

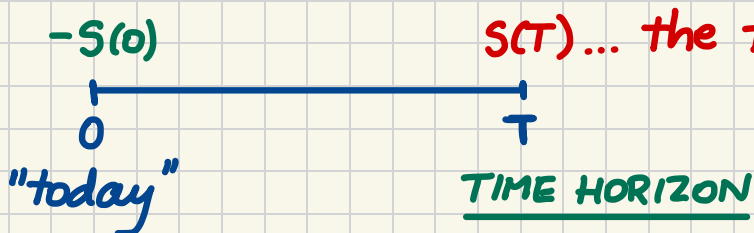
M339D: January 30<sup>th</sup>, 2026.

## A Pair of Basic Trades.

### Overnight Purchase of One Share of Stock.

$S(t), t \geq 0$  ... stock price

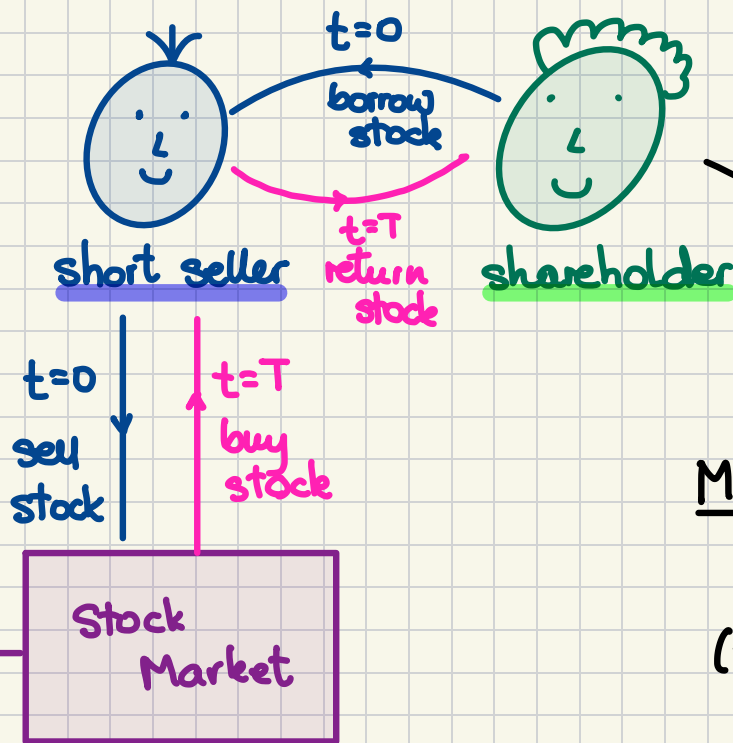
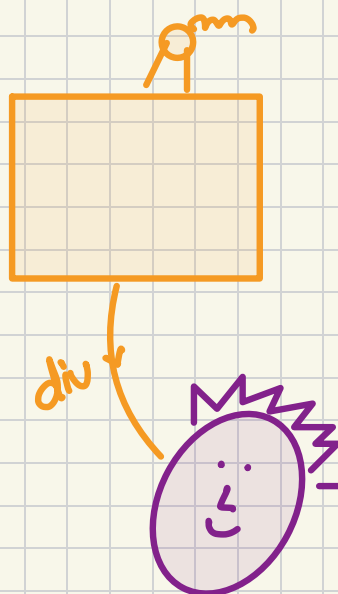
RANDOM PROCESS aka  
STOCHASTIC PROCESS



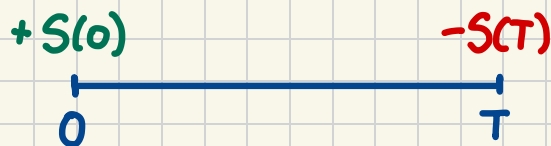
RANDOM VARIABLE

### Short Sale.

T... short sale  
closed



Margin Account  
alleviates  
CREDIT RISK  
(mostly due to  
using stock  
prices)



## On Portfolios.

Time	Cash	Stock
0	+	+ <del>#</del>
1	+	- <del>#</del>
2	-	
⋮	⋮	⋮