

MIU, Lisandra, *DIFFERENT APPROACHES FOR A LINEAR MODEL FOR FINANCIAL PORTFOLIO OPTIMIZATION*

Abstract: This paper tries to present a linear model for financial portfolio in different type of approaches and to decide which approach is closer to reality. The first approach I propose is to consider that all variables are of continuous type. The second one considers an integer linear program. The third approach uses a special class of combinatorial optimization. For each type of approach I give a possible way to find an optimal solution. Finally, I give two examples of financial portfolio and the forms of optimization model for all proposed approaches.

Keywords: linear programming, integer linear programming, percentage optimization, financial portfolio