

**Risk**  
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The financial and economic crisis that began in 2007 has demonstrated the shortcomings in traditional methods for risk assessment. Finding new ways to identify risks is imperative. The search for improved synthetic risk indicators is a major topic of international debate.

*A Quantitative Framework to Assess the Risk-Reward Profile of Non-Equity Products*, written by Marcello Minenna (acknowledged as the "quant regulator" by Risk magazine and professor of advanced courses in the field of financial mathematics), provides a comprehensive guide to a new infrastructure for risk management, introducing original methods and measures to assess the risk profile of non-equity financial products.

The book is divided into a three-pillar risk-based approach, founded on the careful analysis of the financial structure of any non-equity product.

Three risk indicators:

- price unbundling and probabilistic scenarios;
- the degree of risk; and
- the recommended investment time horizon

reveal the material risks of various non-equity products. The book provides a detailed illustration of the analytical tools underlying these three indicators.

*A Quantitative Framework to Assess the Risk-Reward Profile of Non-Equity Products* offers a way for financial institutions, investors, structurers, regulators, issuers and academics to better assess, understand and describe the risks associated with non-equity products and make a meaningful comparison between them.

Praise for Marcello Minenna's *A Quantitative Framework to Assess the Risk-Reward Profile of Non-Equity Products*:

"This book constitutes an excellent collection of methods for approaching non-equity products in this post-crisis era."

From the foreword by HÉLYETTE GEMAN, Director of the Commodity Finance Centre and ESCP Europe, Birkbeck, University of London

"This book fills the gap that exists between the risk management tools available to industry insiders, and those available to investors. It is a welcome contribution that will be helpful to anyone who needs to assess the risk of non-equity products."

JAKSA CVITANIC, Professor of Mathematical Finance, Caltech

"Rigor and clarity characterize this methodology to assess the risk of every non-equity product. Well established stochastic techniques are applied in an original way to convey the key information on the time horizon, the degree of risk, the costs and potential returns of the investment and therefore to match the investor's preferences in terms of liquidity attitude, risk taking, desired returns and acceptable losses."

SVETLOZAR RACHEV, Department of Statistics and Applied Probability, University of California at Santa Barbara



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A Quantitative Framework to Assess the Risk-Reward Profile of Non-Equity Products

By Marcello Minenna

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# A Quantitative Framework to Assess the Risk-Reward Profile of Non-Equity Products

BY MARCELLO MINENNA

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