FIN 533
Test 4 equations

$$V_0 = \sum_{t=1}^{N} \frac{D_t}{(1+k)^t} + \frac{V_N}{(1+k)^N} \qquad V_0 = \frac{D_0(1+g)}{(k-g)} = \frac{D_1}{(k-g)} \qquad V_N = \frac{D_{N+1}}{(k-g)}$$

$$P_0 = \frac{E_1}{k} + PVGO \qquad g = ROE_1(b) \qquad k = k_{rf} + \beta(k_M - k_{rf})$$

$$\frac{P}{E_0} = \frac{payout\ ratio\,(1+g)}{k-g} \qquad \frac{P}{E_1} = \frac{1-b}{k-ROE(b)} = \frac{payout\ ratio}{k-g} \qquad PEG = \frac{PE}{g}$$

$$HPR = \frac{Cash\ flows + (sell\ price - buy\ price)}{buy\ price} \qquad V_N = \frac{FCFE_{N+1}}{(k-g)}$$

$$C \geq S_0 - PV(X) - PV(D)$$

$$H = \frac{C_u - C_d}{uS_0 - dS_0} \qquad H = \frac{C_{uu} - C_{ud}}{uuS_0 - udS_0} \qquad C_0 = S_0\,N(d_1) - Xe^{-rt}\,N(d_2)$$

$$d_1 = \frac{\ln(S_0 / X) + (r + \frac{\sigma^2}{2})T}{\sigma\sqrt{T}} \qquad d_2 = d_1 - \sigma\sqrt{T}$$

$$P = C + PV(X) - S_0 = C + Xe^{-rT} - S_0 \qquad P = Ke^{-rt}[1 - N(d_2)] - S_0[1 - N(d_1)]$$

$$Delta = \frac{change\ in\ option\ value}{change\ in\ value\ of\ stock} \qquad \frac{(F_0 + D) - S_0}{S_0} = r_f$$