

Lessons Learned

PRIMA Conference Boston

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We are taught safety lessons all our lives:

- Fire drills at schools, offices and homes (duck and cover!)
- Airline drills
- Hotel instructions
- Business continuity plans

What we learn: Preparation & Plan

- Prepared for the events (in case of loss of pressure)
- Know what actions to take (pull the mask down)

Investment Managers are only partially prepared

- Hot sites, back ups, binders, call trees
- Missing chapter: what to do if liquidity is lost?

What to do when markets collapse?

- Call your broker (no answer)
- Call your friend who works for another company (“You’re also hit?”)
- Stare at the screens
- Pray
- Hold crisis meetings

What should we do?

- Build systems to monitor markets and detect changes
- Talk with our vendors about improved systems
- Think about ways to “insure” portfolios
- Hire risk manager and set up risk policies

One Year (well, maybe 2) later

- Some improvement on monitoring systems
- Vendors have white papers and some new features
- The risk manager job is still open
- Attention is on performance not risk

What have we learned?

- Counter party risk
- Factor risk
- Fill in that missing chapter in the bcp