The difference between product management and portfolio management is that the former is the production process of products, while the latter is the selection and adjustment of investment portfolios. On the product side, the main work of product management is to build a product system that meets the company's development needs (e.g. public funds, bank wealth management products, etc.). On the investment side, portfolio management is mainly to carry out asset allocation, i.e., the construction and adjustment of asset portfolios. If you do investment as a business, you need to know a lot of things, including asset allocation and portfolio management. We can classify them from different perspectives: product management refers to a work process; portfolio management refers to a working model. Their differences are described below.

## I. Portfolio management is a process of asset allocation

Portfolio management is a client-centered and investor demand-oriented work process. It requires the construction of different portfolios according to different criteria, which includes a combination of asset allocation strategies. The general workflow is done by product managers, and the details are: firstly, an investment strategy for a certain product category or product is developed, and then the corresponding funds are selected according to this investment strategy. In the specific operation process, it should be noted that: first, the process needs to be carried out through both top-down and bottom-up approaches; second, portfolio management is not a process of fixed cycles, but a process of dynamic adjustment and adaptation to market cycles; third, a certain degree of flexibility and diversity should be maintained in the investment mix. From the above points we can see that portfolio management is the construction and adjustment of asset portfolios based on investors' needs, which requires client-centered work. Of course, as a fund manager is not doing everything but according to the company and the industry development cycle and future market changes to make a judgment to choose the right company and product strategy.

## 1、The difference between asset allocation and product management

Portfolio management and asset allocation are two different concepts, but they have some common ground. (1) The goal is to provide investors with long-term sustainable returns; (2) Both require dynamic adjustments based on the market environment and the fund manager's understanding of the portfolio; (3) There must be corresponding risk management methods throughout the operation; (4) The core objectives of the two concepts are different, that is, asset allocation and product management are the choice between obtaining long-term returns and controlling risk for investors, respectively, asset allocation to (4) The core objectives of the two concepts are different, i.e., asset allocation and product management are respectively a choice between obtaining long-term returns and controlling risk, with asset allocation aiming to obtain high rates of return, while product management focuses more on reducing portfolio volatility, with the goal of obtaining high returns with controlled risk. When the two are compared and viewed in context, they do have many similarities: first, the core objective of both concepts is to help investors achieve long-term stable returns; second, both are essentially portfolio optimization; third, the approaches and steps taken by both are largely the same; fourth, both concepts require a focus on investor needs; and fifth, there are some differences between the two. There are some differences.

## 2. Objectives of portfolio management

(1) To realize the value preservation and appreciation of fund assets: that is, to realize the value preservation and appreciation of clients' assets, including two aspects: first, to obtain returns; second, to reduce risks. (2) To maintain the soundness of the fund portfolio: to make the fund assets achieve sound returns on the premise of ensuring the safety of investors' funds and the principal of investment without loss. (3) Effectively reducing the volatility of the portfolio, i.e., minimizing the degree of risk in a more or less volatile market environment. (4) Control and reduce the possible performance divergence of different sub-funds within the fund portfolio: for funds with a relatively single investment style and high market volatility, they should choose to invest in sub-public funds with higher risk-return ratios; while bond or money market funds with relatively balanced risk-return ratios and low volatility can be managed with moderate diversification or high proportional allocation strategies. (5) Improving the efficiency of capital use: i.e., reducing the price volatility of individual products and portfolio assets through diversification, thereby increasing the overall profitability. (6) Provide the best service for clients: that is, through product innovation and portfolio management, provide the best product service for investors based on full consideration of clients' risk preferences, asset allocation to different asset classes, and the pursuit of different objectives.

## Second, product management starts from the product.

(1) In the product life cycle, products are to be divided into three categories: Category I: products for investors, such as funds, insurance, etc.; Category II: products offered to others in the market, such as bank wealth management, trusts, etc.; Category III: products designed for specific purposes, such as securities-based instruments, corporate annuity instruments. (2) In the asset allocation, assets include stocks, bonds and cash. Under the market conditions, we need to determine which assets can be included in the asset allocation. (1) Judging the market trend in the coming period based on the current economic situation; (2) Judging which situation is worth investing in based on the market trend; and (3) Selecting the appropriate proportion of stocks and bonds based on historical data. (3) In asset selection, it is usually necessary to consider: ① What are the implications of our expectations for the future? Which of our asset holdings are optimistic? | (3) How do these risks arise? How do these risks affect investment decisions? (4) In portfolio management, there are two main concerns: (1) how assets are allocated; and (2) what are the consequences if assets are not allocated properly. | (2) What should be done if the portfolio does not result in a better return for the investor? | ① Control of expected return; ② Measurement of expected return and actual return; ③ Assessment of risk, etc. |1. For investment managers, they are concerned with 1) whether investors are able to earn a return; 2) whether investors are getting the desired return (even if the return is relative to their expectations); and 3) evaluating the product risk. &\*>2. There are three main areas of concern in portfolio management: 1) the allocation of portfolio assets; 2) the communication with other investors; and 3) asset price movements. &\*>3. Regarding these three aspects, we can present the following:? /? /&\* (4) Both product management and portfolio management have something in common. &\*>For example, they both need to focus on the product market, investment horizon, expected return, etc. &\*]1. In portfolio management there are three main areas of concern: 1. The relationship between risk and return. &\*2. how risk is generated and distributed; ② whether risk and return can offset each other; and ③ how risk affects our own decisions. \|>(5) In product management focus on two aspects of investors and the market: ① investors are concerned about whether the fund manager and the market have the same. &\*2. Both investors and the market have something in common, i.e. they are both concerned about risk; but they are different from each other because for investors, they care about both the fund manager and the market. \||(6) In product management focus on three aspects: ① whether there is a potential relationship with other products in the portfolio / ② whether there is a potential relationship with other investors (risk-return correlation, volatility or correlation, etc.) / ③ how it affects their own decisions. \||(7-8) 2. The difference between product management and portfolio management is mainly reflected in the following aspects:? /

## Third, how to do a good job of portfolio management?

Portfolio management mainly includes two aspects of work, one is to construct asset portfolio according to the company's existing investment capacity, and the other is to adjust the products according to the needs of future development. 1. Construct asset portfolios according to the company's existing investment capacity and development needs 2. Construct asset portfolios of different categories according to future trends 3. Construct risk strategies and return strategies according to different types of asset portfolios