

# RAMP

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# Summary

- The Need
- Project RAMP Goals
- Ramp Requirements
- The Department of RAMP
- RAMP Status
- Spin offs - Software as a Service
- Summary

# The Need

- Asset Owners require enterprise risk management for governance and control
  - Dan's 10 Fundamentals for asset owner risk mgt.
- Enterprise Risk management is difficult
  - specialised knowledge for design & implementation
  - intensive setup, data collection & processing
  - constant monitoring, review and data maintenance
  - difficult to train and retain staff

# Project RAMP Goals

Provide asset owners with a risk management service that is:

- comprehensive
- innovative
- enterprise scale
- fully implemented by Northfield

# Comprehensive

“We are the head and the hands”.

- Meet asset owner risk reporting needs
- Source all portfolio and benchmark data
- Analyse and fill gaps in investment universe
- Liase with client when limits breached
- Run operations and technology

# Innovative

“Delivers the Northfield R&D advantage”

- Comprehensive EE model
- Active Risk rather than just tracking error
  - adjust risk based on active manager risk
- Liquidity Adjusted Risk
  - ordering “beef” - is that a “steak” or the “steer”?
- Custom risk coverage processes
- Technology and Process IP

# Enterprise Scale

“Nothing too big or too complicated”

- True enterprise risk drill down
  - “from the world down to the bricks”
  - Global > Jurisdiction > Region > Asset Class > Manager > Asset > Composite Asset Components
- Big Data Processing
- Security Paranoia

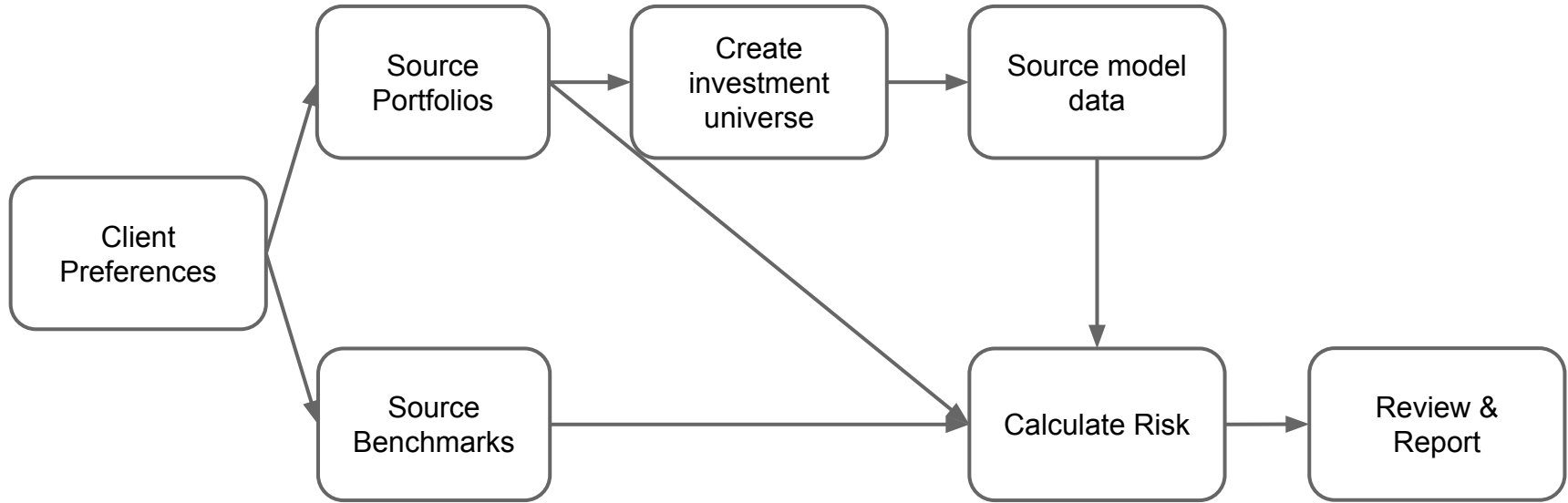
# Fully Implemented by Northfield

“Climb Aboard, Sit Back, Enjoy the Ride”

- We help the client “on board”
- Run the process daily
- Follow up on gaps in the universe
- Review exceptions daily, produce reports Monthly & Annually
- Online Client Reporting Service



# Simplified Process View



*n categories X n levels + n portfolios*

# The Department of RAMP

“RAMP is a process, not a program”

- Client Static Data Setup
- OFX Portfolio Setup Access
- Portfolio Descriptors - class, manager, region etc.
- Enterprise Tree Setup
- Risk Parameter Settings
- Run Process
- Liase with RMs
- Liase with CBEE for coverage

# Phased Implementation

1. Custom Service (today)
2. Online Reporting Service (in progress)
3. Fully Automated Service (as we grow)
4. Lights Out (we can wish)

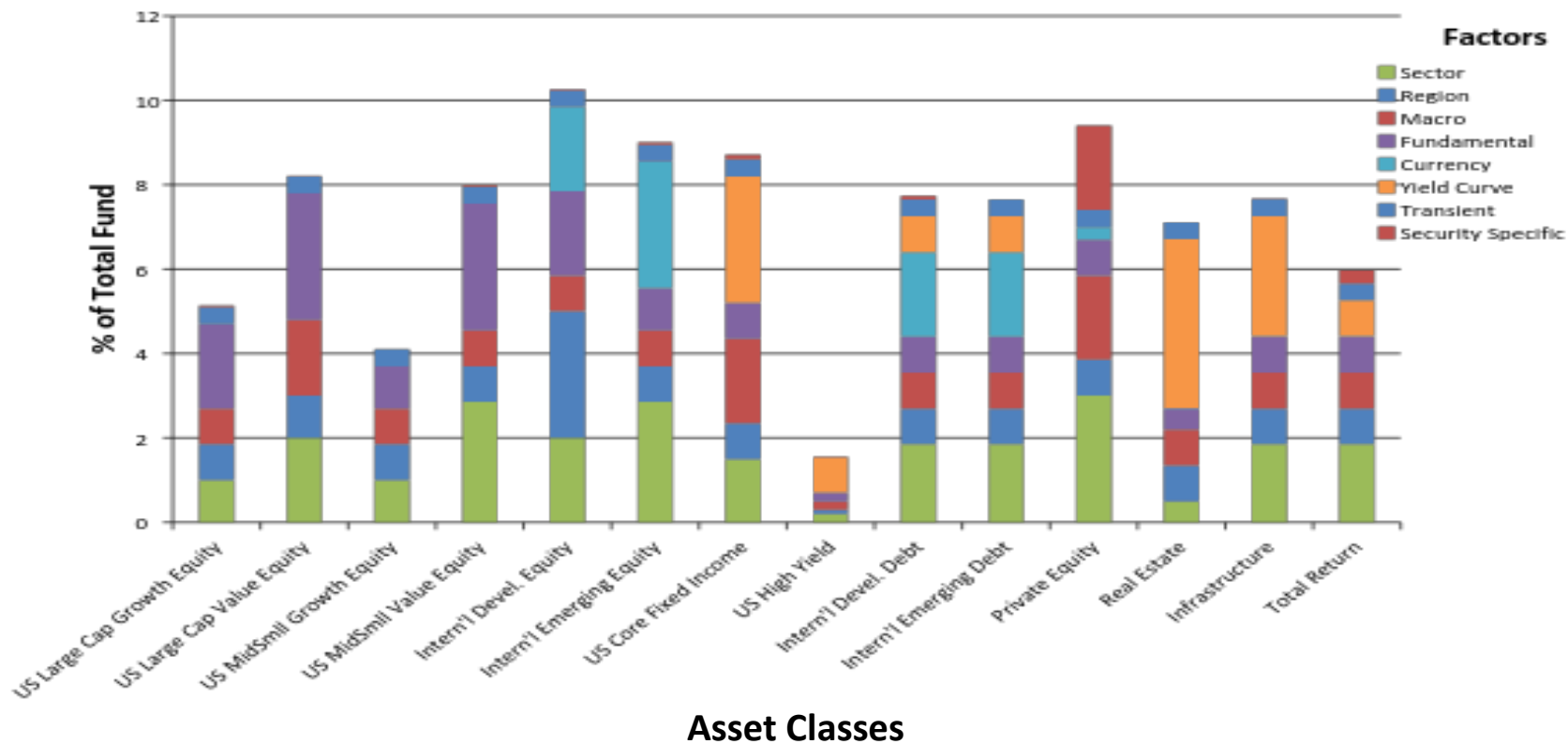
## ABC Total Fund: Risk Forecast Q1 2015

	% of Total Wght	Absolute Risk (std dev)	% Contrib to total variance	Absolute risk of benchmark (std dev)	Relative Risk (tracking error)	% of relative variance from factors	Active Strategy Risk (std dev)	90 Day Value at Risk
<b>TOTAL PLAN</b>	100.0%	10.37	100.0%	8.37	5.16	97.5%	6.23	\$ 103,277,344
<b>Equity</b>	58.4%	15.13	50.0%	14.63	5.93	84.5%	7.16	\$ 88,032,830
<b>US Equity</b>	41.6%	14.96	21.0%	13.38	2.27	16.3%	2.75	\$ 61,973,742
<b>US Large Cap</b>	14.9%	13.28	16.1%	15.38	5.16	36.2%	5.68	\$ 19,636,027
<b>US Large Cap Growth</b>	5.0%	13.27	5.0%	13.21	1.33	49.0%	1.61	\$ 6,544,258
Manager USLCG1	1.0%	13.20	1.0%	13.21	0.01	50.0%	0.01	\$ 1,301,614
Manager USLCG2	2.0%	13.99	2.1%	13.21	1.98	28.6%	2.39	\$ 2,759,834
Manager USLCG3	2.0%	13.11	2.0%	13.21	1.52	30.9%	1.83	\$ 2,584,887
<b>US Large Cap Value</b>	9.9%	15.38	11.0%	13.99	1.89	82.1%	2.28	\$ 15,165,560
Manager USLCV1	2.5%	17.97	3.1%	13.99	5.02	85.3%	6.06	\$ 4,430,187
Manager USLCV2	2.5%	13.43	2.4%	13.99	2.27	48.1%	2.75	\$ 3,309,920
Manager USLCV3	2.5%	13.99	2.5%	13.99	0.10	67.9%	0.12	\$ 3,448,610
Manager USLCV4	2.5%	13.20	2.9%	13.99	3.78	78.7%	4.57	\$ 3,254,035
<b>US Mid&amp;Small Cap</b>	4.0%	16.69	5.0%	15.18	2.67	69.4%	3.22	\$ 6,582,093
<b>US MidSml Growth</b>	3.0%	15.79	3.6%	15.89	3.24	62.1%	3.91	\$ 4,670,895
Manager USMSCG1	1.0%	15.92	1.2%	15.89	4.15	66.3%	5.02	\$ 1,569,813
Manager USMSCG2	2.0%	15.50	2.4%	15.89	3.01	65.8%	3.64	\$ 3,057,192
<b>US MidSml Value</b>	1.0%	19.99	1.4%	14.60	6.84	91.1%	8.25	\$ 1,971,171
Manager USMSCV1	0.5%	19.30	0.7%	14.60	6.31	89.1%	7.62	\$ 951,734
Manager USMSCV2	0.5%	20.64	0.7%	14.60	7.48	88.5%	9.03	\$ 1,017,844
<b>Intern'l Devel. Equity</b>	16.8%	15.29	19.1%	13.82	4.05	82.9%	4.89	\$ 25,624,214
Manager IDE1	9.9%	15.35	11.8%	13.82	4.15	68.3%	5.01	\$ 15,134,104
Manager IDE2	6.9%	13.98	7.4%	13.82	3.64	79.0%	4.39	\$ 9,649,204
<b>Intern'l Emerging Equity</b>	7.9%	15.14	9.8%	15.90	3.46	59.3%	4.18	\$ 11,940,284
Manager IEE1	1.0%	15.64	1.3%	15.90	1.93	61.4%	2.33	\$ 1,541,858
Manager IEE2	3.0%	16.56	3.9%	15.90	3.82	65.8%	4.62	\$ 4,899,888
Manager IEE3	4.0%	14.72	4.7%	15.90	6.36	63.2%	7.67	\$ 5,804,010
<b>Fixed Income</b>	22.8%	5.07	14.7%	3.83	4.16	99.5%	5.02	\$ 11,504,158
<b>US Core Fixed Income</b>	13.4%	7.64	10.6%	3.83	5.16	99.8%	12.11	\$ 10,175,319
Manager USF11	12.9%	7.64	10.3%	3.83	5.16	99.8%	11.81	\$ 9,798,455

## Custom Service

- Total enterprise aggregate view
- Granular down to asset level
- Includes Northfield proprietary indicators
- Monitoring of overs/unders according to IPS
- Data sourced from Northfield sources
- CBEE/EWS integration

# Contribution to Total Predicted Variance (Absolute): Asset Class



# Spin Offs

“Use what we use”

- Software As A Service (SAAS) Platform
  - Risk Model Data & EWS Service
  - Portfolio & Benchmark Service
  - Optimizer Service
- A la Carte
  - Optimizer library, OFX Data access Eg. PRISM

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# Questions