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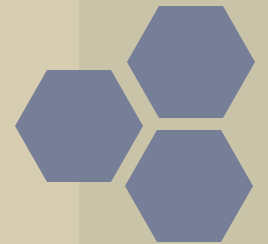
Academy of Professional Finance 专业金融学院

CFA Level I

Portfolio Management

Introduction

CFA Lecturer: Jiahao Gu

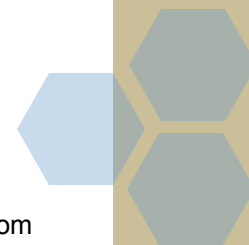




Weight of Quantitative Methods

Topic Area	Level I	Level II	Level III
Ethical and Professional Standards	15	10-15	10-15
Quantitative Methods	12	5-10	0
Economics for Valuation	10	5-10	5-15
Financial Reporting and Analysis	20	15-20	0
Corporate Finance	7	5-15	0
Equity Investments	10	15-25	5-15
Fixed Income	10	10-20	10-20
Derivatives	5	5-15	5-15
Alternative Investments	4	5-10	5-15
Portfolio Management	7	5-10	40-55
Total	100	100	100

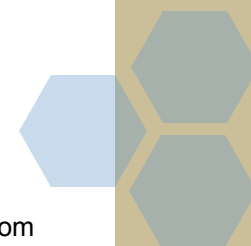
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Overview of LOS

Portfolio Management: An Overview

1. Describe the portfolio approach to investing
2. Describe types of investors and distinctive characteristics and needs of each
3. Describe defined contribution and defined benefit pension plans
4. Describe the steps in the portfolio management process
5. Describe mutual funds and compare them with other pooled investment products



Overview of LOS

Risk Management: An Introduction

1. Define risk management
2. Describe features of a risk management framework
3. Define risk governance and describe elements of effective risk governance
4. Explain how risk tolerance affects risk management
5. Describe risk budgeting and its role in risk governance
6. Identify financial and non-financial sources of risk and describe how they may interact
7. Describe methods for measuring and modifying risk exposures and factors to consider in choosing among the methods



Overview of LOS

Portfolio Risk and Return: Part I

1. Calculate and interpret major return measures and describe their appropriate uses
2. Describe characteristics of the major asset classes that investors consider in forming portfolios
3. Calculate and interpret the mean, variance, and covariance (or correlation) of asset returns based on historical data
4. Explain risk aversion and its implications for portfolio selection
5. Calculate and interpret portfolio standard deviation



Overview of LOS

Portfolio Risk and Return: Part I

6. Describe the effect on a portfolio's risk of investing in assets that are less than perfectly correlated
7. Describe and interpret the minimum-variance and efficient frontiers of risky assets and the global minimum-variance portfolio
8. Explain the selection of an optimal portfolio, given an investor's utility (or risk aversion) and the capital allocation line



Overview of LOS

Portfolio Risk and Return: Part II

1. Describe the implications of combining a risk-free asset with a portfolio of risky assets
2. Explain the capital allocation line (CAL) and the capital market line (CML)
3. Explain systematic and nonsystematic risk, including why an investor should not expect to receive additional return for bearing nonsystematic risk
4. Explain return generating models (including the market model) and their uses
5. Calculate and interpret beta



Overview of LOS

Portfolio Risk and Return: Part II

6. Explain the capital asset pricing model (CAPM), including its assumptions, and the security market line (SML)
7. Calculate and interpret the expected return of an asset using the CAPM
8. Describe and demonstrate applications of the CAPM and the SML



Overview of LOS

Basics of Portfolio Planning and Construction

1. Describe the reasons of a written investment policy statement
2. Describe the major components of an IPS
3. Describe risk and return objectives and how they may be developed for a client
4. Distinguish between the willingness and the ability (capacity) to take risk in analyzing an investor's financial risk tolerance
5. Describe the investment constraints of liquidity, time horizon, tax concerns, legal and regulatory factors, and unique circumstances and their implications for the choice of portfolio assets



Overview of LOS

Basics of Portfolio Planning and Construction

6. Explain the specification of asset classes in relation to asset allocation

7. Describe the principles of portfolio construction and the role of asset allocation in relation to the IPS

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Thank You!

