

**Date:** [Insert Date]

**To:** [Recipient Name/Executive Committee]

**From:** [Your Name/Department]

**Subject:** Advisory on Portfolio Segmentation Methodology

Dear [Recipient Name],

The purpose of this advisory letter is to outline the recommended methodology for the segmentation of our current asset portfolio. To optimize risk management and resource allocation, we propose transitioning to a multi-dimensional segmentation framework.

### **1. Segmentation Objectives**

The primary goal is to categorize assets based on risk profiles, liquidity requirements, and expected rates of return to ensure alignment with our long-term strategic objectives.

### **2. Proposed Methodology**

We recommend a three-tiered approach to classification:

- **Tier 1: Strategic Core Assets** - High-stability, long-term holdings with low volatility.
- **Tier 2: Growth Assets** - Moderate-risk investments focused on capital appreciation.
- **Tier 3: Opportunistic/Tactical Assets** - High-yield, high-risk positions for short-term gains.

### **3. Key Metrics for Evaluation**

Each segment will be monitored using the following indicators:

- Risk-Adjusted Return on Capital (RAROC)
- Asset Liquidity Ratios
- Concentration Limits by Industry and Geography

### **4. Implementation Timeline**

The initial data mapping phase is scheduled to begin on [Date], followed by a full portfolio reclassification report due by [Date].

### **5. Recommendation**

We advise the immediate adoption of this methodology to improve transparency and decision-making speed during market fluctuations.

Please contact [Name] at [Phone/Email] for further technical specifications or to schedule a formal review of this framework.

Sincerely,

[Your Signature]  
[Your Printed Name]  
[Your Title]