

Utilizing Fund's Fact Sheets for Tactical Adjustments of Private Clients' Portfolio

2 Days

COURSE OVERVIEW

Funds fact sheets have often been used as a reference for fund recommendations. Yet typical wealth managers have grossly under-utilize the information contains in the fact sheets. Undue emphasis is often placed on the fund's performance and not enough on the risk aspect of the funds.

By understanding the risk/return information containing in the fact sheets, wealth managers can form a strategic framework to identify funds that are poised to out-perform in various economic growth cycles, even within the same asset class.

This 2-day program assumes the participants already have fundamental knowledge of various asset classes.

LEVEL

Intermediate

WHAT WILL I GET OUT OF IT?

- Deeper understanding of the risk/return characteristics of various funds across economic cycles
- Knowing which funds will perform well in any economic situations
- Clear and unambiguous explanation of the funds to avoid in some economic situations
- Putting the risk and return potential of the funds in clear perspective

WHO'S IT FOR?

- Private wealth relationship managers and asset managers
- Investment management professionals who advise on or participants in the design and implementation of asset allocation policies and portfolio models
- Corporate bankers requiring an overview on their transfer to the private banking function

COURSE CONTENT

Structural Characteristics of Equity Funds

- Growth, Value or GARP
- Performance of growth/value over the growth cycle
- Size and age of funds
- Tenure of portfolio managers
- Cost of ownership
- Strategic cash positioning
- Portfolio concentration
 - Industry concentration
 - Geography concentration
- Portfolio turnover
- Beta and the proper treatment of under- and over-performance
- 130/30 funds

Structural Characteristics of Bond Funds

- Understand duration risk and effects of non-parallel yield curve shift on bond portfolio
- Average maturity and interest rate risk/return potential
- Understand credit cycle
- Credit rating buckets and credit risk exposure
- Bond issuers and sector spreads
- How the fund is managed
- Age and size of funds
- Tenure of portfolio managers
- Expressing currency views through bond funds

Structural Characteristics of Balanced Funds

- Portfolio balance
- Bond characteristics
- Fund beta and volatility

Structural Characteristics of Commodity Funds

- Single commodity or basket of commodities
- Commodity fundamentals
- Not all commodities have the same fundamentals
- Investment vehicles employed by the fund managers investing in commodities
 - Commodity pure play
 - Commodity currency
 - Commodity indices
 - Commodity futures
 - Spot, roll and collateral yields
 - Commodity structured products

Structural Characteristics of Hedge Funds/Funds of Hedge Funds

- Strategies of hedge funds
 - Arbitrage strategies
 - Relative value strategies
 - Trading strategies
- Composition of funds in various strategies and their performance potential
- Appropriateness of the benchmark measures
- Extra risk/return measurement

- Kurtosis and skew
- Upside and downside capture
- Maximum drawdown and drawdown duration
- Sortino ratio vs. Sharpe ratio

Growth Cycle Model

- Understanding growth cycle and its effects on various asset classes
- Deployment of equity funds in various phases of growth cycle
- Deployment of bond funds in various phases of growth cycle
- Deployment of commodity funds in various phases of growth cycle
- Strategy allocation of hedge funds in various phases of growth cycle
- Dynamic tactical asset allocation