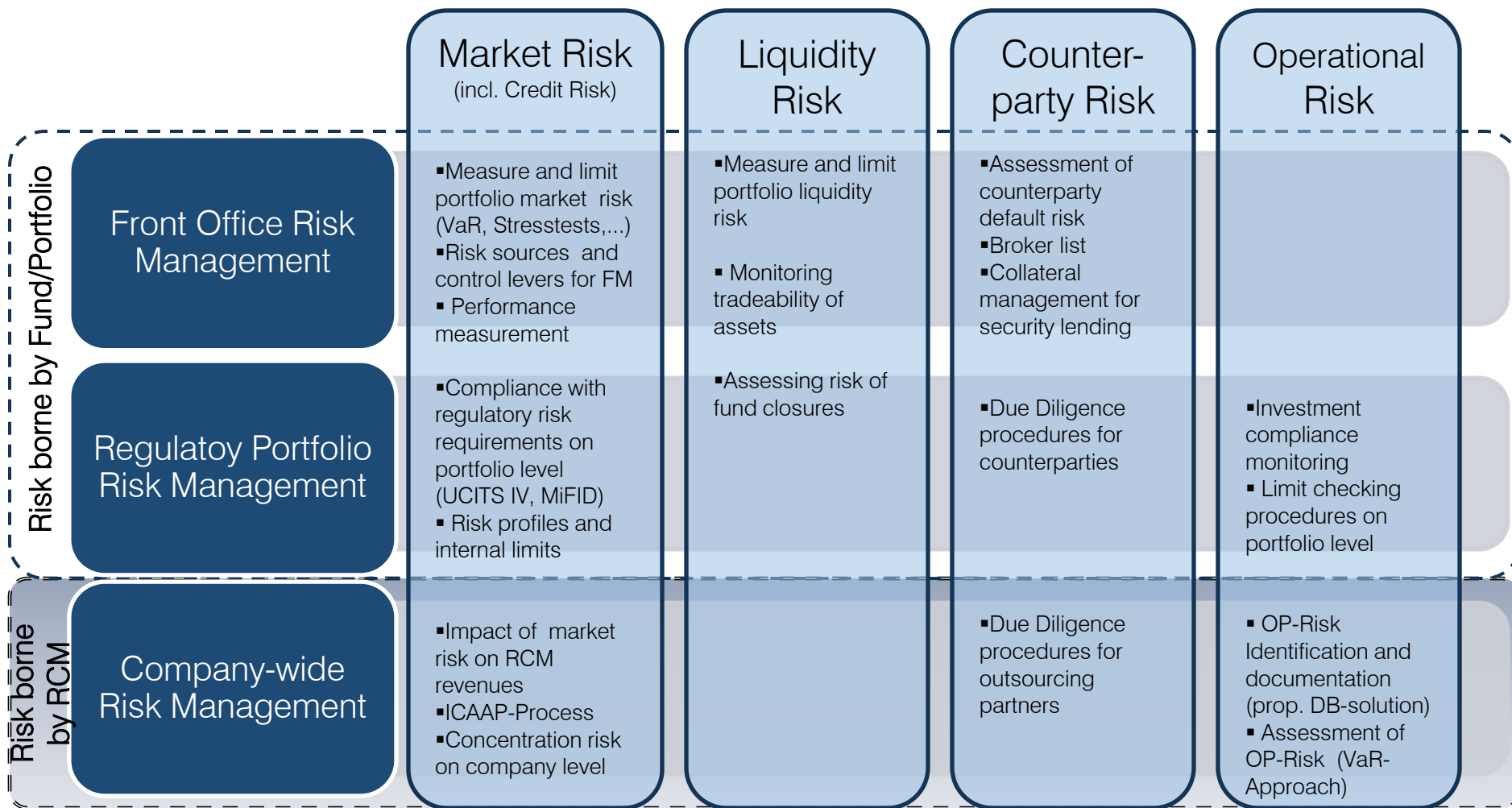


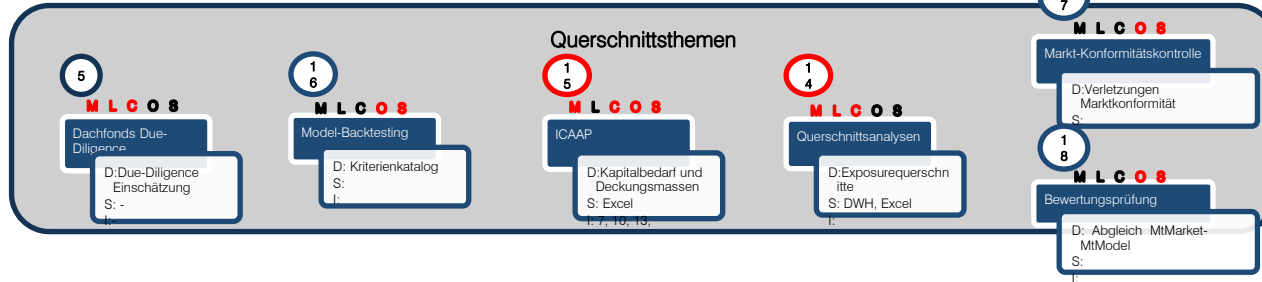
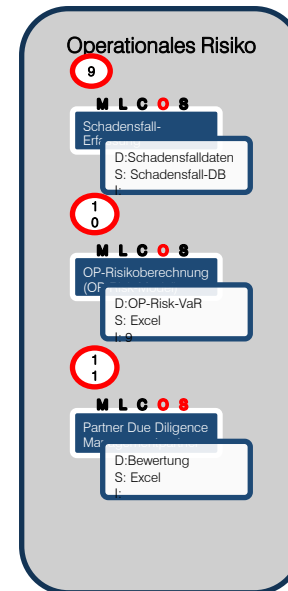
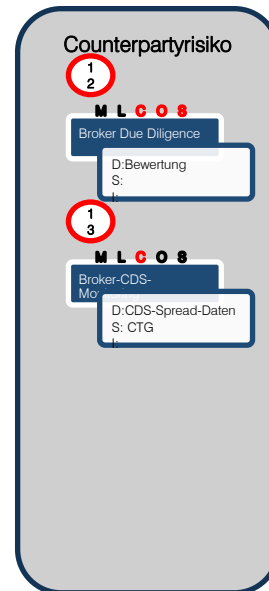
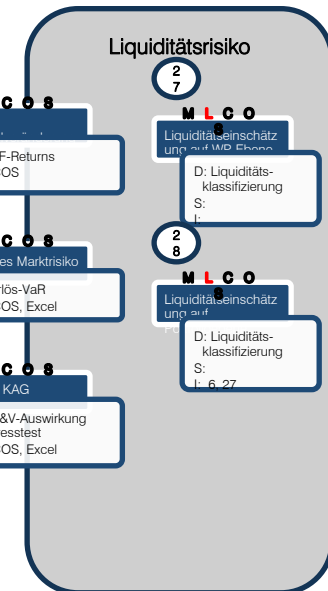
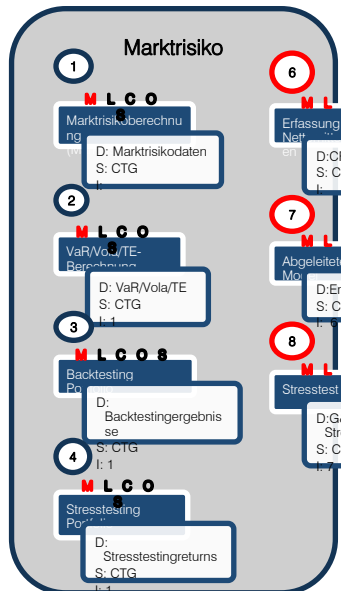
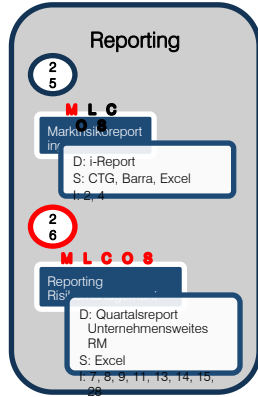
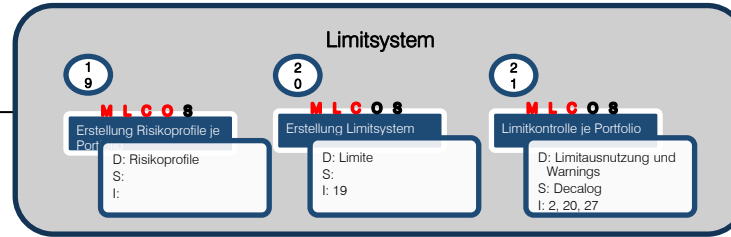
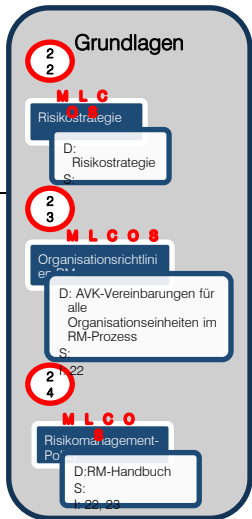
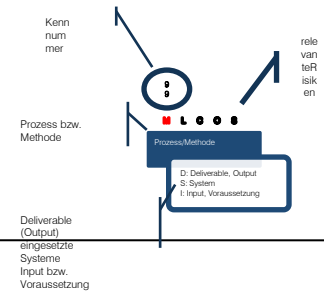
RCM Risk Management

An Overview

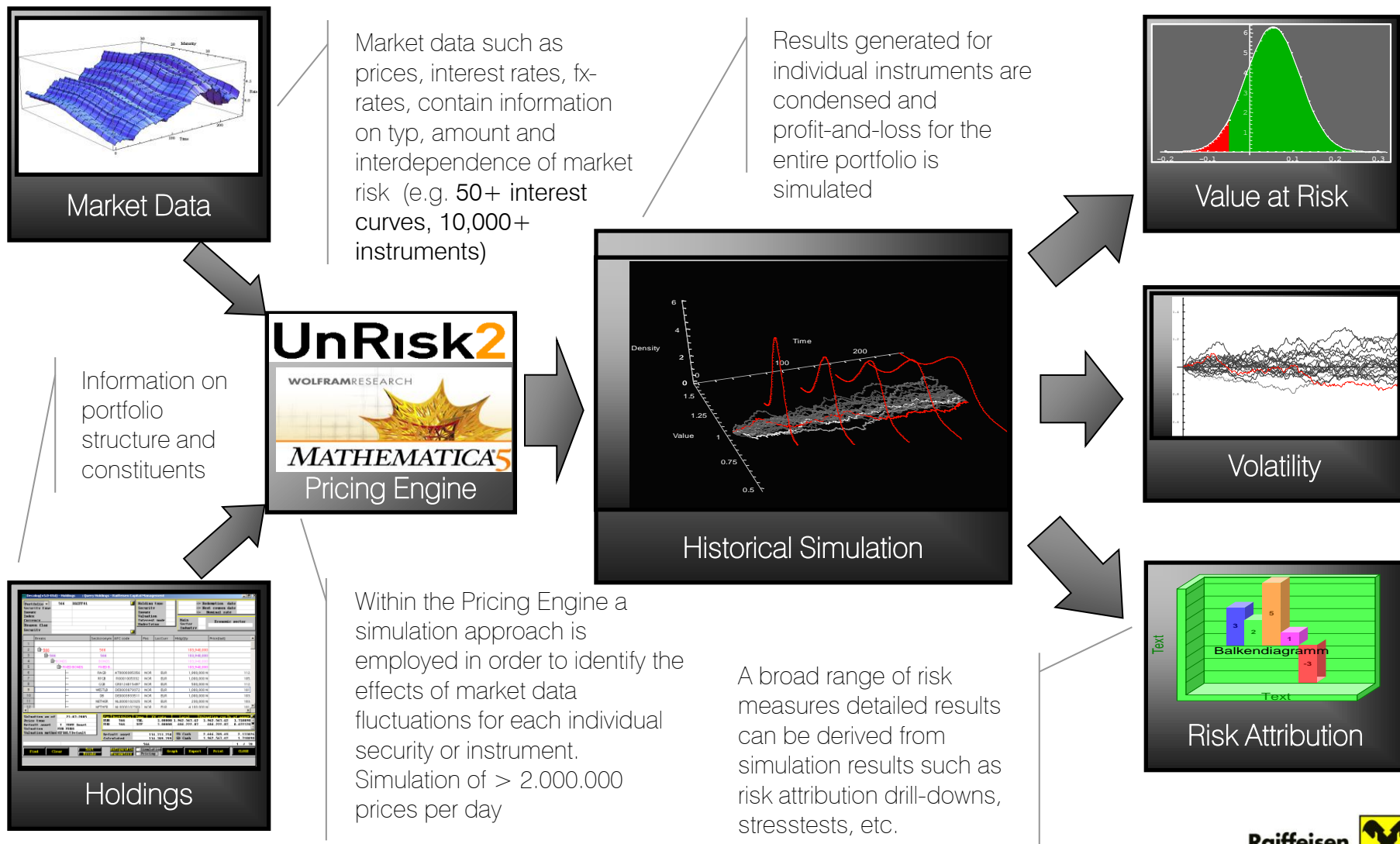
Risk Management



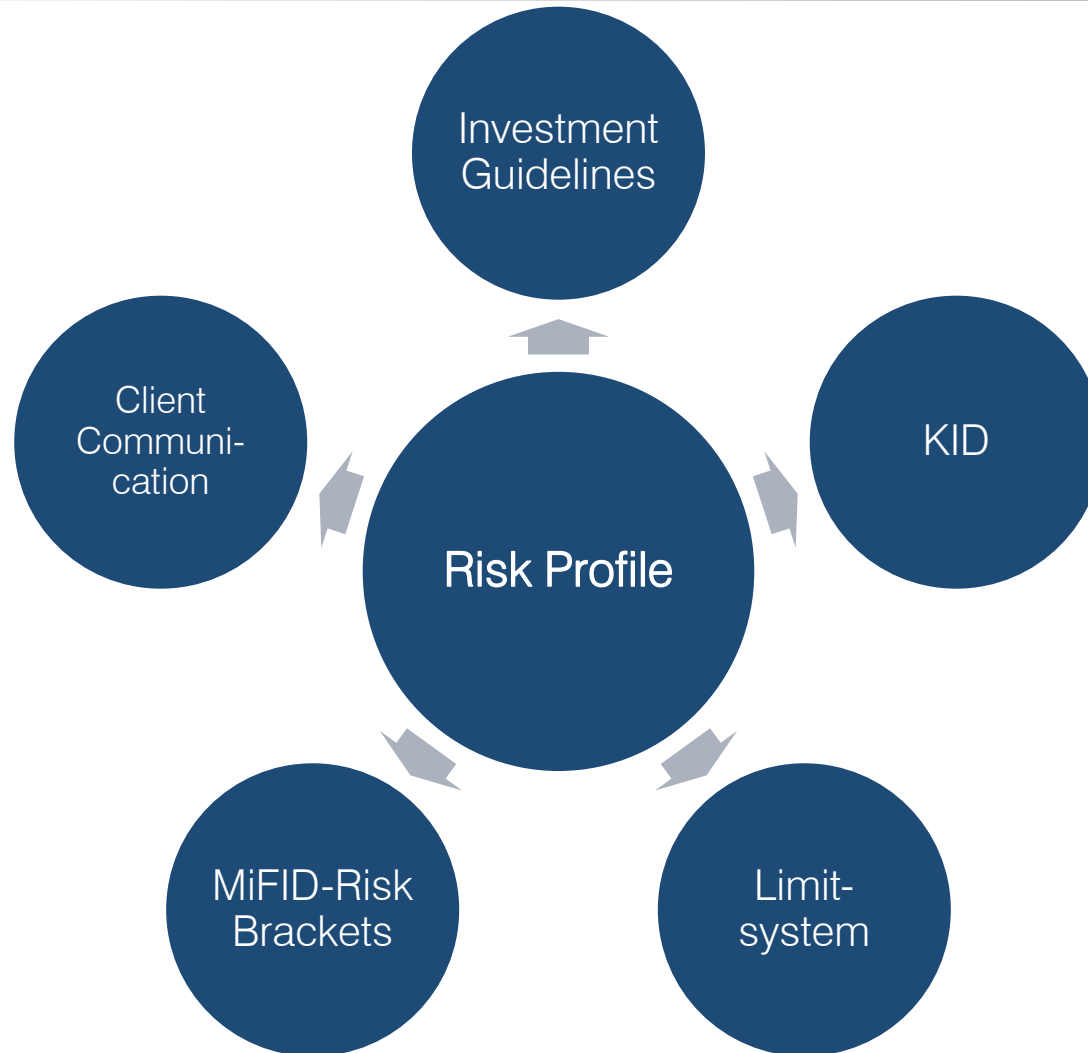
Risk Management Toolbox at RCM



Top-notch Market Risk Management Process



Risk Profile



Risk Limits

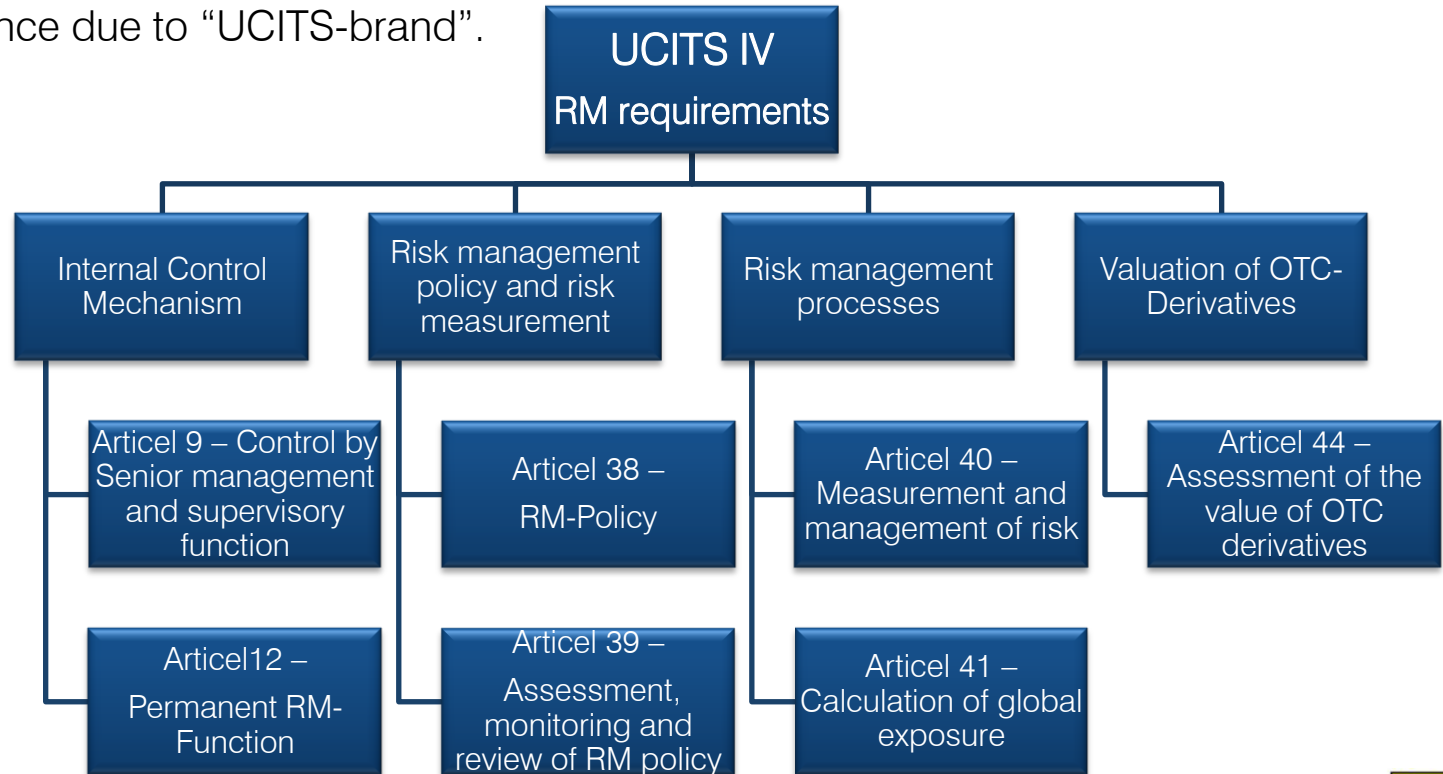
Objectives

- Ensuring consistency between stipulated Risk Profile and actual investment strategy
- Ensuring a transparent Risk Management Process
 - Which limits are to be kept in the portfolio?
 - When does the risk management function have to step in?
 - What measures have to be taken?
- Separation of responsibilities
 - Development of system of limits – RM-Function
 - Approval of system of limits - Board
 - Controlling portfolio risks – Portfolio Management
 - Investment Compliance – RM-Function/Investment Compliance Function
- Supplementing legal and contractual investment limits

UCITS IV significantly raises the bar...

UCITS IV

- comes with a comprehensive set of regulatory requirements with respect to Risk Management on the portfolio level.
- is directly applicable to UCITS funds within the European Union.
- has global relevance due to “UCITS-brand”.



UCITS IV significantly raises the bar...

Bullet points under UCITS IV exemplifying the **regulatory requirements** towards RM:

- **shared responsibility of the board** for RM down to the portfolio level
- **permanent RM function** hierarchically and functionally **independent** from operating units
- establishment of a **comprehensive risk profile** for each fund covering all relevant risks
- establishment and **enforcement** of a consistent system of **internal limits** covering **all relevant risks**
- **risk measurement** processes and techniques as are necessary to ensure that the **risks** of taken positions and their **contribution to the overall risk profile** are accurately measured on the basis of **sound and reliable data** (incl. **back- and stress-testing**)
- **Liquidity risk management** on the portfolio level
- Further **limitation** of the **leeway** in meeting regulatory RM-requirements (e.g. full look-through principle, narrow scope of hedging transactions)
- Responsibility for accurate **valuation** of OTC-derivatives

Risk Management Organisation

