Course Title: Asset Allocation

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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.

The portfolio construction models analyzed are only those that find application in the asset management.

SYLLABUS

1.   Introduction: the main stages of Portfolio Construction

2.   The Naïve Portfolio Formation Rule

3.   From a qualitative approach to MPT

4.   Global asset allocation: building a MV Efficient Frontier

5.   Limitations of MV Efficient frontier

6.   Managing estimation errors with heuristic approaches: infra-group constrained optimization and scenario based models

7.   Managing estimation errors with bayesian models: the Black-Litterman Approach

8.   From Strategic Asset Allocation to Tactical Asset Allocation: building a tactical optimization model

MAIN REFERENCES

Scherer, B., "Portfolio Construction and Risk Budgeting", Risk Books.

OTHER READINGS

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