

Open issues

- Sign off process
- Who maintains the Wiki page(s)

Apologies

- at least four undetected breaches during 2011
- money
- reputation

Investment guidelines

- Key document defining product/mandate: investment style, agreement with the client
- Key elements listing measures to be monitored
- Creation/amendments process
- Mechanics of the investment guidelines
- Responsibilities

Better policing

Mechanics

- Intranet Wiki pages
- Full audit trail
- Versioning
- Who does what
- Subscribe to automatic alerts
- PDF docs
- Zero cost

Creating/amending investment guidelines

- List of relevant people/units involved
- Keep it understandable/simple
- Consistency check
- Periodic reviews (QIBR as an obvious solution) following check of all the relevant rules



Key elements

- Narrative
- Objectives
- Model constraints
- Concentration
- Exposures
- Risk
- Sensitivity
- Liquidity

Open issues

- Sign off process
- Who maintains the Wiki page(s)

Apologies

- at least four undetected breaches during 2011
- money
- reputation

Investment guidelines

- Key document defining product/mandate: investment style, agreement with the client
- Key elements listing measures to be monitored
- Creation/amendments process
- Mechanics of the investment guidelines
- Responsibilities

Better policing

Mechanics

- Intranet Wiki pages
- Full audit trail
- Versioning
- Who does what
- Subscribe to automatic alerts
- PDF docs
- Zero cost

Creating/amending investment guidelines

- List of relevant people/units involved
- Keep it understandable/simple
- Consistency check
- Periodic reviews (QIBR as an obvious solution) following check of all the relevant rules



Key elements

- Narrative
- Objectives
- Model constraints
- Concentration
- Exposures
- Risk
- Sensitivity
- Liquidity

Apologies

- at least four undetected breaches during 2011
- money
- reputation

- at least four undetected breaches during 2011
- money
- reputation

- Key document defining product/mandate, investment style, agreement with the client
- Key elements listing measures to be monitored
- Creation/amendments process
- Mechanics of the investment guidelines
- Responsibilities

Better policing

Creating/amending investment guidelines

List of relevant people/units involved

• Fund manager
• Sales & marketing
• Units in charge
monitoring

Investment guidelines

- Key document defining product/mandate: investment style, agreement with the client
- Key elements listing measures to be monitored
- Creation/amendements process
- Mechanics of the investment guidelines
- Responsibilities

Investment guidelines

- Key document defining product/mandate: investment style, agreement with the client
- Key elements listing measures to be monitored
- Creation/amendements process
- Mechanics of the investment guidelines

Investment guidelines

- Key document defining product/mandate: investment style, agreement with the client
- Key elements listing measures to be monitored
- Creation/amendements process
- Mechanics of the investment guidelines
- Responsibilities

Key elements

- Narrative
- Objectives
- Model constraints
- Concentration
- Exposures
- Risk
- Sensitivity
- Liquidity



Item	Value
...	...
...	...
...	...



Item	Value
...	...
...	...
...	...

What is not in

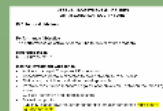
- Cells containing blacked out data
- Non-relevant items
- Projections not part of the scope

Key elements

- Narrative
- Objectives
- Model constraints



A screenshot of a table with multiple columns and rows, likely a data table. The table is partially visible and contains various numerical and text entries.



A screenshot of a table with multiple columns and rows, likely a data table. The table is partially visible and contains various numerical and text entries.

- Concentration
- Exposures
- Risk
- Sensitivity
- Liquidity

Universe

...

Lyxor limits

GSAF-Lyxor has two additional limits in IAA

1. Gross currency exposure < 50% NAV (defined as sum, per currency, of long value securities – short value securities +/- net cash, summed gross)
2. Gross emerging market exposure < 15% NAV

We choose for ease to apply both to the GSAF and Lighthouse accounts though this would count as an internal or management limit. Cannot be changed without agreement of Lyxor

Maximum in Cash	20%	0	Cash is not included as an ex- iBoxx Sterling Non-Gilt Index investment. See COLL restrictions 1.8 and 1.9 on cash management
Number of issues		100	This includes government bond positions
Maximum in one company	4%		
Maximum in one issue	2%		
Non-Rated and High Yield	20%	0%	High Yield is defined as BB and below. Maximum in a single issue 0.5% in NR or HY issues. The combination of NR + HY+ ex- iBoxx Sterling Non-Gilt Index positions + Perpetual Bonds cannot exceed 20%.
Perpetual bonds ¹	10%	0%	Maximum 1% in any one issue.
Minimum Liquidity	5%		Can consist of cash, Government (UK Gilts, German Bundes or US Treasuries) or AAA corporate bonds
Liquidity measure	2	0	Under normal circumstances the OMAM proprietary liquidity measure should not exceed 2% on a consistent basis (see below)
Derivatives and forward transactions			See restriction 1.10 of Appendix 2 (<i>Investment management and borrowing powers</i>) of the prospectus
Sector Allocations			There are no formal limits on sector allocation. It is a matter for the fund manager to create the under/overweight positions relative to the iBoxx Sterling Non-Gilt Index in a responsible manner in-line with the macroeconomic policy of the Fixed Income team



Internal Investment Guidelines

Old Mutual Global Strategic Bond Fund

Investment Objective

To produce an attractive level of income together with capital appreciation by investing in a diversified international portfolio of fixed and variable rate bond investments, including convertible securities. The fund will vary the currencies in which it invests to enable it to achieve its objective.

Performance Objective

In practice the fund is managed with the intention;

- To achieve a rising unit price over time
- To beat available short-term cash rates
- To beat a market reference benchmark
- To achieve a first quartile ranking in the IMA Global Bond sector under a variety of market conditions¹

It is understood that it may not be possible to achieve all of these objectives at the same time and that

Internal Investment Guideline

HBOS – 130/30 European Fund

Performance Objective

The fund's objective is to achieve capital appreciation whilst closely controlling risk. Specifically, the objective is a benchmark (MSCI Europe ex-UK) relative investment return of 2-4% gross p.a over a rolling 3 year basis with a tracking error of 6-8%.

Internal Investment Guidelines

- Gross Exposure Limit = 160%
- Weight Long = 130%
- Asset weight constraint: +/- 1% benchmark relative
- Sector constraint = +/- 10%
- Country constraint = +/- 10%
- Number of holdings ≈ 140-200 (maximum assets = 200)

INTERNAL INVESTMENT GUIDELINES OMAM EUROPEAN EQUITY FUND

IMA Sector Guidelines

...

Performance Objective

The performance objective is for the fund to deliver returns that are ...

Reference Index

MSCI Europe ex UK

Internal Investment Guidelines

- Actively managed Europe ex UK equity fund
- Concentrated portfolio expected to hold between 45 to 50 stocks
- Distinctive, disciplined, valuation based approach.
- Portfolio construction monitored against economic view, between the three key areas:
Cyclical, defensive and financial sectors.
- Market cap profile:
Typically biased towards larger companies, smaller companies **must pass a liquidity threshold**.
- No specific constraints at a country or sector level
- **No single stock to exceed 10% of the portfolio**. Holdings typically between 1% and 5%.
- **Top 10 holdings expected to represent 30%-40%** of the portfolio and typically highly liquid.
- **Tracking error will typically be in the 3-8% p.a. range.**

21 October 2011

What is not in

- **COLL restrictions (blanket rules)**
- **Non measurable items**
- **Promises we can't keep**

- Key document defining product/mandate, investment style, agreement with the
- Key elements listing measures to be n
- Creation/amendements process
- Mechanics of the investment guideline
- Responsibilities



Creating/amending investment guidelines

- List of relevant people/units involved
- Keep it understandable/simple
- Consistency check
- Periodic reviews (QIBR as an obvious solution) following check of all the relevant rules



- Fund manager
- Sales & marketing
- Units in charge of monitoring

- Extra costs for**
- new data
 - new systems
 - development time
- Extra risks for**
- ad hoc solutions

- List of relevant people/units involved
- Keep it understandable/simple
- Consistency check
- Periodic reviews (QIBR as an obvious solution) following check of all the relevant rules



The image shows two small, vertically oriented tables. The left table has a header row with 'Date' and 'Time' followed by several rows of text and numbers. The right table has a header row with 'Date' and 'Time' followed by several rows of text and numbers.

Castagna Matteo

From: Carter Katie
Sent: 05 December 2011 10:29
To: Dancygier Stephane; Castagna Matteo
Subject: FW: European Equity Fund Internal Investment Guidelines
[Kevin's guidelines, in case you haven't received them.](#)

From: Lilley Kevin
Sent: 05 December 2011 10:28
To: Carter Katie
Subject: European Equity Fund Internal Investment Guidelines

Katie

I have attached the new European Equity Fund Internal Investment Guidelines as discussed.

Regards

Kevin

- Fund manager
- Sales & marketing
- Units in charge of monitoring

- List of relevant people/units involved
- Keep it understandable/simple
- Consistency check
- Periodic reviews (QIBR as an obvious solution) following check of all the relevant rules



The image shows two small, vertically oriented tables. The left table has a header row with 'Date' and 'Time' and several rows of text and numbers. The right table has a header row with 'Date' and 'Time' and several rows of text and numbers.

3.4 Country Limits

The portfolio's exposure will be limited to the following ranges relative to benchmark. Money market securities and deposits held will be included within following ranges based on the currency of the security or deposit.

Benchmark	Weight (%) in absolute terms
Australia	+/- 100 percent
Eurozone aggregate AAA rated Eurozone member*	+/- 30 percent
US and Japan	+/- 30 percent
Other countries	+/- 20 percent
Non-benchmark countries	+/- 10 percent

* Any AAA rated Eurozone member can be held within +/-30% of the total Eurozone benchmark weight. The AAA rating is determined by the lower of the ratings issued by Standard & Poor's or Fitch.

Investment Guidelines	❖ Section A: Individual country and currency exposures are typically:		
	Benchmark)	Portfolio Duration Contribution (Relative to Investment Net Currency Allocation (Relative to Investment Benchmark)	
	Index Countries		
	US	+ 2.0 years	+/-25%
	Canada	+/- 2.0 years	+/-25%
	Japan	+/- 4.0 years	+/-30%
	Euro:		+/-40%
	Germany	+/- 2.5 years	
	France	+/- 2.5 years	
	Italy	+/- 2.5 years	
	Belgium	+/- 1.5 years	
	Netherlands	+/- 1.5 years	
	Spain	+/- 1.5 years	
	United Kingdom	+/- 2.0 years	+/- 25%
	Denmark	+/- 1.5 years	+/-20%
	Sweden	+/- 1.5 years	+/-20%
	Other Countries in the CWGB Index (each)	+/- 1.0 year	+/-15%
	<i>New Zealand</i>	<i>+/- 1.0 year</i>	<i>+/- 10%</i>
	Non-Index Countries (in aggregate)		
	N/A	+/- 25%	
	Country: AA or better rating by a NRSRO* (each)	+/- 1.0 year	+/- 10%
	Country: A rating by a NRSRO* (each)	+/- 0.5 year	+/- 5%
	Emerging Market Debt	+/- 1.5 years	+/- 15%

*NRSRO is the acronym for Nationally Recognized Statistical Rating Organization

Extra costs for

- new data
- new systems
- development time

Extra risks for

- ad hoc solutions

- List of relevant people/units involved
- Keep it understandable/simple
- Consistency check
- Periodic reviews (QIBR as an obvious solution) following check of all the relevant rules



Item	Status	Action
1. List of relevant people/units involved		
2. Keep it understandable/simple		
3. Consistency check		
4. Periodic reviews (QIBR as an obvious solution) following check of all the relevant rules		

investment style, agreement with the client

- Key elements listing measures to be monitored
- Creation/amendments process
- Mechanics of the investment guidelines
- Responsibilities



Mechanics



- Intranet Wiki pages
- Full audit trail
- Versioning
- Who does what
- Subscribe to automatic alerts
- PDF docs
- Zero cost

Risk and Performance : Investment guidelines example (using EEFO)

This page last changed on 15 Dec, 2011 by matteo.castagna@omam.co.uk.

IMA Sector Guidelines

Europe excluding UK
Funds which invest at least 80% of their assets in European equities and exclude UK securities.

Notes: the IMA confirmed that they classify the primary listing of ADRs and GDRs as the primary listing of the underlying security.
The net exposure is what is taken into consideration. Short futures that are used for hedging purposes will be deducted from the long exposure.

Objectives

The performance objective is for the fund to deliver returns that are consistently in the first quartile of the IMA Europe excluding UK peer group on a rolling 12 months basis. The manager places great emphasis on delivering consistent outperformance.

Model constraints/Investment style

- Actively managed Europe ex UK equity fund
- Distinctive, disciplined, valuation based approach.
- Portfolio construction monitored against economic view, between the three key areas: cyclical, defensive and financial sectors.
- Market cap profile: typically biased towards larger companies, smaller companies must pass a liquidity threshold (see below)
- No specific constraints at a country or sector level

Note: model constraints apply at portfolio construction/rebalancing

Limits

Exposure

Description	thinkFolio	non-thinkFolio	Hard rule?	Unit Responsible

Concentration

Description	thinkFolio	non-thinkFolio	Hard rule?	Unit Responsible
No single stock to exceed 10% portfolio weight			TRUE	Compliance
Single stock in [1%, 5%]	891/892		FALSE	R&P
Top 10 holdings in [30%, 40%]		Vivaldi report	FALSE	R&P

Total number
holdings in [4
50]

Sensitivity

Description

Liquidity

Description

The value of
the daily trad
volume in the
stock must be
greater or equ
to a 1% weigh
in the fund. T
Bloomberg fie
volume_avg_
is used to
calculate this.
Numerically th
is equivalent
to: the number
of days neede
to liquidate th
position* nee
be lower than
portfolio weig
multiplied by

* The number o
of the average o
is 10% or 20%.
then test the fol
100% of the ave

Risk

Description

Tracking error
be in [3%, 8%

Note: it's not ne

Total number of holdings in [45, 50]	313/314		FALSE	R&P
--------------------------------------	---------	--	-------	-----

Sensitivity

Description	thinkFolio	non-thinkFolio	Hard rule?	Unit Responsible

Liquidity

Description	thinkFolio	non-thinkFolio	Hard rule?	Unit Responsible
The value of the daily traded volume in the stock must be greater or equal to a 1% weight in the fund. The Bloomberg field <i>volume_avg_3m</i> is used to calculate this. Numerically this is equivalent to: the number of days needed to liquidate the position* needs to be lower than the portfolio weight multiplied by 100			TRUE	TBD

* The number of days needed to liquidate the position is calculated applying a % factor on how much of the average daily volume you can safely assume to be able to trade on each given date: typically this is 10% or 20%. This factor need to be taken into account for the calculations. The limit calculations will then test the following: $f \times D < W / 1\%$ where f is the factor, D is the number of days if you can trade 100% of the average daily volume and W is the portfolio weight.

Risk

Description	thinkFolio	non-thinkFolio	Hard rule?	Unit Responsible
Tracking error will be in [3%, 8%]		to be monitored monthly on <i>ex-post</i> basis	FALSE	R&P

Note: it's not necessary to have all the limit groups filled-in.

Page Comparison - Investment guidelines example (using EEFO) (v.10 vs v.11) - Confluence - Windows Internet Explorer

http://omamwiki:8080/pages/diffpages.action?originalId=22282336&pageId=22282346

File Edit View Favorites Tools Help

★ Favorites Page Comparison - Investment guidelines example (us...

Dashboard > Undefined Space > Investment guidelines example (using EEFO) > Information

Welcome Matteo Castagna | History | Preferences | Log Out

Risk and Performance

OLD MUTUAL ASSET MANAGERS Investment guidelines example (using EEFO)

View Info Review Browse Space Add Page Add News

Version 10 by Matteo Castagna on 14 Dec, 2011 08:56. compared with **Version 11** by Stephane Dancygier on 14 Dec, 2011 09:07. (show comment) Changes from 11 to 12 >>>

<< Changes from 9 to 10

Key
These lines were removed. This word was removed.
These lines were added. This word was added. View page history

There are 16 changes. View first change.

- h1. IMA Sector Guidelines
 - Europe excluding UK
 - Funds which invest at least 80% of their assets in European equities and exclude UK securities.
 - Funds which invest at least 80% of their assets in European equities and exclude UK securities.
 - Notes: the IMA confirmed that they classify the primary listing of ADRs and GDRs as the primary listing of the underlying security. The net exposure is what is taken into consideration. Short futures that are used for hedging purposes will be deducted from the long exposure.
 - Notes: the IMA confirmed that they classify the primary listing of ADRs and GDRs as the primary listing of the underlying security. The net exposure is what is taken into consideration. Short futures that are used for hedging purposes will be deducted from the long exposure.
- h1. Objectives
 - The performance objective is for the fund to deliver returns that are consistently in the first quartile of the IMA Europe excluding UK peer group on a rolling 12 months basis. The manager places great emphasis on delivering consistent outperformance.
 - The performance objective is for the fund to deliver returns that are consistently in the first quartile of the IMA Europe excluding UK peer group on a rolling 12 months basis. The manager places great emphasis on delivering consistent outperformance.

Investment guidelines example (using EEFO) - Confluence - Windows Internet Explorer

omamwiki:8080/display/RISK/Investment+guidelines+example+%28using+EEFO%29

Tools Help

Investment guidelines example (using EEFO) - Conflu...

Performance > Home > Ex-post reporting > Investment guidelines example (using EEFO)

Welcome Matteo Castagna | History | Preferences | Log Out

OLD MUTUAL ASSET MANAGERS

Risk and Performance

Investment guidelines example (using EEFO)

Added by Matteo Castagna, last edited by Matteo Castagna on 15 Dec, 2011 (view change)

Labels: (None) EDIT

IMA Sector Guidelines

Europe excluding UK

Funds which invest at least 80% of their assets in European equities and exclude UK securities.

Notes: the IMA confirmed that they classify the primary listing of ADRs and GDRs as the primary listing of the underlying security. The net exposure is what is taken into consideration. Short futures that are used for hedging purposes will be deducted from the long exposure.

Mechanics



- Intranet Wiki pages
- Full audit trail
- Versioning
- Who does what
- Subscribe to automatic alerts
- PDF docs
- Zero cost

- Mechanics of the in
- Responsibilities



Who monitors what

- Compliance
- Risk management



Open issues

- **Sign off process**
- **Who maintains the Wiki page(s)**

Open issues

- Sign off process
- Who maintains the Wiki page(s)

Apologies

- at least four undetected breaches during 2011
- money
- reputation

Investment guidelines

- Key document defining product/mandate: investment style, agreement with the client
- Key elements listing measures to be monitored
- Creation/amendments process
- Mechanics of the investment guidelines
- Responsibilities

Better policing

Mechanics

- Intranet Wiki pages
- Full audit trail
- Versioning
- Who does what
- Subscribe to automatic alerts
- PDF docs
- Zero cost

Creating/amending investment guidelines

- List of relevant people/units involved
- Keep it understandable/simple
- Consistency check
- Periodic reviews (QIBR as an obvious solution) following check of all the relevant rules



Key elements

- Narrative
- Objectives
- Model constraints
- Concentration
- Exposures
- Risk
- Sensitivity
- Liquidity