Maximum Entropy Risk Model in Financial Management

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In the present communication we discuss a deterministic model due to *Markowitz who gave the concept of mean variance efficient frontier to find all efficient portfolios that maximize the expected returns and minimize the variance. Risk aversion index and Pareto-optimal sharing of risk sharing are explained. Some measures of portfolio analysis based on entropy mean-variance frontier and maximum entropy model in risk sharing are proposed and studied.*

Key Words**:** Risk- prone, risk-averse, hyper plane, Pareto- optimal   sharing, maximum
 entropy principle