



## Commodity Trading Solution Overview

### Introduction

Transacting in commodity markets requires real-time trading solutions that enable traders to instantaneously react to market opportunities. Enterprise energy trading and risk management (ETRM) solutions must also provide rapid deal capture, trader decision support tools and superior market insight (dashboards) for the identification of arbitrage opportunities. The challenge is finding an integrated solution that meets the various needs across a company, including the ability to measure and report in real-time the complexity (all commodity and derivative types) of a portfolio, maintain curves and forecasts and manage deals (physical and financial) from capture to confirmation to invoice and general ledger. Allegro's commodity trading solution meets each of these challenges on one platform.

Whether you're optimizing physical assets or trading a speculative book, Allegro's commodity trading platform leverages more than 24 years of experience delivering commercial organizations the most advanced flexible and adaptable trading solutions available. Trader decision support tools, analytics, real-time position updates and commodity exchange/pricing connectivity are just the beginning.

### For Traders

Allegro offers decision support capability that leverages a first-of-its-kind Interactive Trading Environment (ITE). ITE empowers traders with sophisticated tools that can facilitate the identification of arbitrage opportunities, optimize the portfolio in real-time, simulate transactions and automatically execute trade strategies with live exchange feeds.

### For Portfolio Managers

Allegro offers intuitive views into positions with a customizable executive dashboard featuring drill-down capability (by trader, portfolio etc), proactive (pre-trade) credit alert capability, real-time (simulation) risk management updates and dynamic reporting capability. Allegro's streamlined, highly automated processes for managing risk, price, supply and demand curves allow managers to develop hedging strategies, determine asset value (asset optimization), drill-down to any level of risk or portfolio exposure and manage physical and financial positions.

Superior curve management provides managers with improved mark capability (with live pricing feeds) allowing users to generate forward curves for each price index with flexible definitions of current and forward indices, basis valuations and adjustments. In addition, managers can view composite prices, such as averages, sums, floors and ceilings, correlate multiple index values to determine pricing trends and make parallel and non-parallel shifts in forward curves, revealing sensitivity to moves in pricing, basis, volatility and time.

Allegro's commodity trading solution includes a rapid deal entry blotter with deal duplication capability, built-in options valuation analytics, asset optimization tools, comprehensive curve management and real-time position updates on user-defined, customizable trader dashboards (3D graphical or numeric representation) providing traders everything they need on one screen.

Allegro's advanced technology platform provides trading entities with out-of-the-box web services for connectivity with external data sources, including commodity exchanges (ICE and NYMEX) and pricing sources (LIM and Platts). The flexibility of the solution allows companies to easily integrate Allegro with other applications like SAP (Allegro is NetWeaver certified).

Risk Management  
Commodities Trading  
Physical Logistics  
Regulatory Compliance

Should your business require physical logistics management, Allegro's integrated Physical Logistics provides scheduling management for all transportation types, including transmission lines, barge, vessel, rail, truck and pipeline, with EBB scheduling automation.

For smaller operations, Allegro offers a hosted solution that provides all of the aforementioned functionality, without the cost and hassle of hardware management. The Allegro solution for commodity trading delivers everything your company needs to run a real-time portfolio from front to back office, from integrated regulatory and hedge compliance to invoice and general ledger. Join the growing list of clients to gain real-time commodity trading efficiencies with Allegro.

### Benefits

#### Some of the benefits that Allegro can bring to your company:

- Rapid deal entry blotter with deal duplication capability
- Work-flow for process efficiencies
- Interactive Trading Environment (ITE)
  - Trade strategy with automated execution
  - Decision support
  - Optimization
- Customizable dashboards with external connectivity (exchange and pricing)
  - LIM and Platts
  - NYMEX and ICE
  - Deal entry... all on one screen
- Flexible, adaptable and scalable architecture for ease of extension and integration
  - Allegro is SAP NetWeaver certified.
- Real-time risk management and valuation engine
  - Integrated credit, market and operations risk
  - Credit risk with pre-trade limit verification and CVaR measurement
  - Delivers risk measurement Covariance, RiskMetrics, Historical simulation, Quadratic and Monte Carlo simulation
  - Options valuation (all Greeks)
- Embedded options analytics
  - Black and Black- Scholes
  - Cox-Ross-Rubenstein
  - Garman-Kohlhagen
  - Turnbull-Wakeman, Whaley
  - spread options

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