

MACF 301

Introduction to Quantitative Finance
Fall 2024

Instructor: Dr. Y. Lu, Office: LB 921-21 (SGW), Phone: (514) 848-2424, Ext. 2948
Email: yang.lu@concordia.ca

Office Hours: Tuesdays & Thursdays, 12:00-13:00 and 15:00-17:00.

Class Schedule: Tuesdays and Thursdays, 13:15-14:30.
Note: There will be a mid-term break from October 15 to October 20.

Optional References: *Derivatives Markets* (Third Edition), 2013, by McDonald, R.L., Pearson Education.
Corporate Finance (Fourth Edition), 2017, by Berk, J. and DeMarzo, P., Pearson.
SOA Study Note: [IFM-22-18](#): Actuarial Applications of Options and Other Financial Derivatives

Outline: This course is an introduction to several topics related to quantitative finance:

- **Financial derivatives:** derivatives specification and cash flows, static no-arbitrage relationships, futures contract.
- **Binomial option pricing models:** risk-neutral pricing, replicating portfolio.
- **Black-Scholes option pricing model:** lognormal model, Black-Scholes formula, historical volatility.
- **Derivatives risk management:** Greeks, hedging.
- **Mean-variance portfolio theory:** mean-variance setting, efficient frontier, capital market line.
- **Asset pricing models:** CAPM, factor models.
- **Investment Risks:** risk measures.

Evaluation: The course mark will be determined by a mid-term exam (30%), a final exam (50%), and assignments (20%). The mid-term exam will be held before the mid-term break, on **Thursday, October 10**.

NOTE: It is the Department's policy that tests missed for any reason, **including illness**, cannot be made up. If you missed the midterm because of illness (to be confirmed by a **valid medical note**), the final exam can count for 80% of your final grade and 20% will be contributed by the assignments.

If the grading scheme for this course includes graded assignments, a reasonable and representative subset of each assignment may be graded. Students will not be told in advance which subset of the assigned problems will be marked and should therefore attempt all assigned problems.

CIA Accreditation: This course is accredited by the Canadian Institute of Actuaries (CIA) under the University Accreditation Program (UAP).

In addition to the university's internal policies on conduct, including academic misconduct, candidates pursuing credits for writing professional examinations shall also be subject to the [Code of Conduct and Ethics for Candidates in the CIA Education System](#) and the associated [Policy on Conduct and Ethics for Candidates in the CIA Education System](#). For more information, please visit [Obtaining UAP Credits](#) and the [CIA FAQ](#).

Academic Integrity and the Academic Code of Conduct

This course is governed by Concordia University's policies on Academic Integrity and the Academic Code of Conduct as set forth in the Undergraduate Calendar and the Graduate Calendar. Students are expected to familiarize themselves with these policies and conduct themselves accordingly. "Concordia University has several resources available to students to better understand and uphold academic integrity. Concordia's website on academic integrity can be found at the following address, which also includes links to each Faculty and the School of Graduate Studies: <https://www.concordia.ca/conduct/academic-integrity.html>" [*Undergraduate Calendar, Sec 17.10.2*]

Behaviour

All individuals participating in courses are expected to be professional and constructive throughout the course, including in their communications.

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Extraordinary circumstances

In the event of extraordinary circumstances and pursuant to the [Academic Regulations](#) the University may modify the delivery, content, structure, forum, location and/or evaluation scheme. In the event of such extraordinary circumstances, students will be informed of the change.