

## **Invitation to a Course on Instruments and Strategies of Asset Allocation**

**Lessons learned from the financial crisis and prospects for regulatory innovations**

3<sup>rd</sup> to 6<sup>th</sup> April 2013  
Salzburg University

- Lecturers:
- Dr. Martin Simhandl  
Member of the Board, Chief Financial Officer  
Vienna Insurance Group AG (VIG), Vienna  
Keynote Speaker
- Dr. Peter Braumüller  
Head of Supervision of Insurance and Pension Companies  
at the Austrian Financial Market Authority (FMA), Vienna  
Chairman of the Executive Committee of the International Association  
of Insurance Supervisors (IAIS)  
Visiting professor at Salzburg University
- Dr. Rainer Eichwede  
Fixed Income Division, Director  
Credit Suisse Securities Europe Limited (CS), Frankfurt  
Visiting professor at Salzburg University
- Wolfgang Herold  
Financial Supervision of Insurance and Pension Companies  
Financial Market Authority (FMA), Vienna  
Visiting professor at Salzburg University

- Dates:
- Wednesday, 3<sup>rd</sup> April, 9.00 – 17.30  
Thursday, 4<sup>th</sup> April, 9.00 – 17.30  
Friday, 5<sup>th</sup> April, 9.00 – 17.30  
Saturday, 6<sup>th</sup> April, 9.00 – 12.30

- Content:
- Lectures start by introducing the relevant financial and mathematical concepts and the key asset allocation processes. The discussion of internal functions will be extended to also cover typical vehicles, outsourcing agents and external partners involved in asset allocation. As pending regulatory requirements such as Solvency II are likely to have a major impact on the conduct of business by insurance companies, a significant focus will be set on current and expected future supervisory requirements and practice. Likewise, the keynote speech by a renowned representative of the international

insurance industry will highlight the relevance and economic value of asset management together with its implication on best management practice. A major part of the lectures is dedicated to the methods of investment and capital markets analysis, based on the fundamental concepts of performance and risk assessment such as Value at Risk. Since interest sensitive instruments such as bonds are by large the biggest asset class and for insurance companies interest rate risk is not only emerging on the asset side, an in depth treatment of yield curves, interest rate sensitivity, bond and bond derivatives (futures, swaps, options) pricing and risk assessment as well as portfolio management strategies of fixed income instruments will be provided. Additionally, further risk aspects such as credit risk management and reinvestment risk are discussed. The relevant characteristics of other asset classes such as equity, real estate and alternative investments will be highlighted, together with their individual risk profile and practical issues regarding their treatment within the asset allocation process. Expert methods, such as asset liability management, portfolio insurance techniques, manager selection or trading strategies, conclude this business oriented part of the lectures. The closing session covers expert topics including an overview over structured products and summarizes the lessons learned from the financial crisis.

The course covers all aspects of instruments and strategies of asset allocation required to become a fully qualified actuary according to the education syllabus of the International Actuarial Association and the core syllabus of Groupe Consultatif as well as according to the regulations of the Actuarial Association of Austria (AVÖ), which correspond to the regulations of the German Actuarial Association (DAV). For continuing professional development (CPD) the course counts as 21 hours. The course is suited to all those who want to acquire knowledge of asset allocation. It is also of interest to experienced practitioners. Please find the detailed programme of the course on the following two pages.

Course fees: €498 without hotel accommodation, €858 with accommodation from Tuesday to Saturday (4 nights) in the Castellani Parkhotel including breakfast. Lunches and coffee breaks are included in the fees for all participants.

Information: For further information, please contact Sarah Lederer by e-mail ([sarah.lederer@sbg.ac.at](mailto:sarah.lederer@sbg.ac.at)) with your telephone number. Your questions will be answered as soon as possible.

Registration: Please send the attached registration form by post or by e-mail ([sarah.lederer@sbg.ac.at](mailto:sarah.lederer@sbg.ac.at)), or fax it to +43 662 8044 155, and arrange for the amount to be transferred (at no cost to the recipient) to the following account before 15<sup>th</sup> February 2013. After this date registration with hotel accommodation is only possible upon request. The registration and payment deadline for participants who do not need accommodation is 8<sup>th</sup> March 2013.

Salzburg Institute of Actuarial Studies (SIAS)  
IBAN: AT 792 040 400 000 012 021 BIC: SBGSAT2S

Location: Faculty of Science, Lecture Hall 401  
5020 Salzburg, Hellbrunner Straße 34

# Programme

Session 1 daily 9.00 – 10.30  
Session 2 daily 11.00 – 12.30  
Session 3 daily 14.00 – 15.30  
Session 4 daily 16.00 – 17.30

**Wednesday, 3<sup>rd</sup> April 2013**

- 1 Basic concepts of financial analysis** (*W. Herold*)
  - a. Present value
  - b. Yield curves
  - c. Return
  - d. Volatility, correlation
  - e. Option pricing
  
- 2 Asset allocation processes at insurance and pension companies** (*W. Herold*)
  - a. Investment vehicles
  - b. Outsourcing
  - c. Internal business organisation
  
- 3 Legal framework for asset allocation at insurance and pension companies** (*P. Braumüller*)
  - a. Relevance of asset allocation for insurance and pension companies
  - b. International and national supervision and European regulation
  - c. Investment principles as part of actuarial bases
  - d. Investment rules in VAG, KAVO and PKG
  
- 4 Supervision of investments of insurance and pension companies** (*P. Braumüller*)
  - a. Valuation principles for assets according to VAG and PKG
  - b. Coverage of technical provisions, “Deckungsstock” and “Treuhande”
  - c. FMA’s supervisory tools in financial supervision
  - d. Expected changes under Solvency II and IORP II

**Thursday, 4<sup>th</sup> April 2013**

- 1 Keynote speech: Stability overcomes crises – Asset management in insurance industry** (*M. Simhandl*)
  - a. Importance for the economy of the country and for the insurance company itself
  - b. Targets for asset management
  - c. Reaching of the targets
    - What to do?
    - What not to do?
  
- 2 Basic concepts of investment management** (*W. Herold*)
  - a. Performance measurement
  - b. Risk measurement, Value at Risk
  - c. Modern portfolio theory
  - d. Capital Asset Pricing Model

- 3 Fixed income instruments** (*R. Eichwede*)
  - a. Characteristics of interest rate sensitive investments
  - b. Overview over instruments
  - c. Interpretation and application of yield curves, forward rates
  - d. Duration, convexity, sensitivity
  
- 4 Interest rate risk** (*R. Eichwede*)
  - a. Interest rate risk for insurance companies, reinvestment risk for life insurance
  - b. Instruments for interest rate management: futures, swaps, swaptions, CMS
  - c. Practical aspects of fixed income investment, liquidity premium

**Friday, 5<sup>th</sup> April 2013**

- 1 Credit risk** (*R. Eichwede*)
  - a. Instruments bearing credit risk
  - b. Overview over rating models
  - c. Default probability, Credit Value at Risk
  - d. Instruments for credit risk management: indices, CDS, CDS-swaptions
  - e. Practical aspects of credit investment
  
- 2 Other asset classes** (*R. Eichwede*)
  - a. Real estate
  - b. Private equity
  - c. Commodities
  - d. Hedge funds
  - e. Infrastructure
  
- 3 Equities** (*W. Herold*)
  - a. Equity analysis
  - b. Characteristics of equity markets
  - c. Equity market indices
  - d. Investment strategies
  
- 4 Asset allocation strategies** (*W. Herold*)
  - a. Benchmark vs. total return
  - b. Strategic and tactical asset allocation
  - c. Manager selection and multi-manager strategies
  - d. Portfolio insurance
  - e. Investment controlling

**Saturday, 6<sup>th</sup> April 2013**

- 1 Expert topics** (*R. Eichwede*)
  - a. Risk management using derivatives
  - b. Structured products
  - c. Lessons learned from the financial crisis
  
- 2 Final discussion / exam preparation** (*R. Eichwede and W. Herold*)