



Abstract

Avantage Reply provided assistance to one of the world's largest alternative asset managers to review and write an overarching risk policy framework document to replace the current Group Risk Policy and to update corporate risk policies.

Review and Update Corporate and Investment Risk Policies

THE CLIENT

The client is one of the world's largest alternative asset managers.

THE CHALLENGE

The Client was seeking assistance by specialised risk advisory consultants to review and write an overarching risk policy framework document to replace the current Group Risk Policy and to update corporate risk policies:

- The risk policy framework should cover corporate risks and also lay out a 'minimum standard' for investment risk policies to be held within each investment manager across key risk types.
- The corporate risk policies should cover relevant corporate risks, including cover Credit/Counterparty, Market, Operational and Business risks.

APPROACH AND SOLUTION

The high-level approach that Avantage Reply took to the Engagement was to:

- Review and validate the risk vision and risk management strategy and the risk appetite framework with key stakeholders, including:
 - For investment management risks, i.e. risks to fund investors (e.g., compliance with investment mandates, maintenance of adequate liquidity of investments, etc.); and
 - For corporate risks, i.e. those that affect shareholders directly (e.g., management of risk taking activity in the Asset Manager's balance sheet via a capital and liquidity framework).
- Identify required and recommended changes to (i) the risk policy framework and (ii) corporate risk policies based on (a) business transformation activities not adequately covered by the current framework and policies, (b) the role of risk management in supporting business sustainability in line with the Asset Manager's strategy, (c) risk management requirements and/or guidance set out (being developed) by the Financial Services Authority and the European Securities and Markets Authority ("ESMA") (e.g., risk management requirements set out in the Alternative Investment Fund Manager Directive ("AIFMD") and related implementation standards).
- Validate the required and recommended changes to (i) the risk policy framework and (ii) corporate risk policies with key stakeholders. The validation also entailed a detailed discussion to ensure the work being done is conducive to embedding of the risk management framework within the

organisation (with respect to both corporate risks and investment management risks).

- Develop and validate the risk policy framework in close co-operation with key stakeholders.
- Develop and validate the corporate risk policies in close co-operation with key stakeholders.

RESULTS AND BENEFITS

- Accelerated delivery of well-embedded and regulatory compliant risk policies.

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