INVESTMENT RISK MANAGEMENT



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Introduction

Investment Risk Management Training Course prepares investment and finance professionals to measure and control the risks that portfolios carry. Participants work through investment risk types and governance, asset class risk characteristics, volatility and return measurement, Value at Risk and stress testing, liquidity and concentration risk, risk budgeting and portfolio construction, performance and risk-adjusted return analysis, and risk reporting, limits, and control frameworks as one connected discipline. The programme links the risk an investment portfolio carries with the decisions that keep it within mandate. As a result, learners gain a practical method for investment risk management. Furthermore, the course strengthens quantitative judgement, portfolio discipline, and risk governance.

Investment Risk Management Course Objectives

- Explain investment risk types: market, credit, liquidity, concentration.
- Apply risk governance, investment policy, and mandate limits.
- Apply return and volatility measurement and distribution analysis.
- Apply correlation, covariance, and portfolio risk aggregation.
- Apply Value at Risk, expected shortfall, and stress testing.
- Apply tracking error, beta, and benchmark-relative risk measures.
- Apply risk-adjusted performance measures: Sharpe, Sortino, information ratio.
- Apply risk budgeting, factor exposure, and portfolio construction.
- Apply liquidity, concentration, and counterparty risk review.
- Apply risk reporting, limit monitoring, and breach escalation.

Course Methodology

- Interactive sessions built on portfolio risk and mandate cases.
- Workshops on VaR calculation, stress testing, and risk budgeting.

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- Group exercises on correlation, factor exposure, and performance analysis.
- Hands-on practice with risk reports, limit schedules, and portfolio data.
- Simulation of an investment risk committee review and a limit breach.
- Facilitator coaching and peer review on personal risk management plans.

Who Should Take This Course

- Investment and portfolio risk professionals.
- Asset managers and investment analysts.
- Treasury and fund finance staff.
- Internal auditors covering investment and portfolio risk.
- Pension fund and endowment investment staff.
- Consultants advising on investment risk frameworks.

Investment Risk Management Course Outlines

Day 1: Investment Risk Foundations and Governance

- Investment risk types and their sources.
- Risk governance, investment policy, and mandate definition.
- Risk appetite, tolerance, and limit structures.
- Roles of the investment committee and risk function.
- Fiduciary duty and stewardship expectations.
- Risk registers for investment portfolios.
- Case discussion: a portfolio that breached its mandate unnoticed.

Day 2: Return, Volatility, and Distribution

- Return measurement: simple, logarithmic, and time-weighted.
- Volatility, variance, and standard deviation.
- Distribution analysis, skewness, and kurtosis.
- Fat tails and the limits of normal assumptions.
- Correlation, covariance, and diversification.
- Benchmark selection and relative return measurement.
- Workshop: calculating portfolio volatility and correlation.

Day 3: Market Risk Measurement and Stress Testing

- Value at Risk: parametric, historical, and Monte Carlo.
- Expected shortfall and tail risk assessment.
- Stress testing and scenario analysis design.
- Backtesting and model validation basics.
- Tracking error, beta, and active risk.
- Drawdown analysis and recovery periods.
- Exercise: calculating VaR and running a stress scenario.

Day 4: Risk Budgeting and Portfolio Construction

- Risk budgeting and risk contribution by asset.
- Factor exposure and style risk analysis.
- Optimization basics and constraint setting.
- Concentration risk and position limits.
- Liquidity risk and redemption considerations.
- Counterparty and credit risk in portfolios.
- Simulation: applying risk budgeting to a portfolio.

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Day 5: Performance, Reporting, and Control

- Risk-adjusted performance: Sharpe, Sortino, information ratio.
- Attribution analysis and risk contribution reporting.
- Investment risk reporting packs and dashboards.
- Limit monitoring, breaches, and escalation.
- Internal audit and assurance over investment risk.
- Governance reporting to boards and trustees.
- Capstone: presenting an investment risk management framework.

Conclusion

By successfully completing Investment Risk Management, participants will gain a practical command of investment risk types and governance, return and volatility measurement, market risk measurement with VaR and stress testing, risk budgeting and portfolio construction, liquidity and concentration risk, and risk-adjusted performance and reporting. They will acquire skills in portfolio risk measurement, stress testing, risk budgeting, and risk reporting that keep portfolios within mandate and protect value. Gentex Training Center designs the programme to help professionals manage investment risk with confidence.

FAQs for the Investment Risk Management course

Q1 What is the "Investment Risk Management" course about?

It prepares investment and finance professionals to measure and control the risks that portfolios carry. The course spans investment risk foundations and governance, return, volatility and distribution, market risk measurement and stress testing, risk budgeting and portfolio construction, and performance, reporting and control.

Q2 What are the key benefits of the "Investment Risk Management" course?

You gain a practical method for investment risk management that links the risk a portfolio carries with the decisions that keep it within mandate. The course improves portfolio risk measurement and stress testing, strengthens risk budgeting and factor analysis, sharpens risk-adjusted performance assessment, and gives you limit monitoring and reporting practice that protects portfolio value.

Q3 What skills will I gain from the "Investment Risk Management" course?

You will develop four core skills: investment risk governance and mandate limit application, portfolio risk measurement with VaR, volatility and correlation, stress testing with drawdown and tail risk analysis, and risk budgeting with risk-adjusted performance and reporting.

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Q4 What tools, methods, or standards are covered in the "Investment Risk Management" course?

The course covers investment risk types and their sources, risk governance, investment policy and mandate definition, risk appetite, tolerance and limit structures, the roles of the investment committee and risk function, fiduciary duty and stewardship expectations, risk registers for investment portfolios, return measurement across simple, logarithmic and time-weighted, volatility, variance and standard deviation, distribution analysis, skewness and kurtosis, fat tails and the limits of normal assumptions, correlation, covariance and diversification, benchmark selection and relative return measurement, Value at Risk with parametric, historical and Monte Carlo approaches, expected shortfall and tail risk assessment, stress testing and scenario analysis design, backtesting and model validation basics, tracking error, beta and active risk, drawdown analysis and recovery periods, risk budgeting and risk contribution by asset, factor exposure and style risk analysis, optimization basics and constraint setting, concentration risk and position limits, liquidity risk and redemption considerations, counterparty and credit risk in portfolios, risk-adjusted performance with Sharpe, Sortino and information ratio, attribution analysis and risk contribution reporting, investment risk reporting packs and dashboards, limit monitoring, breaches and escalation, and internal audit and assurance over investment risk.

Q5 How is the "Investment Risk Management" course applied in real-world practice?

Participants apply it to real work such as calculating portfolio volatility and correlation, computing VaR and running stress scenarios, analysing drawdown and tail risk, applying risk budgeting across asset classes, reviewing factor exposure and concentration limits, assessing liquidity and redemption risk, preparing an investment risk report, and presenting a risk framework to an investment committee. The same methods support limit monitoring and governance reporting to trustees.

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