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The Price of Information

When an investor is faced with the option to purchase additional information regarding an asset price, how much should she pay? To address this question, we solve for the indifference price of information in a setting where a trader maximizes her expected utility of terminal wealth over a finite time horizon. If she does not purchase the information, then she solves a partial information stochastic control problem, while, if she does purchase the information, then she pays a cost and receives partial information about the asset's trajectory. We further demonstrate that when the investor can purchase the information at any stopping time prior to the end of the trading horizon, she chooses to do so at deterministic time(s).