

Foreword

This book is a mark left in the woods. It is a sign left by two travelers who have chosen every day to share a portion of their trip, a fun one. The woods are the tall trees of the concepts, the methods, and not last, the practice of financial markets. Their journey has been long but fast-paced. At one point, they have felt a need to share and leave a mark, to tell others that they had been in these woods and they have tried to sort their way through in a manner that they have enjoyed so much to invite others along the same path. Of course, the two travelers are us, the Authors, and this corner of the woods is about portfolio management. We hope that the sense of speed through a journey and the fun we had while writing together, continuously swapping ideas and mutual cheer ups will spring to life from the pages of our book.

We are both aware that there is a chance that you, the Reader, may be using this textbook to follow one taught course, presumably at the MSc. level. This is the experience from which our joint effort stems as well. The authors crossed paths in such an environment from different sides of the desk, but their paths soon aligned to one, shared direction. We hope that you will feel what our goal has been—to tell the important apart from the unimportant, the useful from the curiosity, the feasible from the convoluted (albeit elegant).

The least youthful (we like to see the glass half-full) of the two authors carries a big debt for what he has learned from the more youthful about the real, everyday value of knowledge, its usefulness in practical situations, and a fresh taste for the simple and immediately applicable. On her turn, the most youthful of the two, has derived true inspiration from the enthusiasm, the passion, and the genuine curiosity that the least youngest still places after so many years in sharing his knowledge with students without forgetting that learning is a never ending process.

The book strives to avoid becoming one more piece in financial mathematics. Although one of the Authors stood at that gate holding an ax to prevent excesses, we cannot rule out that we may have been occasionally carried away. For the Readers who perceive being short of an adequate background, the references are classical, Simon and Blume (1994) and Wainwright and Chiang (2013) in mathematics, Mood, Graybill, Boes (1974) in statistics.*

Manuela and Massimo

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* Mood, Graybill, and Boes (1974), *Introduction to the Theory of Statistics*, McGraw Hill; Simon and Blume (1994), *Mathematics for Economists*, Norton & Co.; Wainwright and Chiang (2013), *Fundamental Methods of Mathematical Economics*, McGraw Hill.