

**AG217 Summary:**

**Portfolio Management & Security Analysis**

**Lewis Britton {201724452}**

AG217: Portfolio Management & Security Analysis

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**Variables**

**Mean Variance Analysis**

**1 Expected Return**

**1.1 Expected Return of a Two-Asset Portfolio**

**1.2 Expected Return Generalised to Infinite-Asset Portfolio**

**1.3 Expected Return of a Two-Asset Portfolio w/ Risk-Free Asset**

**2 Variance & Standard Deviation as Risk Measures:**

**2.1 Variance of a Two-Asset Portfolio**

**2.2 Variance of a Risk-Free Asset Portfolio**

**2.3 Variance Using the 1/N Strategy**

**3 Correlation & Covariance Between 2 Assets’ Returns:**

**3.1 Correlation**

**3.2 Covariance**

**4 Optimal Weights in Zero-Risk & Perf. Neg. Correlation Folio:**

**5 Inputs of Variance & Covariance:**

**5.1 Inputs of Variance**

**5.2 Inputs of Covariance**

**Asset Pricing**

**1 Abnormal Return:**

**2 Expected Return:**

**2.1 Recall the Rf Tangent to the Efficient Frontier**

**2.2 Expected Return on the Capital Market Line (CML)**

**2.3 Expected Return on the Security Market Line (SML)**

**3 Beta Values of Stocks and Portfolio:**

**3.1 Beta Value of Asset i**

**3.2 Beta Value of Portfolio**

**Bond Pricing**

**1 Price of Bond:**

**2 Current Yield on Bond:**

**3 Yield to Maturity Estimation:**

**4 Spot Rates:**

**4.1 Price of Bond Using Spot Rates**

**4.2 Spot Rates**

**4.3 Expected Spot Rates**

**4.4 Forward Rates**

**5 Duration of a Bond:**

**5.1 Duration**

**5.2 Modified Duration**

**6 Convexity of a Bond:**

**7 Unexpected Return:**

**7.1 With Duration**

**7.2 With Duration & Convexity**