



Consultant Picks PerTrac to Help Clients Narrow Search for Hedge Funds and Buckle Up Against “Extreme Events”

Malaczynski Burn Risk Management Founder Says 2008 Was a Game Changer for Risk Analysis

New York, NY - May 9, 2012 - Malaczynski Burn Risk Management, an international investment consulting and risk management firm, has selected [PerTrac's](#) risk management software, [PerTrac RiskPlus](#), to help its clients better allocate assets and plan for severe events similar to the 2008 credit crisis.

“Managing extreme event risk now dominates our discussions with pension funds and insurance companies,” says Nick Malaczynski, who founded Malaczynski Burn Risk Management with his partner Alex Burn in 2004. “In a world where ‘black swan’ events are increasingly common, PerTrac RiskPlus allows us to develop portfolio strategies that match clients’ needs for asset preservation and sufficient levels of income to cover beneficiaries,” he added.

The ability to plan for a range of market scenarios, including “black swan” events, is a key component of Basel III, a global regulatory standard on bank capital adequacy, stress testing and market liquidity risk formulated in response to the 2008 credit crisis.

“2008 changed everything. The days of chasing performance or picking a manager based solely on recommendation are long over,” added Malaczynski.

Malaczynski Burn Risk Management’s search for managers and its approach to risk management begins with PerTrac Analytics and its detailed information on funds’ strategies, lock-ups, fees and drawdowns. It further narrows the search using dozens of quantitative screens. For example, the software can eliminate funds with greater than 30% correlation to the market in down markets, or identify those whose maximum drawdowns were less than 20%. The firm then uses PerTrac RiskPlus, combined with its proprietary methodology, to build custom-made, model portfolios whose allocations reflect their clients’ investment objectives and cash flow needs. RiskPlus then enables them to apply stress tests to calculate how the portfolios would perform if an extraordinary event were to occur again.

“PerTrac RiskPlus lets risk consultants such as Malaczynski Burn Risk Management use a non-normal methodology, which is much better at calculating extreme events. This is a key reason we gain clients,” said Malaczynski. “It also provides us with an affordable alternative to other risk management systems,” he pointed out.

Institutional investors are increasingly looking to alternative investments as a way of coping with “extreme events” by providing more downside protection, portfolio diversification and preservation of capital. By the end of 2011, about 50% more pension funds were invested in hedge funds than in 2007, according to industry data. This increased interest from institutional investors has created demand for a more sophisticated method of choosing managers, Malaczynski observes.

“If investors use only traditional risk analysis techniques and assumptions, they could find themselves ill-prepared should an unexpected event disrupt the markets,” said Brendan Dolan, President of PerTrac. “By using more realistic assumptions about a fund’s returns as well as more exhaustive methods of analysis, RiskPlus helps customers make smarter allocation decisions and better shield their fund portfolios from tail risks,” he added.

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 PerTrac RiskPlus

PerTrac RiskPlus, developed with FinAnalytica, is a leading asset allocation and investment analysis software that is fully integrated with the PerTrac Analytics software platform. PerTrac RiskPlus gives portfolio managers and risk professionals easy to understand and multifaceted reports that break down a portfolio’s risk and return components so that they can better manage their fund allocations and plan for market shocks. To learn more, click [here](#).

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