Errata for Malcolm Kemp's *ExtremeEvents: Robust Portfolio Construction in the Presence of Fat Tails*, published by Wileys

In paragraph (a) on page 34, after the words "then the Central Limit Theorem implies that over this short time interval the return should be approximately Normal" there should be a footnote saying:

"To be more precise, we are here envisaging a situation where we have, say, n 'similar' contributory factors (each with finite variance) and as $n \to \infty$ we give less and less weight to each individual factor but have more and more of them. If instead the contributory factors become more and more non-Normal as $n \to \infty$ (i.e. do not stay 'similar' as $n \to \infty$) then the CLT may break down, see Kemp (2010)."

A counter-example, if the distributional form of the individual factors changes as n increases, which is what "Kemp (2010)" here refers, to is given in Extreme Events Errata (1).

On page 171 Equation 5.25 should read:

$$\Rightarrow \mathbf{r} - 2\lambda\mathbf{V}(\mathbf{x} - \mathbf{b}) + L.\mathbf{1} = 0 \;\Rightarrow \mathbf{r} = 2\lambda\mathbf{V}(\mathbf{x} - \mathbf{b}) - L.\mathbf{1}$$

And Equation 5.26 should read:
On page 171 Equation 5.25 should read:

$$\Rightarrow \mathbf{x} = \mathbf{b} + \frac{1}{2\lambda}\mathbf{V}^{-1}\mathbf{r}$$