

COURSE OUTLINE FOR ACT471 H1S January 9, 2012

Lecturer

Vartkes Rubenyan, CFA, MBA

- o Mercer Investment Consulting 2000-
- o Volunteer on Investment Committee for Canadian Cancer Society
- o Clinical Chemistry 1991 - 1999

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Course Description

This first part of the course provides an introduction to financial markets, security analysis, capital market theory, risk and return decisions, setting portfolio objectives, fixed income management and asset allocation. The course will also cover topics in portfolio monitoring, evaluation of portfolio performance, international investments and fiduciary issues in the selection of investments.

The second part of the course will cover the investment management of pension and savings plans. Students will learn about the responsibilities faced by trustees of pension plans in Canada. The course will introduce students to defined benefit pension plans and defined contribution plans and then they will cover governance, asset allocation, manager structure and selection, investment policy statements and monitoring. Course materials have been developed from material used at Mercer and from industry publications. If scheduling permits, the course will feature guest lecturers from the pension industry.

Published References

Textbook

Investments (Seventh Canadian Edition), by Bodie, Kane, Marcus, Perrakis, Ryan
Other material will be distributed by the lecturer

Course Topics

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ACT 471H1S Course Outline

Advanced Actuarial Topics: Capital Markets and Portfolio Management

Winter 2012

Introduction to Investing and Financial Markets

Portfolio Theory

- Return, Risk and Risk Aversion
- Portfolio Selection
 - Diversification and portfolio risk
 - Capital allocation between the risky asset and the risk free asset

Equilibrium in Capital Markets

- Review of Capital Asset Pricing Model
- Market Efficiency

Fixed Income Securities

- Bond Prices and Yields
- Fixed Income Portfolio Management

Equities

- Security Analysis
- Financial Statement Analysis

Portfolio Management

- Portfolio Performance Evaluation
- International Investing

Investment Management of Canadian Pension Plans

- Overview of Canadian Pension Plans
- Governance and Ethics
- Investment Beliefs
- Asset Mix
- Manager Structure and Selection of Investment Managers
- Statement of Investment Policy and Procedures (SIPP)
- Monitoring

Current Issues

- European debt crisis
- Current topics
- Expectations of actuaries in Canada

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Class Operation

The course will be offered on Monday nights from 6 to 9. The course schedule is described in detail below. A typical Monday class will start with introductory comments and the lecture to commence by 6:15 and conclude by 9:00. There will be a 15 minute break.

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Course Schedule

Week #	Date	Tests and Tutorials	Readings
1	Jan. 9		Course Overview and BKM Chapters 1, 2 & 3
2	Jan. 16		BKM Chapter 5, 6, 7.1-7.3
3	Jan. 23		BKM Chapters 9, 10, 11
4	Jan. 30	Test 1	
4	Jan 30		BKM Chapters 12,
5	Feb. 6		BKM Chapters 13, 14, 15
6	Feb. 13		Review of Test 1 and BKM Chapters 20 and 21
7	Feb. 27		BKM Chapter 22 Introduction to Pensions and Savings Plans
8	March 5	Test 2	Test 2
8	March 5		Investment Policy Statement
9	March 12		Monitoring of performance Governance beliefs and fiduciary issues
10	March 19		Asset Mix - Lecture by guest Alternative Asset Classes. Manager Structure & Selection
11	March 26		Presentations by students Presentation by Investment Manager
12	April 2		Preparing for a career as an actuary and CIA rules of professional conduct
13	TBD	Final Exam	

Posting of Lecture Notes,

I will strive to post PowerPoint presentations for the lectures on Monday to the website by the preceding Friday.

Grading Outline

Group Assignment: 10% of total mark - Presentation on a current topic (to be determined by the lecturer)

Test #1: 25% of total mark covering chapters 1, 2, 3, 5, 6, 7.1 - 7.3, 9, 10 and 11

Test #2: 30% of total mark covering chapters 12, 13, 14, 15, 20 and 22 and introduction to pension and savings plans

Final Exam: 35% of total mark covering materials covered throughout the term with particular emphasis on material covered after the 2nd term test

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Additional Information

1. E mail policy
 - Responses to legitimate e mail inquiries from students within 2-3 days
 - Please use your UTOR e mail account
 - If questions cannot readily be answered in a reply e mail, it may be necessary to see me before class or office hours
2. Zero credit will be granted for anyone missing a test or failing to hand in the assignment on time unless a properly documented reason is provided.
3. Course will follow policies of the University of Toronto including the University of Toronto's Code of Behaviour on Academic Matters

ACT 473H1 S (2012 Winter) COURSE OUTLINE: WEEKS 1 – 6

Weeks 1-6 are a self contained unit that will introduce students to written and oral presentation skills, using topics common to life insurance practice.

Week 1 will be a general introduction to written and oral presentation skills. Weeks 2 – 5 will each focus on a specific topic related to technical actuarial practice. The first hour will be dedicated to introducing the topic, with the second hour dedicated to reviewing sample written and / or written reports on the topic.

In week 4, a specific case study will be introduced and reviewed. The students will be asked to take this case study and, working in groups, prepare a written executive summary and oral presentation to be presented to the class during week 6.

Week 1 – General introduction to written and oral presentations

Week 2 – Life Insurance Product Development and Pricing – written report focus

Week 3 – Life Insurance Merger & Acquisition Pricing – oral report focus

Week 4 – Insurer Stress Testing – introduction of case study for student presentations

Week 5 – Valuation of Policy Liabilities – written and oral reporting

Week 6 – Student presentations

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