FINASTRA

Factsheet - Fusion Sophis Commodities

Providing greater control and oversight for commodities and commodities derivatives trading

With Fusion Sophis, commodities desks also have the perfect solution to support business growth.

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Fusion Sophis provides not only greater agility and risk management, but overall operational efficiency and cost reduction empowering traders to remain competitive and decisive." In today's environment, investment banks need to take advantage of the market's appetite for a broader range of asset classes, including commodities. Finastra's capabilities for Fusion Sophis, delivers a derivatives risk management solution, offering comprehensive portfolio and risk management functionality for commodities and commodity derivatives trading.

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With Fusion Sophis, commodities desks also have the perfect solution to support business growth. Performance services can scale progressively and easily for higher trading volumes, risk management and operations across an increasing range of commodity products. This guarantees the best user experience and complete oversight irrespective of the department business users are seated in.

As an open platform, Fusion Sophis offers high levels of customization that match banks' specific differentiating needs from the front to the back office.

Fusion Sophis covers a broad range of commodity instruments, including listed securities, Over-the-Counter (OTC) and cleared derivatives, as well as structured products. This coverage is continuously evolving to follow world commodity market trends. Fusion Sophis delivers company-wide transparency and control over market risk to monitor portfolios and market new products.

Our solution includes a wide range of commodities-specific risk scenarios and market analytics to provide maximum insight on Profit & Loss, exposures and risk sensitivities. It additionally includes advanced risk analytics such as Value-at-Risk (VaR), Expected Shortfall and vigorous stress testing.

Key benefits

- Comprehensive coverage of commodity products and markets
- Cross-asset capability supporting simple to complex and hybrid products
- Rapid time-to-market with out-of-the-box connectivity and implementation tools
- Extensive set of risk analytics and scenarios for real-time risk management and hedging
- Fully customizable pricing models
- Real-time Straight-Through-Processing for OTC, cleared and listed products due to an integrated front-to-back framework
- Support and continuous investment into solution from a dedicated quantitative team to address evolving market challenges



Product coverage

- Commodities: oil and refined products, coal, freight, physical and financial gas, physical and financial power, emission allowances, soft, base metals - including LME, precious metals, weather, plastics
- Physical inventory for precious metals
- Futures and forwards
- OTC and cleared multicurrency fixed & floating swaps
- Excess & Total return indices (e.g. BCOM, S&P GSCI, RICI) performance swaps and options
- Gas formula swaps and options
- Listed and OTC vanilla options on futures
- Exotic commodity options: Asian strips, swaptions, barrier on spot or average, target redemption, digitals, options on first nearby future
- Hybrid products



Market data management

- Automatic upload of futures term structure
- Extensive list of measurement units and conversion factors between commodities
- Real-time data feeds from external providers (e.g. Refinitiv, Bloomberg)
- Historical market data fixing integration via native MorningStar interface
- LME functionality: non-prompt dates, Cash and 3 Months, forward curve update with 3 Months price and exposure on daily futures
- Volatility smile definition in Butterfly & Risk reversal



Front-to-back position keeping

- Quick booking via user-defined blotters to maximize Front Office efficiency
- Flexible portfolio views providing transparency on analytics
- Comprehensive commodity contracts life cycle management
- Front-to-back Straight-Through-Processing (STP) with customizable workflows for listed, OTC and cleared products



Market risk analytics and scenarios

- Breakdown of commodity risk (delta/ gamma/vega)
 - by monthly buckets
 - by daily buckets for LME products (LME Card)
 - split between physical and financial commitments
- Aggregation of commodity risk based on a parent tree
- Delta bleed to anticipate risk adjustments
- Hedging tool for index roll period

Correlation risk

- 'What-if' scenarios
- Stress tests
- Value at Risk (VaR)
 - Historical VaR: shocks based on relative maturity
 - Parametric VaR using relative maturity correlation and volatility matrix
 - Monte-Carlo VaR

Flexible P&L/performance explanation



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			Commodity ù	Unit	
	-		BRENT ICE	BRENT_DATED	
	Exposures 0	Dates (1000 Barrel US	1000 Barral US	
-	Mar 2021	21/05/2020	-0.418	2 0.3350	
	Apr 2021	Today	514,958	3 195,477,7243	
		21/05/2020	0.102	0.3390	
	May 2021	Today	-178.026	194,515,4150	
		21/05/2020	-0.012	0.3390	
	Jun 2021	Today	-786.384	5 195,030,2195	
		21/05/2020	-1.152	4 0.3390	
	Jul 2021	Today	2 234.901	6 131,865,1290	
		21/05/2020	-0.299	8 0.228	
	Aug 2021	Today	631,305	131,814,7385	
		21/05/2020	0.005		
	Sep 2021	Today	16.675	1 131,814,5651	
		* Excosures C Mar 2021 Apr 2021 Jun 2021 Jun 2021 Jun 2021 Jun 2021	Exposures Dates 0 Mar 2021 21/05/2020 Apr 2021 Today Apr 2021 Today 21/05/2020 Jun 2021 Today Jun 2021 Today 21/05/2020 Jun 2021 Today Jun 2021 Today 21/05/2020 Jul 2021 Today Jul 2021 Today 21/05/2020 Jul 2021 Today Aug 2021 Today 21/05/2020 Jul 2021 Today	Commodity C Exposures C Dates C 1000 Remail US Mar 2021 21/05/2020 -0.418; 21/05/2020 -0.418; 21/05/2020 May 2021 Today -178.025; 21/05/2020 -0.012; 0.012; Jun 2021 Today -788.384; 21/05/2020 -1.152; Jul 2021 Today -2249; -0.012; Jun 2021 Today -0.012; -0.012; Jul 2021 Today -2249; -0.012; Aug 2021 Today 2.234;901; 2.025; 21/05/2020 0.259; -0.029; -0.029; Aug 2021 Today 51.300; 21/05;/2020 0.055;	

	Exposures						Greeks				
	Cur	Quantity	Commodity 1 Name	Comm. 2 Maturity	Deita curr. global	Global Delta	Global Gamma	Global Vega	Global Theta	Global DV01	Glo
	EUR				1,382,078,780	3,820	0.4	20,844	1,475,235	-78,900,320	-
⊕ (a) Carbon Allowance	EUR				310,419,161	5,244,237			19	7,757	5
Gas Gas	EUR				1,385,277,673	3,829	0.4	20,844	64,992	158,948,500	28
🕂 💼 Swaps	EUR				1,367,485,165	3,780			66,360	158,970,679	27
DUTCH TTF	EUR	4,000	DUTCH TTF N.	07/31/2022							
— S:TTF day *-July 2021/GasDeli* 0.00	EUR	10,000	TTF day ahead	07/31/2021	1,269,367	500			8,976	190,593	
— S:TTF day *-Cal 2021/GasDel* 0.00	EUR	50,000	TTF day ahead	12/31/2021	202,621,581	79,050			-1,285	-442,791	
- S:TTF day *Q4 2021/GasDel* 0.00	EUR	20,000	TTF day ahead	12/31/2021	47,525,098	18,414			-257	-140,221	
S:TTF day *June 2022/GasDel* 0.00	EUR	200,000	TTF day ahead	06/30/2022	137,171,779	60,061			52,163	161,806,509	
— S:TTF day *-Cal 2022/GasDel* 0.00	EUR	20,000	TTF day ahead	12/31/2022	191,596,243	73,075			-493	-1,586,936	
- S:UK_NG_ICE-03/22/2021/GasDel* 1870.0	GBP	-3,000	UK_NG_ICE	07/31/2021	-11,413	-15			3,788	-33,346	
- S:UK_NG_ICE-Q4 2021/GasDel* 3184.00	GBP	1,000	UK_NG_ICE	12/31/2021	383,847,045	92			-298	45,321	
S:UK_NG_ICE-03/22/2021/GasDel* 1870.0	GBP	1,000	UK_NG_ICE	03/31/2022	403,465,465	90			2,726	-745,697	
Generation Futures	EUR				2,936,972	2,486,821					
Listed options	EUR										
OTC options	EUR				14,855,536	12,578,624	129,974	20,844	-1,367	-22,179	
- Metals Corporate	EUR				-0	-0			12,735	-1,240,875	
Central Book	EUR				-415,582	-351,886			-29	102	
🕀 🙆 Metal T1	EUR				-13,990	-11,846			-4	1,432	
Future / Forward	EUR										
Physical	EUR										
Physical - Warrant	EUR				178,107	150,808					
• Swap	EUR				-192,097	-162,654			-4	1,432	
Metal T2	EUR				429,573	363,732			12,768	-1,242,410	
. Ol and refined products	EUR				-19,468,313	-16,484,400	-0.1		101,770	-10,765,300	-
Physical	EUR										
Precious Metals	EUR				-54,714,662	-46,328,532	-0.1		321,151	-44,074,989	-4
- A Set commo	USD				-239 435 079	-1 773 593	-0.0	-0	1 150 979	-214 679 376	-21
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Portlfio overview including greeks and P&L.

Example on Delta Bleed scenario.

For more information on how we can help you optimize performance attributions operations, please contact us at capitalmarkets@finastra.com or visit: <u>finastra.com/investment-management</u>

About Finastra

Finastra is building an open platform that accelerates collaboration and innovation in financial services, creating better experiences for people, businesses and communities. Supported by the broadest and deepest portfolio of financial services software, Finastra delivers this vitally important technology to financial institutions of all sizes across the globe, including 90 of the world's top 100 banks. Our open architecture approach brings together a number of partners and innovators. Together we are leading the way in which applications are written, deployed and consumed in financial services to evolve with the changing needs of customers. Learn more at **finastra.com**

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