Financial Engineering Exam

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F20

Bonds and the Value of Money Through Time

Portfolio Allocation and Risk Measures

The Multi-Step Binomial Model

The First Fundamental Theorem of Asset Pricing

Pricing in the Binomial Model

Bonds and the Value of Money Through Time
Bonds
Value of Money Through Time
Interest Rate
Types of Bonds

Portfolio Allocation and Risk Measures

The Multi-Step Binomial Model

The First Fundamental Theorem of Asset Pricing

Pricing in the Binomial Model



Bonds and the Value of Money Through Time Bonds

Here is some text.

Bonds and the Value of Money Through Time

Portfolio Allocation and Risk Measures
Portfolio
Risk Measures
Coherent Risk Measures

The Multi-Step Binomial Model

The First Fundamental Theorem of Asset Pricing

Pricing in the Binomial Model



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Model Setup

Market Information

Market information

Absence of Arbitrage

Risk-Neutral Measure

The First Fundamental Theorem of Asset Pricing

Pricing in the Binomial Model



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The First Fundamental Theorem of Asset Pricing

The Theorem

Explaining the Hypothesis

Risk-Neutral and Martingale Measures

Pricing in the Binomial Mode



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Pricing in the Binomial Model

Methodology for Pricing

Define a model for the prices
Indicate a set of information

Check for arbitrage opportunities

Dynamics in the risk-neutral world

Pricing a Call Option

Price function for simple derivatives

Conoral Price of a Call option in the Pinamial Model

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