



## WHO WE ARE?

Asset Risk Consultants (ARC) is an independent, privately owned consulting practice, licensed by both the Guernsey Financial Services Commission and the Jersey Financial Services Commission.

Formed in 1995, the company has been successful in attracting top quality staff with a diverse range of backgrounds. As with all consulting businesses, success depends crucially on the motivation and commitment of the staff and therefore all employees have an element of remuneration directly related to the success of the business.

ARC works for a global client base and has proven expertise in assessing and monitoring investment structures and performance across the full range of traditional and non-traditional asset classes.

Service delivery combines the application of proprietary analytical techniques with established performance metrics, delivered through the appropriate mix of software and consulting.

We realise that outputs are only of value if they are both easy to understand and simple to apply to a client's specific circumstances.

## WHY USE A CONSULTANT?

### Communication

Like any area of business, the investment world has a language of its own. Some of the terminology is easy to understand, some is open to misinterpretation. Surveys suggest that the most common reason for investment managers being dismissed is communication failure rather than poor performance versus peer group.

### Diversity brings complexity

Few investors wish to place all their investment assets with a single fund manager. Rather, they prefer to employ several investment managers, often with differing investment mandates and styles. This diversity, whilst delivering risk reduction, makes portfolio design and analysis more complex.

### Past performance is no guarantee of future performance

Despite the widespread usage of past performance in marketing by investment houses, the ubiquitous disclaimer states that the future is uncertain! Why? Because economic conditions change, asset classes move in and out of favour, investment managers move jobs, investment companies acquire and are acquired etc.

### The only constant is change

A successful investment strategy needs to recognise that change is inevitable. The catalyst for change might be investor-led, through changing circumstances and aspirations, or driven by manager-related issues, such as performance and service. Whatever the cause, it is essential that the process of change is actively managed. Anecdotally, the greatest performance drag private investors suffer is not attributable to poor manager selection but to a lack of change management.

## OUR APPROACH?

There are three investment consulting principles that govern our approach and that we seek to apply across all our services:

### No two investors have the same objectives and aspirations

Although it is undoubtedly a cliché to say that all investors are different, it is also a truism. Perhaps the greatest benefit to be derived from using a consultant is that it provides the opportunity for an investor to receive unbiased advice on how investment styles and approaches can be blended to deliver the highest probability of delivering specified investment objectives.

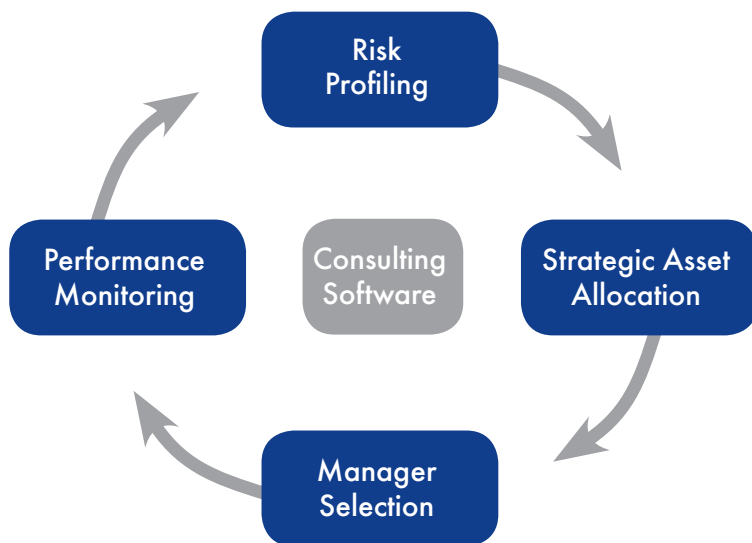
### Inaction is not the same as inertia

Conventional wisdom suggests that, when appointing an investment manager, they should be given a decent length of time in which to display their abilities. Why? Because the success of any given investment approach is dependent on prevailing financial market conditions. Whether selecting a fund or establishing a discretionary account, the skill of the investment manager can only be assessed accurately over a full market cycle. For some investment consultants, inaction is regarded as failure. For us, inaction is regarded as a positive outcome rather than a default position. Change is expensive and should only be undertaken when the need is compelling.

### Statistics provide signals; consultants deliver conclusions

For some people numbers never lie; for others there are lies, damned lies and statistics. We believe that performance statistics are the bedrock upon which investment decisions should be built. However, it is only by combining the cold hard facts with qualitative judgements based on experience and gut-feelings that sensible conclusions can be reached.

# information into knowledge



## WHO ARE OUR CLIENTS?

As investment specialists, we provide consulting and software services to a wide range of intermediaries and private clients, covering all aspects of investment consulting. Depending on the specific requirements of each client, we can provide ongoing support or work on a project basis.

### Private clients

We provide a full range of investment consulting services to high net worth individuals. Our approach allows us to offer flexible, tailor made solutions that take account of the differing circumstances of the individual clients. Our aim is to assist our clients to understand the dynamics involved in mixing investment styles as well as the overall risks taken.

### Trustees

Regulation for fiduciaries has been the catalyst for a general re-assessment by trustees on the approach taken in respect of the establishment and monitoring of investment portfolios for trusts and companies under their care. ARC has developed a systematic approach to risk assessment, manager appointment and portfolio monitoring designed specifically for trustee requirements.

### Private banks

ARC provides consulting and software services to private banks designed to strengthen relationships between private bankers and their clients. These include portfolio aggregation tools, a risk profiling questionnaire, fund analysis software and attribution analysis.

### Investment managers

Whether specialising in segregated accounts or fundbased solutions, ARC offers investment managers access to potential investors through the SAS model database, fact sheet production and a peer group analysis consulting service using the ARC Private Client Indices.

### IFAs

Our range of support services allow IFAs to concentrate on client acquisition and retention rather than on preparing analytics and reporting. Our pro-active performance alert system has proved particularly valuable.

## WHY ARC?

### Independent and unbiased

ARC is a management-owned business. We have no links with any third-party private banks, investment managers, or other financial institutions. In addition, we do not operate a favoured panel or core manager list but rather seek to match clients to managers on a case-by-case basis.

### Fee transparency

The fees we charge are fully disclosed and any fee rebates negotiated by us with investment managers are passed onto our clients. In a low real return world, keeping total fees at a reasonable level is a critical factor if investment objectives are to be met.

### Unique manager performance database

ARC is in the enviable position of being able to combine three types of investment performance data: mutual funds; manager models; and segregated accounts.

Our goal as investment consultants is to provide peace of mind to our clients.

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