

# Key issues in investment management: the case of Fogafín (Colombia's DIA)

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### Investment Management for Deposit Insurance Agencies



निक्षेप बीमा और प्रत्यय गारंटी निगम

DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION

(भारतीय रिज़र्व बैंक की संपूर्ण स्वामित्ववाली सहयोगी Wholly owned subsidiary of the Reserve Bank of India)

February 20-22, 2013  
MUMBAI, INDIA

# FOUR KEY ISSUES

- **Under what events are the funds intended to be deployed?**
- **What are the objectives and constraints of the portfolio(s)?**
- **Should investing be done directly by the DIA or managed externally?**
- **Are there other institutional constraints to be considered?**

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# MATCHING FUNDS WITH EVENTS

- **Two types of events: systematic vs. non systematic events.**



- **85% USD / 15% COP**

# OBJECTIVES AND CONSTRAINTS

- Relative importance of liquidity, security and returns
- Definition of a benchmark



**US**

**D**

100%

Government  
bonds (duration



**CO**

**P**

100%

Government  
bonds (duration

- + active risk (other currencies, duration, other assets)

# INTERNAL VS. EXTERNAL DEBATE

- **Developing internal capabilities and as a way to contrast results**
- **Access to training and information about financial markets**
- **Fees, capabilities to monitor and assure compliance, selection process**
- **Markets / products that are going to be managed**

# **OTHER INSTITUTIONAL CONSTRAINTS**

- **Assets that are positively correlated with liabilities**
- **Credit vs. interest rate risk and other reputational risk issues**
- **Getting Board interest and working with regulatory entities**
- **Public institutions: the risk of doing anything new**