

Math 384: Mathematical Theory of Interest

Fall 2006

[Outline](#)

[Schedule](#)

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Instructor

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206 Jeffery Hall

Office Hours: M 2:30-3:30, W 1:30-2:30

Objectives

To cover the Theory of Interest part of Society of Actuaries' Exam FM. Topics will include Interest Rate Measurement, Annuities, Loan repayment, Bond valuation, Measuring rate of return of an investment, Term structure of interest rates, Duration and Immunization, Stock valuation, short sales, fixed income securities.

Required text

*Mathematics of
Investment and Credit*

Samuel A. Broverman, Third Edition, ACTEX Publications. ISBN 1-56698-475-0

Note: We will cover the sections outlined in Option B listed on the [FM website](#).

Preliminary Course Outline

This class will follow a similar outline to previous two years. The schedule for the course can be found [here](#); lecture notes and sample problems can be found [here](#)

Open Book

The exams and tests have been open book. This will continue for the final and the mid-term. However, you will only be allowed a one-page hand written cheat-sheet to each test.

Potential Additional Topics

Depending on time we may touch on additional topics of financial derivatives and the no-arbitrage concept which will be covered by the FM exam starting May 2007.