Actuaries Institute.

Fellowship Program

Investment

Subject Syllabus 2026

1. Overview and aim

The aim of the Investment subject is to provide students with an understanding the principles and practices relevant to investment management, advice, and consulting in a range of commercial and business environments.

2. Student outcomes

After successfully completing this subject, students will be able to:

- formulate investment objectives and investment policy for an investment portfolio having regard to investors' needs and liabilities;
- evaluate the return and risk characteristics of assets;
- evaluate and apply methods for the valuation of assets;
- evaluate and apply methods for asset selection for investment portfolios; and
- evaluate the main methods of portfolio construction (including asset allocation and investment manager selection), management and performance assessment.

3. Prerequisites

Students will be assumed to have studied all Foundation and Actuary subjects. Actuarial Mathematics (CM1), Financial Engineering and Loss Reserving (CM2), Business Finance (CB1), Business Economics (CB2) and Actuarial Control Cycle are directly relevant to this subject.

The Asset Liability Management subject is a formal prerequisite for this subject.

4. Assessment skill level

Assessment of this subject will be split across the following skill levels:

- simple application (25%): demonstration of a detailed knowledge and understanding of the topic;
- application (50%): demonstration of an ability to apply the principles underlying the topic within a given context; and
- higher order (25%): demonstration of an ability to perform deeper analysis and assessment of situations, including forming judgements, taking into account different points of view, comparing, and contrasting situations, suggesting possible solutions and actions and making recommendations.

5. Assessment method

The subject is assessed via a three-hour (plus 15-minute reading time) open-book examination, worth 80% of the mark, and an assignment worth 20% of the mark.

6. Learning objectives

The following is a list of the learning objectives for this subject.

1 Formulate investment objectives having regard to investors' needs [Ch 2]

1.1 Explain the distinctive characteristics and needs of an investor that will influence their investment objectives

1.2 Design a set of investment objectives for an investor, having regard to their identified needs

2 Examine the characteristics of the principal asset types with a focus on the drivers of risk and return [Ch 3]

2.1 Review the characteristics of debt, equity and property asset types (as covered in Asset Liability Management)

2.2 Examine the characteristics of alternative asset types (e.g. infrastructure)

2.3 Distinguish the features of public and private markets for assets in each asset type

2.4	Explain the process of companies moving from privately owned start up through to publicly listed and the impact on their debt and equity pricing
2.5	Explain the relationships between returns on different types of assets and how the relationships may change over time and in different market environments
2.6	Evaluate a set of capital market assumptions

3 Evaluate methods of asset valuation [Ch 4]

3.1	Apply asset valuations methods to debt, equity and property assets
3.2	Discuss asset valuation methods for alternative asset types
3.3	Evaluate the asset valuation methods available for use in the decisions to buy, sell, or hold assets for investment portfolios

4 Evaluate methods used for asset allocation in investment portfolios [Ch 5]

4.1	Consider the various methods commonly used by investors for managing the asset allocation of investment portfolios
4.2	Critique each of the asset allocation methods
4.3	Examine the factors that influence the choice of asset allocation method
4.4	Design a strategic asset allocation for an investor given their objectives
4.5	Explain tactical asset allocation and dynamic asset allocation techniques

5 Evaluate methods used for portfolio management [Ch 6]

5.1	Explain the main methods for investment portfolio management within asset classes (debt, equity and property)
5.2	Critique portfolio management processes within asset classes
5.3	Explain the use of derivatives to manage risks within a single asset class portfolio
5.4	Explain the main methods for investment portfolio management of a diversified portfolio
5.5	Discuss the management of currency risk in a global portfolio

5.6	Explain the use of derivatives to manage asset allocation risks within a diversified portfolio
5.7	Critique portfolio management processes for a diversified portfolio
6	**Evaluate the methods used for investment performance measurement [Ch 7]**
6.1	Review the methods used for investment performance assessment
6.2	Explain the global standards for investment performance measurement
6.3	Conduct a performance attribution analysis
7	**Formulate an approach to investment manager selection Ch 8]**
7.1	Analyse why and how investors use the services of investment managers
7.2	Explain the quantitative and qualitative methods used by investors to assess and select investment managers
7.3	Compare investment managers
7.4	Consider the relative performance of active investment managers
7.5	Consider the use of past performance as a guide to future performance
7.6	Consider the difficulties in the identification of investment management skill
7.7	Recommend whether to use active investment managers in a portfolio
8	**Formulate investment policy statements, for a range of investors Ch 9**
8.1	Explain why an investment policy statement is needed
8.2	Explain the components of an investment policy statement
8.3	Evaluate an investment policy statement for a given situation
8.4	Describe the process to develop an investment policy that meet the needs of an investor
8.5	Evaluate the effectiveness of communication about an investment policy to investors and other stakeholders.

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About the Actuaries Institute and Profession

As the peak professional body for actuaries in Australia, the Actuaries Institute represents the profession to government, business and the community. Our members work in a wide range of fields including insurance, superannuation and retirement incomes, enterprise risk management, data analytics and AI, climate change and sustainability, and government services.

Actuaries use data for good by harnessing the evidence to navigate into the future and make a positive impact. They think deeply about the issue at hand, whether it's advising on commercial strategy, influencing policy, or designing new products. Actuaries are adept at balancing interests of stakeholders, clients and communities. They're called upon to give insight on complex problems and they'll look at the full picture. Actuaries analyse the data and model scenarios to form robust and outcome-centred advice.

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