

Why the Risk Conversation is Important

Risk Management Overview

Long-term investment success hinges on applying effective risk management techniques to portfolios.

HAVING THE RISK CONVERSATION

A strong risk management program is built on trust and communication. It is not a one-time conversation or a one-size-fits-all solution.

Investors can be quick to let emotions dominate their decision-making in times of severe stress, so have the conversation upfront to start building a long-term, customized plan for each client's unique needs and goals.



Actively Managing Risk

Level I: Strategic Asset Allocation

- At the portfolio design level, we undertake an extensive review of each portfolio's holdings
- We determine how they may fit within the overall target portfolio, which stocks or funds to hold or sell, and at the same time manage the tax impact

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We establish how Level III actions will be implemented by the portfolio manager through discussions with the client

Level II: Dynamic Asset Allocation

- Portfolio allocation is driven by fundamental and economic research; we then determine the risk budget by establishing dynamic parameters
- Utilizing our proprietary capital markets outlook and economic and financial models, we adjust financial allocations
- We mitigate and manage risk by tactically overweighting or underweighting exposures

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Level III: Personalized Downside Risk Management

- We consider non-normal periods and the client's personal downside limits
- During severe market declines, we provide limit/control on overall volatility and downside potential of the portfolio
- As "floors" established in Level I are approached, we may monetize assets and begin reinvesting
- We actively continue communication with the client to continually evaluate whether the risk of each portfolio is consistent with the client's risk tolerance and/or budget and determine if additional risk mitigation steps are required

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Contact your dedicated senior investment consultant for a comprehensive case study of City National Rochdale's risk management in action, including:

- Two personalized portfolio examples: "Growth" and "Aggressive Growth" asset allocations
- Analysis of how each portfolio fared in different historical environments over a ten-year period
- Implementation of "risk reduction mode": prioritizing which asset classes to reduce exposure to first
- Overview of steps to take in order to preserve principal value and remove risk as efficiently as possible

IMPORTANT DISCLOSURES

The information presented does not involve the rendering of personalized investment, financial, legal, or tax advice.

As with any investment strategy, there is no guarantee that investment objectives will be met and investors may lose money.

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