A SWOT Analysis will identify internal strengths, weaknesses, external opportunities and threats to each component of your risk pool or insurer's investment process.

The SWOT analysis acts as a road map for future changes to the investment process.

Conducting a SWOT Analysis for each segment of the Investment Process Value Chain can be the best way to develop a blueprint and prioritization of how and where to improve the investment process.

Below are common practices and concerns within your company's portfolio evaluation process.

SWOT Analysis: Portfolio Benchmarking, Monitoring & Performance Measurement

Strengths

- Investment manager returns compared to peer universe.
- Investment and performance objectives clearly identified in guidelines.
- Guideline compliance included.
- Reporting includes after-tax and net-of-fees.

Weaknesses

- No routinely scheduled fixed income portfolio stress testing.
- No performance attribution exhibits provided by the manager to help explain over/under performance.
- Analysis tied to surplus (i.e. risk assets to surplus) not included in reports.

Opportunities

- Consider utilizing customized benchmark.
- Include metrics evaluating performance on a risk-adjusted, total return, and yield basis.
- Create consolidated report for all entities and portfolios.
- Review benchmarks used for risk assets.

Threats

- Portfolio evaluation is not tied to the company's business goals and objectives, which can create counterproductive decisions.
- Potential issues due to investment manager not being aligned (via benchmarks) with the company's enterprise risk objectives.

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