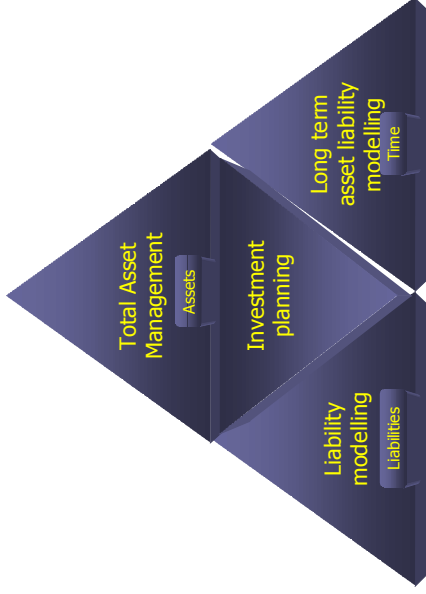


## TAMRIS – SIMPLE SUMMARY



### THE PORTFOLIO PROBLEM

The portfolio problem lies in the ability to deliver asset management expertise efficiently and productively in the presence of personalisation.

Asset managers operate in risk/return space. This means they structure portfolios to get the most return for the least or the most reasonable amount of risk at a given point in time. The importance of focussing on point in time risk return management limits the ability to adjust strategy and to personalise allocation relative to liabilities across multiple portfolio objectives.

Investors live in liability space; they need their assets to meet their income and capital expenditure over time, not just at a point in time.

**Assets, liabilities and time represent the investor's physical universe.**

There is currently no universally accepted methodology and process for constructing, planning and managing portfolios to manage assets and liabilities over time.

Modern portfolio theory does not have a liability input, which means it cannot structure portfolios in accordance with individual liability profiles. While it has theoretical relevance to one period portfolio problems, its

inability to manage point in time risk and return, critical to liability management renders it obsolete over any time period.

Traditional portfolio management, where portfolios are structured to meet income needs from yield, is only capable of managing single and limited multi period time horizons. The logistics of personalising the management of assets and liabilities over longer time horizons is too complex. For some reason, which does not make sense, this longer time frame has historically been left to the financial planner and, is one reason why asset managers confuse asset and liability management structures with financial planning objectives.

Without portfolio construction techniques that relate portfolio structure to the client's longer term liability profile, the process of personalisation is far too complex to be profitably managed.

**How do you concurrently manage the complexity of long term liability profiles and point in time risk/return relationships?**

TAMRIS has solved the portfolio problem by developing a portfolio foundation for the integration of the management of liabilities and liability risks with the management of assets and asset risks over time. From the solution to this problem it has developed systems and processes that automate the construction, planning and management of assets within a liability framework over time.

All areas of the financial services business process can now be integrated and managed within one central, investment led financial service process; Total Asset, Life Cycle Wealth Management.

**The TAMRIS Triangle is a representation of the physical symmetry and relationship between assets and liabilities over time. Symmetry is a concept long accepted within physics as key to understanding the natural laws and relationships of the universe.**

The above represents an extremely brief summary of TAMRIS's universe.

**TAMRIS IS UNIQUE**

TAMRIS is the only consultancy to operate outside of a mean variance optimisation framework and the only consultancy to operate within a liability management framework.

# T A M R I S

TAMRIS's systems, processes and methodologies are unique and the product of 16 years research, development and application. TAMRIS will not change your fundamental investment disciplines, culture or service objectives but will integrate them within a more efficient operational framework. Further information on TAMRIS's approach can be found in the following technical documents.

1. **Simple.** A brief 1 page explanation, overleaf.
2. **TAMRIS; The Portfolio Problem & Portfolio Optimisation in Liability Space.** This defines the portfolio problem and explains the fundamentals and rules of a new portfolio foundation for the management of assets and liabilities over time.
3. **TAMRIS.** A general document dealing with the components of Total Asset, Life Cycle Wealth Management.
4. **TAMRIS; Fundamentals.** Describes the background to TAMRIS including a summary of TAMRIS's short term asset/liability modelling and management framework.
5. **TAMRIS; Total Asset, Life Cycle Wealth Management.** A general description of **TALCWM**, builds on the primary TAMRIS document and details more of the organisational and business processes.
6. **TAMRIS; Asset Liability Modelling.** Traditional asset liability modelling is inappropriate for the management of personal financial liabilities. This discusses these weaknesses and TAMRIS solutions.
7. **TAMRIS; Investment Planning.** Investment planning is the construction, planning and management of total assets to meet total financial needs over time. This document provides an insight into the new generation of **IP&AM** systems.
8. **TAMRIS; Valuation, Allocation & Management.** VAM frameworks represent a major advance in the personalisation of equity portfolio management and avoid the major weaknesses of MVO structures.
9. **TAMRIS; Risk Profiling, Education & Risk Assessment.** Read Weaknesses of Retail Risk Assessment first. TAMRIS's liability management framework and its determination of the universe of

investor risk and performance preferences provide a more robust platform for risk assessment. There can be no effective risk assessment without a liability input to portfolio structure. Modern portfolio theory does not deal with this.

10. **TAMRIS; Investment Discipline.** This deals with a universe of investment issues problems, conflicts and constraints in the investment industry and explains TAMRIS's own universal value investment theory and discipline.
11. **TAMRIS; Against Mean Variance Optimisation.** A document on the weaknesses of MVO constructs in managing risk and return and more importantly its weaknesses in terms of managing liabilities.
12. **TAMRIS; Weaknesses of Retail Risk Assessment.** A companion of the "Against Mean Variance Optimisation" document and a precursor to the TAMRIS Risk Profiling, Education and Risk Assessment document.
13. **TAMRIS; Personalised Model Portfolio.** This discusses issues of portfolio personalisation within a model portfolio construct and supplements the TAMRIS VAM framework documentation.
14. **TAMRIS; Liability Management Frameworks.** Traditional portfolio management manages only assets. TAMRIS treats liabilities as anti-assets and provides a structure for the management of assets within a liability management framework. The universe is a physical space with physical laws determining the relationship between all components of the universe. TAMRIS provides symmetry and a relationship for the construction, planning and management of assets that no other system, process or methodology can provide.
15. **TAMRIS; Services & Issues in the Development of Integrated Systems.** Explains how TAMRIS would help you to develop integrated asset and liability management systems within your organisation and deals with perspectives and issues in the development of systems with new relational frameworks.