Financial Mathematics

MATH 5870/6870¹ Fall 2021

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¹Based on Robert L. McDonald's *Derivatives Markets*. 3rd Ed. Pearson. 2013.

Chapter 20. Brownian Motion and Ito Lemma

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- § 20.1 The Black-Scholes assumption about stock prices
- § 20.2 Brownian motion
- § 20.3 Geometric Brownian motion
- § 20.4 The Ito formula
- § 20.5 The Sharpe ratio
- § 20.6 Risk-neutral valuation
- § 20.7 Problems

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