

## 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  $\mu$  -  $\sigma$  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:  $\mu \sigma$  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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