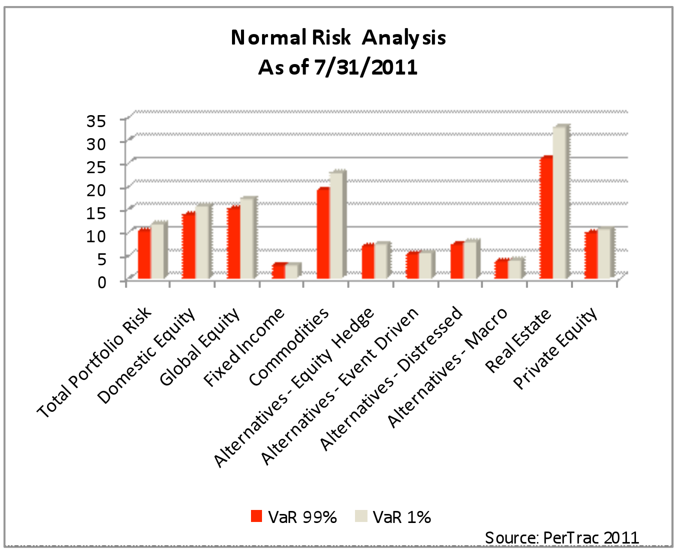
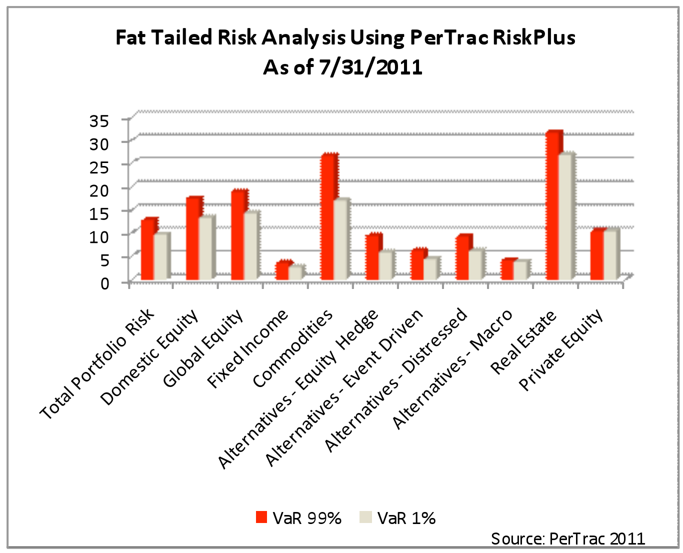
Standard Risk Measures Predicted Clear Skies Prior To August Tumult While Tail Risk Analysis Showed Dark Clouds on the Horizon

New York, NY — September 12, 2011 — Relying on standard industry risk measurement can lead institutional investors astray prior to market shocks, according to new analysis from PerTrac. In examining expected portfolio risk through the end of July 2011 (prior to the August 2011 market shock), standard normal distribution risk analysis used by much of the industry predicted that as of July 31, 2011, there was a greater potential for gains vs. losses across all investments types. At the same time, PerTrac RiskPlus analytics showed just the opposite: that the potential for, and the magnitude of, losses was greater across all investment types.

The different views of risk were especially evident when viewing both domestic and global equities with traditional methods predicting that gains in these asset classes would be 2% more likely than losses while tail risk analysis forecasted a greater than 4% chance of losses than gains.





VaR 99% represents the expected loss, and VaR 1% represents the expected gain.

And this is not the only instance of a red herring. In reviewing previous market events, such as the sovereign debt crisis in March 2010, the threat of potential losses was exposed with PerTrac RiskPlus, but normal distribution analytics continued with its overly optimistic market forecast despite the abundance of warning signs. During this crisis, non US-equities, as measured by the MSCI World Index, were the leading indicator. Normal distribution analytics estimated that there was a 14% greater potential for a gain than a loss in the MSCI World Index. RiskPlus showed an 18% greater potential for a loss than for a gain. During this crisis, the MSCI World Index declined substantially.

“Risk measures based on normal distributions, commonly referred to as ‘the bell curve’, are flawed due to their inability to capture tail risk and skewness evident in financial assets,” said Dave Merrill, CEO of FinAnalytica. “PerTrac RiskPlus, built in partnership with FinAnalytica, accounts for all four moments of a distribution, allowing our clients to differentiate tail risk from tail return, and to use these measures in their risk management and asset allocation decision making processes.”

“Our investment management clients, whether they are an endowment, a pension fund, a family office, or a fund of funds, all need to determine their thresholds and triggers for risk before an event occurs. PerTrac RiskPlus provides them a forward looking tool to better anticipate downside events and balance their portfolio risk against their risk appetite,” said Brendan Dolan, Co-President of PerTrac.

PerTrac RiskPlus, an advanced risk analysis module designed to help institutional investors and portfolio managers decompose hidden risks through the use of multivariate factor analysis, stress testing and risk budgeting, was launched in 2010 under a partnership between FinAnalytica and PerTrac. For additional information on PerTrac RiskPlus or tail risk analysis, visit www.pertrac.com.

About PerTrac
PerTrac provides software solutions for investment professionals at the fund-level of investing including pensions, family offices, hedge funds, long-only managers, endowments, sovereign wealth funds, funds of funds and industry service providers. More than 1,400 organizations in 50 countries rely on PerTrac software solutions to help them maximize returns, reduce risk and operate more efficiently. Founded in 1996, PerTrac is headquartered in New York with offices in London, Hong Kong, Tokyo, Reno, and Memphis. For additional information on the full suite of PerTrac software solutions, please visit www.pertrac.com.

About FinAnalytica
FinAnalytica delivers multi-asset class, predictive performance analytics solutions to investment managers. Supporting quantitative analysts, risk and portfolio managers, our combined methodology and framework optimizes full portfolio return potential and mitigates market risk. Deployed by leading asset managers, hedge funds and institutional investors, FinAnalytica's award winning Cognity analytics outperforms all current generation platforms through patented fat-tailed technology that is flexible, precise and transparent. For further information, please visit www.finanalytica.com.

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