



## RiskMetrics Group

FOR IMMEDIATE RELEASE

RiskMetrics Group  
One Chase Manhattan Plaza  
New York, NY 10005  
Tel (212) 981-7400  
[www.riskmetrics.com](http://www.riskmetrics.com)

### RiskMetrics Group Unveils New Equity Factor Model

*Equity Factor Model Offers Investment Managers Full Model Valuation Across Multiple Asset Classes with Factor Flexibility and Customization*

New York, NY (October 24, 2007) - RiskMetrics Group, a leading provider of risk management and corporate governance services to the global financial community, today launched its next-generation Equity Factor Model, which combines economically-meaningful sets of country-based factors, an advanced regression engine, and RiskMetrics full-valuation simulation methodologies to measure and manage equity risk within a multi-asset portfolio. The model enables investment managers to capture both factor and idiosyncratic risk simultaneously ensuring no loss of instrument-specific volatilities or correlations with seamless integration of equity, fixed-income, and derivative positions. Long/short hedge fund managers and traditional long-only managers should also find the model to be a powerful tool.

The Equity Factor Model framework is fully integrated with the RiskManager™ suite of risk analytics including Value-at-Risk, Monte Carlo simulations, sensitivity analysis, benchmark data and stress testing capabilities. Equity portfolio managers can leverage the model framework to analyze the effects of risk factors on their portfolios using either RiskMetrics' designed style and industry factors or custom factors incorporating any combination of time series over any period. These data sets can be augmented by any of the over 750,000 additional RiskMetrics Group time series spanning interest rates, equity prices, commodity curves, credit spreads and implied volatilities.

"More investment managers today require a full valuation framework with an embedded ability to correctly handle positions with optionality as well as one that spans multiple asset classes and includes functionality to customize factors and isolate specific risks," said Gregg Berman, Co-Head of RiskMetrics Group's Risk Business. "Whether probing the systematic drivers of a small portfolio of individual stocks, identifying how the specific risks of holdings provide for diversification, or analyzing a large multi-asset portfolio, RiskMetrics' Equity Factor Model provides risk managers with an unprecedented level of granularity and explanatory power in a single, extensible framework."

Investment managers can also capture factor risk and non-factor risk on-demand with the Equity Factor Model. This method allows a risk manager to choose an entire factor set, a subset of important factors, or a single factor such as oil, natural gas or an equity index, to deconstruct the risk in whatever terms make most sense for the analysis. Dynamic computation of factor loadings allows for generalization of exposures and the identification of hedges. To meet the tailored needs of investors, portfolio managers and regulators, investment managers can create intuitive, client-focused risk and exposure reports.

#### About RiskMetrics Group

RiskMetrics Group is a leading provider of risk management and corporate governance products and services to financial market participants. By bringing transparency, expertise and access to the financial markets, RiskMetrics Group helps investors better understand and manage the risks inherent in their financial portfolios. Our solutions address a broad spectrum of risk across our clients' financial assets. Headquartered in New York with 19 global offices, RiskMetrics Group serves some of the most prestigious institutions and corporations worldwide. For more information, please visit: [www.riskmetrics.com](http://www.riskmetrics.com).

#### RiskMetrics Group Media Contacts:

Cheryl Gustitus  
301.556.0538  
[cheryl.gustitus@riskmetrics.com](mailto:cheryl.gustitus@riskmetrics.com)

Sarah Cohn  
212.354.4643  
[sarah.cohn@riskmetrics.com](mailto:sarah.cohn@riskmetrics.com)