HedgeSPA Platform Walkthrough for Commodities

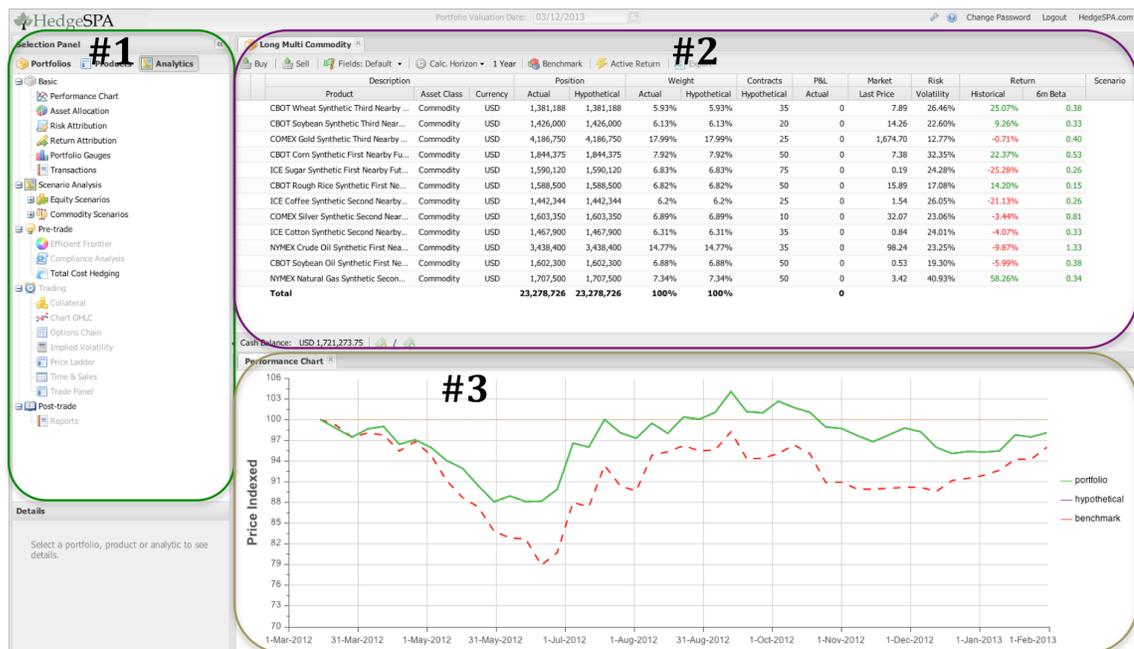Platform Layout:

The HedgeSPA workspace is divided into three key areas shown below:

#1 – **Selection Panel**: open Portfolios, find Products, and select Analytics

#2 – **Portfolio Space**: view Portfolio holdings, statistics, or Product details

#3 – **Analytics Space**: use Analytics tools for the active Portfolio

Color Codes:

When the key areas above are referenced they are color coded in **PURPLE.**

Portfolios being used are color coded *BLUE.*

Actions that must be taken by the user are color coded **GREEN.**

Targets of user-actions are color coded *RED*.

Script Layout:

Left column specifies the action to take in the platform.

Right column provides a brief explanation of the functions being used.

Platform Walkthrough

Action	Explanation
Long Multi-Commodity portfolio opens by default in the **Portfolio Space**.	• The *Portfolio Space* contains three elements: (1) *Tabs* of all open Portfolios, Product information, or multi-Portfolio analytics *(2) Button bar* *(3) Portfolio Grid*, lists all of the instruments in the portfolio with detailed descriptions and statistics.
Click on the *Fields* button and select *Risk Analysis*	• *Fields* is used to quickly change the information you want to view in the *Portfolio Grid*. • *Risk Analysis* statistics include a mix normal and tail risk statistics of each asset as well as the marginal contribution to the total portfolio risk.
Click on the *Fields* button and select *Default*	• Change back to the basic default data display in the *Portfolio Grid*.
Click on the *Analytics* button in the **Selection Panel**	• This area contains the Analytics tools menu and allows you to open the desired tools and models. • Analytics can be opened by either double-clicking or drag-and-dropping the selected tool.
Double-click on the *Portfolio Gauges*.	• Opens the *Portfolio Gauges* tool. • This tool gives a view of the Portfolio's performance and tail-risk characteristics over the *Calculation Horizon* shown in the *Portfolio Space*.
Click on *Benchmark*.	• Benchmark is currently set to the *Commodities Benchmark*.

	• The benchmark is displayed in the *Performance Chart* and used to calculate the *6m Beta* (displayed in the *Portfolio Grid* or *Portfolio Gauges)* of both individual assets and the portfolio as a whole. • It is also used when you toggle to view the portfolio in *Active Return* space.
Click on the *Commodities Benchmark* text next to *Name* and select the *Absolute Return 3 Percent* and **click Set** to change the benchmark.	• Changes the portfolio benchmark. • After the change, all *6m Beta*s and relevant analytics are re-calculated against this new benchmark. • If you are using the *Active Return* function, the entire portfolio would be re-calculated with respect to the new benchmark.
Double-click on the *Risk Attribution* tool.	• Opens the *Risk Attribution* tool. • The *Risk Attribution* tool statistically and graphically compares the *Weight* of each Asset Class or Region with its *Tail-Risk PCTR* to check which elements are contributing the most to the portfolio's tail risk. • The *Weight vs PCTR* column shows a green arrow when *PCTR < Weight* (contributing less risk than its weight) or a red arrow when *PCTR > Weight* (contributing more risk than its weight).
Click on *Chart Sub-AssetClass*.	• Lets you change the graphical representation at the right to show the allocation in the second column.
Double-click on the *Return Attribution* tool.	• Opens the *Return Attribution* tool. • *Return Attribution* analytics compares the *Historical Return* of each Asset Class or Region with its "risk equivalent" *Implied Return* to find which elements of

	the portfolio are generating enough historical return to justify their risk. • *Implied vs Hist* shows a green arrow when *Historical Return < Implied Return* (producing enough return to justify its risk) or a red arrow when *Historical Return < Implied Return* (not producing enough return to justify risk).
In the *Analytics* area of **Selection Panel**, **click** on *Commodity Scenarios*	• Opens the list of Commodity statistical models and scenarios.
Click on *Multi-Commodity Scenarios* and **double-click** the *Generic Multi-Commodity Model*.	• Loads the *Generic Multi-Commodity Model*. • The impact of this model on each assset and the entire portfolio are displayed in the far right hand column of the *Portfolio Grid* in the *Portfolio Space*. • In the *Analytics Space* see the selected commodity macro factors organized by *General, Energy, Metal, Agriculture, Treasury, Macro Econ,* and *Forex*.
Click on the *5.00%* for the *General* factor *iShares S&_ GSCI Commodity Indexed Trust,* underneath *Change %* and change the value to *10%*.	• Change the factor shocks by entering a new value, new percentage change or using the slider bar. • The new scenario result is re-calculated on demand in near real-time.
Double-click on *Total Cost Hedging*.	• Opens the *Total Cost Hedging* tool. • Total Cost Hedging can be used to test a set of investment instruments for suitability to achieve a selected investment objective, such as minimizing portfolio variance, maximizing the Sharpe Ratio, and more.
Click on the *Products* button in the **Selection Panel**.	• This area lets you select products for analysis via a filtered text search or a tree hierarchy.

Type "short" into the *Product Name* field and **click** *Search*.	• Performs a search for products with "short" in their name.
Drag-and-Drop (1) *iPATH S&P 500 VIX Short-Term Futures ETN* (2) *ProShares UltraShort S&P 500* into the Hedging tool	• Prepares the listed products for a Hedging analysis.
Click the arrow next to Run and select *Min Variance*	• Allows you to select from the different investment objectives for your analysis.
Click on *Run*	• Runs the Hedging analysis.
Click on *Statistics*	• Shows the portfolio statistics for the Actual and hedged Hypothetical portfolios. • See the reduced portfolio volatility after hedging.
Click on *Graph*	• Graph of Actual vs hedged portfolios.