

ASSET MANAGEMENT

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LEARNING OBJECTIVE

The focus of this course is to give the students a practical analysis in the management of investment portfolios.

The course aims to provide students with an understanding of:

- asset allocation strategy;
- market timing strategy;
- performance valuation of mutual funds;
- risk management techniques in asset management.

SYNTHETIC SYLLABUS

1. Introduction to portfolio construction
2. Global asset allocation: selecting and estimating input
3. Global asset allocation: building a MV efficient frontier
4. Limitations of MV Efficient frontier
5. Managing estimation errors with heuristic models
6. Managing estimation errors with bayesian models
7. From strategic asset allocation to tactical asset allocation
8. The determinants of portfolio performance
9. Risk indicators: standard deviation, downside risk and tracking error volatility
10. Risk adjusted measures: from Sharpe Ratio to Selection Sharpe Ratio

MAIN REFERENCES

Scherer, B., “*Portfolio Construction and Risk Budgeting*”, Risk Books.

Sharpe, The Sharpe Ratio, www.wsharpe.com

Lucas-Riepe, The Role of Returns-Based Style Analysis: Understanding, Implementing, and Interpreting the Technique, www.ibbotson.com Sharpe, Asset Allocation: Management Style and Performance Measurement, www.wsharpe.com

OTHER READINGS

Michaud, R.O., “*Efficient Asset Management: A Practical Guide to Stock Portfolio Optimization and Asset Allocation*”, Harvard Business School Press, Cambridge. MA.