



RISKON

The premier executive search and management consulting firm

Corporate governance; exploring new markets; expanding products and services in an existing business; upgrading technology; taking control of corporate risk exposure from the boardroom to the trading floor, these are just some of the challenges facing corporate management today.

Riskon is a full service value-added executive search and management consulting firm specializing in the financial services industry. Our mission at Riskon is to leverage our industry knowledge of the financial markets to find the most qualified candidates to meet the specific staffing needs of financial organizations.

Intellectual capital is an organization's most valuable asset, whether it applies to directors of corporate boards, Chief Executive Officers and Chief Information Officers, or full time or project based human resources needs. Like its clients, Riskon is committed to diversity in the work place and makes a concerted effort to seek out female, minority, and disabled candidates. Riskon is particularly sensitive to these issues as its President is visually impaired. As brokers of human capital, we perform our job while adhering to the highest standards of quality and integrity. By using Riskon's expertise in finding suitable candidates, our clients are free to focus on meeting their strategic objectives.

Riskon is comprised of three divisions: Executive Search; Emerging Hedge Fund Advisory Services; and Corporate Governance Consulting.

EXECUTIVE SEARCH

The value added searches performed by Riskon differentiate it from other executive search firms. Clients see the value added difference in four areas:

- In the caliber of the Riskon search consultants and their knowledge of financial markets;
- In the ongoing relationships Riskon builds with both clients and successfully placed candidates, long after the search is completed;
- In the quality of the candidates referred by Riskon, that is, those who have successfully passed Riskon's proprietary pre-qualification process; and
- In the knowledge gained by the industry specific research studies performed and shared with clients on a cost free basis.

SEARCH CONSULTANTS

Riskon search consultants have previous work experience in both information technology and in the financial services industry. This combined talent enables the search consultants to be more cognizant of client needs and to have a better understanding of client work environments. It also enables them to tap candidates,

who in many instances have longstanding working relationships with Riskon employees, to meet specific client situations.

THE CLIENT RELATIONSHIP

Partnerships are formed between Riskon search consultants and clients so that a thorough understanding of the client's organization, the nature of the job, and the specific traits of the ideal candidate are established as the first step of the search process. For example, for a senior technology position, the client will be asked to explain the characteristics of the organization and the level of empowerment and accountability. What types of technologies are used? Is the work environment real time mission critical or transaction based? Is success dependent on other organizations or is it a stand-alone group? Does the nature of the group demand hands on leadership with a strong knowledge of technology or is it a purely management leadership position? Riskon search consultants incorporate their knowledge of the industry, with their understanding of the client's needs, to seek out a few choice candidates to meet the specific job requirements. All searches are performed with the highest degree of discretion.

Riskon further differentiates itself from other retained search firms in that Riskon does not abandon the client once a senior search is completed. Riskon places both senior and mid level candidates. As such, Riskon search consultants continue to work with the hiring organization to help build a strong management and implementation team. This commitment to developing client organizations is the foundation of the long term partnership Riskon achieves with its clients.

QUALIFIED CANDIDATES

To ensure a good match between candidates and client employment opportunities, all candidates are subject to Riskon's proprietary pre-qualification process. This screening consists of evaluating a candidate's communication skills and domain specific knowledge, along with an evaluation to determine the candidate's suitability within an organization. Candidates are queried by in-house search consultants who have a working knowledge of the subject matter or by external consultants who are hired to interview candidates because of their expertise in their respective fields.

Questions are customized to meet the specific job search. For example, a candidate being interviewed for a fixed income portfolio manager position would be questioned on various fixed income products, on investment strategies of those products, and on their knowledge of portfolio risk management. For senior technology positions, additional tests are given to measure hard computational and quantitative skills. For vacancies or changes in boards of directors, we insist that prospective candidates have the ability to reason through financial statements to assess corporate risk exposure, and that they are free from conflicts that would impair their ability to act as fiduciaries. Our clients gain the time saving benefit of meeting only a small number of highly qualified candidates that are appropriate for the particular job and work environment. The client organization does not have to shoulder the burden of interviewing unqualified candidates.

INDUSTRY SPECIFIC RESEARCH

Another value added resource that Riskon provides to its clients is the research studies Riskon performs on business areas in the financial markets. While industry specific studies may seem outside the realm of an executive search firm, this is precisely what differentiates Riskon from other firms. By analyzing targeted areas in the financial markets, Riskon is able to foresee the changing needs of the business and to anticipate the inevitable impact on hiring trends. Our clients benefit by making informed decisions as to whether to reallocate resources or to proactively staff these areas in order to maintain a competitive edge in these market segments.

EMERGING HEDGE FUND MANAGEMENT ADVISORY SERVICES

The hedge fund industry is growing in excess of 25 percent annually. It is projected that by 2006, \$1.7 trillion will be allocated to alternative investments. The factors that will differentiate funds that stagnate, from those that successfully attract this new capital will be the fund's capability to create robust infrastructures to support the new assets under management and its ability to consistently produce high risk adjusted rates of return for its clients.

Riskon provides an array of management advisory services to assist emerging hedge funds to establish the infrastructures that are necessary to support rapid asset growth. Areas of expertise include:

- Technology and Operational Infrastructures
- Risk Management Procedures and Systems
- Marketing and Trading
- Human Resources

Unlike other management consulting firms, Riskon does not produce costly theoretical "white papers." Riskon prides itself on rapidly assessing the needs of our clients, discussing customized solutions, and then quickly implementing "practical ideas" in the most cost effective manner. Prime brokerage firms may offer to assist hedge fund managers in setting up their offices in exchange for financing their portfolios or for clearing their trades. Riskon differentiates itself from these services by providing an unbiased single point of contact to not only consult but to also implement the infrastructures necessary to operate a hedge fund. Riskon accepts this responsibility and makes itself available twenty four hours a day, seven days a week, just like the support available in large investment firms.

TECHNOLOGY AND OPERATIONAL INFRASTRUCTURES

Riskon provides the technical support to establish the systems required to connect to various electronic exchanges and to perform straight through processing of all trades. Fund managers gain the benefit of reduced operational errors and lower transaction costs. Riskon also offers unbiased assistance in evaluating various prime brokerage offerings so that fund managers can determine which services will best meet their trading needs.

RISK MANAGEMENT PROCEDURES AND SYSTEMS

Riskon has a proven track record in developing and implementing cross product risk management procedures, policies, and systems. Measurements such as the Sharpe Ratio, maximum draw down, Delta, Gamma, and other calculations that assess portfolio sensitivity to market changes, help fund managers to maintain high risk adjusted rates of return. Another key requirement for fund managers and their investors is to be able to attribute fund performance to various market segments. For example, has it been more profitable to be invested in five year notes versus thirty year bonds or to have been invested in technology versus health care stocks? Riskon can assist in building or purchasing the appropriate performance attribution models and system to help the fund manager re-allocate assets as necessary, and assist in demonstrating the fund's superior performance. Riskon also provides services to ensure the fund is compliant with various regulatory requirements.

MARKETING AND TRADING

Competition within the hedge fund industry continues to spiral as new funds emerge and investor interest increases. Fund managers are forced to balance their time between trading and managing their seed capital and growing the capital base. Under acceptable SEC guidelines, Riskon provides freelance licensed marketers to raise capital for the fund, to develop and implement Internet marketing strategies, and to perform investor relations functions.

As assets under management grow, and execution and profitability becomes constrained, the need to deploy capital into other trading strategies becomes essential for continued growth. Riskon has the expertise to find highly profitable trading individuals and teams to complement the existing trading organization.

HUMAN RESOURCES

Riskon assists fund managers in developing and executing comprehensive human resource plans that incorporate company benefits, deferred compensation, and employee handbooks. As brokers of human capital, Riskon is particularly sensitive to the costs associated with providing company benefits; the need for incentives to retain good performers through deferred compensation; and the advantages of establishing a well documented human resource process to avoid potential legal liabilities.

Riskon provides these services with an appropriate mix of contract employees and permanent professionals. Riskon search consultants have over fifty years of combined experience with large Wall Street securities and Information Technology firms. They have the hands-on knowledge to help fund managers find suitable candidates to establish the infrastructures in technology, operations, risk management, marketing, trading and human resources. By simplifying the administrative burden associated with building successful hedge funds, fund managers can focus on what they do best---managing money. Bilateral confidentiality is maintained throughout the client relationship.

CORPORATE GOVERNANCE CONSULTING

The demise of several Fortune 500 companies underscores the essential need for corporations to evaluate their corporate governance practices. Experience dictates that the future viability of public corporations hinges on a strong and well executed corporate governance plan. Corporate governance represents the legal and operational procedures that public companies institute to balance the relationship between the corporation and its constituencies, including the shareholders, the board and its committees, executive officers, employees, and customers. Corporate governance addresses such issues as board committee composition, audit guidelines, and policy manual development.

Corporate boards are far more sensitive to the “public exposure” aspects of corporate governance than ever before. This is due to several factors:

- When a company’s performance declines or fails over a period of time, weak corporate governance practices are often publicly cited. The collapse of Enron, for example, is largely blamed on a poor set of internal audit and control procedures. These breakdowns were compounded by the fact that the board of directors did not possess the requisite skills to understand or supervise the complex financial transactions of their company. There was no accountability. Corporate boards are now keenly aware of their responsibility and their respective personal liability to ensure that the internal operations of a corporation are properly supervised and that the risks to the organization are identified and managed within acceptable limits.
- Institutional investors hold approximately 50% of all listed corporate stock in the United States. Corporate governance is increasingly becoming one of the decision criteria by which portfolio managers invest in public corporations. Corporations that operate within the established guidelines of good corporate governance will be motivated to publicize their record in order to build shareholder confidence, boost stock price and maintain and attract new investors.
- The staggering impact of the Enron bankruptcy, along with the downfall of other large corporate entities, has caused regulators to reevaluate enforcement of corporate governance guidelines. Now is the time for companies to privately assess their own practices, prior to required regulatory disclosure.

Riskon is well positioned to assist corporations in conducting “self audits” of their corporate governance practices. Riskon’s governance consultants not only have the proficiency to expose the gaps between a corporation’s current governance practices and best practice guidelines, but they also have detailed knowledge of structured finance, quantitative modeling and risk analysis in the financial markets. These combined skills provide clients with a value added benefit as they undertake the initiatives to close the gaps. The consulting services Riskon offers corporate boards and independent directors include:

- Quantitative Evaluations;
- Qualitative Assessments; and
- Remediation Strategies.

Riskon establishes an open dialogue with its clients to determine their specific areas of concern within their organizations. Riskon differentiates itself from other governance consulting firms in that Riskon customizes its proposals to meet the customer's stated concerns and is not limited by one specific prepackaged model. It needs to be acknowledged up front that the value derived from performing a governance audit is contingent upon the degree to which executive management is involved in exploring the corporation's current practices and the priority placed on making any necessary changes.

QUANTITATIVE EVALUATIONS

Riskon performs quantitative board level governance audits through a combination of public document research and personal interviews. Several hundred data points are collected and filtered through a decision tree matrix analysis. This data is compared to normative statements of best practice in an effort to highlight specific elements that trail, meet or exceed governance best practice guidelines. For example, if the normative statement were that a board's Audit Committee should be comprised of 100% non-executive independent directors and the results of the audit find that the current committee is only 60% independent, then this would be considered a trailing indicator of compliance. It is important to note that the quantitative audit highlights non-subjective gaps.

QUALITATIVE ASSESSMENTS

Riskon provides a qualitative review to determine opportunities for the corporation to enhance its positioning. Explanations of best practice guidelines and normative gaps are discussed according to the OECD Principles of Corporate Governance, the ICGN Best Practice Guidelines, or other country specific codes relevant to the corporation's operations. The qualitative review also highlights other areas of board governance such as diversity, training, and board composition that may not be addressed in a particular country's best practice guidelines. Riskon customizes the assessment to meet the specific concerns of the organization.

REMEDATION STRATEGIES

Based on the gaps in performance found in the quantitative and qualitative audits, remediation strategies are developed to help clients meet published standards of best governance practice. Remediation strategies are also designed to meet the board's own stated internal goals that may extend beyond the guidelines. Such strategies include independent director searches; defensive planning, such as poison pill plan revisions to thwart takeover attempts; board de-classification planning; director training in financial accounting, technology, and risk management areas; guideline and policy manual development; and investor communication programs.

The synergies generated from Riskon's expertise in corporate governance, executive search, and the financial markets, offer clients a full suite of corporate governance services, from policy remediation and director training, to director replacement. All services are performed adhering to the highest standards of quality, integrity, and discretion.

As world events continue to alter the focus of client organizations, investment in human capital remains the most determining factor in whether a firm will meet its strategic objectives. At Riskon, we leverage our knowledge of the financial services industry to harness our resources to meet the changing needs of our clients.

- In executive search, we match skills with opportunities to meet the organizational demands; we mentor candidates to maximize their full potential as they chart their career paths; and we assist corporations in achieving diversity in the workplace.
- For emerging hedge funds, we provide the advisory services and personnel to assist fund managers in building the necessary infrastructures to manage the growth of their funds.
- In corporate governance, we provide audits, director searches and other remediation strategies to help clients minimize the risk exposure inherent in weak corporate governance practices.

The foundation of Riskon's strength in providing these services is its commitment to developing a strategic partnership with its clients and the people that staff the organizations. It is through this commitment that Riskon raises the bar for value added, superior quality and unfaltering standards of integrity in the executive search and management consulting industries. For more information please call 201-568-7750 in the USA or visit our web site at www.riskon.com.