Dynamic Trading with Predictable Returns and Transaction Costs: Corrigendum

Equation (A15) in the appendix should be replaced

$$A_{xx} = \bar{\Lambda}^{\frac{1}{2}} \left(\bar{\rho}\gamma\bar{\Lambda}^{-\frac{1}{2}}\Sigma\bar{\Lambda}^{-\frac{1}{2}} + \frac{1}{4}(\rho I + \gamma\bar{\Lambda}^{-\frac{1}{2}}\Sigma\bar{\Lambda}^{-\frac{1}{2}})^2 \right)^{\frac{1}{2}} \bar{\Lambda}^{\frac{1}{2}} - \frac{1}{2}(\rho\bar{\Lambda} + \gamma\Sigma) \qquad \text{(A15*)}$$

which follows from (A14). This expression equals (A15) when Σ and Λ commute (e.g., in the main case in the paper, Assumption 1), but otherwise not.