

UCITS Stress Testing and Back Testing

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For many years, there had been relatively little *regulatory* emphasis given to investment fund *portfolio* risk management, in contrast to ICAAP and other similar requirements placed on the fund management companies themselves who manage the investment funds. Of course, forward-thinking firms have for a long time focused on portfolio risk management even when not required to do so by regulators. Clients seek a good risk-reward balance, and this is impossible to deliver without some attention being given to both the 'risk' and the 'return' piece.

However, recently, regulatory frameworks and in particular the UCITS 'brand' has taken this observation to heart and is requiring a greater focus to be placed on risk management, particularly if the UCITS fund uses relatively sophisticated investment strategies.

Presentations that a Nematrian director, Malcolm Kemp, has given on this topic include:

- [Meeting the Regulatory and Business Expectations of Stress Testing and Back Testing](#), *Infoline UCITS III & IV Risk Management Conference, London, June 2010*
- [Stress Testing and Back-testing for UCITS Funds](#), *Infoline UCITS Risk Management Conference, London, November 2009*