

**The University of Chicago**

Department of Statistics

**Seminar**

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**“Optimal Investment with Random Endowments in Incomplete Markets”**

**Monday, October 28, 2002 at 4:00 PM**  
**133 Eckhart Hall, 5734 S. University Avenue**

**ABSTRACT**

I am going to present the results of a very recent joint paper with Julien Hugonnier on the problem of expected utility maximization for an agent who, in addition to an initial capital, receives random endowments at maturity. Contrary to what was done in previous studies we treat as the variables of the optimization problem not only the agent's initial capital but also the number of units of the random endowments. We show that this approach leads to a dual problem, which solution is always attained in the space of random variables. In particular, this technique does not require the use of finitely additive measures and the related assumption that the endowments are bounded.