

Manager Risk Profile: Quantitative Due Diligence

As an allocator to alternative assets, your objective is to maximize returns while keeping risk within acceptable limits. To evaluate a manager's performance, you need to see the full landscape, not just a snapshot. Our Manager Risk Profiles provide an in depth view of a manager's performance and risk, so you can make the most informed allocation decisions.

Due Diligence In Depth

A forward look before you leap

Summary statistics do not tell the whole story: they are point values selected by the manager. Our quantitative profiles present the full, forward-looking picture so you can analyze the risks that matter to you.

Differentiate between managers

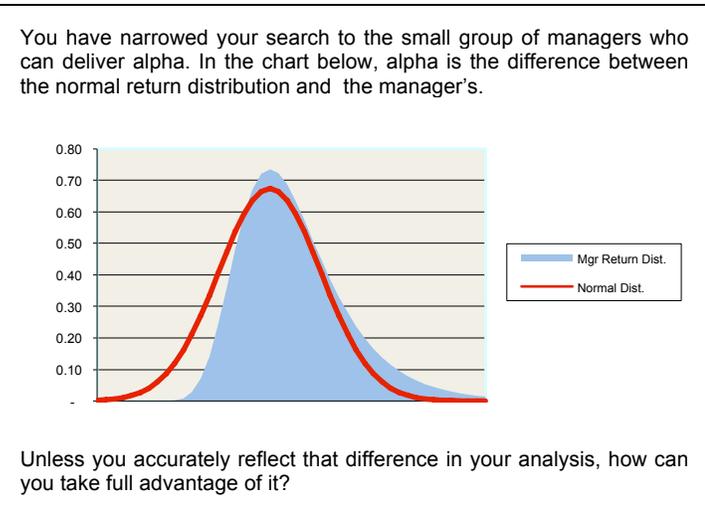
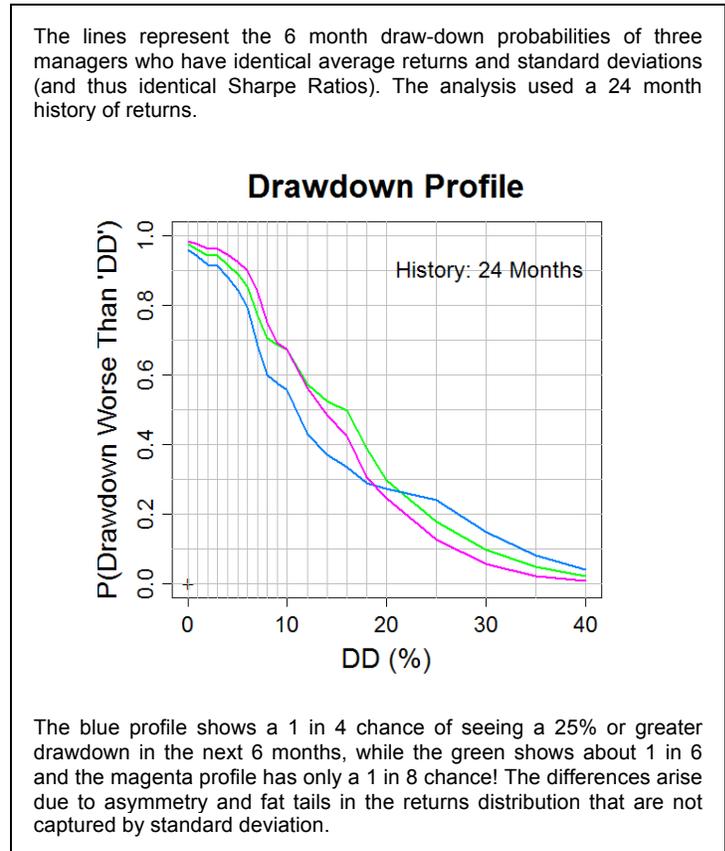
Our profiles allow you to make better allocation decisions by differentiating between managers who appear similar (see chart, right).

Increase confidence in your allocations

Outstanding returns come at a cost of greater volatility. You can make riskier allocations, and defend them, with confidence if you know the magnitude and frequency of expected draw-downs.

A free lunch

The only free lunch available from a single manager is autocorrelation. Finding it gives you grounds for trading the manager's equity curve. We find and evaluate the significance of any serial correlations in the manager's key metrics.



More thinking, less calculating

Your time is precious; we process the data and provide easy-to-use analyses so you spend more time on the decision-making process. We convert each Manager's unique program presentation into a consistent format.

Monitoring Your Managers

Spot loss of edge – before it's a problem

Deviations from projected risk and return profiles provide an early warning of style drift or loss of edge. You don't have to wait for a negative event to ask questions: routine monitoring detects changes anywhere on the risk spectrum.

Manage your allocations

Every month brings more information. Periodically updating your analysis and comparing it to the baseline gives you the opportunity to manage your allocations dynamically. Within this framework you can continuously manage risk and reward the managers delivering the most alpha.

What do we need?

You provide us with:

- Periodic return data for the manager. We suggest a minimum 5 years monthly or 2 years weekly / daily. Longer periods cover a wider set of market conditions, but older data may be considered stale.
- Periodic benchmark data. If any of your preferred metrics require benchmark data, we request you provide it for consistency.
- The list of metrics you would like us to project, or choose one of our pre-selected bundles.
- Any specific calculation details we need. This includes any variations on the standard statistics as well as the details of any proprietary performance measures you use.

What do you get?

We provide our reports in a portable document format. We also deliver a separate file containing the original datasets and calculation specifications as an audit trail and all the charts and tables from the report for you to use as you please.

Every aspect of the work we do is customizable from calculation procedure to file format to chart style: our work becomes an integral part of your due diligence audit trail.

Ian Rayner

I was Chief Operating Officer and Director of Research for The Bornhoff Group, an award-winning pioneer in multi-manager CTA funds. As COO I built institutional quality operations throughout our firm. As Director of Research I developed statistical tools for delving deep into manager performance, and building robust portfolios.

Our team placed hundreds of millions of dollars with quant managers. We allocated capital to the biggest names and to the smallest niche players. We screened 1,000's, analyzed 100's, and completed operational due diligence on the best to construct our portfolios. During my tenure, our flagship program returned over 40% per year.

I hold a Masters in Chemical Engineering from Queens' College, Cambridge University. I graduated one of only 10 Palmer Scholars in my class in the MBA program at The Wharton School, University of Pennsylvania.

Other Services

Portfolio Risk Profiles: make better allocation decisions

- Get all the benefits described above applied at the portfolio level.
- Exploit relationships amongst portfolio components and potential new allocations.
- Identify data outliers to improve analysis and to flag early warning signals.
- Test sensitivity of risk and performance metrics to portfolio changes.

Portfolio Optimization: your allocation edge

- Identify the performance metric that you want optimized.
- Tailor risk constraints to meet the demands of your investors.
- Optimize capital allocation to maximize your key performance metric without violating risk constraints.

Statistical Analysis and Testing

- We will tackle ad hoc analytical challenges. We can assist in improving or auditing your own back-testing, and data and system validation methodologies.
- Having designed and tested our own systematic trading strategies, we are uniquely positioned to participate in the due diligence process for systematic funds.

Call or email to discuss how we can maximize your alternative investment portfolio performance. Please visit us on LinkedIn (<https://www.linkedin.com/in/ianrayner/>) and feel free to connect! We also have a blog on our website (<https://www.raynergobran.com/technical-blog/>) where we discuss quantitative analysis for alternative investments.