Notation. Assu	imptions. Conventions.	
Assumptions.	· There is a single prevailing interest rate:	
	· the same for borrowing and lending	
	· the same for everyone	
	· deterministic and constant	
	. There is an infinite line of credit	
	· Money is continuously valued.	
	100 e 0.02.2 = 100 e 0.04	
Note: Borrowi	ing & Lending via savings accounts, loans lare all RISKLESS INVESTME	oond
	are au RISKLESS INVESTME	NG.
Risklen Asset	governed by a fixed, deterministic	
	carfir usually denoted by r	
Risky Agest:	116 assume that shares of	stork
	We assume that shares of are continuously value e.g., 11	d,
	1 1 1 1 8hare	
	We assume that shares of are continuously value e.g., 11/13 share or e-0.04 share	re
o.t.	urus < dividend prito	
Kett	stock appreciation	
	NO DIVIDENDS (This Class?)	
Dúr	dends YES DIVIDENDS DISCRETE	
	CONTINUOUS	