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Youngna Choi and **Michael A. Jones*** (jonesm@mail.montclair.edu), Department of Mathematical Sciences, Montclair State University, Montclair, NJ 07043. *Portfolio Selection as a Nash Bargaining Game.*

Portfolio selection and bargaining problems are structurally similar, requiring the selection of a point from a convex set. By transforming the convex set associated with the portfolio selection problem, portfolio selection is viewed as a bargaining problem between a player who desires to maximize mean return and another player who desires to minimize variance. This highlights the trade-off between mean and variance that occurs in the solution to the portfolio selection problem. The necessary conditions for the market portfolio from the Capital Asset Pricing model to be the Nash and Kalai-Smorodinsky bargaining solutions are determined. As such, we determine how bargaining power is split between the mean and variance players for the market portfolio. (Received September 26, 2006)