

Highlights

Client

- First Swedish National Pension Fund

Business Objectives

- Gain access to a powerful analytics library able to integrate with an existing investment management application
- Obtain advanced functionality for generating bond pricing and yield calculations on pension funds

Requirements

- Analytics library for rapid and accurate bond and yield calculations
- Comprehensive documentation and robust development toolkit to help developers build out the application

FINCAD Solution

- FINCAD Analytics Suite for Excel

FINCAD Features

- Comprehensive fixed income analytics library with prebuilt conventions for major markets
- Detailed technical documentation for streamlining the FINCAD analytics development and integration
- Code samples and step-by-step guides in Java, VBA, C++, C#, and VB.Net

Success Factors

- Accelerated accurate bond pricing and yield calculations
- Boosted efficiency through prebuilt market conventions, as opposed to coding settlement dates manually
- An extensible and robust solution for adding further valuation functionality to their application as needed

First Swedish National Pension Fund Expands its Investment Management Tool with FINCAD

The Challenge

The First Swedish National Pension Fund is one of five buffer funds in the Swedish national income pension system. The fund has assets under management of approximately SEK 300 billion in a global portfolio consisting of equities, fixed income securities, real estate, private equity funds and hedge funds.

The fund's fixed income and FX portfolio is managed with an internally-built application which integrates several different vendor systems for functions including enterprise investment management, obtaining index values and bond data and generating portfolio calculations. This application leverages these systems to perform everyday portfolio analysis, including curve building, attribution and hedging.

In the process of developing the application, the fixed income and FX team identified the need to add an analytics library to assist with bond and cash flow calculations. High on their list of requirements was a solution that would integrate seamlessly with their existing application and provide developers with thorough documentation and intuitive tools that would speed the process of adding additional analytics.

The Solution

After careful consideration, the fixed income and FX team selected FINCAD's Analytics Suite for Developers, a software development kit for integrating FINCAD valuation and risk capabilities into new applications or enhancing existing systems.

The team selected FINCAD because one of its lead developers had worked with the technology at a former company and had been pleased with the usability of the solution. Additionally, FINCAD Analytics Suite satisfied all the fund's requirements for a seamless integration with their existing application, thorough documentation, and intuitive tools for their developers.



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The Results

The team has embedded FINCAD analytics into their application and is using it for accurate bond pricing and analytics including price-to-key and yield-to-key. The fund also does cash flow structuring using calculations generated by FINCAD Analytics Suite. Analysts rely on FINCAD analytics when deciding which bond positions they will take and also for performance attribution.

FINCAD's pre-built market conventions help the team's analysts confirm settlement dates and holidays, saving significant time by eliminating the need for staff to review dates and back-date manually.

Angelica Diehn, Fixed Income and FX Analyst at First Swedish National Pension Fund, has been highly satisfied working with FINCAD technology in her dual role as developer and analyst. Her team manages the entire fixed income portfolio and all currency FX hedging for the fund. Angelica finds the FINCAD solution to be reliable, as well as fast and accurate – ultimately driving investment decisions that deliver higher returns for their fund.

“We began developing our application in 2008, and since then have been continually looking for ways to optimize the technology. Implementing FINCAD Analytics Suite has been an important step toward expanding the application's functionality. FINCAD's powerful analytics help us improve the speed and accuracy of our calculations and we have also been pleased with FINCAD's robust development toolkit that will make further enhancements simple.”

Angelica Diehn, Fixed Income and FX Analyst,
First Swedish National Pension Fund

Angelica's team has also benefited from FINCAD's comprehensive technical documentation. Access to detailed operational information continues to help guide the fund's developers accelerate new functionality to their application as their needs grow and change.

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