


(/L).

ANNUAL REVIEW OF FINANCIAL ECONOMICS (/CONTENT/JOURNALS/FINANCIAL) Volume 2, 2010 (/content/journals/financial/2/1).

Portfolio Theory: As I Still See It

Harry M. Markowitz (/search?value1=Harry+M.+Markowitz&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true)¹

 View Affiliations and Author Notes

Vol. 2:1-23 (Volume publication date December 2010)

First published as a Review in Advance on September 29, 2010

© Annual Reviews

 View Citation

Abstract

This essay summarizes my views on (a) the foundations of portfolio theory and its applications to current issues, such as the choice of criteria for practical risk-return analysis, and whether some form of risk-return analysis should be used in fact; (b) hypotheses about actual financial behavior, as opposed to idealized rational behavior, including two proofs of the fact that expected-utility maximizers would never prefer a multiple-prize lottery to all single-prize lotteries, as asserted in one of my 1952 papers; and (c) a simple proof of the theorem (which was initially greeted with some skepticism, especially by referees) that investors in capital asset pricing models do not get paid for bearing risk.

Keyword(s): [capital asset pricing model \(/search?value1=%22capital+asset+pricing+model%22&option1=pub_keyword\)](/search?value1=%22capital+asset+pricing+model%22&option1=pub_keyword), [Friedman-Savage \(/search?value1=%22Friedman-Savage%22&option1=pub_keyword\)](/search?value1=%22Friedman-Savage%22&option1=pub_keyword), [MPT \(/search?value1=%22MPT%22&option1=pub_keyword\)](/search?value1=%22MPT%22&option1=pub_keyword), [prospect theory \(/search?value1=%22prospect+theory%22&option1=pub_keyword\)](/search?value1=%22prospect+theory%22&option1=pub_keyword), [stochastic dominance \(/search?value1=%22stochastic+dominance%22&option1=pub_keyword\)](/search?value1=%22stochastic+dominance%22&option1=pub_keyword).

Most Read This Month

Climate Finance (/content/journals/10.1146/annurev-financial-102620-103311)

Stefano Giglio, Bryan Kelly and Johannes Stroebe
pp. 15–36 (22)

Long-Run Asset Returns (/content/journals/10.1146/annurev-financial-082123-105515)

David Chambers, Elroy Dimson, Antti Ilmanen and Paul Rintamäki
pp. 435–458 (24)

Retail and Institutional Investor Trading Behaviors: Evidence from China (/content/journals/10.1146/annurev-financial-082123-110132)

Lin Tan, Xiaoyan Zhang and Xinran Zhang
pp. 459–483 (25)

Retail CBDC: Implications for Banking and Financial Stability (/content/journals/10.1146/annurev-financial-082123-105958)

Sebastian Infante, Kyungmin Kim, Anna Orlik, André F. Silva and Robert Tetlow
pp. 207–232 (26)

Corporate Culture (/content/journals/10.1146/annurev-financial-092321-124541)

Gary B. Gorton, Jillian Grennan and Alexander K. Zentefis
pp. 535–561 (27)

Most Cited

 (/rss/content/journals/financial/mostcitedarticles?fmt=rss)

The Real Effects of Financial Markets (/content/journals/10.1146/annurev-financial-110311-101826)

Philip Bond (/search?value1=Philip+Bond&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true), Alex Edmans (/search?value1=Alex+Edmans&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true) and Itay Goldstein (/search?value1=Itay+Goldstein&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true).

Vol. 4 (2012), pp. 339–360

