

Day 1 Session 2 Binomial Model (Adnan)

Option pricing has become accessible to a wide range of non-technical audiences due to this beautifully simple technique. Consequently, Master in Finance; MBA and CFA students can price contingent claims in a straight forward fashion. The principles of delta hedging and no-arbitrage are covered. Both single and multi-time period models are considered to price plain vanillas.

Day 2 Session 2 Risk and Reward (Adnan)

The session centres on the importance of diversification, i.e. “don’t put all your eggs in one basket”. Techniques from calculus and linear algebra are employed to study classical portfolio theory of Markowitz as well as CAPM. Risk and reward are studied in the context of risk management, which in recent years has enjoyed much advances.