



Portfolio Theory

e-Learning Course

Portfolio Theory

Building Efficient Portfolios

Course Overview

A good life balances ambition and lifestyle. Similarly, a good investment portfolio balances expected return and risk. This is at the heart of modern portfolio theory and forms the foundation of much of today's investment practice and risk management. We explain the key concepts behind portfolio selection and explore their implications for the asset management industry.

Who Is This Course For?

For anyone in the wealth and asset management industry who wants to understand some of the most fundamental concepts in finance: Alpha, Beta and what drives expected long-term investment returns.

Course Format

For anyone in the wealth and asset management industry who wants to understand the key ideas behind building efficient portfolios.

Course Content

The course consists of 5 lectures.

The following is a brief description of each of the lectures.

Lecture Descriptions

Lecture 1 - Optimal Portfolios

The core business of asset managers is to provide their clients with good or, in financial jargon, "optimal" investment solutions. But what makes an optimal portfolio, and what are the key challenges in building it? We look at these fundamental questions and introduce you to the man who changed the asset management industry by providing a simple answer.

Lecture 2 - Risk and Return

Building optimal portfolios means balancing risk and expected return. We need to understand how to measure and calculate the return and risk of a portfolio. While returns are straightforward, it is the risk side which poses a lot of questions. How do you define risk? How do you measure it and how does it aggregate when investments are combined into a portfolio? Let's see!

Lecture 4 - The Drivers of Diversification

The risk of a portfolio depends on the risk of the individual assets and their pairwise interaction. This pairwise interaction can be quantified by the measure of correlation. But what drives correlation and what are the limits to diversification? As we shall see, some risks cannot be diversified away. This has had a profound and lasting impact on the investment profession.

Lecture 5 - Portfolio Selection

Markowitz showed us how to derive and construct optimal portfolios. They all lie on the so-called efficient frontier. The final ingredient in selecting this one optimal portfolio is the investor's risk tolerance. We work through an example and examine how investors with different risk tolerances will select a different optimal portfolio. This understanding forms the basis of today's wealth and asset management product offering.

Lecture 6 - Portfolio Lab

Your Educational Partner and Coaches

Nosco Partners is a Swiss based company with international finance experience, servicing banks, asset managers and institutional investors. The Nosco Partners are all banking professionals with a strong academic background and extensive education experience. They have worked for many years on the business and education side of a large international bank, where client focus and practical relevance is key.

Walter Braegger, Ph.D., Partner

Walter is an expert in developing and delivering finance & risk education. For more than 20 years, he has educated finance market professionals around the globe. His expertise includes derivatives, equities, foreign exchange, fixed income and commodities, as well as special topics such as corporate finance, equity & credit analysis, risk management & control, portfolio construction and behavioral finance.

Vincent Couson, CFA, CAIA, Partner

Vincent has more than 20 years of financial market experience. Before joining Nosco Partners he was a Senior Member of the UBS Strategic Investment Advisory team developing tailored investment solutions for institutional clients around the globe. His expertise covers portfolio construction & analysis, asset & risk management as well as derivatives and structured products.

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