstrapping, Zero coupon, Interpolations, etc.) and assignment options. In addition to the curves, a spread logic can be built, which also has a great flexibility of assignment to the different positions, depending on multiple characteristics.

The loading of this market data can be easily automated, without requiring human interaction beyond basic execution controls. MRA also has functionalities that would complete the calculations based on this data, to add more possibilities and sophistication to the analysis. An example of this is the ad-hoc shifts, where at the moment of executing the report, it is possible to select the shift of the market data, such as flat shift of the curve, individualized shift of specific points of the curve, prices of different issues, currency, etc., both in percentage and absolute values over the existing data.

MRA provides effective scenarios and market data management

Preset scenarios can also be configured for the most recurring analyses, which can be added to reports to compare different situations. Scenarios and shifts can be combined in the same report run.

MRA calculates key figures by means of so-called "financial objects". These financial objects are automatically created for the products managed in SAP FAM, allowing great flexibility in the configuration of their characteristics, which can then be used for analysis, either for grouping and sorting by hierarchies or for the assignment of specific curves. Moreover, through the programs developed by ConVista, additional financial objects can be introduced for products that are not in SAP FAM or to create fictitious positions that we want to include in the analysis.

The level of transparency is very high. Users or auditors can access via logs the detailed calculations performed by the system on a position-by-position basis.

All this can be more powerful with other SAP tools such as SAP Analytics Cloud (SAC), which data is calculated almost in real time. With SAC you can define reports filtering by different criteria, such as portfolio hierarchy, issuing countries, issuers, scenarios, etc., and create graphs that help visualize the results of all the risk variables calculated by MRA.

Considering all the analysis possibilities and the flexibility in its configuration, MRA is a good ally for portfolio risk analysis and decision making based on these metrics and the stress of market conditions.