

Invitation to a Course on Fundamentals of Investing

7th April 2010 to 10th April 2010
Salzburg University

- Lecturers:**
- Prof. Dr. Ulrich Orbanz, Munich
Board member and Immediate Past President
of the German Actuarial Association (DAV)
Consultant at Towers Perrin
Honorary professor at Salzburg University
- Dr. Bernhard Schmidt, Reutlingen
Principal at Towers Perrin
Actuary (DAV) and German Pension Expert (IVS)
- Dirk Popielas, Frankfurt
Managing Director at JPMorgan
Co-Head of Pension and Insurance Advisory Group Europe
Actuary (DAV) and German Pension Expert (IVS)
- Dr. Peter Braumüller, Vienna
Director of Insurance and Pension Supervision
at the Austrian Financial Market Authority (FMA)
Actuary (AVÖ)
Visiting professor at Salzburg University
- Dates:**
- Wednesday, 7th April, 9.00 – 17.30
Thursday, 8th April, 9.00 – 17.30
Friday, 9th April, 9.00 – 17.30
Saturday, 10th April, 9.00 – 12.30
- Inhalt:**
- The course covers all theoretical and practical aspects of investing required to become a fully qualified actuary according to the education syllabus of the International Actuarial Association and the core syllabus of Groupe Consultatif, according to the regulations of the Actuarial Association of Austria (AVÖ), as well as according to the regulations of the German Actuarial Association (DAV). For continuing professional development (CPD) the course counts as 21 hours.

The course will start with a review of the required basics of financial mathematics as well as a description of the investment process and the involved players. A detailed treatment of fixed income securities and common stock will follow. This will include various types and risk profiles, the corresponding markets and investors, as well as key figures for performance measurement and valuation. Subsequently alternative investments such as real estate will be discussed. Finally, for applications to portfolio management, derivative instruments such as options, futures and swaps will be dealt with. The characteristics, the risk profiles and the trading of these instruments will be addressed, and it will be shown how they are applied to portfolio insurance and to asset liability management. Practical aspects of trading will be discussed for each type of security.

In view of the importance of investment rules for insurance and pension companies within the supervisory legislation, a special section is devoted to this topic. In order to safeguard the interests of policyholders and beneficiaries it is crucial not only to calculate the technical provisions properly and prudently. In addition, rules on assets representing these technical provisions are needed, and an adequate asset management function has to be in place. Contracts for which part or all of the investment risk is borne by the beneficiaries are also subject to supervisory legislation.

The course is suited to all those who want to acquire knowledge of investing. It is also of interest to experienced practitioners. Please find the detailed programme of the course on the following two pages.

Course fees: €480 without hotel accommodation, €840 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 fax (+43 662 8044 155) or e-mail (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 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 19th February 2010. 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 12th March 2010.

Salzburg Institute of Actuarial Studies (SIAS)

IBAN: AT 792 040 400 000 012 021 BIC: SBGSAT2S

Location: Wednesday: Faculty of Science, Lecture Hall 402
A-5020 Salzburg, Hellbrunner Straße 34
Thursday, Friday, Saturday: Faculty of Theology, Lecture Hall 101
A-5020 Salzburg, Universitätsplatz 1

Programme

Wednesday, 7th April 2010

Basics of financial mathematics and the investment process

Part 1: Basics of financial mathematics (*U. Orbanz*)

- Present value and term structure modelling
- Portfolio theory
- Capital Asset Pricing Model (CAPM)
- Review of Black-Scholes

Part 2: The investment process (*B. Schmidt and D. Popielas*)

- Investment vehicles
 - Investment funds
 - Bonds
 - Certificates
- Players in the investment process
 - European and national supervisors
 - Investors (insurance company, pension fund)
 - Portfolio managers
 - Investment trusts
 - Custodians
 - Brokers
 - Investment banks

Thursday, 8th April 2010

Fixed income securities and common stock investing

Part 3: Fixed income securities (*B. Schmidt and D. Popielas*)

- Types and characteristics of fixed income securities
- Interpretation and use of yield curves
- Sensitivities / duration matching / reinvestment risk
- Risk premia of bonds, liquidity premium
- Practical aspects of trading
- Instruments with credit risk
- Rating models and overview
- CDS instruments and default risk
- Credit investments in practice

Part 4: Investing in common stock (*D. Popielas and B. Schmidt*)

- Some history
- Risk premia of shares

- Investment strategies
- Investing in shares in practice
- Static portfolio insurance
- Dynamic portfolio insurance
- Practical aspects of trading

Friday, 9th April 2010
Supervisory rules and alternative investments

Part 5: Investments by insurance and pension companies from a supervisory point of view (*P. Braumüller*)

- The role of investments for insurance and pension companies
- European legislation on investments
- The principles of investment as part of the actuarial bases
- The investment rules of the Insurance Supervision Act (VAG) and the Capital Investment Regulation
- Rules of the Pension Companies Act (PKG) on the investment of assets allocated to an investment and risk sharing group
- Valuation rules for investments according to the Insurance Supervision Act (VAG) and Pension Companies Act (PKG)
- Coverage of technical provisions, „Deckungsstock“ and „Treuhänder“
- FMA’s supervisory tools with regard to investments

Part 6: Alternative investments (*D. Popielas and B. Schmidt*)

- Alternative types of investment
 - Motivation
 - Properties; historical market information
 - Real estate
 - Private equity
 - Hedge funds
 - Commodities
 - Infrastructure
- Practical aspects

Saturday, 10th April 2010
Special subjects and final discussion

Part 7: Special subjects (*D. Popielas and B. Schmidt*)

- Derivative instruments
- Structured products
- Review of the financial crisis, current market situation

Final discussion / exam preparation