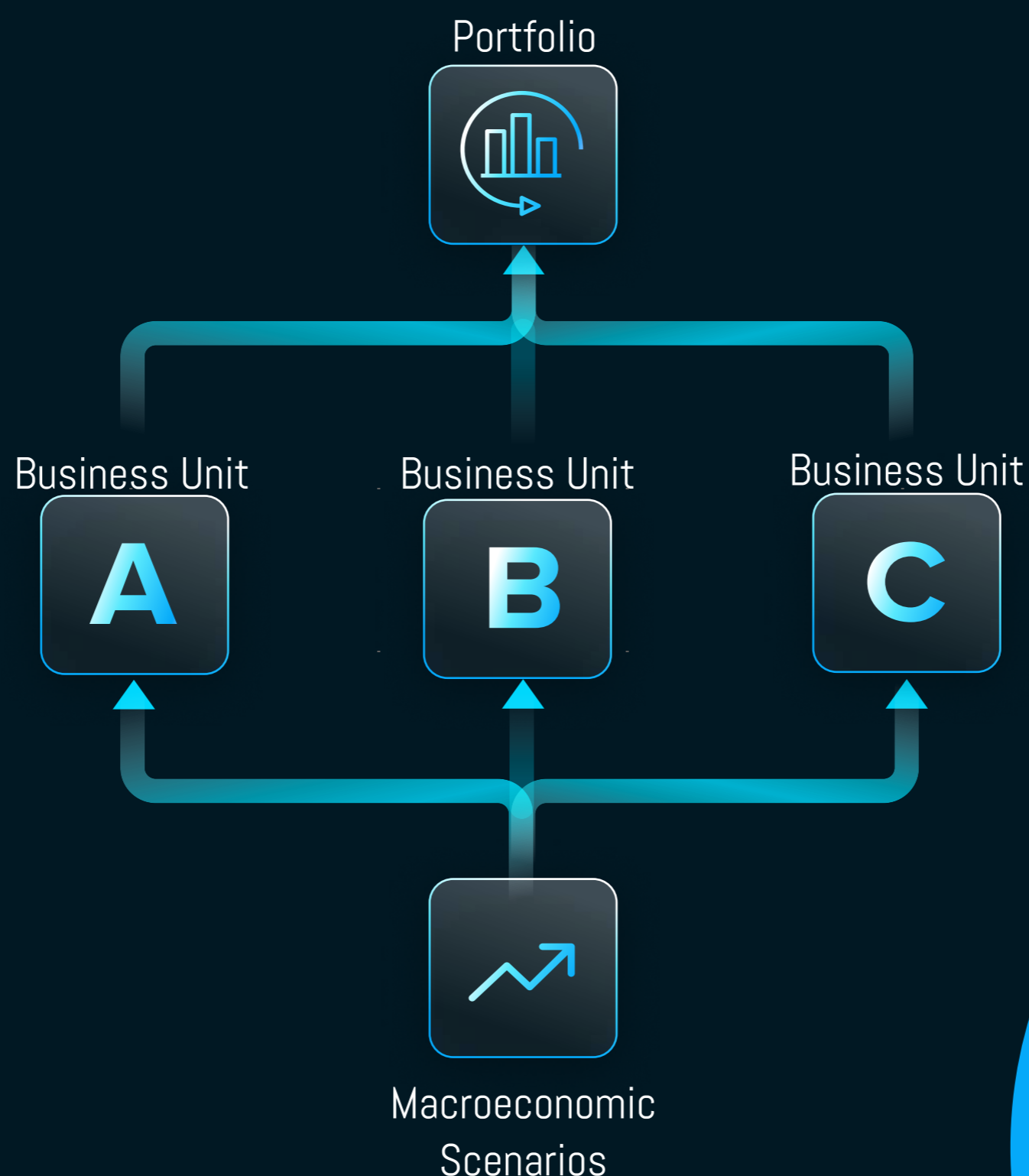# Portfolio Planning

Portfolio Planning

As a specialised tool for risk-based financial planning and portfolio management, Riskturn is committed to pushing the industry forward with features that are as practical as they are easy to tailor to individual needs.

It presents a compelling web-based application, designed to handle the complex demands of strategic portfolio planning, enterprise risk management, and structured finance.

This platform's strength lies in the integration of an advanced Monte Carlo Simulation engine, making it a truly formidable tool in the field.

Riskturn's main proposition is its commitment to delivering a seamless user experience, providing a tool that is not only technologically superior but also user-friendly. This quality reflects in its highly customizable interface, enabling users to personalise their experience according to their needs and preferences.

Portfolio

Business Unit
A

Business Unit
B

Business Unit
C

Macroeconomic
Scenarios

Understanding Portfolio Planning and Its Importance

Portfolio planning, as the term suggests, involves determining the optimal mix and allocation of assets within a company's portfolio. It takes into account various factors like the risk tolerance, investment horizon, and financial goals of the organisation. With the right portfolio planning, businesses can effectively manage risks, maximise return on investment, and successfully achieve their financial targets.

In the context of Riskturn, portfolio planning takes a whole new dimension. The application provides a data-driven and forecast-based approach to planning, leveraging its Monte Carlo simulation engine to evaluate different scenarios and risks. It's not just about managing assets effectively; it's about making informed, intelligent decisions to maximise returns while minimising risks.

Riskturn takes portfolio planning a step further by offering tools for risk mitigation analysis. Furthermore, Riskturn enables risk escalation at the affiliate and portfolio level, leading to evaluations such as Cash Flow at Risk (CFaR), NPV at Risk (NPVaR), and Value at Risk (VaR). These features make Riskturn an indispensable tool for businesses aiming to optimize their portfolio planning.

Key Features of Riskturn

Riskturn comes loaded with features designed to simplify and streamline the process of portfolio planning and risk management. One standout aspect is its data-driven approach. It allows for the creation of an unlimited number of assets and provides tools to define macroeconomic scenarios. With this, users have a granular view of their portfolio, enabling precise, well-informed decision-making.

The platform also features an integrated Monte Carlo simulation engine, a statistical technique that allows businesses to understand risk and uncertainty in financial, project management, cost, and other forecasting models. This feature enables users to run multiple scenarios and evaluate possible outcomes, giving them a more comprehensive view of potential risks and rewards.

In essence, Riskturn's capabilities are not limited to providing a risk assessment tool but extend to offering a comprehensive solution for portfolio planning and management, augmented by a user-centric approach, versatility, and customizability. It places powerful, insightful analytics in the hands of the users, empowering them to make more informed, confident decisions for their business.

Riskturn is not just about portfolio planning; it's also about powerful analytics and effective communication. The platform provides a dashboard to analyze all levels of business and sensitivity analyses. It also offers reports for top management with Key Performance Indicators (KPIs) and Key Risk Indicators (KRIs), ensuring that decision-makers are always informed.

Moreover, Riskturn allows for customizable KPIs and provides the ability to monitor the accuracy of the risk analysis (actual vs forecast), offering businesses a comprehensive view of their portfolio.

How to Use Riskturn for Portfolio Planning

Now that we've explored the advanced features and capabilities of Riskturn, let's delve into its practical application in portfolio planning. Beginning with the consolidation process in the Configuration section, we'll walk through how to leverage this innovative tool for optimized decision-making and risk management in your portfolio.
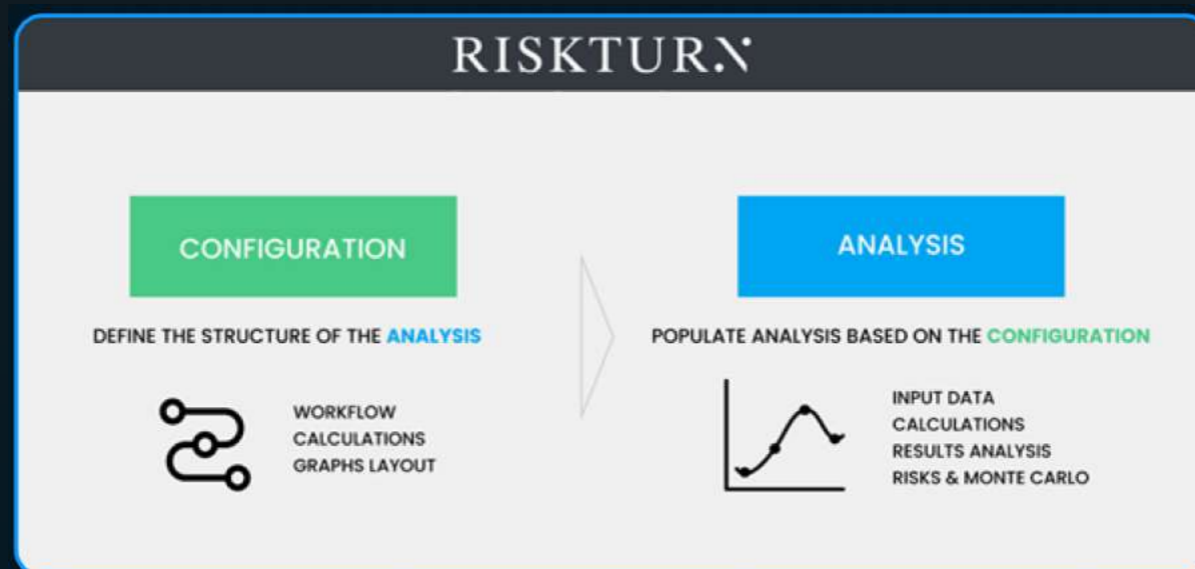
Consolidation:

Start your journey in the Configuration section. Here, you define the parameters of your portfolio by selecting various conditions under the Consolidation tab. This stage is critical as the selected configurations form the basis for your further calculations and analyses.

Calculation: Next, you transition to the Calculation part, which is the pivot point of the what-if analysis. Here, you add an item and set it to 'consolidation'. This means the item will play a significant role in bringing together different aspects of your portfolio for a comprehensive analysis.

In the calculation part,
add a consolidation item
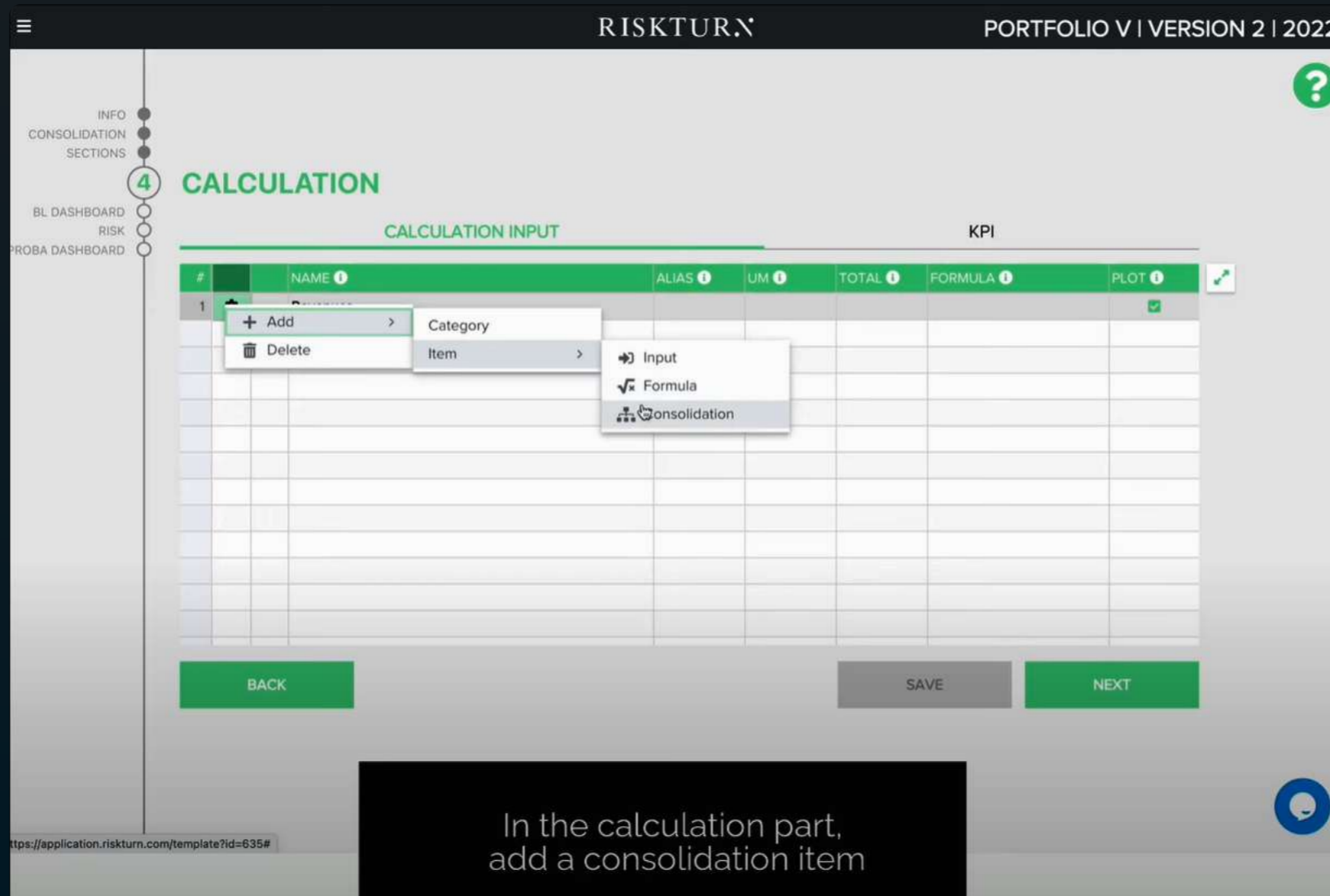
Consolidation Settings: As you progress with the consolidation, you're prompted to provide specific details, such as the item's name, its unit of measurement, and the formula to be applied to it. Furthermore, you'll need to set an alias for the item, serving as an easy reference point when you consolidate other items later.

Fill in the settings (name,
alias, UM, total, formula)
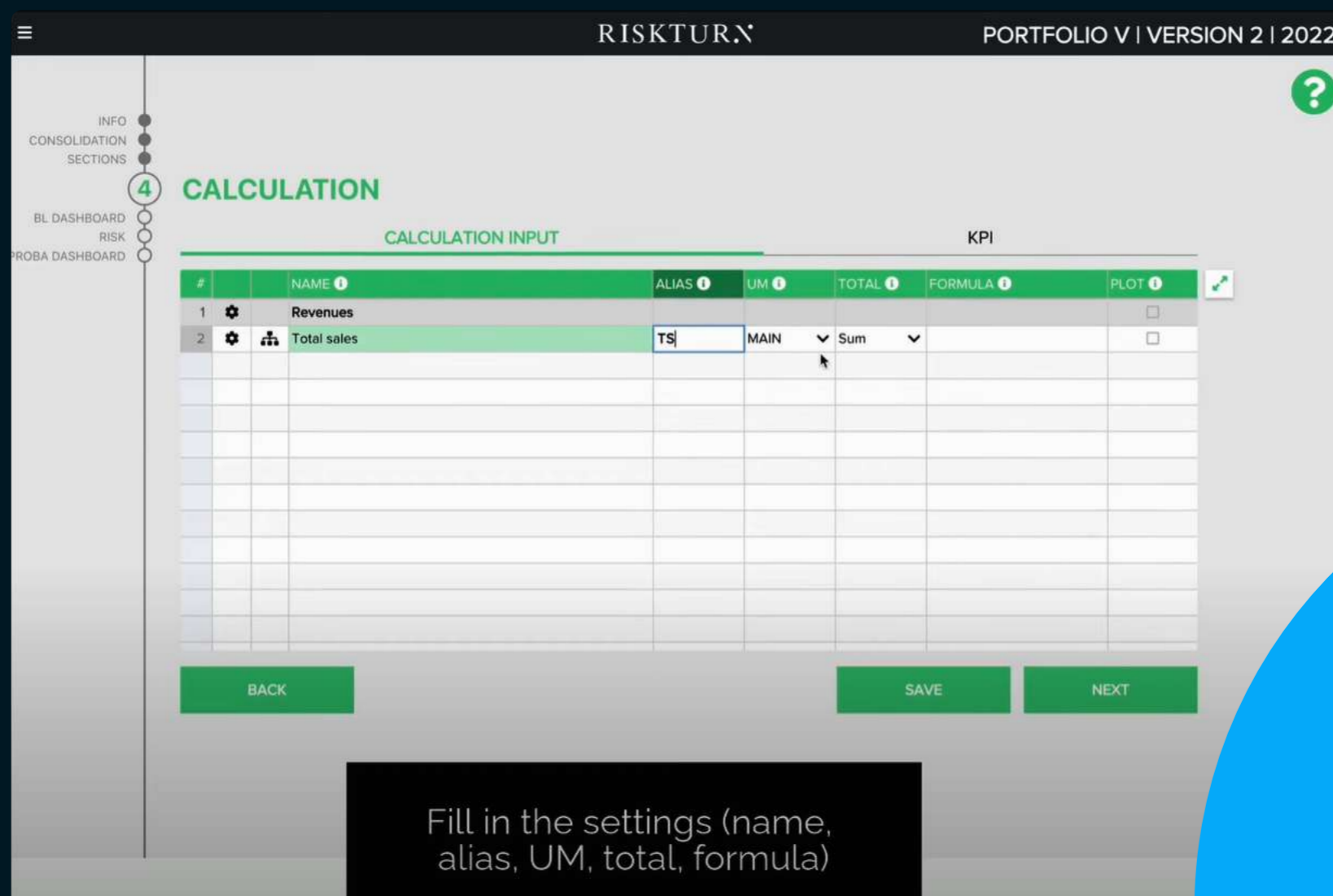
Analysis:
Now, it's time to commence the process of integration. In the Analysis section, you'll employ the previously defined elements and unify the chosen configurations. This step provides a consolidated overview of your portfolio, enabling you to observe the portfolio dynamics under various scenarios you've outlined in the what-if analysis.

Following this consolidation, you will create a new analysis. This signifies an evolutionary phase in your portfolio structure, introducing an additional layer of complexity. It's crucial to ensure a seamless connection with the preceding analysis, which you intend to consolidate. By connecting these analyses, you're essentially engineering a multi-tiered, robust portfolio structure that is resilient to different market conditions.
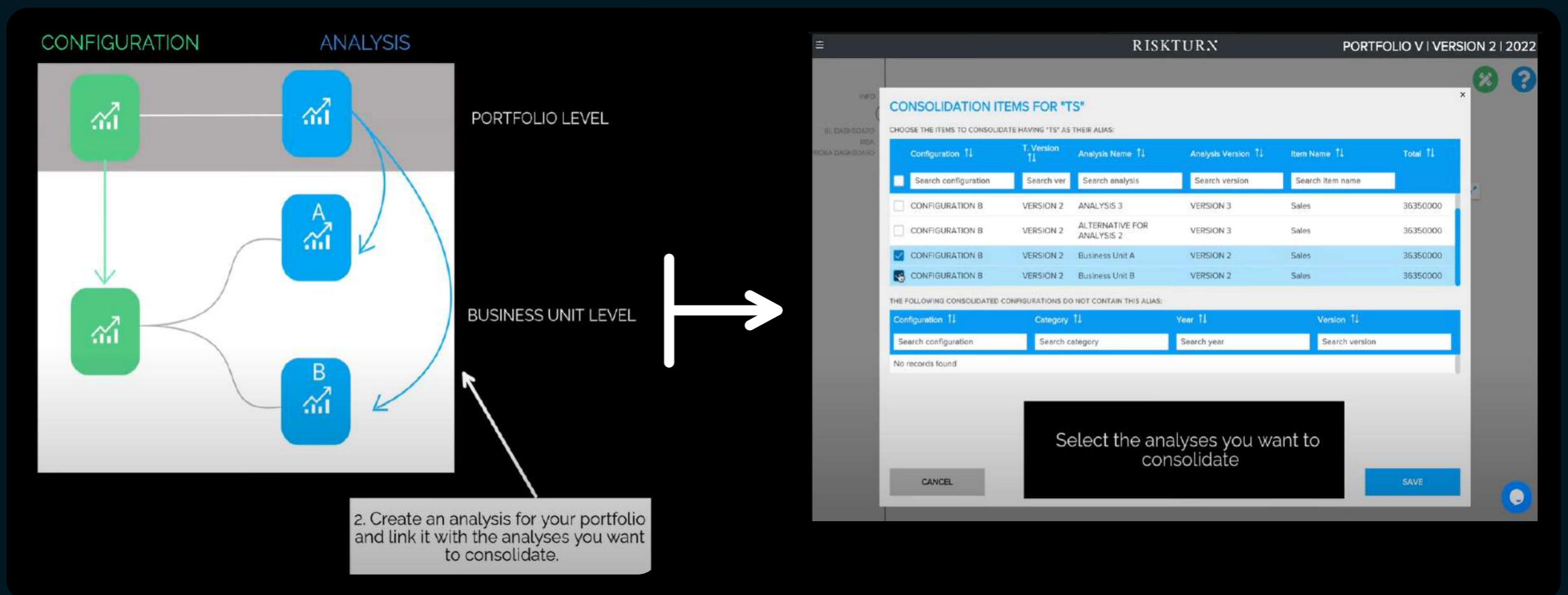
Baseline Dashboard and Monte Carlo Simulation: Post consolidation of your analyses, you're ready for a deep dive into detailed financial forecasting through the Baseline Dashboard. Further, the Monte Carlo Simulation results are presented in a dedicated Dashboard, allowing you to view potential variances. This step empowers you with foresight, giving you a lens into the potential risks and rewards under different market conditions.

Then, in the Dashboard, you will find the graph of your consolidated portfolio

Support and Guidance: Riskturn supports users throughout this process by providing a QR code that leads to a video guiding the entire configuration process. This complements Riskturn's limitless consolidation feature, enabling a more precise and comprehensive understanding of the portfolio.

Using Riskturn for portfolio planning is not just efficient; it's also time-saving and secure. The platform offers over 95% savings on model preparation time and simulation duration. It also ensures data robustness with secure data storage and analysis. Furthermore, Riskturn offers a collaborative platform to edit and read risk analyses, providing complete traceability of versions (inputs and results). These features make Riskturn a user-friendly and reliable tool for portfolio planning.

Case Studies of Riskturn in Action

Riskturn's practical value can best be appreciated by examining its role in real-world scenarios. Several case studies across diverse industries demonstrate its efficacy in tackling complex portfolio planning and risk management tasks. Let's delve deeper into a couple of these use cases:

The first case pertains to a European Oil&Gas operator.

The company was faced with the task of evaluating its portfolio of productive assets alongside its exploration and development investments. This evaluation wasn't a simple exercise - it was instrumental as a baseline for assessing the company's value during an acquisition process. The challenge here was to ensure a comprehensive and accurate assessment of all assets and potential investments, which could significantly affect the company's valuation.

Riskturn was employed to tackle this challenge, and its capabilities were put to use across three crucial levels of analysis. At the fundamental level, it was used for the Profit and Loss (P&L) and cash flow analysis of each asset and investment. Then, at the intermediate level, Riskturn was used for the financial analysis of National Legal Entities, considering the effect of tax consolidation on the assets under their jurisdiction. Finally, at the broader level, the platform helped determine the total value and Key Performance Indicators (KPIs) of the company's portfolio.

Riskturn's unique advantage was its ability to compute the Efficient Frontier, allowing the company to identify the most beneficial development strategy. In other words, it helped the company find the sweet spot where the risks were minimised, and returns were maximised, ensuring the best possible outcome in the acquisition process.

In a different industry and context, Riskturn was selected by a Middle East Investment fund. The challenge here was to evaluate the fund's extensive portfolio of participations and determine the related risk exposure. Given the scale and complexity of the task, a powerful and customizable solution was required.

Riskturn proved to be the perfect tool for the job, providing considerable added value. With its ease of use and full configurability, it allowed for complete and comprehensive portfolio analyses. Not only did it streamline the process of forecasting, but it also significantly cut down the time required to build these forecasts.

One of the notable benefits of Riskturn was the democratization of Monte Carlo models, which made complex statistical techniques accessible and understandable for the fund's team. Furthermore, Riskturn's numerous strategic planning features, such as global scenarios evaluation and benchmarking, offered enhanced strategic decision-making capabilities.

Through these case studies, it is clear that Riskturn has been instrumental in facilitating effective portfolio planning and risk management across industries and sectors. It has proven its adaptability, performing just as well in the fast-paced, high-stakes world of oil and gas as in the complex and diverse portfolio of a investment fund.

Conclusion

Riskturn serves as a comprehensive instrument for risk-based financial planning and asset management. It equips companies to proficiently control their portfolios via evidence-led, forecast-grounded planning, utilising its Monte Carlo simulation core for risk evaluation and uncertainty scrutiny. The functionality of Riskturn goes beyond merely gauging risk; it presents an all-encompassing solution for portfolio planning and management, characterised by a focus on the user, adaptability, and personalisation.

The standout attributes of Riskturn, such as the capacity to generate an unlimited range of assets, craft macroeconomic scenarios, and consolidate results, set a high benchmark within the industry. Moreover, its practical deployment in tangible scenarios underlines its efficacy in optimising portfolio planning and management.

As with the energy transition, the ultimate goal here is not simply to adapt to changes but to exploit them as catalysts for progress. Remember, effective portfolio management isn't just about managing risks; it's about capitalising on opportunities. And with Riskturn, you are well prepared to do both.

Thank you for your time spent reading this article!

Should you have any queries, or if there's anything else you'd like to discuss regarding risk management, portfolio planning, or investment strategies, please don't hesitate to contact us at info@riskturn.com.

We can also arrange a demonstration to illustrate how Riskturn can enhance your journey towards comprehensive and effective portfolio management.