

# Portfolio Management Tools

## Risks and Implications



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NAVIGANT  
CONSULTING



### **Reliance on third party software for portfolio management support raises some questions:**

- » Do you understand in detail what you are buying and how it works?
- » Do you understand the impacts of the implementation process?
- » Is there clarity over responsibility for the resultant recommendations?
- » Does your oversight gives comfort that the processing
  - › produces the expected results?
  - › justifies your reliance in making decisions for your clients?and is there MI to support this?

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## How does it work?



- » Risk assessment
  - › Specific to investment goals and client demographics?
  - › Calibrated to client reactions?
- » Stock selection
  - › Whole of market/all relevant instrument types?
  - › Criteria for selection?
  - › Bias?



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## Implementation



- » What can you change or tailor to your requirements?
- » Who can configure or change
  - › Enterprise wide?
  - › Individuals?
- » Configuration can alter results
  - › What adjustments are needed to meet your clients' needs?
  - › What expertise is needed to support?
- » GIGO
  - › Where does the supporting data originate?
  - › Do you assess and validate it?



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## Responsibility & Oversight



- » What ongoing oversight is required?
  - › Retention of expertise to support
  - › Evidence and MI
- » Whose advice is it anyway?
  - › Client perceptions
  - › Regulatory expectations
  - › Legal position
  - › Documentation

