Business Impact

SAS gives us a single platform and a comprehensive view of all asset classes across our state's pension plan. These advanced analytic and modeling capabilities assist the investment team in monitoring and evaluating risk daily.

– Christopher Morris
Director of Risk Management &
Asset Allocation, North Carolina
Department of State Treasurer

Challenges

- **Disparate systems**. Different asset classes have different software and data sources, so correlation analysis and factor modeling across an entire plan is difficult.

- **Manual processes**. It's tedious and time-consuming to manually gather and prepare data for portfolio analysis.

- **Limited resources**. Despite constrained state and local budgets, managers and analysts spend hours gathering data to build reports and run analyses.

- **Limited analytic capabilities**. Solutions that can't look at correlations across asset classes and managers do not reflect crucial subtleties.

Understand the Risk for Each of Your Pension Fund Investments

The Issue

Since the financial crisis, near-zero interest rates have left many public pension plans vastly underfunded. Despite strong returns, a recent study[1] found that states are $915 billion short in funding pension obligations. Rising pension fund shortfalls combined with increased concerns of global financial market contagion have necessitated a more comprehensive approach to pension fund risk management. And because millions of Americans rely on pensions for retirement, pension funds have turned to alternative investments – like private equity and hedge funds – in hopes of higher returns.

Billions of dollars are invested in a variety of asset classes. Fund managers must understand the risk of each investment and know that the fund is properly compensated for each risk taken. Unfortunately, declining state tax revenues have shrunk budgets, and public pension plans face staff shortages. The economic climate requires a flexible risk environment that can adapt rapidly to new and changing market conditions. Taking this approach would free pension plan administrators to focus on risk management instead of costly data management activities.

Our Approach

Rather than relying on predefined models or techniques, SAS delivers a comprehensive, web-based risk management solution designed specifically for pension administrators. SAS delivers software and services to help you:

- **Handle all pension risk management activities through a single, web-based system**. Get on-demand access to data, risk models and reporting through one secure, web-based interface.

- **Easily make long-term cash flow projections**. Scenario analysis shows a clear view of asset allocation strategies, explicitly integrating exposure to the pension plan while assisting with cash flow modeling and commitment planning.

- **Lower the cost of data ownership**. For alternative investment firms that have proprietary components, SAS can act as a third party that receives position-level detail from the firm but only surfaces reporting and analytics to the customer.

The SAS approach unites industry expertise and leading analytical technologies in a rapidly scalable environment.

[1] pewtrusts.org/en/research-and-analysis/analysis/2014/08/
size-of-long-term-obligations-varies-across-states

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THE POWER TO KNOW.

The SAS® Difference:
A comprehensive solution to help pension administrators manage risk effectively

With SAS, you get a customizable, hosted solution that integrates and supports all asset classes. SAS provides:

- **Intuitive, web-based reports that show a top-level view of exposures**. Managers can also run detailed, custom analyses using trusted data mining, forecasting and analytics tools that access fund data and conduct analysis at the position level. Analysts can easily convert their work to daily analytical reports.

- **Dedicated component for private asset class management**. See a detailed view of your investment portfolio over time, and use custom scenarios along with cash flow modeling, commitment planning and portfolio exposure monitoring to help you make the best possible choices.

- **End-to-end data management and other broad services**. SAS handles data due diligence and problem resolution for you. Plus you won't need to deal with third-party vendors or get involved in invoicing, contracts, etc.

- **Simplified yet thorough capabilities**. Extensive reporting options make it easy to explore and analyze back-end data in real time. You get direct access to all models and data behind the scenes through an analytical workbench.

SAS provides a broad, flexible solution based on our proven technologies and specifically designed to help pension administrators meet all their risk management needs.

Case Study:
North Carolina Retirement System

Situation

The state of North Carolina had a complex pension fund portfolio that had become costly and challenging to manage.

Solution

The asset performance management solution from SAS simplified portfolio management. A state-of-the-art risk measurement and monitoring system produces more than 80 daily risk reports based on multiple market and portfolio data sources across all asset classes. Numerous custom risk exposure and performance reports provide crucial insights into key performance and risk drivers, without requiring costly data management activities.

Embedded tools such as total plan and private asset class management give portfolio managers a variety of interactive features. In the total plan module, portfolio managers investigate custom allocation strategies under user-defined macro-economic climates. In the private asset class module, portfolio managers use a comprehensive set of interactive tools to forecast, plan and manage private investments.

Results

With the SAS solution, the chief investment officer and chief risk officer can manage risk across all portfolio investments in one place – saving time, effort and money.

What if you could …

Get everything you need in one place

What if you could have on-demand access to your data, risk models and reporting through one secure interface?

Plan more effectively

What if you could better estimate budgets and plan for market events that could dramatically affect private asset class exposures?

Integrate third-party data faster and easier

What if you could rely on SAS to perform all data management tasks, including contracts, invoicing, data due diligence and problem resolution?

You can. SAS gives you THE POWER TO KNOW®.

SAS Facts

- SAS helps customers at more than 75,000 sites improve performance and deliver value by making better decisions faster.

- SAS is used in all 50 US states.

- SAS provides sophisticated statistical analysis through the State and Local Government Advanced Analytics Lab.

Learn more about SAS software and services for government at: **sas.com/gov**

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