

# Contents

Preface . . . . .	3
Notations . . . . .	5
Notations for one-period financial markets (Sections 1 and 2)	7
Notations for the Black-Scholes model with discussion (Section 3) . . . . .	11
Notations for the Vasicek model with discussion (Section 4)	21
Section 1: No-arbitrage pricing in one-period financial markets . . . . .	27
Section 2: Optimal mean-variance strategies . . . . .	73
Section 3: Market risk in continuous time (the Black–Scholes model) . . . . .	123
Section 4: Interest rate risk in continuous time (the Vasicek model) . . . . .	147