







Q



IIE Transactions >

Volume 37, 2005 - <u>Issue 10</u>

1,533 67

Views | CrossRef citations to date | Altmetric

Original Articles

Mean-absolute deviation model

Hiroshi Konno & Tomoyuki Koshizuka

Pages 893-900 | Published online: 23 Feb 2007

66 Cite this article

Full Article

Reprints & Permissions



We survey the Mean-Absolute Deviation (MAD) portfolio optimization model, which was first introduced in 1990 to cope with very large-scale portfolio optimization problems. The MAD model is in fact used to solve huge portfolio optimization models including the internationally diversified investment model, the long-term asset liability management (ALM) model and the mortgage-backed security portfolio optimization model. It was recently shown that the MAD model possess several advantageous theoretical properties. In particular, all capital asset pricing model (CAPM)-type relations for the mean-variance model also hold for the MAD model. Furthermore, the MAD model is more compatible with the fundamental principle of rational decision-making.



Related research 1

Alternatives to the Median Absolute Deviation >	
Peter J. Rousseeuw et al. Dournal of the American Statistical Association Sublished online: 27 Feb 2012	
ntroducing the mean absolute deviation 'effect' size >	

Stephen Gorard

International Journal of Research & Method in Education

Published online: 23 May 2014

Some properties of a simple moving average when applied to forecasting a time series >

F R Johnston et al.

Journal of the Operational Research Society

Published online: 21 Dec 2017

View more

Information for

Authors

R&D professionals

Editors

Librarians

Societies

Opportunities

Reprints and e-prints

Advertising solutions

Accelerated publication

Corporate access solutions

Open access

Overview

Open journals

Open Select

Dove Medical Press

F1000Research

Help and information

Help and contact

Newsroom

All journals

Books

Keep up to date

Register to receive personalised research and resources by email



Sign me up











Accessibility



Copyright © 2025 Informa UK Limited Privacy policy Cookies Terms & conditions



Registered in England & Wales No. 01072954 5 Howick Place | London | SW1P 1WG