Mathematical Finance / Volume 21, Issue 2 / pp. 203-231

# PORTFOLIO CHOICE VIA QUANTILES

Xue Dong He, Xun Yu Zhou

First published: 22 September 2010

https://doi.org/10.1111/j.1467-9965.2010.00432.x

Accessibility issue? Request accessibility update.

Address correspondence to Xun Yu Zhou, Mathematical Institute and Nomura Centre for Mathematical Finance, and Oxford–Man Institute of Quantitative Finance, The University of Oxford, 24–29 St Giles, Oxford OX1 3LB, UK, and Department of Systems Engineering and Engineering Management, The Chinese University of Hong Kong, Shatin, Hong Kong; e-mail: zhouxy@maths.ox.ac.uk.

This work was presented at the 2008 Special Semester on Stochastics with Emphasis on Finance in Linz, Austria, the 2009 Midlands Probability Theory Seminars in Warwick, the 2009 Workshop on Optimal Stopping and Singular Stochastic Control Problems in Finance in Singapore, the 2010 Workshop on Foundations of Mathematical Finance at the Fields Institute, Toronto, and at seminars at Columbia, Chinese Academy of Sciences (CAS), Indian Institute of Science (IISc), Oxford, Oslo, Swedish Royal Institute of Technology (KTH), Vienna Institute of Finance, and Yale. We are grateful to the participants at these events, in particular to Nicole El Karoui, Paul Embrechts, Hanqing Jin, Dilip Madan, Jan Obloj, Walter Schachermayer, and Thaleia Zariphopoulou, for their comments. We thank Chris Rogers for making us aware of Dybvig's work in a discussion not directly related to this paper. Zhou acknowledges financial support from Nomura Centre for Mathematical Finance and a start-up fund of the University of Oxford, and both He and Zhou acknowledge research grants from the Oxford–Man Institute of Quantitative Finance.

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## Abstract

A portfolio choice model in continuous time is formulated for both complete and incomplete markets, where the quantile function of the terminal cash flow, instead of the cash flow itself, is taken as the decision variable. This formulation covers a wide body of existing and new models with law-invariant preference measures, including expected utility maximization, mean–variance, goal reaching, Yaari's dual model, Lopes' SP/A model, behavioral model under prospect theory, as well as those explicitly involving VaR and CVaR in objectives and/or constraints. A solution scheme to this quantile model is proposed, and then demonstrated by solving analytically the goal-reaching

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