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Stability of the Indirect Utility Process

We investigate the dynamic stability of the indirect utility process associated with a (possibly suboptimal) trading strategy under perturbations of the market. Establishing biconjugacy characterizations first, we prove continuity and first-order convergence of the indirect-utility process under simultaneous perturbations of the finite variation and martingale parts of the stock price return. We discuss the relation to forward performance process (FPP), and therefore the results of this paper provide an approach for the stability analysis of the FPPs under perturbations of the market.