

Model management tool improved with more flexibility built into deviation percentage



Liberty now gives money managers greater flexibility when it comes to managing the deviation percentage within a model. The Deviation field is now split into “Up” and “Down” deviation fields, enabling investment personnel to fine tune the deviation more precisely.

Prior to the change, the deviation percentage in Liberty was a single value, which applied to both the upside and downside. Now, you can select a different deviation for either the upside or downside, thereby providing the ability to have an asymmetrical deviation band for a cross model processing.

What changed:

- The Deviation field was split into Up Deviation and Down Deviation fields. The Up Deviation and Down Deviation values are assigned to each model on an account, including Composite models via the Account Registration Details – Model Allocations screen in Liberty.
- The specified Up-side and Down-side deviation percentage can now be taken into consideration during cross model processing.
- If the difference between the “current %” and the “target %” is greater than the up/down deviation, then the model considered for inclusion in the cross-model processing trade. If not, then the model is within “tolerance” and is not eligible to participate in the cross-model event.
- The Up Deviation and Down Deviation must still be between 0% - 5% (same as previously)
- Important note: Changes were not applied to the trade calculations or logic itself. The process was enhanced it to look at the Up Deviation independently from the Down Deviation – where previously they had been a single value.

This new enhancement should help reduce the frequency of trading by allowing a model to drift (deviate) to the upside or downside, allowing the money manager to better manage the model per the defined parameters.

As always, please contact your Client Service Advocate with any questions about this new enhancement.

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