Modern Portfolio Theory(MBT)

Modern Portfolio Theory is developed by harry markowitz, who he won a noble price for this theory.

MBT, is built on the foundation of diversification and risk management

It uses Expected returns and Expected Variance to weigh the assets

Why MBT?

There are many other alternatives to MBT, such behavioural finance

The reason we're not including it because, emotions can't be quantified, even if they were, the market movement is rarely dictated by emotions in the long run.

However, it's not to say MBT is the best option out there, they're are others
such as
Post-Modern Portfolio Theory (PMPT),
Risk Parity, etc
which when used in tandom may yeild a greater result than MBT.
But MBT is extremly easy to build