

**Dynamic Trading with Predictable Returns and Transaction Costs:  
Corrigendum**

Equation (A15) in the appendix should be replaced

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

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