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Disciplina Group, LLC
What's in your portfolio?

April 2014

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Institutional Investors Can‘t Afford -22%

Thursday, December 4, 2008 New York 83° | 66°

THE WALL STREET JOURNAL.

PROFESSIONAL WITH FACTIVA

EDUCATION | December 4, 2008

Harvard Hit by Loss as Crisis Spreads to Colleges

Article Comments (23)

By JOHN HECHINGER and CRAIG KARMIN

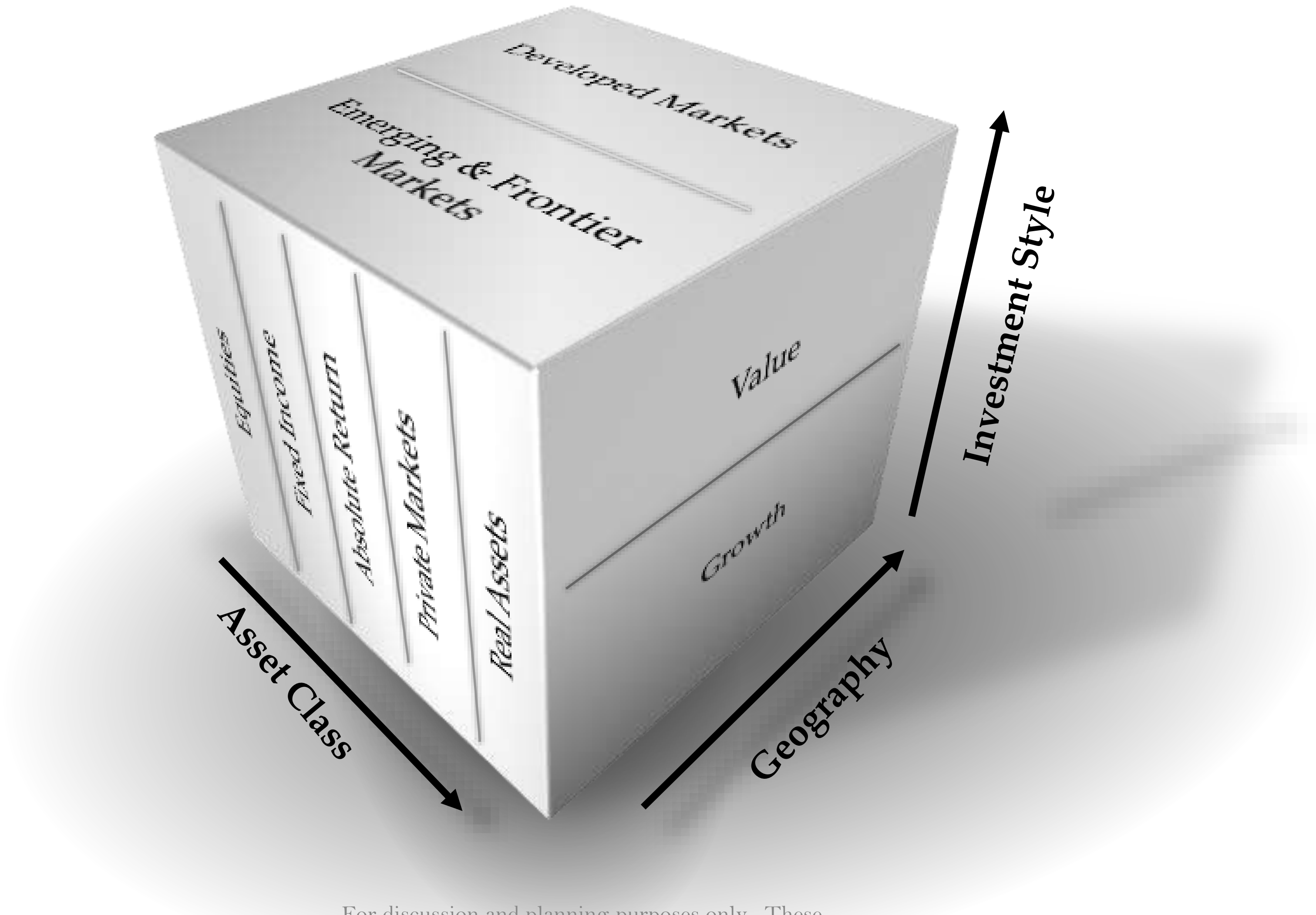
Harvard University's endowment suffered investment losses of at least 22% in the first four months of the school's fiscal year, the latest evidence of the financial woes facing higher education.

Institutional Investor

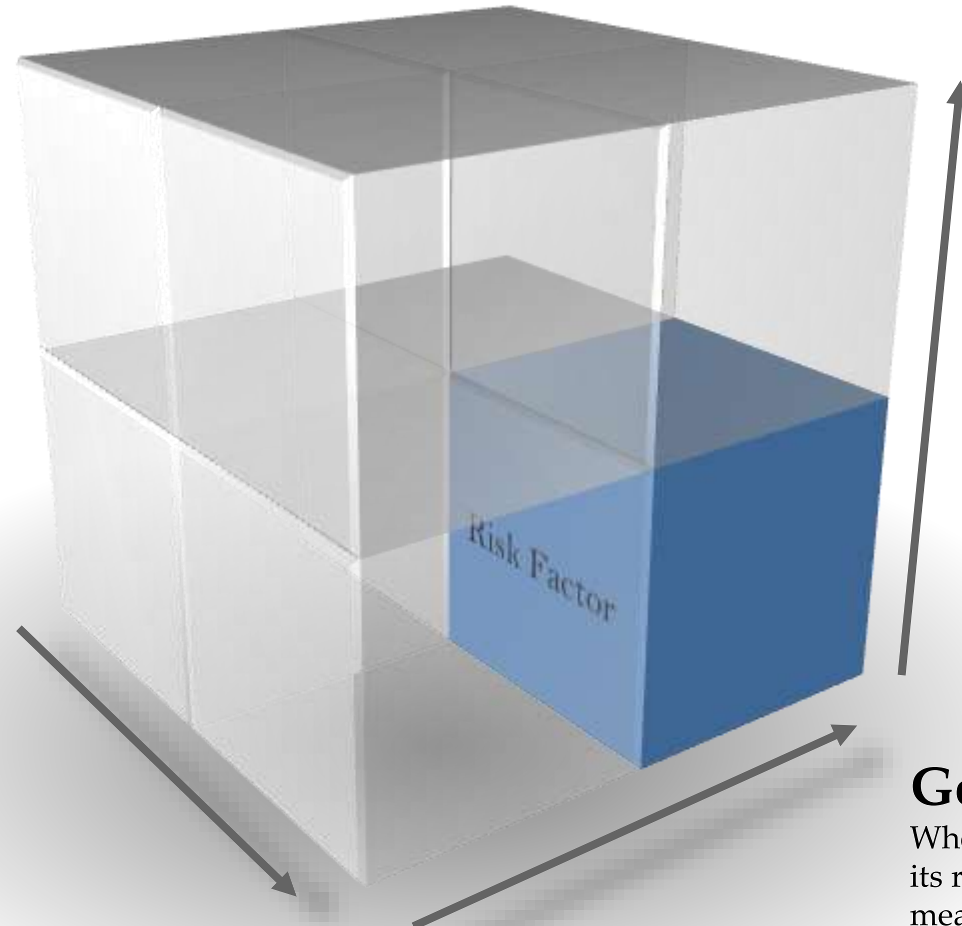
University Endowments Build Better Risk Management Practices

April 21, 2011 • Frances Denmark

Traditional Diversification Masks Portfolio Risk



A More Intuitive Approach to Quantify Risk

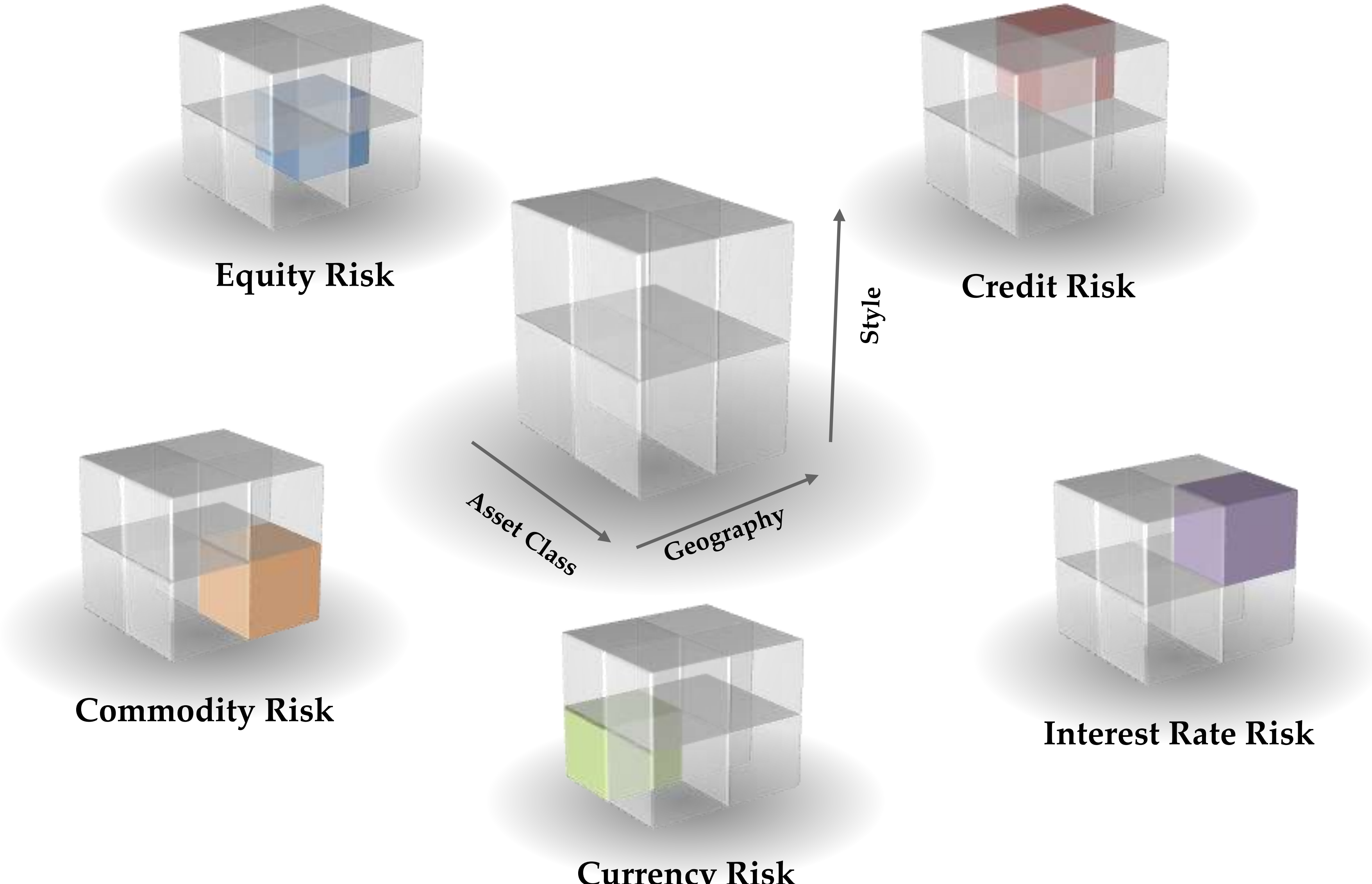


Style
Style definitions are equity-centric with little application in a multi-asset framework

Asset Class
When properly defined, asset classes still provide useful information. However, risk factors provide better and actionable insights

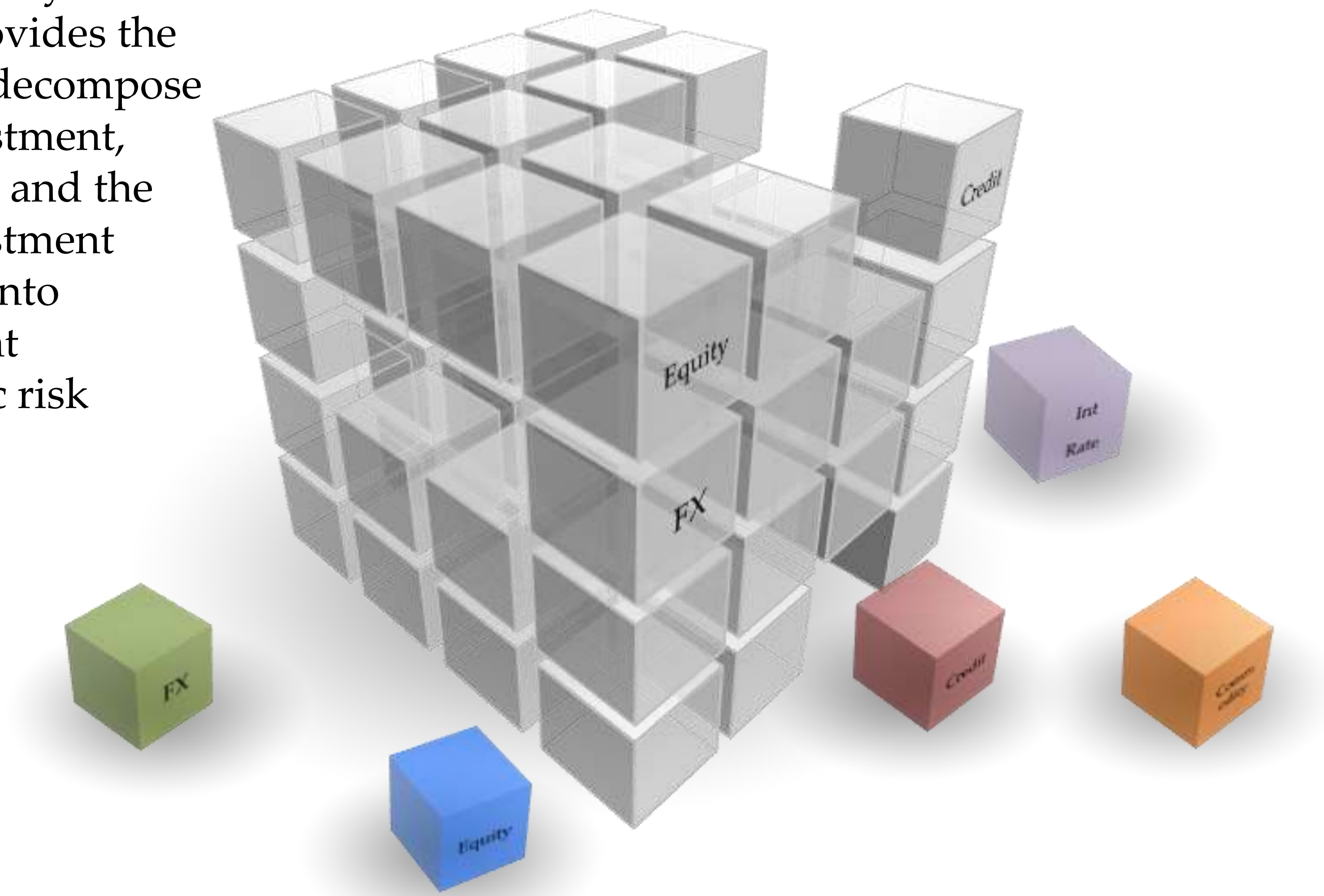
Geography
Where a company generates its revenues is a better measure of geographic exposure than where it is listed

Portfolio Risk Decomposition



Risk Decomposition – The Big Picture

A proprietary risk model provides the ability to decompose each investment, asset class and the total investment portfolio into constituent systematic risk factors.

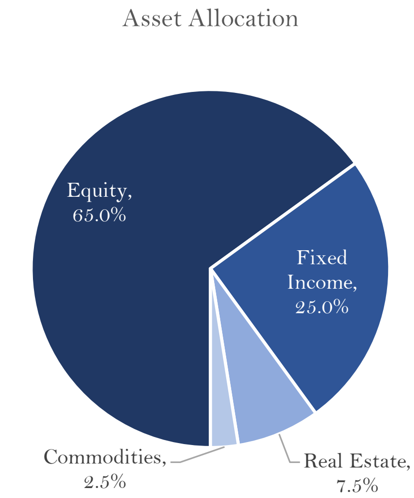


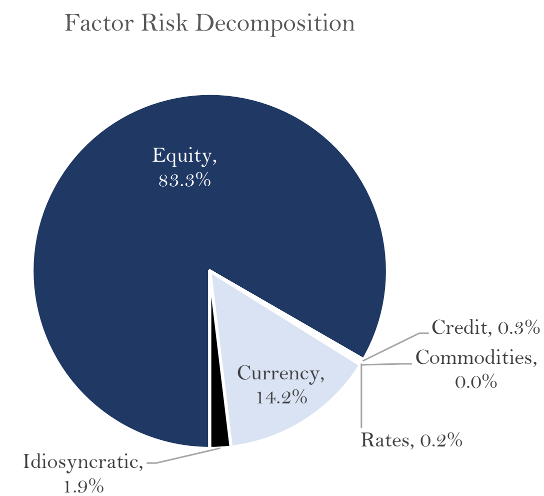
Factor Risk Decomposition Examples

	Equity	Credit	Currency	Commodity	Interest Rate
	Equity: World Index	Credit: US Corp Bond minus Short Treasury	Currency: U.S. Dollar Index	Commodity: Commodity Index	Interest Rate: Long minus Short Treasury Bond
Manager 1 Greater China Long Only Equity	28%	17%	11%	12%	0%
Manager 2 Credit Opportunities Hedge Fund	7%	39%	0%	12%	4%
Manager 3 Multi Strategy Hedge Fund	24%	32%	0%	8%	1%
Private Equity	82%	4%	9%	0%	1%
Natural Resources	49%	3%	0%	26%	8%

Risk Decomposition – Traditional Portfolio

	ABC Portfolio 9.30.13	ABC Policy Benchmark 9.30.13
Factor Risk Sensitivities (Betas)		
Equity	0.78	0.75
Credit	0.05	0.09
Rates	0.04	0.04
Commodities	(0.01)	0.02
Currency	(0.32)	(0.33)
Factor Risk Decomposition		
Equity	83.34%	81.73%
Credit	0.28%	1.24%
Rates	0.24%	0.18%
Commodities	0.02%	0.04%
Currency	14.21%	15.39%
Idiosyncratic Risk	1.91%	1.42%

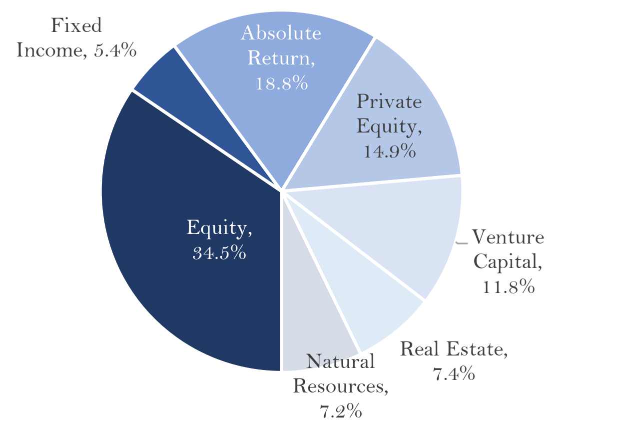




Risk Decomposition – Broadly Diversified Portfolio

	XYZ Portfolio 9.30.13	XYZ Policy Benchmark 9.30.13
Factor Risk Sensitivities (Betas)		
Equity	0.58	0.70
Credit	0.18	0.11
Rates	(0.08)	0.01
Commodities	0.14	0.16
Currency	(0.04)	(0.05)
Factor Risk Decomposition		
Equity	67.42%	81.31%
Credit	6.49%	2.01%
Rates	1.28%	0.02%
Commodities	3.93%	4.25%
Currency	0.32%	0.41%
Idiosyncratic Risk	20.56%	12.00%

Asset Allocation



Factor Risk Decomposition