INVESTOR'S OBJECTIVES

Risk and Asset Allocation* - Springer – *symmys.com

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www.symmys.com

Formulas and figures in this presentation refer to the book **Risk and Asset Allocation**, Springer.

The notation, say, (5.24) refers to Formula 24 in Chapter 5 of the book

The notation, say, (T4.12) refers to Formula 12 in the Technical Appendices for Chapter 4, which can be downloaded from www.symmys.com

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3.3 From invariants to market prices $\mathbf{P}_{T+\tau}$.

3.2 Projection of the invariants to the investment horizon

4 Estimating the distribution of the market invariants

3.1 The quest for invariance

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$$\Psi_{\boldsymbol{\alpha}} \equiv W_{T+\tau}(\boldsymbol{\alpha})$$

$$\boxed{\Psi_{\boldsymbol{\alpha}} \equiv \boldsymbol{\alpha}' \mathbf{P}_{T+\tau}} \quad (5.3)$$

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$$\Psi_{\alpha} \equiv W_{T+\tau}(\alpha) - \gamma(\alpha) W_{T+\tau}(\beta) \quad (5.4)$$

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$$\boxed{\Psi_{\boldsymbol{\alpha}} \equiv \boldsymbol{\alpha}' \mathbf{K} \mathbf{P}_{T+\tau}} \quad (5.6) \qquad \mathbf{K} \equiv \mathbf{I}_N - \frac{\mathbf{p}_T \boldsymbol{\beta}'}{\boldsymbol{\beta}' \mathbf{p}_T} \quad (5.7)$$

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$$\boxed{\Psi_{\boldsymbol{\alpha}} = \boldsymbol{\alpha}' \mathbf{M}.} \quad (5.10)$$

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