

Risk Management Framework for a Fund House

The Assignment

A fund management house in Singapore wished to create a risk management policy guide to manage their exposure to various risks including market, credit, operational, strategic, liquidity and concentration risks. The fund required a framework for policies and procedures to govern the management of these risks in relation to the firm's capital, risk appetite, earning capacity, market environment and available financial resources.

Our Solution

We developed a risk management policy, to be used in conjunction with the existing policies already in place at the fund management house without superseding any existing control or guidelines already in place.

The policy outlined the investment process for private equity and for listed scrips – with investment period of medium term (3 months to 3 years) and short term (less than 3 months).

The policy delineated roles and responsibilities for the Managing Director, Head of Investments, Investment Manager, Risk and Compliance Officer and Accounts and Finance Officer with respect to risk management. The policy also prescribed guidelines on separation of functions, own account training, authentication and payment authorization and defaults.

The risk management framework defined the entire process of risk management for the client viz. risk identification, risk measurement, risk mitigation (exposure reduction, risk hedging, risk elimination), risk reporting (internal, regulatory)

Takeaways for the Client

The policy guide provided a strategic direction for risk management, established policies for clear delineation of risk governance and spelled out responsibilities for identification, measurement, analysis, control, monitoring and reporting of the various risks encountered by the management house in its business activities.

The risk management framework outlined by the policy guide augmented the existing risk management framework of the house to better align it with the scale of the business operations of the various fund clients that the fund house managed and also achieved full compliance with the regulations of Singapore, where the fund house was based.

ASSIGNMENT DETAILS

- ▲ SECTOR
ASSET MANAGEMENT
- ▲ DOMAIN
RISK MANAGEMENT
- ▲ GEOGRAPHY
SOUTH-EAST ASIA
- ▲ PROJECT DURATION
1 Month