

****An Instruction to Use the Model Simulation Files****

This is a readme file of simulation of various models of ambiguity aversion used in Ahn, D., S. Choi, D. Gale, and S. Kariv, “Estimating Ambiguity Aversion in a Portfolio Choice Experiment.”

A version R2009a of the Matlab software is used in coding the simulation programs.

The directory “ACGK_Simulation” contains three sub-directories, named “AlphaMEU”, “RDU” and “REU”, each of which contain the Matlab files related to the simulation in one of the three models of ambiguity aversion: α -MEU model (AlphaMEU), Rank-dependent utility model (RDU), and recursive expected utility model (REU) as reported in the appendices.

Each model directory contains several m-files.

The Simulation.m file is a file executing the simulation of each model. As an outcome of the execution, the m file returns two diagrams of simulated demands one-by-one (one needs to press ENTER button and get the next diagram).

The rest of files in each directory are related to the computation of optimal demands in a given set of parameter values. The demand.m file returns the optimal demand in given parameter values (also used in the estimation program). The other files support the computation of optimal demand in the demand.m file. The details of computing optimal demands in each model are given in the appendices.

In order to run the simulation, simply open and run an Simulation.m file.