

Portfolio and Risk Management:

Then and Now

Since 2008 Institutional allocators have started to view risk and exposures in a new way. Treating managers' historical returns as reliable risk indicators, relying on an intricate web of spreadsheets to calculate portfolio exposures, and attempting to focus on one single number to articulate all risk proved to be materially flawed approaches.

Technology partners responded by offering more robust and holistic portfolio management software, arming institutional allocators with tools to be better prepared in an increasingly complex investment landscape.

PRE 2008

Relied on managers' historical performance to assess risk of total portfolio

Followed a "bottom up" approach to manager selection

Spent weeks trying to estimate a portfolio's exposure to a specific region or asset class

Spent months preparing client or board meeting reports

Complicated liquidity terms resulted in missed notice dates for hedge fund redemptions

Gauged a manager's pedigree and previous experience to understand where they are skilled

Used strategy buckets as the primary means of diversifying a portfolio

Detected style drift through quarterly conversations with managers

TODAY

Aggregate managers' exposures to understand portfolio's true risk and positioning

Consider manager selection in the context of portfolio synergies

Determine exposures, sliced & diced in any manner, with the click of a button

Leverage user-friendly technology to seamlessly create reports

Receive automated alerts days in advance of hedge fund notice dates

Rely on actual performance attribution to determine where they are skilled

Diversify based on actual investment attributes, like asset class & regional exposure, to view overlap across buckets

Receive alerts when managers breach mandates and use data visualization to display outliers

The team at Caissa, including institutional allocators and exceptional developers, comes together to offer the Caissa Platform, a portfolio and risk management application used by institutional allocators collectively representing over \$1.5T in AUM.

For more information on best practices for risk and exposure management, join us on any one of our webinars or contact us to schedule a demo of the Caissa Platform.

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