

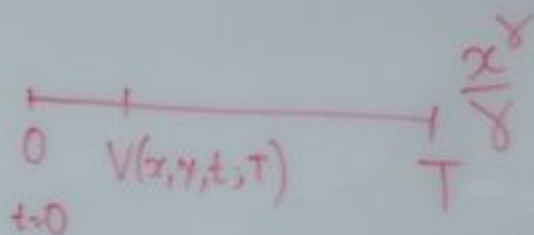
Forward performance process.

* the classical expected utility \in FIP.

Utility



• Model risk.



$$V(x, \gamma, t, T) = \frac{x^\gamma}{\gamma} \left(\mathbb{E}_Q \left[e^{-\int_t^T \lambda(\gamma_s) ds} \mid \gamma_t = \gamma \right] \right)^\gamma$$

$$dV(x, \gamma, t, T) = \mu(\gamma) S_t ds + \sigma(\gamma) \gamma dW_t$$
$$dV(x, \gamma, t, T) = a(\gamma) dt + b(\gamma) d\tilde{W}_t$$

Forward performance process.

* the classical expected utility \in FIP.

Motivation

• Model risk.

