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Maxim Bichuch and **Stephan Sturm*** (ss Sturm@wpi.edu), Worcester Polytechnic Institut,
Department of Mathematical Sciences, 100 Institute Road, Worcester, MA 01609. *Optimal
Incentives for Delegated Portfolio Optimization.*

We study the problem of an investor who hires a fund manager to manage his wealth. The latter is paid by an incentive scheme based on the performance of the fund. Manager and investor have different risk aversions; the manager may invest in a financial market to form a portfolio optimal for his expected utility whereas the investor is free to choose the incentives – taking only into account that the manager is paid enough to accept the managing contract. We discuss the problem of existence of optimal incentives in general semimartingale models and give an assertive answer for some classes of incentive schemes. (Received September 16, 2012)