

GEMS® Economic Scenario File Service

May 2018

RISK SOLUTIONS | PRODUCT SHEET

Many companies have experienced firsthand the benefits of robust economic scenarios to their enterprise risk management, capital modeling, and pricing programs. Traditionally organizations have generated these economic scenarios by licensing economic scenario generator (ESG) software. However, Conning now provides a cost-effective, expeditious GEMS® Economic Scenario File Service using its GEMS® Economic Scenario Generator (GEMS®). GEMS® is a state-of-the art, award-winning¹, stochastic ESG that simulates future states of the global economy and capital markets using leading-edge economic models to provide full market risk and asset class coverage, including alternative assets and derivatives. It leverages industry-leading financial models and offers both real-world and market-consistent risk-neutral functionality. GEMS® provides a realistic real-world representation of extreme events, and supports liability valuation and hedging strategies with market-consistent pricing.

Conning's GEMS® Economic Scenario File Service is perfect for larger organizations that already use an ESG but need additional economic scenarios for model risk validation, stress testing, or discrete applications, or for smaller organizations that do not have the staff, budget or infrastructure for ESG software. Regular benchmarking of existing risk models is vital for understanding the materiality of limitations in existing systems, validating the ongoing appropriateness of the methods used, and assessing and quantifying the impact of model risk. These are key elements of an effective risk management process as well as solvency-based regulatory requirements around the world.

Customization

Conning works with its clients to customize their scenario file requirements, reflecting where needed:

- » Economies
- » Asset Classes
- » Portfolios and Trading Strategies
- » Economic Variables
- » Targets or Internal Views
- » Time Steps
- » Delivery Frequency (annually, semi-annually or quarterly)
- » Format to interface with any existing software platform

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Benefits of GEMS® Scenario File Service Include:

- » **Flexibility** – Formats can be easily modified to meet on-going business requirements
- » **Control** – Results can be updated as frequently as needed
- » **Customization** – Simulations can be adjusted to meet alternative measures (e.g., internal projections, regulatory requirements)
- » **Cost-Effectiveness** – Companies only have to purchase the scenarios they need, when they are needed. There is no software learning curve or internal infrastructure to maintain
- » **Timeliness** – Delivery takes days, and not months

GEMS® Economies

GEMS® Scenario File Service is available for a wide range of individual countries and economic regions, covering the Eurozone, UK, North America, South America, Asia and the Southern Hemisphere, as well as a range of emerging markets. Each forms part of a fully-correlated global ESG and includes full stochastic modeling of the financial markets of that economy.

- » Treasury Bonds
- » Eurozone Sovereign Debt
- » Corporate Bonds
- » Mortgage-Backed & CMOs
- » Municipal Bonds
- » Covered Bonds
- » Multiple Correlated Equity Indices
- » Alternatives (Infrastructure, Private Equity, Hedge Funds, etc.)
- » Real Estate
- » Foreign Exchange
- » Inflation and Real Yields
- » GDP
- » Unemployment
- » Derivatives (e.g., Interest Rate, Equity, Inflation, Foreign Exchange)
- » *Others available on request*

GEMS® Software Documentation Library

GEMS® Economic Scenario File Service clients also receive access to the web-based Conning Software Documentation Library, which provides transparency and validation of the integrity of the scenarios. This is the same supporting documentation provided to GEMS® Economic Scenario Generator software clients.

About Conning®

Conning (www.conning.com) is a leading global investment management firm with a long history of serving the insurance industry. Conning supports institutional investors, including pension plans, with investment solutions and asset management offerings, award-winning¹ risk modeling software, and industry research. Founded in 1912, Conning has investment centers in Asia, Europe and North America. Conning's software and advisory services support insurance and pension risk modeling needs, providing insights for decision making, regulatory and rating agency compliance, strategic asset allocation and capital management. Conning's risk management software platform includes the award-winning¹ GEMS® Economic Scenario Generator, FIRM® Portfolio Analyzer and ADVISE® Enterprise Risk Modeler.

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