



**Course:**

**Risk Management for Asset Managers**

**Course Description**

This course explains the unique risks, governance challenges, regulatory obligations, and operational frameworks that apply to modern asset management firms and investment funds. The seminar is designed to provide participants with a practical and strategic understanding of how investment managers identify, measure, monitor, and control risks across a wide range of investment products and market environments.

The course begins by introducing the asset management industry, explaining the role of asset managers as fiduciaries who invest capital on behalf of clients under a principal-agent relationship. It refers to the different business models within the industry. It refers to the conflicts of interest that arise when managing other people's money, including fee incentives, information asymmetry, and agency costs. The presentation also explains the legal and regulatory importance of fiduciary duty, investment mandates, and governance structures within asset management firms. Key stakeholders such as management companies, investment managers, depositaries, regulators, boards, and investors are referred, together with the Three Lines of Defense model and the role of independent risk management functions.

A major section of the course focuses on investment risk frameworks and portfolio risk management techniques. Participants are introduced to concepts such as risk budgeting, benchmark selection, tracking error, active share, information ratio, concentration risk, liquidity-adjusted risk measures, and risk attribution. The presentation explains how asset managers establish risk limits, monitor mandate compliance, and evaluate risk-adjusted returns in both absolute-return and benchmark-relative strategies. The seminar emphasizes that successful investment management requires balancing return objectives with carefully controlled levels of market, liquidity, and operational risk.

The presentation also refers on market risk in managed portfolios. Topics include equity risk, fixed income risk, multi-asset portfolio correlations, currency risk, factor investing, smart beta strategies, leverage, derivatives usage, short selling, and tail-risk hedging techniques. Participants learn how market crises, volatility spikes, changing correlations, and liquidity breakdowns can significantly impact investment portfolios. The seminar course also explores how factor crowding, leverage, and concentration risk can amplify losses during periods of market stress.

Liquidity risk management receives special attention throughout the course. The presentation refers to the structural liquidity mismatch that exists in many open-ended investment funds that offer frequent investor redemptions while holding illiquid underlying assets. Topics such as liquidity stress testing, redemption risk, investor concentration risk, swing pricing, anti-dilution levies, side pockets, redemption gates, and ETF liquidity dynamics are also referred. Real-world case studies, including the collapse of the Woodford Equity Income Fund and the H2O Asset Management liquidity crisis, demonstrate how poor liquidity management can trigger severe investor losses, regulatory scrutiny, and reputational damage.

The seminar further explores counterparty risk and operational risk within asset management firms. Participants are introduced to securities lending, repurchase agreements (repo), OTC derivatives, collateral management, valuation risk, outsourcing risk, cyber risk, and model risk in quantitative investment strategies.

Another important part of the course focuses on real estate investment risk and ESG (Environmental, Social, and Governance) risk management. The real estate section refers to valuation methodologies, cap rate risk,



liquidity constraints, development risk, leverage risk, open-ended property fund structures, and sector-specific risks in office, retail, industrial, logistics, and residential real estate markets. The ESG section explores SFDR classifications, greenwashing risk, climate-related financial risk, ESG data limitations, TCFD reporting, the EU Taxonomy, biodiversity risk, and the integration of ESG considerations into investment risk frameworks. The seminar highlights the growing importance of sustainable finance regulation and the increasing expectation that ESG risks form part of fiduciary and investment decision-making responsibilities.

Overall, the course delivers a highly practical and sophisticated overview of modern risk management practices in the asset management industry. It combines regulatory analysis, portfolio risk management, liquidity oversight, governance principles, operational resilience, ESG integration, and real-world case studies into a detailed educational framework designed for professionals involved in investment management, compliance, risk management, and fund governance.

### Topics covered

The course is split into the following sections:

#### Section 1: The Asset Management Business & Its Risk Landscape

- What Is an Asset Manager? Types and Business Models
- The Principal-Agent Problem — Managing Other People's Money
- How Asset Managers Differ From Banks in Risk Profile
- The Fee Structure and Its Risk Implications
- Types of Funds
- The Regulatory Environment for Asset Managers
- Fiduciary Duty — The Legal Foundation of Risk Responsibility
- The Investment Mandate — How Risk Boundaries Are Set
- Stakeholder Map
- Key Risk Categories Unique to Asset Management
- The Risk Function in an Asset Management Firm
- The Three Lines of Defense in Asset Management
- Conflicts of Interest in Asset Management

#### Section 2: Investment Risk Frameworks

- Defining the Investment Risk Framework
- Risk Budgeting — Allocating Risk Like Capital
- Absolute vs. Relative Risk — Two Different Questions
- Benchmark Selection and Its Risk Implications
- Tracking Error — The Core Relative Risk Measure
- What Is a Good Tracking Error? Active vs. Passive Management
- Active Share — How Different Is Your Portfolio Really?
- Information Ratio — Skill vs. Risk Taken
- Concentration Risk in Portfolios
- Liquidity-Adjusted Risk
- Risk Limits
- Breach Management
- Risk Attribution
- Performance Attribution vs. Risk Attribution
- Risk-Adjusted Return Targets



### Section 3: Market Risk in Asset Management

- Equity Risk in Managed Portfolios
- Fixed Income Risk
- Multi-Asset Risk — Correlations Across Asset Classes
- Currency Risk in International Portfolios
- Volatility as an Asset Class
- Drawdown Risk
- Tail Risk Hedging — Options, Puts, Risk Reversal Strategies
- Factor Risk Decomposition — Style, Sector, Country, Currency
- Factor Crowding Risk
- “Smart Beta” and Its Hidden Risks
- Derivatives Use in Funds
- Leverage in Funds
- Short Selling Risk
- Illiquidity Premium

### Section 4: Liquidity Risk in Asset Management

- The Liquidity Mismatch Problem
- Liquidity Spectrum
- Liquidity Stress Testing for Funds
- Redemption Risk — Investor Behaviour
- Liquidity Management Tools
  - Gates and Swing Pricing
  - Side Pockets
- Anti-Dilution Levies
- Investor Concentration Risk
- Case studies
- Open-End vs. Closed-End Fund Structures
- ETF Liquidity Risk

### Section 5: Counterparty & Operational Risk

- Counterparty Risk in Asset Management
- Securities Lending
- Repo and Reverse Repo
- OTC Derivatives
- Collateral Management
- Operational Risk in Asset Management
- Valuation Risk
- Side Pocket Abuse
- Outsourcing Risk
- Cyber Risk in Asset Management
- Model Risk in Quantitative and Systematic Strategies

### Section 6: Real Estate Risk in Asset Management

- Real Estate and Risk
- Real Estate as an Asset Class
- Types of Real Estate Investment
- Risk/Return Profiles



- Real Estate Valuation Methods and Their Risks
- Cap Rate Risk
- Rental Income
- Development Risk
- Liquidity Risk in Real Estate
- Open-End Real Estate Fund Risk
- Case studies
- Geographic and Sector Concentration in Real Estate Portfolios
- Real Estate Sector Risk
- Structural Shifts in Demand
- Real Estate Cycle
- ESG Risk in Real Estate
- Real Estate Debt Risk

#### **Section 7: ESG & Sustainable Investment Risk**

- ESG Risk in Asset Management
- SFDR — Article 6, 8, and 9 Funds
- Greenwashing Risk
- Physical Climate Risk in Investment Portfolios
- Other ESG Risks
- ESG Data Risk
- Integrating ESG into Risk Frameworks
- TCFD Reporting for Asset Managers
- EU Taxonomy
- Nature and Biodiversity Risk — The Next ESG Frontier (TNFD)
- ESG Ratings Risk May Mislead Portfolio Risk Assessment

#### **Section 8: Fund Governance & Risk Oversight**

- Fund Governance Structure
- The Role of the Risk Committee in an Asset Management Firm
- Independent Risk Function — Why Independence Matters
- Investment Risk Reporting — What the Board Needs to See
- The KIID and Prospectus
- Investor Due Diligence
- AIFMD Risk Requirements
- UCITS Risk Rules
- Risk Culture in Asset Management

#### **Course Duration**

This course may take up to 5 hours to be completed. However, actual study time differs as each learner uses their own training pace.

#### **The course is addressed to:**

This course is addressed to all individuals who are involved in Investment Firms (forex, brokers, etc) and Funds' industry such as:



- Executive Directors, Non-executive directors, Senior Managers, Compliance Officers, Risk Managers, Product Managers, Portfolio Managers, Investment Advisors, Dealers, Marketing Managers and in general employees of investment firms, Funds and Fund Managers.
- Fund Administrators
- Fund consultants
- Internal Auditors
- Professionals in the Funds' industry
- Lawyers

It is also suitable to professionals pursuing CPD for the renewal of CySEC Certificate (CySEC Basic and CySEC Advance Certificate) or other relevant professional certificates in other jurisdictions..

### **Training Method**

The course is offered fully online using a self-paced approach. The learning units consist of power point presentations. Learners may start, stop and resume their training at any time.

At the end of the course, participants take a Quiz to complete the course and earn a Certificate of Completion once the quiz has been passed successfully.

### **Accreditation and CPD Recognition**

The course may be accredited by regulators and other bodies for up to 5 CPD Units, that require CPD training in financial and other regulation.

Eligibility criteria and CPD Units are verified directly by your association or other bodies in which you hold membership.

### **Registration and Access**

To register to this course, click on the [Take this course](#) button to pay online and receive your access instantly. If you are purchasing this course on behalf of others, please be advised that you will need to create or use their personal profile before finalizing your payment.

Access to the course is valid for 90 days.

If you wish to receive an invoice instead of paying online, please [Contact us by email](#). Talk to us for our special Corporate Group rates.

### **Instructor**

With more than 10 years of experience, Nektarios is an expert in the financial services industry, having worked in key roles at investment funds, CIFs and other service providers. His exposure to the industry allowed him to gain knowledge in a variety of vital investment functions.

Complementing his practical knowledge of the industry, Nektarios also holds a number of professional and academic qualifications, including CySEC's Advance Certification. He is currently employed by an Investment Fund.