Financial Mathematics

Optimal mean-variance portfolio selection

Jesper Lund Pedersen
Copenhagen University, Denmark

The mean-variance portfolio selection – introduced by Markowitz in 1952 – relies on the assumption that the preferences of the investor depend on the expectation and variance of his future wealth. In some extant literature, obtain precommitment solutions which maximise the mean-variance which maximise the mean-variance criterion at an initial date (and which the investor commits to follow). In this talk, we present a dynamic formulation of the mean-variance portfolio selection problem and we provide the solution.

This is joint work with G. Peskir (Manchester).