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FTF Webcast on Risk Systems

BlackRock's Aladdin Green Package



 **HARTFORD**SM
INVESTMENT MANAGEMENT

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HIMCO Background

- Wholly owned subsidiary of The Hartford
- Predominantly fixed income
- \$147B AUM as of March 31
- We manage :
 - The Hartford's general account assets
 - Asset hedging for The Hartford's VA products
 - Mutual funds (as sub-advisor)
 - 3rd party institutional assets
- Implemented BlackRock's Aladdin environment in December 2003

Uses of Aladdin for Risk

- VaR, Tracking Error, risk factor sensitivities for limits monitoring and risk budgeting
- Stress scenario testing for measuring potential extreme losses
- Position what-if pre-trade risk impact analysis
- Portfolio sector what-if risk and return analysis

What Works Well For Us

- Broad coverage of fixed income products
- Natural integration with trade processing
- Reliable historical market data management
- Sophisticated interactive risk analytics tool – “Portfolio Risk Tool”
- Green Package reports providing multiple levels of risk granularities

What Doesn't Work Well For Us

- Data Opacity - Historical data used in risk calculation are not available to clients (mostly related to distribution issues with providers)
- Difficult to change risk factor mapping
- Limited trending - Green Package only retains two current days and the most recent month end results
- No risk limits monitoring and management tools
- No credit risk model due to potential rating migration, default, etc.