

# Dynamic Asset Allocation with Jump-Risk

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**Abstract:** The portfolio problem of dynamic asset allocation for bond-cash-stock mix is considered in the incomplete market where the spot interest rate and stock are stochastic in jump-diffusion market using dynamic programming approach. We find a form solution for the optimal strategy and analyze finally the relations between optimal choices and risk-aversion  $\gamma$ , Jump-intensity  $\lambda$  and investment horizon  $T$  in numerical method.

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