

ASSESSMENT DETAILS

ESCALATION CONTACT:

Team Lead:	Contact No.:
Affected Parties:	

ACTIVITY OR SERVICE DETAILS

Purpose:	Date:
Benefit: Enhances tax efficiency through tailored strategies. Ensures alignment with clients' financial goals. Improves transparency with regular performance updates. Optimizes returns through strategic investment selection. Provides peace of mind with expert oversight. Reduces risks with diversified asset allocation.	

HAZARDS

HAZARD	RISK	RISK BENEFIT	MEASURE	RISK TO	RISK LEVEL
Counterparty risk	Failure of counterparties to meet obligations, financial losses, disputes	Reduces the risk of losses due to counterparty failures, ensuring more secure and predictable portfolio performance.	Assess the financial stability and reliability of all counterparties before engaging in transactions. Diversify counterparty exposure to avoid dependence on a single entity. Establish clear contractual agreements and collateral requirements to secure obligations and minimize potential losses from counterparty defaults. (ALL)	Portfolio managers, investors	Before Measure: High After Measure: Med

HAZARD	RISK	RISK BENEFIT	MEASURE	RISK TO	RISK LEVEL
Credit risk	Default of issuers or counterparties, credit downgrades, payment delays	Minimizes the likelihood of default-related losses, ensuring more reliable returns and safeguarding the portfolio's overall integrity.	Conduct thorough credit assessments of all counterparties and issuers before investment. Maintain diversified exposure to different credit ratings and sectors. Continuously monitor credit ratings and financial health of investments, and establish credit limits to prevent excessive exposure to any single entity. (ALL)	Portfolio managers, investors	Before Measure: High After Measure: Med
Currency exchange risk	Losses from unfavorable currency movements, reduced returns	Reduces the impact of adverse currency movements on the portfolio, stabilizing returns for investors with international exposures.	Use hedging instruments such as forward contracts and options to manage currency exposure. Diversify investments across multiple currencies to spread risk. Monitor exchange rate trends and adjust hedging strategies in response to significant currency fluctuations to protect the portfolio's value. (ALL)	Portfolio managers, investors	Before Measure: High After Measure: Med
Cybersecurity threats	Data breaches, unauthorized access, loss of sensitive information	Protects sensitive financial data and portfolio information from cyberattacks, ensuring the integrity and confidentiality of investment operations.	Implement advanced cybersecurity measures including firewalls, encryption, and multi-factor authentication. Conduct regular security audits and vulnerability assessments. Provide ongoing training for employees on best practices and establish incident response protocols to quickly address any breaches. (ALL)	Portfolio managers, IT staff	Before Measure: High After Measure: Med

HAZARD	RISK	RISK BENEFIT	MEASURE	RISK TO	RISK LEVEL
Environmental risks	Negative impacts from ESG concerns, stranded assets, investor backlash	Enhances the portfolio's sustainability and long-term performance by mitigating risks associated with environmental factors, attracting socially conscious investors.	Incorporate environmental, social, and governance (ESG) criteria into investment analysis and decision-making processes. Assess the environmental impact of investments and engage with companies to promote sustainable practices. Diversify investments to mitigate exposure to industries with high environmental risks. (ALL)	Portfolio managers, investors	Before Measure: High After Measure: Med
Fraud risk	Financial losses due to deceitful activities, legal implications, reputational harm	Protects the portfolio from financial losses and reputational damage caused by fraudulent activities, ensuring a secure investment environment.	Implement comprehensive fraud detection systems and conduct regular audits to identify suspicious activities. Establish clear policies and procedures for reporting and addressing fraud, and provide training to employees on recognizing fraudulent behavior. Enforce strict access controls and monitor transactions for unusual patterns. (ALL)	Portfolio managers, operational staff	Before Measure: High After Measure: Med
Fraudulent activities	Unauthorized transactions, financial losses, reputational harm	Protects the portfolio from financial losses and reputational harm caused by fraudulent actions, maintaining trust with investors and stakeholders.	Establish stringent internal controls and segregation of duties to prevent unauthorized transactions. Conduct regular audits and implement real-time monitoring systems to detect suspicious activities. Promote a culture of integrity and provide training to employees on recognizing and reporting fraud. (ALL)	Portfolio managers, operational staff	Before Measure: High After Measure: Med

HAZARD	RISK	RISK BENEFIT	MEASURE	RISK TO	RISK LEVEL
Geopolitical risk	Instability due to conflicts, sanctions, or political events, reduced asset value	Reduces the potential impact of geopolitical instability on the portfolio, enhancing resilience and maintaining performance during global uncertainties.	Diversify investments across multiple regions to mitigate exposure to any single geopolitical event. Stay informed about global political developments and assess their potential impact on investments. Develop contingency plans to quickly adjust portfolio allocations in response to geopolitical tensions or conflicts. (ALL)	Portfolio managers, investors	Before Measure: High After Measure: Med
Interest rate fluctuations	Adverse impacts on bond prices, portfolio valuation, borrowing costs	Protects the portfolio from adverse impacts of interest rate changes, stabilizing returns and preserving the value of fixed-income investments.	Utilize interest rate hedging instruments such as swaps and futures to manage exposure. Diversify fixed-income holdings across various maturities and credit qualities. Regularly assess the interest rate environment and adjust portfolio duration and sensitivity to align with interest rate forecasts. (ALL)	Portfolio managers, investors	Before Measure: High After Measure: Med
Interest rate risk	Adverse impacts on fixed-income securities, reduced portfolio returns	Protects the portfolio from adverse movements in interest rates, ensuring more stable returns and preserving the value of fixed-income investments.	Monitor interest rate trends and economic indicators to anticipate changes. Adjust portfolio duration and exposure to fixed-income securities accordingly. Use interest rate derivatives to hedge against potential rate increases or decreases, aligning the portfolio's sensitivity with market expectations. (ALL)	Portfolio managers, investors	Before Measure: High After Measure: Med
Liquidity risk	Inability to meet obligations, forced asset sales, financial losses	Ensures the portfolio can meet financial obligations and take advantage of investment opportunities without being forced to sell assets at unfavorable prices.	Maintain a balanced mix of liquid and illiquid assets to ensure adequate cash flow. Set liquidity ratios and regularly monitor them against portfolio needs. Develop strategies for quick asset liquidation without significant loss, such as holding high-quality liquid securities as a buffer. (ALL)	Portfolio managers, investors	Before Measure: High After Measure: Med

HAZARD	RISK	RISK BENEFIT	MEASURE	RISK TO	RISK LEVEL
Market volatility	Sudden market declines, economic downturns, geopolitical events	Enhances portfolio stability and reduces potential losses during turbulent market conditions, preserving capital and maintaining investor confidence.	Implement diversified investment strategies across multiple asset classes and geographies. Utilize hedging techniques such as options and futures to mitigate potential losses. Regularly monitor market trends and adjust portfolio allocations in response to significant economic indicators and geopolitical events to maintain balance and reduce exposure to sudden market shifts. (ALL)	Portfolio managers, investors	Before Measure: High After Measure: Med
Performance risk	Failure to meet benchmarks, reduced investor confidence, withdrawals	Ensures the portfolio meets its performance objectives, attracting and retaining investors through consistent and reliable returns.	Establish clear performance benchmarks and regularly compare portfolio returns against these standards. Implement active monitoring and management to identify underperforming investments and take corrective actions. Utilize performance attribution analysis to understand drivers of returns and optimize investment strategies. (ALL)	Portfolio managers, investors	Before Measure: High After Measure: Med
Benchmark risk	Misalignment with investment strategy, performance misrepresentation, missed objectives	Provides a clear and relevant measure of portfolio performance, enabling better assessment and management of investment strategies.	Select appropriate benchmarks that accurately reflect the portfolio's investment strategy and objectives. Regularly review benchmark performance and relevance, making adjustments as needed to ensure alignment. Use multiple benchmarks to capture different aspects of portfolio performance and mitigate reliance on a single reference point. (ALL)	Portfolio managers, investors	Before Measure: Med After Measure: Low

HAZARD	RISK	RISK BENEFIT	MEASURE	RISK TO	RISK LEVEL
Concentration risk	Overexposure to one sector, security, or geography, amplified losses	Reduces the potential for significant losses due to poor performance in any single investment or sector, enhancing overall portfolio resilience.	Diversify investments across various sectors, geographies, and asset classes to avoid excessive exposure to any single area. Set limits on the maximum investment in any one security or sector. Regularly review portfolio composition and rebalance to maintain desired diversification levels. (ALL)	Portfolio managers, investors	Before Measure: Med After Measure: Low
Conflict of interest	Biased decision-making, reduced client trust, reputational harm	Maintains trust and integrity in portfolio management, ensuring that decisions are made in the best interest of investors and avoiding biased or unethical practices.	Establish clear policies and procedures to identify and manage potential conflicts of interest. Ensure transparency in all investment decisions and disclose any potential conflicts to stakeholders. Implement independent oversight and regular audits to monitor adherence to conflict of interest policies. (ALL)	Portfolio managers, investors	Before Measure: Med After Measure: Low
Human error	Mistakes in transaction execution, reporting inaccuracies, operational inefficiencies	Reduces the likelihood of costly mistakes, enhancing the accuracy and reliability of portfolio management operations.	Provide thorough training and continuous education for all portfolio management staff. Implement automated systems and checks to minimize manual errors. Establish a culture of accountability and encourage double-checking of critical processes to catch and correct mistakes promptly. (ALL)	Portfolio managers, operational staff	Before Measure: Med After Measure: Low

HAZARD	RISK	RISK BENEFIT	MEASURE	RISK TO	RISK LEVEL
Inflation risk	Erosion of real returns, reduced purchasing power, asset underperformance	Preserves the purchasing power of the portfolio, ensuring that returns remain positive in real terms despite rising inflation.	Allocate a portion of the portfolio to inflation-protected securities such as TIPS and real assets like real estate and commodities. Regularly review and adjust asset allocations to ensure they keep pace with inflation trends. Monitor economic indicators and adjust investment strategies to mitigate the erosive effects of inflation on portfolio returns. (ALL)	Portfolio managers, investors	Before Measure: Med After Measure: Low
Legal risks	Contract disputes, regulatory non-compliance, financial penalties	Minimizes the risk of legal disputes and associated costs, ensuring smooth portfolio operations and safeguarding the firm's interests.	Engage experienced legal counsel to review all contracts and investment agreements. Stay updated on relevant laws and regulations to ensure compliance. Implement robust dispute resolution mechanisms and maintain comprehensive documentation to protect against potential legal challenges. (ALL)	Portfolio managers, compliance officers	Before Measure: Med After Measure: Low
Liquidity constraints	Inability to meet redemption requests, forced asset sales, lost opportunities	Ensures the portfolio can meet short-term obligations and take advantage of investment opportunities without incurring significant losses or delays.	Maintain a portion of the portfolio in highly liquid assets such as cash or Treasury securities. Establish clear liquidity thresholds and regularly stress-test the portfolio under various market conditions. Develop contingency plans to quickly access funds if needed, ensuring the ability to meet redemption requests or seize investment opportunities. (ALL)	Portfolio managers, investors	Before Measure: High After Measure: Low

HAZARD	RISK	RISK BENEFIT	MEASURE	RISK TO	RISK LEVEL
Model risk	Errors in financial models, inaccurate forecasts, misinformed decisions	Enhances the accuracy of risk assessments and investment decisions, reducing the likelihood of errors that could negatively impact portfolio performance.	Validate and regularly back-test all financial models to ensure accuracy and reliability. Use multiple models and approaches to cross-verify results. Maintain a robust governance framework to oversee model development, implementation, and ongoing performance, addressing any discrepancies promptly. (ALL)	Portfolio managers, analysts	Before Measure: Med After Measure: Low
Natural disasters	Disruption of operations, loss of data, delays in transactions	Ensures the portfolio management functions can continue with minimal disruption, protecting investments and maintaining service to clients during and after natural disasters.	Develop and maintain comprehensive disaster recovery and business continuity plans. Ensure data backups are stored securely and can be quickly accessed in the event of a natural disaster. Diversify physical locations and invest in resilient infrastructure to minimize the impact of natural events on portfolio operations. (ALL)	Portfolio managers, IT staff	Before Measure: High After Measure: Low
Operational failures	System errors, procedural lapses, staff mistakes	Reduces the likelihood of disruptions and errors, ensuring smooth portfolio management and maintaining investor trust through reliable operations.	Implement robust internal controls and standardized operating procedures to minimize errors. Invest in reliable technology systems and conduct regular maintenance and updates. Provide comprehensive training for staff and establish clear accountability structures to promptly identify and address operational issues. (ALL)	Portfolio managers, operational staff	Before Measure: Med After Measure: Low

HAZARD	RISK	RISK BENEFIT	MEASURE	RISK TO	RISK LEVEL
Regulatory changes	Non-compliance penalties, operational adjustments, legal risks	Ensures compliance with laws and regulations, avoiding legal penalties and maintaining the portfolio's reputation and operational continuity.	Stay informed about current and upcoming regulatory developments through continuous monitoring and participation in industry forums. Engage with legal and compliance experts to interpret and implement necessary changes. Adapt portfolio strategies proactively to comply with new regulations, minimizing legal risks and potential fines. (ALL)	Portfolio managers, compliance officers	Before Measure: Med After Measure: Low
Reputation damage	Negative media coverage, loss of client trust, reduced business opportunities	Preserves the firm's reputation, fostering investor trust and loyalty, which are crucial for long-term success and growth.	Maintain high ethical standards and transparency in all investment activities. Implement effective communication strategies to manage public relations and address any negative incidents promptly. Monitor media and public sentiment to proactively identify and mitigate potential reputation risks. (ALL)	Portfolio managers, investors	Before Measure: Med After Measure: Low
Settlement risk	Delayed or failed transactions, financial exposure, disputes	Ensures timely and accurate settlement of trades, reducing the risk of financial losses and maintaining the integrity of portfolio transactions.	Use reliable and secure settlement systems for all transactions. Implement strict verification processes to ensure the accuracy and completeness of trades before settlement. Maintain adequate collateral and credit arrangements to cover potential settlement failures, minimizing financial exposure. (ALL)	Portfolio managers, operational staff	Before Measure: Med After Measure: Low

HAZARD	RISK	RISK BENEFIT	MEASURE	RISK TO	RISK LEVEL
Strategic misalignment	Failure to achieve objectives, reduced performance, stakeholder dissatisfaction	Ensures that all investment activities are focused on achieving the portfolio's objectives, enhancing overall performance and coherence.	Clearly define the portfolio's investment objectives and ensure all strategies align with these goals. Conduct regular strategic reviews and adjust investment approaches as needed to stay on course. Engage stakeholders in the strategic planning process to maintain alignment and address any discrepancies promptly. (ALL)	Portfolio managers, investors	Before Measure: Med After Measure: Low
Taxation changes	Higher costs, reduced net returns, compliance risks	Maximizes after-tax returns for investors, ensuring that the portfolio remains efficient and compliant in a changing tax environment.	Stay informed about current and proposed tax laws affecting investments. Consult with tax professionals to optimize portfolio structure and strategies for tax efficiency. Adjust investment decisions proactively in response to anticipated tax changes to minimize adverse impacts on returns. (ALL)	Portfolio managers, investors	Before Measure: Med After Measure: Low
Technological obsolescence	Reduced operational efficiency, increased costs, competitive disadvantage	Enhances the portfolio's operational efficiency and competitiveness, ensuring that management processes remain effective and up-to-date with industry standards.	Continuously assess and update technology infrastructure to keep pace with industry advancements. Invest in scalable and flexible systems that can adapt to changing requirements. Encourage innovation and stay informed about emerging technologies to maintain a competitive edge and operational efficiency. (ALL)	Portfolio managers, IT staff	Before Measure: Med After Measure: Low

HAZARD	RISK	RISK BENEFIT	MEASURE	RISK TO	RISK LEVEL
Technology failures	System outages, data loss, interrupted operations	Ensures seamless portfolio management operations, reducing the risk of disruptions that could negatively affect investment performance and client satisfaction.	Invest in reliable and scalable technology infrastructure with regular maintenance and updates. Implement backup systems and disaster recovery plans to ensure continuity in case of technology disruptions. Monitor system performance continuously and address any issues promptly to minimize downtime and operational impact. (ALL)	Portfolio managers, IT staff	Before Measure: Med After Measure: Low
Unforeseen hazard	Illness, injury, death		Ongoing dynamic risk assessment conducted by all relevant personnel. Any identified potential risks should be immediately reported to the appropriate supervisor or risk manager, and corrective action should be taken as necessary. (ALL)	All	N/A

NOTES

Extra notes & evaluation:

Completed by

Reviewed/Approved by

Risk Assessment Date

Review Required Date