Institute of Industry Leaders
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SECURITIES & INVESTMENTS INSTITUTE ASIA-PACIFIC

# Learn about the risk of investment models & how they failed in the credit crisis

## This Workshop is Hosted by Capital Markets Development Authority, Maldives

**Workshop Details:**

**Workshop Fee:**
**US$660 for 3-day program**

**Date:**
16, 17 & 18 December 2008

**Time:**
9.00am—5.00pm

**Venue:**
Meeting Room
Bandos Island Resort
Maldives

**To Register for Workshop:**
Complete the attached Registration Form
and fax or email to:-
**Fax**: +61 2 9665 9498
**Email:** sue@siia.com.au

**To Book Accommodation**
at Bandos Island Resort, Maldives, complete the attached Reservation Form
and fax or email to:-
**Fax:** +960 333 6624
**Email:** mail@cmda.gov.mv

## Regional Training Workshop—Bandos Island Resort, Maldives

**Delivered by Industry Practitioner—Mr. John Livanas, CEO of a large Australian Based Pension Fund &**
**Awarded the FEAL Investment Scholarship to New York & Montreal**

**Investment management has grown from infancy into one of the fastest growing segments in the Region.........**

**Why did the banks and other financial institutions get it so wrong?**

**What are the lessons learnt?**

**How did CDOs and CDSs become so wrongly overvalued and what is the risk model?**

These questions are explored and solutions analysed in this 3-day training program on measuring market and credit risk, performance measurement and attribution, operational risk, scenario analysis and stress testing. Participants will work through 'real' market case studies delivered by a practitioner who is an industry leader in investment management in today's financial markets.

## LEARNING OUTCOMES

- Ability to scope risk and present a framework to manage risk
- Understanding the various market risk measures, sources and model risk factors
- Understanding the various credit risk measures, sources and correlations
- Understanding the concept of VaR and its limitations as a measure
- Understanding the different methodologies of performance measurement and attribution in a multi-currency environment
- Understanding the concepts of IR
- How to identify & measure operational risk – quantitative versus qualitative
- How to use scenario and stress testing analysis to compliment VaR

**About the Presenter: John Livanas BSc (Eng), MBA, F.Fin, PhD (Candidate)**

John has over 20 years investment and financial services experience gained in financial services and multinational corporations in Australia and overseas. He has recently been appointed as CEO of a large Australian based Pension Fund, having previously served as General Manager of FuturePlus, a A$14bn Australian fund. John has previously also held positions as Director of Investments for SEBO, a $3bn South African Superannuation and Pension Fund, and as Principal Consultant in Financial Services at Deloitte Haskins and Sell. He has had extensive experience in applying portfolio and financial risk measures including Value at Risk and other portfolio risk measures. Recently he reviewed the implications of Basel II to deposit taking institutions as part of an evaluation of a takeover of a Savings and Loans company. He has written on applying Markov Chain models to calibrate S&P ratings, and on utilising various copula models in determining the risk characteristics of CLO's and CDO's. He has been appointed to several board positions on Private Equity investments in industries including publishing; motoring; stock broking and financial services and airlines. In managing private equity, John implemented a variety of Financial Risk measures relating to corporate investments. John is a member of the Funds Executives Association of Australia (FEAL). He also sits on the Alternative Investment Management Association (AIMA) Education Committee and has published several papers including: 'Are investors rational? And does it matter?' and 'Behavioural Finance implications in portfolio construction'.

3-day Regional Training Workshop

# Learn about the risk of investment models & how they failed in the credit crisis

| Session | Content |
|---|---|
| **Principles of Market, Credit and Operational Risk** | • Defining and scoping market, credit and operational risk<br>• Causes of market, credit risk and operational risk |
| **Market Risk Measurement** | • Common market risk measures: market exposure, price sensitivity measures (e.g. duration, equity beta, option delta, etc.) and statistical measures (e.g. volatilities, Value-at-Risk (VaR))<br>• Difference between Beta versus Alpha risk and understanding the concept of relative risk: Tracking Error and Relative VaR<br>• Different sources of market risk and how to model risk factors<br>• Different VaR methods (Historical Simulation, Monte-Carlo Simulation etc.) and their limitations |
| | • **Case Study & Group Exercises** |
| **Credit Risk Measurement** | • Difference between issuer risk and counterparty risk (consisting of pre-settlement and settlement risk)<br>• Drivers of pre-settlement risk: credit default, credit exposure and loss given default<br>• Measuring default risk (credit spreads, equity prices, KMV model) and credit exposure (current replacement cost and potential replacement cost)<br>• Introducing the concept of credit VaR<br>• Portfolio 'credit risk', correlations of default, etc. |
| **Performance Measurement & Attribution** | • Basic theory of Performance Measurement & Attribution<br>◊ Objective of performance measurement & attribution<br>◊ Different methodologies and their pros/cons: arithmetic, geometric, linking across time<br>◊ Introducing the concepts of information ratio (IR) and expected value-add<br>◊ Multi currencies performance attribution |
| | • **Case Study** |
| **Operational Risk** | • Operational risk management practices<br>◊ Identifying operational risk factors<br>◊ Quantitative (expected operational loss) versus qualitative (audit, risk assessment, key risk indicators) operational risk measures |
| **Scenario Analysis & Stress Testing** | • Objectives of scenario analysis and stress testing<br>◊ Limitations of VaR as measure of market risk<br>◊ Uses of scenario and stress testing as a compliment to VaR framework<br>◊ Different types of scenario and stress testing (e.g. historical versus hypothetical scenario analysis) |
| | • **Case Study** |

## About SiiA:

SiiA was established by a group of industry practitioners in Australia to provide education and training to those working in the financial markets. SiiA's strength is that it houses some of the financial markets most qualified industry practitioners spanning the entire financial services sector. SiiA connects industry practitioners with organisations in the region by collaboratively working with them our alliance partners to develop and deliver practical and applied training programs Over the years SiiA practitioners have been active participants in the growth of Asia's financial markets having conducted seminars and training across the Asia Pacific regions such as Vietnam, Malaysia, Thailand, India, Indonesia, Fiji, Korea, the Maldives and Sri Lanka. SiiA also facilitates financial markets training programs for the APEC and ASEAN member nations.

# Workshop Registration Form -

## Risk of Investment Models & How they failed in the Credit Crisis

Event Date: 16, 17 & 18 December 2008

**Return to: Fax - +61 2 9665 9498 or Email – sue@siia.com.au**

**REGISTRATION DETAILS**

Title: ☐ Mr ☐ Ms ☐ Mrs ☐ Miss ☐ Dr ☐ Other: Preferred Name(s):

| | |
|---|---|
| First Name: | Last Name(s): |
| Company Name: | Title/Position: |

Address:

| | | | |
|---|---|---|---|
| Suburb/Town/City: | State: | Postcode: | Country: |

| | | |
|---|---|---|
| Phone: ( ) | Fax: ( ) | Email: |

**MULTIPLE REGISTRATIONS:** If you are booking for other people, can you please provide their details below:

Title: ☐ Mr ☐ Ms ☐ Mrs ☐ Miss ☐ Dr ☐ Other: Preferred Name(s):

| | |
|---|---|
| First Name: | Last Name(s): |
| Company Name: | Title/Position: |

Address:

| | | | |
|---|---|---|---|
| Suburb/Town/City: | State: | Postcode: | Country: |

| | | |
|---|---|---|
| Phone: ( ) | Fax: ( ) | Email: |

Title: ☐ Mr ☐ Ms ☐ Mrs ☐ Miss ☐ Dr ☐ Other: Preferred Name(s):

| | |
|---|---|
| First Name: | Last Name(s): |
| Company Name: | Title/Position: |

Address:

| | | | |
|---|---|---|---|
| Suburb/Town/City: | State: | Postcode: | Country: |

| | | |
|---|---|---|
| Phone: ( ) | Fax: ( ) | Email: |

**PAYMENT DETAILS: Please calculate your payment –**

No. of Participants: @ cost US$660 each = US$

☐ **Telegraphic Transfer** I have T/T the monies to the account of the Securities & Investments Institute Asia-Pacific
37 Pitt Street, Sydney, 2000, NSW, Australia
BSB 012 110 Account No. 486812892 Swift Code: ANZBAU3M

Signature:

**Privacy** – SiiA requires the information provided by you on this form in order to administer and manage your registration in this event. Additionally it will assist us in providing and improving SiiA's products and services and to advise you of events and courses that may be of interest to you. If you do not provide all the relevant information, then the registration may not be processed. Please note that SiiA may provide your personal information on a strictly confidential basis to third party service providers and/or selected event partners/sponsors in order to conduct the event.

**Terms and Conditions** -1. SiiA reserves the right to alter this program or presenter(s) without further notice, however the program is intended to run as advertised. SiiA reserves the right to cancel this activity due to unforeseen circumstances and registrants will be notified if this occurs and payment refunded in full. 2. Registrations for workshops must be accompanied by full payment. Registrants will be liable for payment in the event of non-attendance unless cancellation or request for transfer is made in accordance with clause 3 below. 3. Cancellations or transfers must be advised in writing and received by SiiA at least 10 days prior to the event. Refunds will not be granted if a registrant fails to attend an event or cancels/transfers within 10 days.

# Risk of Investment Models & How they failed in the Credit Crisis

## Event Date: 16, 17, 18 December 2008

### Hotel Booking Form

Return to: Fax +960 333 6624 or Email mail@cmda.gov.mv

Title:

First Name: Last Name:

Company Name: Title/Position:

Email:

Nationality:

Arrival Date: Departure Date:

Flight Details:

Number of Rooms:

Type of Room:

| Room Type | Meal Plan | Single | | Double | | Triple | | Child | |
|---|---|---|---|---|---|---|---|---|---|
| Standard | FB | 222.5 | | 344.9 | | 502.5 | | 89.4 | |
| Deluxe | FB | 283 | | 405.4 | | 563 | | 89.4 | |
| Jacuzzi beach villa | FB | 379.8 | | 502.2 | | 659.8 | | 89.4 | |

**Rooms available: 20 Standard Rooms, 5 Deluxe & 5 Jacuzzi beach villas**

**OTHER CHARGES:**
**Up to 2 years, children are allowed to share with adult(s) in a single or double room. Children aged 2 to 12 years will be charged supplement per child as stated. For children under 2 years, only government bed tax of US $8.00 per night per child will be charged.**

**TRANSFERS**
**(AIRPORT/BANDOS/AIRPORT)**
**Adult: US $66.00 per person return**
**Children (2-12yrs): US $33.00 per child return**

| | | | | | |
|---|---|---|---|---|---|
| Payment Method: | Credit Card | | Prepayment | | |

**Cancellation policy of the accommodation rooms:**

No cancellation will be charged for the cancellation received 10 days before arrival.
50% of the accommodation rate will be charge for the cancellation received 10 – 5 days before arrival.
75% of the accommodation rate will be charged for the cancellation received 5 – 2 days before arrival.
100% of the accommodation rate will be charged for the cancellation received 2 – 0 days before arrival.