

**2<sup>nd</sup> PBSS Colloquium**  
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**Topic A. Investment Strategies and Risk Management**

**The asset and liability management policy of a debt management agency for the French Social Security debt, CADES**

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The methodology assessed by CADES to monitor Social Security debt refinancing is rooted upon our Asset and Liability Management policy. The economy is regulated by three factors, the dynamics of which drive both negotiable debt instruments classes and our unique asset, a tax levied on overall revenues named CRDS.

Risk is defined as the probability of failing to reach a target, expressed as the amortizing capacity, while risk aversion is linked to the convexity of the relationship between performance and redemption horizon.

We implement the dynamics of our balance sheet components and exhibit the optimal portfolios set under a predefined rebalancing rule. We find that the set of optimal strategies will be a subset of the efficient frontier, conditional on the chosen risk threshold.

**Keywords** : refinancing, amortizing capacity, redemption horizon, optimal strategies, efficient frontier, risk threshold.