

9 Rules of Risk Management

- 1. THERE IS NO RETURN WITHOUT RISK**
Rewards go to those who take risks.
- 2. BE TRANSPARENT**
Risk should be fully understood.
- 3. SEEK EXPERIENCE**
Risk is measured and managed by people, not mathematical models.
- 4. KNOW WHAT YOU DON'T KNOW**
Question the assumptions you make.
- 5. COMMUNICATE**
Risk should be discussed openly.
- 6. DIVERSIFY**
Multiple risks will produce more consistent rewards.
- 7. SHOW DISCIPLINE**
A consistent and rigorous approach will beat a constantly changing strategy.
- 8. USE COMMON SENSE**
It is better to be approximately right, than to be precisely wrong.
- 9. RETURN IS ONLY HALF THE EQUATION**
Decisions should be made only by considering the risk and return of the possibilities.

Risk Management is a field as old as the markets themselves, dominated by those who follow some basic rules. Rules that have been at the core of successful financial investing in markets throughout the world; that have survived the new products, the new technology, and the new mathematics.

While the research, rigor, and technology of RiskMetrics Group are world renowned, these are means--not ends--to helping our clients. The success of our company comes from our ability to help people and institutions make better financial decisions; and by providing our clients with the services and the rules that give them the confidence that they will need to be successful in today's financial markets