Financial Engineering
Exam

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S20

Table of Contents

Table of Contents

Theorem (Monotone Convergence Thereom)

If (f_n) is a monotone increasing sequence of functions in $M^+(X, m)$ which converges to f, then

$$\int f \, d\mu = \lim \int f_n \, d\mu. \qquad (1.1)$$

The strategy of the proof is to first show that

$$\lim \int f_n \, d\mu \leq \int f \, d\mu, \tag{1.2}$$

then afterwards to show that also

$$\lim \int f_n \, d\mu \geq \int f \, d\mu, \tag{1.3}$$

in order to conclude that

$$\lim \int f_n \, d\mu = \int f \, d\mu \tag{1.4}$$

According to Corollary 2.10

Corollary (2.10)

If (f_n) is a sequence in $M(X, m)$ which converges to f on X, the f is in $M(X, m)$.

the function f is measurable.

Lebesgue integration theory

Proof of Monotone Convergence Theorem

From Lemma 4.5(1.)

Lemma

1. If f and g belong to $M^+(X, m)$ and $f \leq g$, then

$$\int f \, d\mu \leq \int g \, d\mu. \qquad (1.5)$$

2. If f belongs to $M^+(X, m)$, if E, F belong to m, and if $E \subseteq F$, then

$$\int_E f \, d\mu \leq \int_F f \, d\mu. \qquad (1.6)$$

we have that

$$\int f_n \, d\mu \leq \int f_{n+1} \, d\mu \leq \int f \, d\mu, \quad \forall \, n \in \mathbb{N}. \qquad (1.7)$$

Therefore we must also have that

$$\lim \int f_n \, d\mu \le \int f \, d\mu. \tag{1.8}$$

So this was the first step of our strategy, now we proceed to the second step.

Let $\alpha \in \mathbb{R}$ be such that $0 < \alpha < 1$ and let φ be a simple measurable function such that $0 \leq \varphi \leq f$.
Let

$$A_n = \{x \in X \,:\, f_n(x) \geq \alpha\varphi(x)\}, \qquad (1.9)$$

such that

1. $A_n \in m$
2. $A_n \subseteq A_{n+1}$
3. $X = \bigcup A_n$

Lebesgue integration theory

Proof of Monotone Convergence Theorem

According to Lemma 4.5

Lemma

1. If f and g belong to $M^+(X, m)$ and $f \leq g$, then

$$\int f \, d\mu \leq \int g \, d\mu. \qquad (1.10)$$

2. If f belongs to $M^+(X, m)$, if E, F belong to m, and if $E \subseteq F$, then

$$\int_E f \, d\mu \leq \int_F f \, d\mu. \qquad (1.11)$$

it must be that

$$\int_{A_n} \alpha\varphi \, d\mu \leq \int_{A_n} f_n \, d\mu \leq \int f_n \, d\mu. \qquad (1.12)$$

Lebesgue integration theory

Proof of Monotone Convergence Theorem

Since the sequence A is monotone increasing and has union X, it follows from Lemma 4.3(2.) and Lemma 3.4(1.),

Lemma (4.3)

1. If φ and ψ are simple functions in $M^+(X, m)$ and $c \geq 0$, then

$$\int c\varphi \, d\mu = c \int \varphi \, d\mu,$$

$$(1.13)$$

$$\int (\varphi + \psi) \, d\mu = \int \varphi \, d\mu + \int \psi \, d\mu.$$

$$(1.14)$$

2. If λ is defined for E in m by

$$\lambda(E) = \int \varphi\chi_E \, d\mu, \quad (1.15)$$

then λ is a measure on m.

Lemma (3.4)

Let μ be a measure defined on a σ-algebra m.

1. If (E_n) is an increasing sequence in m, then

$$\mu \left(\bigcup_{n=1}^{\infty} E_n \right) = \lim \mu (E_n).$$

$$(1.16)$$

2. If (F_n) is a decreasing sequence in m and if $\mu (F_1) < +\infty$, then

$$\mu \left(\bigcap_{n=1}^{\infty} F_n \right) = \lim \mu (F_n).$$

$$(1.17)$$

Proof of Monotone Convergence Theorem

that

$$\int \varphi \, d\mu = \lim \int_{A_n} \varphi \, d\mu. \tag{1.18}$$

Taking the limit as n tends to infinity in (1.12) therefore gives that

$$\alpha \int \varphi \, d\mu \le \lim \int f_n \, d\mu. \tag{1.19}$$

Since this holds for all $0 < \alpha < 1$, by taking the limit as α tends to 1 we obtain

$$\int \varphi \, d\mu \le \lim \int f_n \, d\mu. \tag{1.20}$$

As φ is any simple function in M^+ such that $0 \leq \varphi \leq f$, we can conclude that

$$\int f \, d\mu = \sup_{\varphi} \int \varphi \, d\mu \leq \lim \int f_n \, d\mu, \qquad (1.21)$$

which concludes the proof. $\qquad\qquad\qquad\qquad\qquad\qquad\qquad\square$

Table of Contents

L^p spaces

Proof of Monotone Convergence Theorem

Table of Contents

Decomposition of measures

Proof of Monotone Convergence Theorem

Table of Contents

Generation of measures and product measures

Proof of Monotone Convergence Theorem

Table of Contents

Approximation by nice functions

Proof of Monotone Convergence Theorem

Table of Contents

Fourier transform

Proof of Monotone Convergence Theorem