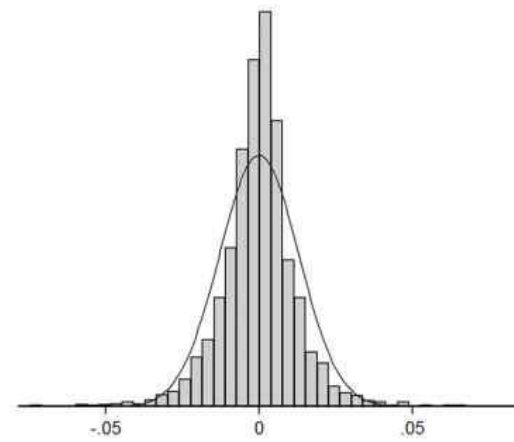
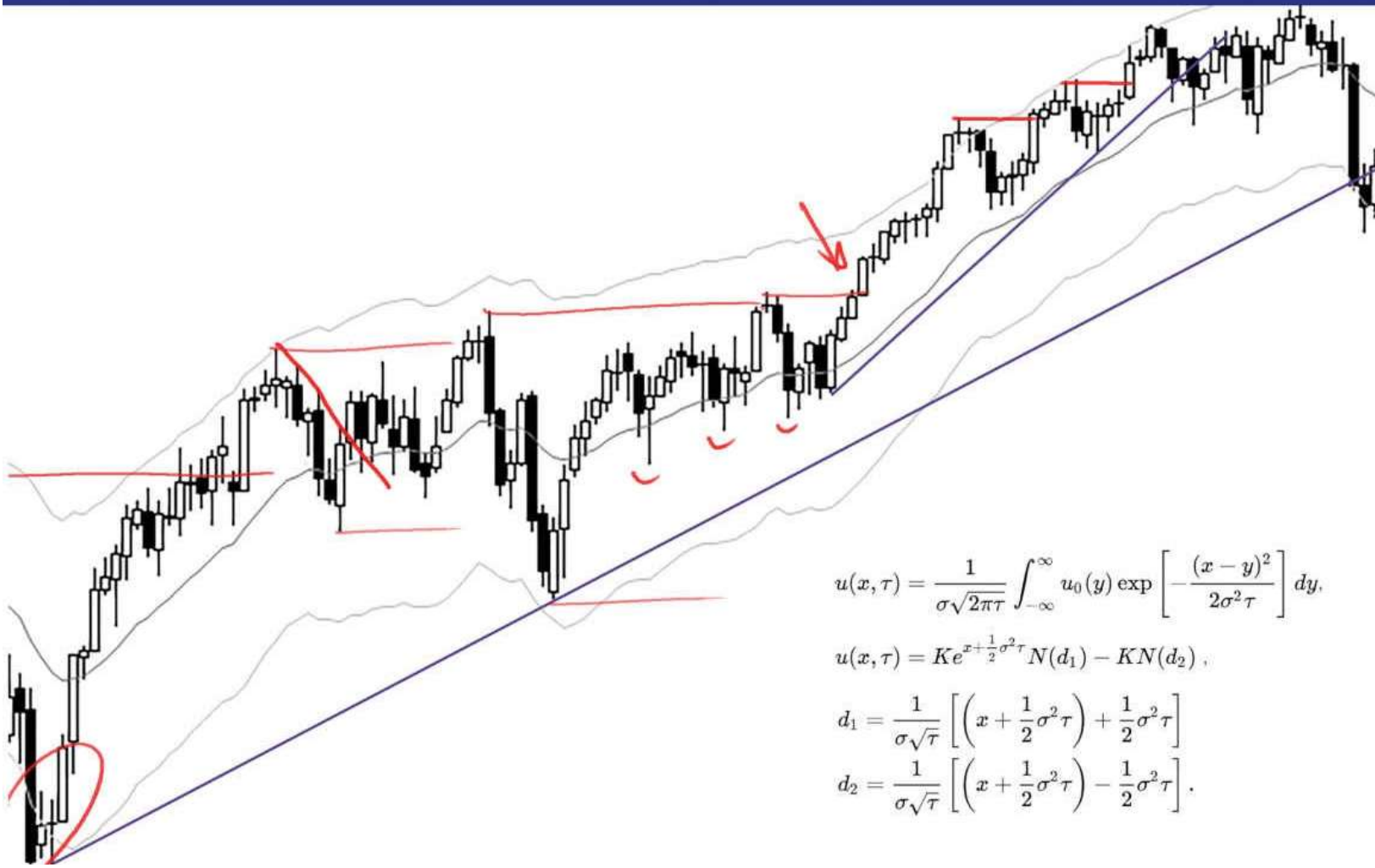


Adam Grimes



The Art & Science of Trading

Course Workbook
Detailed Examples & Further Reading



$$u(x, \tau) = \frac{1}{\sigma\sqrt{2\pi\tau}} \int_{-\infty}^{\infty} u_0(y) \exp\left[-\frac{(x-y)^2}{2\sigma^2\tau}\right] dy,$$

$$u(x, \tau) = Ke^{x + \frac{1}{2}\sigma^2\tau} N(d_1) - KN(d_2),$$

$$d_1 = \frac{1}{\sigma\sqrt{\tau}} \left[\left(x + \frac{1}{2}\sigma^2\tau \right) + \frac{1}{2}\sigma^2\tau \right]$$

$$d_2 = \frac{1}{\sigma\sqrt{\tau}} \left[\left(x + \frac{1}{2}\sigma^2\tau \right) - \frac{1}{2}\sigma^2\tau \right].$$

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