# Theory and Techniques of Portfolio Management

Prof. Simone Rossi

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

The course aims to examine the behaviour of the various players in the asset management market. The study and application of the main investment analysis and management methods from a portfolio perspective are covered.

At the end of the course, students will be able to:

* understand the evolution of household wealth in Italy and in the main developed countries;
* have an integrated view of investment products, management techniques and valuation processes in the asset management sector;
* implement active and passive management strategies, as well as evaluate them;
* conduct performance attribution processes and the reporting of results to customers;
* play an advanced commercial role within a financial intermediary, offering the financial products and services best suited to the needs expressed by customers.

***COURSE CONTENT***

**Module 1 (Scenario Analysis)**

* The financial wealth of households in Italy and in the main developed countries: analysis and evolutionary trends.
* Customer behaviour, financial needs and risk appetite.

- Financial services regulation: the Mifid directive and its effects on the Asset Management sector.

- Asset management products.

* Elements of behavioural finance.

**Module 2 (Portfolio Construction and Evaluation)**

* The concept of return and the determination of "risk".
* Variance-covariance approach in portfolio evaluations.
* Risk Adjusted Performance Measures.
* Active and passive management.
* Calculation of yields (MWRR - TWRR).

***READING LIST***

Basile-P. Ferrari, *Asset management and institutional investors*, Pearson, 2019.

***TEACHING METHOD***

Lectures, guided tutorials, seminars.

***ASSESSMENT METHOD AND CRITERIA***

A written exam comprising:

* 4 open-ended (with variable marks between 5 and 8 points, depending on the complexity of knowledge/skills assessed) and
* 7 multiple-choice questions (each one worth 1 point if correct and 0 points if skipped/wrong).

The assessment of the open-ended questions will be based on the clarity and effectiveness of the student's presentation, the adherence of their answers to the question contents, their use of correct technical terminology, and the completeness of their arguments. Students require a mark of at least 18/30 to pass the exam.

For further clarification, please refer to the indications on Blackboard.

***NOTES AND PREREQUISITES***

During lectures, the lecturer will indicate the parts of the reading list that will be covered in the exam. Support and updating material will be available on Blackboard.

Attendance at the course, although not mandatory, is strongly recommended.

There are no specific course prerequisites; however, knowledge of corporate finance, basic statistics and the world of markets and financial tools will prove useful.

Information on office hours available on the teacher's personal page at http://docenti.unicatt.it/.