

AVANTGARD COMMODITY HEDGING

Volatility in the price of commodities is one of the most significant business risks that corporations face today. As firms increasingly look to hedging programs to protect themselves against commodity price risk, they need an integrated commodity risk management solution that supports their business process and overall risk management framework. AvantGard Commodity Hedging can help your firm to effectively manage commodity price risk.

AvantGard Commodity Hedging Solution

By offering a Web-based risk management platform that combines four key services – independent market data, risk reports, valuation models, and deal capture – in one easy-to-use application, AvantGard Commodity Hedging can bring you and your company value at many levels:

Chief Financial Officers benefit by reducing earnings volatility associated with commodity market movements and are insured against accounting blowups and earnings restatements.

Risk Managers gain the ability to understand exposure by counterparty, region, plant, etc.

Hedgers/Traders appreciate the ease of use of the platform and ability to obtain fair prices for trades prior to execution.

Questions to Ask:

- Is your broker/dealer giving you the best available execution?
- Ever wonder about the cost of over or under hedging commodity risk?
- How much of your total risk should you hedge?
- Can you perform scenario analysis on your positions and stress test for catastrophic events?



Gain Complete Tools for Meaningful Analysis and Reporting

Pricing Calculators: AvantGard Commodity Hedging helps you to hedge exposure to commodity markets and value complex trades inclusive of all forward curves, volatilities and correlations.

Cash Flow at Risk (CFaR): This objective tool provides you with the market consensus view of cash flows that could be at risk due to changes in commodity prices, which helps you to avoid potential losses.

AvantGard Commodity Hedging Global Market Data: This feature provides independent forward curves, volatility surfaces and correlations to help you value hedges and feed risk analyses.

Stress Testing and Scenario Analysis:

A robust stress testing module reveals the impact of changes in commodity prices on the hedge portfolio and on any proprietary trades.

Reporting: AvantGard Commodity Hedging offers a complete set of ready-to-use risk reports, providing a click-through process to all of the reports needed for risk management and external reporting.

Control Operational Risk: Users are able to establish strict access rules for trading, valuation, reporting and access by portfolio; and trades can be locked down by specific user types.

AvantGard Commodity Hedging automatically generates complete audit trails for all user activity as well.

One-Click Settlement Process: AvantGard Commodity Hedging manages and stores all settlement prices, allowing users to generate settlement amounts and invoices for all trades.

Systems Integration: AvantGard Commodity Hedging can integrate with other systems through the use of Application Programming interfaces (APIs), allowing users to easily and efficiently move information between applications.

Challenges:

- Managing operational risk and quantifying market risk
- Obtaining independent market data
- Incomplete view of commodity forward curves and volatilities
- Difficulty integrating deal pricing and capture, valuation, risk and market data
- Lack of insightful reporting

AvantGard Commodity Hedging:

Fully integrated commodities risk management solution

Benefits:

- Detailed invoicing, trade ticket, trade confirmation and profit and loss reports
- Integrates data to assist in better risk management
- Gives a comprehensive view of risk from multiple perspectives
- Provides general indicators of overall risk exposure
- Generates reports used to deliver information throughout your risk management operations

For more information, contact us at avantgardinfo@sungard.com

© 2009 SunGard.

Trademark Information: SunGard, the SunGard logo and AvantGard are trademarks or registered trademarks of SunGard Data Systems Inc. or its subsidiaries in the U.S. and other countries. All other trade names are trademarks or registered trademarks of their respective holders.