CONTENTS

How to Use the CFA	Program Curriculum	XV
	Errata Errata	XV
	Designing Your Personal Study Program	XV
	CFA Institute Learning Ecosystem (LES)	xvi
	Feedback	xvi
Portfolio Manageme	ent Non-Financial Risks zmeono xsT	
24		
Learning Module 1	Portfolio Management: An Overview	3
	Introduction determined prineries	3
	Portfolio Perspective: Diversification and Risk Reduction	4
	Historical Example of Portfolio Diversification: Avoiding Disaster	4
	Portfolios: Reduce Risk	6
	Portfolio Perspective: Risk-Return Trade-off, Downside Protection, Modern	
	Portfolio Theory	9
	Historical Portfolio Example: Not Necessarily Downside Protection	9
	Portfolios: Modern Portfolio Theory	12
	Steps in the Portfolio Management Process	13
	Step One: The Planning Step	13
	Step Two: The Execution Step	14
	Step Three: The Feedback Step	16
	Types of Investors	17
	Individual Investors	17
	Institutional Investors	18
	The Asset Management Industry	23
	Active versus Passive Management	24
	Traditional versus Alternative Asset Managers	25
	Ownership Structure	25
	Asset Management Industry Trends	25
	Pooled Interest - Mutual Funds	27
	Mutual Funds	28
	Pooled Interest - Type of Mutual Funds	30
	Money Market Funds	30
	Bond Mutual Funds	30
	Stock Mutual Funds	31
	Hybrid/Balanced Funds	31
	Pooled Interest - Other Investment Products	32
	Exchange-Traded Funds	32
	Hedge Funds	32
	Private Equity and Venture Capital Funds	33
	Summary	34
	References	35
	Practice Problems	36
	Solutions	39