$h(X)$ $\quad X \longrightarrow$ pdf $\quad p(x)$

$$E[h(X)] = \int_{-\infty}^{\infty} h(x)\, p(x)\, dx$$

$E[h(X)]$: $h(x)$ payoff; $p(x)$: $\tilde{p}$

$$dS = \mu S\,dt + \sigma S\,dW$$

$$\delta S = S_{i+1} - S_i$$

$$S_{i+1} = S_i\left(1 + r\delta t + \sigma\phi\sqrt{\delta t}\right)$$

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Call $\max[A - E, 0]$

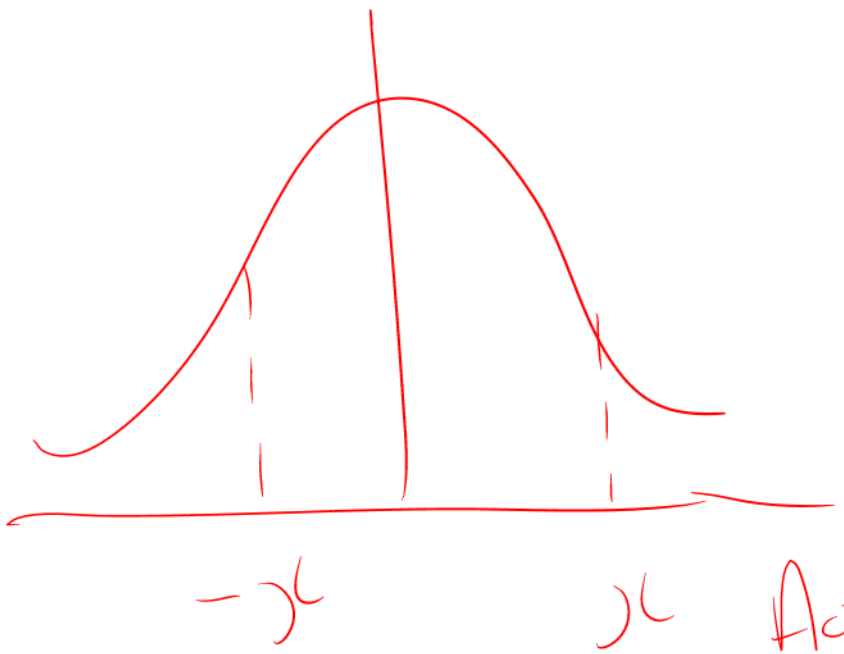
A: fixed strike

S_T

$\max[S_T - A, 0]$

A: floating strike

$$\xi = \frac{\sigma}{\sqrt{N}}$$



Random No. 1 $x \longrightarrow C_1$

Random No. 2 $-x \longrightarrow C_2$

Actual $V = \frac{C_1 + C_2}{2}$