

## Takeover prices and Portfolio Theory

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### ABSTRACT

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Takeover operations can have significant repercussions on Portfolio selection as the concentration of shares necessary for the former is in contrast with the diversification implied by the latter. The models which have so far dealt with takeovers have been based on Cooperative Games theory (more specifically on power indices) integrated with the classical models of Portfolio Theory. There was still a need to perfect a model to forecast the price curve, for use as a benchmark to establish a TOB (takeover bid). This paper tackles the problem by means of a non-cooperative approach. The proposed model also makes it possible to consider takeover and portfolio theories from a single viewpoint.

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