COMPANY PROFILE

CHECKRISK

2016 Simplifying the complexity of investment risk
ABOUT
THE COMPANY

CheckRisk is a trusted provider of risk services to over $70bn of risk assets globally. CheckRisk’s team of investment professionals has decades of combined experience within asset management, trading and qualitative/quantitative modelling disciplines.

Our consulting services, risk models and commentaries provide a high level of value to any firm that is interested in having an independent view to aid decision making, formulate risk strategies, put in place risk management systems or manage assets.

Our work with the University of Bath School of Management, and University of Bristol Systems Engineering Department means that investors wishing to understand risk have the backing of top level academic institutions and the pragmatic investment risk skills of CheckRisk’s team.

OUR APPROACH

Our approach to risk is innovative, forward-looking and multi-dimensional. We think of risk in the widest possible sense: from the macro global economy, down to the micro securities level, using both quantitative and qualitative analysis.

Legacy systems such as Value at Risk (VaR) are known to have failings and have not served the industry well. We aim to fill that gap.

Most investors spend their time chasing the thing they can’t control: returns. They spend little time thinking about the things they can control that make a difference: risk, cost, and time.

The question CheckRisk is really trying to answer is: are you being paid to take risk?

Computers and new theories have transformed the way in which we can try and answer that question. We bring together the latest forward-looking methods and translate them into output that is easy to understand.

We recognise that there is no single ‘perfect’ approach, and that there will always be a certain amount of irreducible uncertainty; this is why you need to use simulations and different techniques to build resilience. Together, this offers us the best chance of achieving our objectives.

However, we should not leave it to computers alone. We believe that the future lies in combining their power with practitioner experience. Working closely with our clients, we have been successful in customizing our risk knowledge to provide specific client solutions.

The cross-fertilisation of the sciences and big data offers us new and exciting insights into how the world works. CheckRisk is at the leading edge of this new frontier.
OUR SERVICES

INVESTMENT RISK GOVERNANCE

Investors, boards and trustees on one of the most important and least understood risks: investment risk and its proper governance.

We do this by assisting investors, boards and trustees in reviewing their existing investment process for risk. IRG includes risk budgeting, risk appetite, risk monitoring and operational risk governance. It also areas such as stress-testing, model validation and much more.

Investment Risk Governance can make a world of difference.

RISK PRODUCTS

We help decision makers get a clearer picture on the global economy and financial markets with our risk products.

We have off the shelf products and fully customisable systems to suit individual needs.

Our cutting edge products are primarily interested in forecasting financial conditions and reflect the interconnected world we live in.

From CheckRisk’s Early Warning System to our Network Risk System we have risk covered.

STRUCTURED PRODUCTS

CheckRisk creates bespoke structured products for institutional clients. These provide a diversified alternative to traditional asset classes, especially in an environment of low interest rates.

We adopt a multi-strategy approach and seek to create the best possible product for you in terms of the potential upside, downside protection and the cost. We also provide full ongoing after sales support.

RISK MANAGEMENT CONSULTANCY

We provide bespoke, cost efficient risk solutions to assist institutions in managing financial and operational risk.

We partner with our clients to help them deliver specific projects for internal, commercial or marketing purposes.

Our experience and modelling skills are useful in different parts of an organisation and across industries.
INVESTMENT RISK GOVERNANCE

IRG is the new by-word for efficient, accurate and effective risk monitoring. Investment risk is often the biggest risk to an institution and their clients, and often the last one to be considered. CheckRisk’s IRG system lays out a considered and practical approach to maximise the chance of your investment style working.

Our practice covers the following key areas:

• Investment risk tolerance, budgeting & appetite
• Investment process review
• Model validation
• Stress-testing
• Organisational risk tolerance & analysis
• Strategic & tactical portfolio modelling
• Alert and system breach reporting
• Board & risk team reporting

CheckRisk’s IRG expertise can make a difference to returns, risk control, regulatory reporting, and risk culture.

RISK MANAGEMENT CONSULTING

We view this as an opportunity to develop long-term relationships with our clients and to work in partnership. A particular strength of CheckRisk’s is the breadth of work that we can do and the ability to listen to our client’s needs and develop bespoke, cost efficient solutions. All backed up by the academic expertise from two of the top UK universities.

While we have products and services that clients can use off the shelf. The fact is that every organisation is different and has different needs. Many of our clients therefore look to us for one off projects, for internal, commercial, or marketing purposes. As a third party we can offer an independent point of view that is sympathetic to the organisation and its need to integrate to achieve more sustainable results.

As our key consultants have run funds and organisations themselves, we can offer advice from a position of strength of experience and understanding. Because of this, some clients prefer to use our experience as an active member of their investment or risk committee.
OUR PRODUCTS

CheckRisk offers products to enable superior decision making. These are based on the most sophisticated quantitative techniques devised.

We overlay this with practitioner experience to help you make sense of the world.

CREWS: EARLY WARNING SYSTEM

The CheckRisk Early Warning Risk System (CREWS) is designed to forecast financial stress. This enables investors to keep track of systemic risks and take decisions accordingly.

The charts and tables are easy to understand, but the techniques behind this are highly sophisticated. We take over a hundred financial market, survey and macroeconomic variables for each region and turn them into one overall risk barometer. We also have three subindices that cover different forecast lengths: market risk, credit and leverage.

Subscribers receive monthly and quarterly reports, as well as the ability to set email alerts for system breaches.

More sophisticated users can pay for full customisation, both in terms of variables and method of delivery.

NETWORK RISK SYSTEM

Since the financial crisis of 2008, investors have increasingly understood the importance of the interconnectedness of the financial system.

CheckRisk monitors the criticality and sensitivity of institutions to the system. This can be particularly useful for looking at systemic risk, counterparties, industries and your portfolio.

We use a number of techniques that enable you to see complex non-linear effects, including cascade modelling and causal networks. These are perfect for stress-testing, and give you deep insights into what the real risks are.

We provide monthly and quarterly reports, along with a narrative. These shows the bigger picture as a network, but also the spillover effects from different markets as time series.

NOWCASTS

Keep an eye out for the ongoing release of CheckRisk’s nowcast indices.

These provide highly accurate short-term readings of economic activity (real GDP), including probability of strong growth and recessions in the near future.
CheckRisk creates bespoke structured products for institutional clients. These investments last a set period of time and can generate growth, income, or both. They can be designed for all risk profiles, from low to high risk.

As an independent agent, CheckRisk will listen to your needs and tailor a product specifically for you. We aim to secure the most competitive terms we can regarding the potential upside growth, downside protection, and product cost. We can also provide you with ongoing after sales support, such as product pricing and access to a range of in-house models to help you keep track of your portfolio.

We are not paid commission by any investment banks. We work for you.
Our team is made up of people with decades of combined experience across different financial disciplines. From trading to portfolio management, macroeconomics and quantitative modelling. We have representation in the UK, Ireland, and Australia.

Because we have worked at different levels within organisations and in different fields within finance, this gives us great breadth. We look for people who share our values but who think differently and challenge the status quo. This desire to innovate helps us move forwards - we want to be among the best at what we do.

MUHAMED ALSHARMAN
FINANCIAL ENGINEER

Muhamed has skills across several disciplines and helps to translate our ideas into practice with his coding. He awaits his EngDoc from the University of Bath; his thesis looked at behavioural finance and complex networks. He is a systems engineer and has a masters in quantitative finance from Lancaster University, and a degree in aeronautical engineering from Liverpool University.

ROSS PEPPERELL
DIRECTOR OF RESEARCH

Ross has been responsible for most of the models that CheckRisk now use, and helps to develop these further in conjunction with the research team. He also acts as an adviser to many of our clients.

Formerly, Ross was Head of Research for 8 years at a regional wealth manager and ran their discretionary and advisory model portfolios. He holds a degree in economics from the University of Birmingham and several post graduate qualifications, including a Masters of Wealth Management from the CBI.

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DR. DAVID GREENWOOD
DATA SCIENTIST

David is an applied scientist with a particular interest in coding and complex networks. His first degree was in natural sciences from the University of Cambridge. He has a PhD in Computer Science from St. Andrews University, and awaits his EngDoc from the University of Bath. He also has several years industry experience with Buro Happold and Deloitte.
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