Business Valuation between Financial Mathematics and Data on Capital Market

• Module content

Based on the decision theory under certainty, this module covers normative decision theory under uncertainty in its manifestations of the expected utility theory and the μ - σ theory.

Structure:

Part 1: Decisions under certainty
  a. Fisher mode
  b. Revealed preferences
  c. Preference relations

Part 2: Decisions under uncertainty: Expected Utility Theory
  a. The basic model
  b. Risk preferences
  c. Intensity of risk aversion
  d. Stochastic dominance
  e. Prospect Theory

Part 3: Decisions under uncertainty: μ − σ principle
  a. Introduction
  b. Relation to expected utility theory
  c. Application in Portfolio Theory & Tobin-Separation
  d. Properties

• Competence description

The students acquire knowledge about how to describe appropriate decision situations and how to solve them based on the learned concepts.

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