1 List of misprints in the Compendium

Updated: October 3, 2017

Chapter 2

Page 63 2.3.3 Is: The strangle is a strategy where one buy a long call and a long put on the same strike K,
Should be: The straddle is a strategy where one buy a long call and a long put on the same strike K,

Page 72 Exercise 2.8 Is Should be
\[ \sum_{i=0}^{n} \sum_{i=1}^{n} \]

1.1 Chapter 4

Page 90
Is Should be
\[ E[S_{k+1}|S_k] \geq S_k \text{ (super-MG)} \]
\[ E[S_{k+1}|S_k] \leq S_k \text{ (sub-MG)} \]

Chapter 12

Page 276
Is Should be
\[ \int_{-\infty}^{\infty} e^{(t \sigma^2)/2} e^{-(x-\sigma t)^2/(2\sigma^2)} dx \]
\[ \int_{-\infty}^{\infty} e^{(t \sigma^2)/2} e^{-(x-\sigma t)^2/(2\sigma^2)} dx \]

Chapter 13

Page 282. The answer to exercise 6.4 should be given by

\[ \Pi_a(t) = \frac{1}{S_t} \exp\{ (\sigma^2 - 2r)\tau \} \]
\[ \Pi_b(t) = S_t^2 e^{rt+\sigma^2\tau} N(z_0 + 2\sigma \sqrt{\tau}) - 2K S_t N(z_0 + \sigma \sqrt{\tau}) + K^2 e^{-r\tau} - \frac{4K}{\sigma \sqrt{\tau}} \]
\[ \Pi_c(t) = S_t e^{rt+\sigma^2\tau} \]
\[ z_0 = \frac{\ln(S_t/K) + (r - \frac{\sigma^2}{2})\tau}{\sigma \sqrt{\tau}} \]
\[ \Delta_a(t) = -\frac{1}{S_t^2} \exp\{ (\sigma^2 - 2r)\tau \} \]
\[ \Delta_b(t) = 2S_t e^{rt+\sigma^2\tau} N(z_0 + 2\sigma \sqrt{\tau}) - 2KN(z_0 + \sigma \sqrt{\tau}) \]
\[ \Delta_c(t) = \frac{S_t e^{rt+\sigma^2\tau}}{2K} \]