**Table 2**

Suppose U(W) = ln(W). Then, we can calculate the expected utility of wealth as follows:

Starting wealth

E[U(W)] = E[ln(W)]

= ln(100) = 4.60517

One period

E[U(W)] = E[ln(W)] = ΣProb x ln(W)

= ½ ln(133.33) + ½ ln(75) = 4.60517

Two periods

E[U(W)] = E[ln(W)] = ΣProb x ln(W)

= ¼ ln(177.78) + ¼ ln(100) + ¼ ln(100) + ¼ ln(56.25) = 4.60517

Three periods

E[U(W)] = E[ln(W)] = ΣProb x ln(W)

= 1/8 ln(237.04) + 1/8 ln(133.33) + ……. + 1/8 ln(42.19) = 4.60517