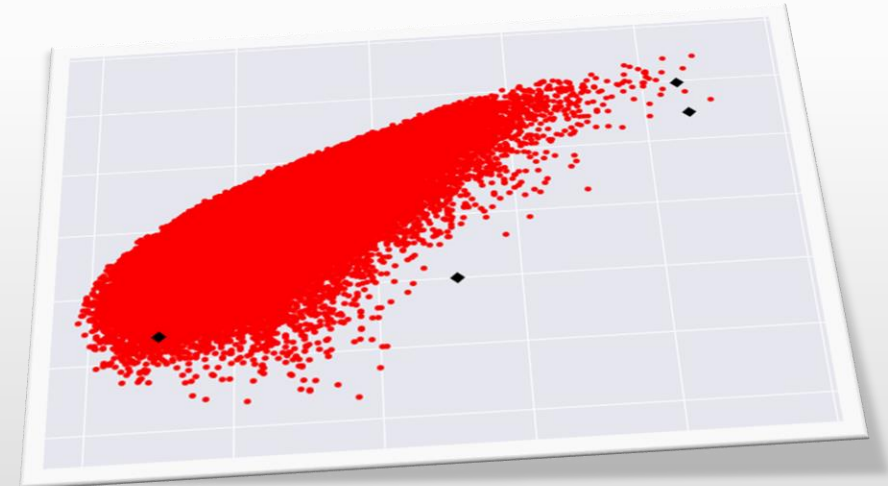


What is a Portfolio?

- In Finance, a Portfolio is a **collection of Investments** held by an investment company, financial institution or individual.
- Major Characteristics:
 - **Assets** included in the Portfolio
 - **Weights** of the Portfolio Assets



Assumptions for this Section

- We will work with a **small subset** (6 stocks)
- We analyze **past performance** (vs. forward looking portfolio construction)
- We will create many **random portfolios** (random weights)
- Random weights remain constant over time (**rebalancing**)

