nex·us

['neksəs] 🔊

NOUN

a connection or series of connections linking two or more things:
"the nexus between industry and political power"

SIMILAR: join   junction   juncture   intersection   link   linkage   connection   ⌄

- a connected group or series:
  "a nexus of ideas"

  SIMILAR: series   sequence   succession   chain   string   train   ⌄

- the central and most important point or place:
  "the nexus of all this activity was the disco"

Introducing Nexus - Cloud-Based Access (with API) to All Northfield Analytical Software Applications Is Open for Business

It is my privilege to again congratulate our staff on an extraordinary accomplishment. Achievement of this milestone will be of great interest to many of our clients. More than a decade ago we made the decision to create cloud-based access (with API) to all Northfield analytical software applications. We have named the unified system NEXUS. While some clients have been routinely using the NEXUS system and related API access, we proceeded carefully in building up a technology infrastructure that was sufficient to support our entire global client base. Just a few days ago we completed the final upgrades to the NEXUS platform that extend over both Microsoft Azure and Amazon Web Services cloud facilities.

As such, it is my great pleasure to announce that Northfield's NEXUS platform is now officially open for business.

NEXUS currently provides users with access to four analytical applications. The first three will be familiar to users of our locally installed software systems. Those are factor-based risk reporting, portfolio optimization, and a streamlined version of performance attribution. When delivered via the NEXUS platform, users can be assured that the Northfield applications they are accessing our most up-to-date versions, inclusive of our many analytical advancements (e.g. handling of non-normal return distributions). For our multi-asset class users of the Everything, Everywhere model, NEXUS also includes our ACES system that coordinates between numerous global data sources and a client's private data (i.e. holdings) to nearly eliminate missing coverage of exotic securities and private assets. For traded assets, portfolio position data can be automatically obtained from a wide range of custodians, accounting systems, and fund administrators.

Our last NEXUS application, FASST, may be less known to many of you. FASST combines factor modeling with bootstrap simulation capabilities so that users can *customize the entire risk model in use conditioned on a forward-looking economic forecast or stress scenario*. FASST overcomes many of the limitations of conventional scenario-based analyses. Rather than produce a single point return estimate for a portfolio conditional on a scenario, FASST rebuilds the factor covariance matrix in an optimal fashion, allowing for much richer risk report output. The forward-looking scenarios can be

defined with almost any economic variable event (e.g. Brazilian GDP, New Zealand interest rates, farm output in Pakistan) rather than just the model factors. FASST output also captures the path dependence of portfolio performance (i.e. drawdowns) going forward over user-defined time horizons from intraday to one hundred-twenty years. These unique capabilities make FASST an ideal risk management tool for a broad range of use cases, from trading desks to asset-liability management of insurance companies, commercial banks, or large pension funds.

Now that unrestricted use of NEXUS is available, our attention will turn to releasing an additional eight applications between now and mid-2024. Three of these applications will be of particular interest to large asset owners with multi-asset class portfolios. The first is RAMP which allows users to create custom reports combining output from multiple applications using the Microsoft SSRS report design standard. Once defined, RAMP reports can be generated on demand, or automatically on a user-defined schedule. The second is Springboard, which will provide asset owners a portal to a virtual "asset master" so they can conveniently and securely maintain data on non-traded assets (e.g. real estate, private equity, private credit). Springboard also provides traditional portfolio reporting capabilities that are not reliant on quant models. Finally, there will be deployment of return analysis tools that cater to "allocator funds" for tasks such as manager evaluation and selection.

Also coming soon to NEXUS will be capabilities to provide large scale to separate account management of private wealth. Our cutting-edge systems for financial planning, asset allocation, and security-level portfolio rebalancing will be consolidated to form a suite that can accommodate tens of thousands of investor accounts for financial advisors, bank trust departments, and high-net worth asset managers. Uniquely, our systems can provide tax sensitive (lot level) *joint portfolio rebalancing* of multiple related accounts (e.g. a family office). Finally, we haven't forgotten our roots in quant asset management, where a new *Actionable Attribution* tool will provide quant managers with uniquely sophisticated methods to analyze and simulate the dynamics of signal quality, alpha decay, and trading costs within their active management processes.

To encourage our existing clients and prospective clients to move to NEXUS we will be offering special introductory pricing through the end of January 2024. These reduced fee structures will mean that all existing Northfield clients will be able to add online access at nominal cost, while maintaining their existing process. For new users, NEXUS will provide a unique set of capabilities at very competitive cost.

I invite you to inquire about NEXUS to your Northfield staff contact or email to **sales@northinfo.com** for more information or to arrange trial usage.

Yours very truly,

Dan diBartolomeo
President