CQF January 2009
Module 2.1
Live Class: February 3

Lecturers: Sebastien Lleo and Mike Staunton

An Introduction to Modern Portfolio Theory

In this lecture:

- Core concepts of Portfolio Management and Modern Portfolio Theory (MPT)
  - Risky and risk-free assets
  - Mean-variance analysis
  - Optimal portfolio
  - Diversification
  - Opportunity set and efficient frontier
  - Tangency and market portfolio
  - Sharpe ratio and market price of risk
  - The linear model and the CAPM
- The mathematics of optimization, required to solve portfolio selection problems are treated in the companion lecture: "Fundamentals of Optimization and Application to Portfolio Selection."