



Institute of Actuaries of India

Subject

SA7 – Investment and Finance
Specialist Advanced

For 2026 Examinations

Aim

Apply knowledge of the financial environment in the India, UK and other jurisdictions and the principles of actuarial practice to the selection and management of investments in complex situations and appropriate to the needs of a range of investors, together with relevant aspects of corporate finance.

Links across the Qualifications

Associateship Qualification

Investment and Finance Specialist Advanced (SA7) builds upon the principles of corporate finance developed in Business Finance (CB1) and develops further understanding of Macroeconomics from Business Economics (CB2).

Fellowship Qualification

Investment and Finance Principles (SP5), Investment and Derivatives Principles (SP6) and Investment and Finance Advanced (SA7) are considered a trio of subjects for the actuarial work specific to Investment and Finance. Concepts introduced in SP5 are developed in Investment and Finance Specialist Advanced (SA7) via more complex ‘real world’ problems. SP6 focusses in detail on the technical aspects of derivatives and their use.

Financial Derivatives Specialist Principles (SP6) focuses almost entirely on derivatives which are an important method for implementing many investment strategies. A working knowledge of derivatives would be useful to solve some ‘real world’ problems in SA7.

Topics and topic weightings

1. The framework for investment management [30%]
2. Meeting investor requirements [35%]
3. Management and risk control for an investment manager [35%]

Objectives

1 The framework for investment management [30%]

Understand the environment in which investment management takes place, including various global financial markets and their influences, different macroeconomic, regulatory, legislative and taxation environments and the basic principles of corporate finance.

1.1 Describe the financial markets in the main developed and emerging economies, including:

- Public and private market assets.
- Over-the-counter and exchange-traded derivatives.
- The historic behaviour of major asset classes and market indices.

1.2 Describe the key domestic and global influences over the economic and capital markets environment in the India, UK and other jurisdictions from:

- Global economic trends
- Central banks
- Government policy
- Market regulation
- Regulatory capital requirements (including the Basel Accords and Solvency II)

- 1.3 Describe how the principles of a legislative, taxation and regulatory conduct framework apply to investment management in the India, UK and other jurisdictions.
- 1.4 Understand the key principles of corporate finance, including capital structure and financing, and how these relate to different asset classes.

2 Meeting investor requirements [35%]

Understand the investment needs of a range of asset owners and financial institutions and how an investment strategy can be created to meet those needs.

- 2.1 Understand the principles and objectives of investment management, the main factors influencing investment strategy, and analyse the investment needs of an investor.
 - 2.1.1 Understand the liability characteristics, investment requirements and the influence of the regulatory environment (including capital requirements) of the following types of institutions.
 - A life insurance company transacting with-profits, non-profit or unit-linked business
 - A non-life insurance company
 - A defined benefit pension fund
 - A defined contribution pension fund
 - An endowment or charity fund
 - A bank, hedge fund or other proprietary investor
 - Other unconstrained investors, including a sovereign wealth fund

3 Management and risk control for an investment manager [35%]

Understand how an investment management company operates and the issues it needs to consider when designing or managing investment portfolios.

- 3.1 Understand the principal approaches and techniques in investment portfolio management
 - 3.1.1 Active management approaches, both within and across asset classes, and over different time horizons.
 - 3.1.2 Passive management and quasi-passive management including factor-based approaches.
 - 3.1.3 Investment risk control techniques and risk-based portfolio construction approaches.
 - 3.1.4 The impact of environmental, social and governance (ESG) factors to investment performance and different approaches to incorporate ESG factors.
 - 3.1.5 Derivative-based strategies for risk taking or for risk mitigation.
 - 3.1.6 Liability benchmarking or replicating portfolios as part of an investor's investment strategy.
 - 3.1.7 Psychological aspects, including behavioural finance, that influence investor behaviour.
- 3.2 Understand the techniques used for investment management assessment and selection
 - 3.2.1 Methods of organising the investment management of a large portfolio.
 - 3.2.2 Structure of a typical institutional investment department.
 - 3.2.3 Fund-of-funds and outsourced approaches to investment management, such as fiduciary management and outsourced CIOs.
 - 3.2.4 Function of a performance measurement service.
- 3.3 Understand the impact of technology on investment management, including:
 - Trading in derivative, equity and bond markets
 - Product development

END OF SYLLABUS