



FOR IMMEDIATE RELEASE

IMAS Launches Risk and Performance Analysis Best Practice Guidelines For Investment Managers in Singapore

These inaugural guiding principles are the first attempt by an industry association to address best practices for both risk and performance functions in an investment management firm

Singapore, 16th November 2015 – The Investment Management Association of Singapore (“IMAS”) today became the first industry association globally to launch best practice guidelines to help investment management firms structure and manage both risk and performance analysis functions.

IMAS is a sponsor of the Global Investment Performance Standards (GIPS) which are used as best practices across the industry for performance reporting. These new guiding principles are aimed as a complement to these standards and, at the investment firms themselves, the structure they use and types of analysis they generate to manage their risk and performance needs.

The Guiding Principles for Investment Risk & Performance Analysis include recommendations to support governance of the risk function, investment risk management and performance analysis.

Key principles include:

- Governance of risk and performance units should be independent of the investment function
- Independent measurement and monitoring of investment risk
- Portfolios should be subjected to regular scenario analysis and stress testing, including non-return based measures such as liquidity
- Risk models should be independently validated, and back-tested

The guidelines were developed by IMAS’ Risk and Performance Committee (“RPC”) which includes representatives from large investment managers and financial institutions in Singapore¹.

Trevor Persaud, Chairman of the IMAS RPC, said: “Investment managers manage and take on investment risk on behalf of their clients to generate investment returns. So it is critical that they are able to measure, analyse and manage the risk and return of their products. In reality many of the structures, systems and processes in place in firms currently have grown organically over time or in

¹ Standard Chartered Bank, BNP Paribas Securities Services, Schroder Investment Management (Singapore) Limited, Eastspring Investments (Singapore) Limited, PricewaterhouseCoopers, BlackRock (Singapore) Limited and Nikko Asset Management Asia Limited.



response to global regulation. As a result, the RPC found in consultation with its members that there are significant variances in how risk management and portfolio analysis functions operate. These guidelines set out the key areas of focus and best practices in measuring risk and performance, and we hope they will be useful to investment managers whether they are large international firms or small local boutique firms.”

IMAS Chairman, Nicholas Hadow, added: “As an organisation IMAS seeks to represent and promote professional standards in the investment management industry in Singapore. The release of these guidelines represents an important contribution to the discussion on risk management and performance analysis not only in Singapore but also in the wider industry.”

In the guidance, the IMAS RPC identified that governance, both of investment companies and the investment process, was as critical for discussion as the areas of investment risk and performance measurement. Therefore, the Guidance is structured around three key concepts and takes a consultative rather than prescriptive tone:

- Governance
- Investment risk management
- Performance analysis

Among the investment risks that should be assessed, liquidity risk is highlighted. Mr Persaud noted, “The financial crisis and, more recently, volatility in certain markets such as China and some areas of the bond market has reminded investors that liquidity can be a “hidden risk” in a portfolio. It is recommended that investors estimate and monitor portfolio liquidity – the capacity to meet outflows, and position liquidity – as it relates to actual allocations within the portfolio, even though this may be a time consuming exercise to undertake systematically.”

The Guiding Principles for Investment Risk & Performance Analysis Functions is publicly available on the [IMAS website](#).

Representing over 100 investment managers responsible with assets under management (AUM) in Singapore of over S\$800 billion. IMAS aims to contribute towards the development of the industry in Singapore by fostering high standards of professionalism and promoting exemplary practice among its members.

Full details can be found on the IMAS website www.imas.org.sg

For further information please contact:

Tim Williamson

Cognito Asia

Tel: +65 9450 7361

Email: IMAS@cognitomedia.com

**About the Investment Management Association of Singapore**

The Investment Management Association of Singapore (IMAS) was formed on 22 September 1997. It is a representative body of investment managers spearheading the development and growth of the industry in Singapore. It also serves as a forum for members in discussions as well as a collective voice where representation is needed on behalf of the investment management industry, facilitating training for its members, and contributing towards investor education. It has currently over 100 regular members, with combined AUM of more than S\$800 billion.