Corrigendum

Corrigendum to “Portfolio Theory for α -Symmetric and Pseudoisotropic Distributions: k -Fund Separation and the CAPM”

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In the article titled “Portfolio Theory for α -Symmetric and Pseudoisotropic Distributions: k -Fund Separation and the CAPM,” [1] the rescaling intended to simplify the derivation in the section titled “7. When Do We Have a Capital Asset Pricing Model?” resulted in an elementary error. The error was unnoticed because Proposition 14 and Theorem 15 remained mathematically correct; but, having been scaled by dispersion rather than price, the symbol β ended up not being the vector of CAPM *betas*.

To correct this, the text “ β^T ” should be deleted from the sentence “Formal differentiation yields $\nabla b(\mathbf{0}) = \nabla \zeta(\xi^*) =: \beta^T$ ” in section “7. When Do We Have a Capital Asset Pricing Model?”

At the end of Proposition 14, the excess returns should be written $\mu = (\xi^{*T} \mu / \xi^{*T} \mathbf{1}) \beta$ for some $\beta \in S$.

Assuming the common scaling to unit price $\xi^{*T} \mathbf{1} = 1$, (21) shall read

$$\beta = \frac{\Sigma(\Sigma^T \xi^*)^{<\alpha-1>}}{\|\Sigma^T \xi^*\|_\alpha^\alpha}. \quad (21)$$

Also, following [37, 38] at the end of the section, the wording is imprecise on the scale itself versus its power, the so-called covariation norm. The reader can disregard the sentence starting with “Their approach.” A more thorough treatment on this connection is given in [2].

References

- [1] N. C. Framstad, “Portfolio theory for α -symmetric and pseudoisotropic distributions: k -fund separation and the CAPM,”

Journal of Probability and Statistics, vol. 2015, Article ID 235452, 11 pages, 2015.

- [2] N. C. Framstad, “Spectrally negative stable vectors, their covariations on the positive orthant, and the Capital Asset Pricing Model,” in *Proceedings of the Southern Africa Mathematical Sciences Association (SAMSA '16)*, F. Nyabadza, S. Motsa, S. Mukwembi, and M. Chapwanya, Eds., pp. 45–57, August 2017, <http://samsa-math.org/home-2/publications/samsa-proceedings/proceedings2016/>.

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