

Einladung zu einem Vortrag in der

AG STOCHASTIK

am Dienstag, 13.01.2026, um 15.45 Uhr.

Prof. Dr. Martin Herdegen

Universität Stuttgart

spricht über das Thema

The Interplay between Utility and Risk in Portfolio Selection

We revisit the problem of portfolio selection, where an investor maximizes utility subject to a risk constraint. Our framework is very general and accommodates a wide range of utility and risk functionals, including non-concave utilities such as S-shaped utilities from prospect theory and non-convex risk measures such as Value at Risk.

Our main contribution is a novel and complete characterization of well-posedness for utility-risk portfolio selection in one period that takes the interplay between the utility and the risk objectives fully into account. We show that under mild regularity conditions the minimal necessary and sufficient condition for well-posedness is given by a very simple either-or criterion: either the utility functional or the risk functional need to satisfy the axiom of sensitivity to large losses. This allows to easily describe well-posedness or ill-posedness for many utility/risk pairs, which we illustrate by a large number of examples. The talk is based on joint work with Leonardo Baggiani and Nazem Khan.

Ort: SR 2.059 (Geb. 20.30)

Die Dozentinnen und Dozenten der Stochastik