

# Do You Have the Right Consultant for Your Financial Matters?



When private individuals own substantial assets and when arrangements need to be made for large amounts of money, professional and comprehensive financial advice is crucial. Have, for instance, all taxation and legal possibilities been given their proper attention and taken advantage of? Has the right investment strategy been chosen? Have the best banks or portfolio managers for a particular investor been selected? How will his assets pass the test of difficult times like today? Does the investor have a clear overview regarding the status quo and the development of his assets?

## **Is the investor's capital invested according to his personal risk profile?**

Most disappointments with regard to asset allocation and management arise due to a discrepancy between expectations and reality as to a portfolio's performance and risk and as to personal service. Therefore financial institutions and independent financial planning and wealth management companies like KPMG *private* have developed a comprehensive range of services to optimize portfolio management.

## **Has the investor selected the best portfolio managers for his specific needs?**

Not every financial institution and portfolio manager, each with his own style, investment instruments and investment philosophy, is the right partner for every investor. Every bank's range of products and services is oriented toward a particular client segment. Which institution is most likely to meet a private investor's needs best? Should all the portfolio managers do their job based on the same premises or would it be better to split up the mandates according to categories or specific orientations? Should the investment strategy be passive or active? Do the commissions correspond to market prices? A private investor is confronted with all these and many more questions. It all comes down to matching client needs with the right range of services.

## **How will an investor or his assets fare in difficult times?**

The risks of a chosen strategy must be recorded systematically. Applying sophisticated models from modern portfolio theory makes it possible to quantify the major risks of a portfolio and to assess its expected returns. It's crucial to make an investor understand these risks and help him deal with this area of conflict between risk and return.

One important aspect is bringing an investor's objective capacity to take risk in line with the risk inherent in a specific investment strategy. How much of a potential loss can a private investor deal with? Just as important as the capacity to take risk is the evaluation of an investor's subjective willingness to take risk. Even if a wealthy private investor would, from a purely objective standpoint, be able to live with substantial losses without having to make substantial changes in his lifestyle, his subjective willingness to take risk is likely to be lower. But how low?

## **Does the investor have control over the development of his assets?**

It is a phenomenon that monitoring their portfolio management is often the one factor that private investors have the least control over. Does the portfolio manager keep the established standards and objectives with regard to return, risk, investment restrictions and liquidity? Is the information he supplies sufficient and transparent? Are the investor's wishes taken seriously? The active and regular monitoring of the portfolio management activities by an independent consultant and – if the assets are spread over several banks – the consolidation of a private investor's portfolios may provide the necessary security and an overview of all his assets.

## **Strategic Investment Consulting – a KPMG *private* service**

The experts at Strategic Investment Consulting (SIC) and at KPMG *private* as a whole offer investment consulting services specifically tailored to an investor's particular needs. This includes individual investment strategies, the selection of the banks or portfolio managers best suited to the investor as well as personal care right up to the monitoring of the results and the reporting by the portfolio managers and, if need be, the initiation of measures for improvement.

By not offering portfolio management itself – in this field SIC cooperates with renowned banks and portfolio managers – KPMG *private* is in a position to offer its services with real independence.

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