Frequently Asked Questions in Quantitative Finance (Wiley Series in Financial Engineering)

Paul Wilmott
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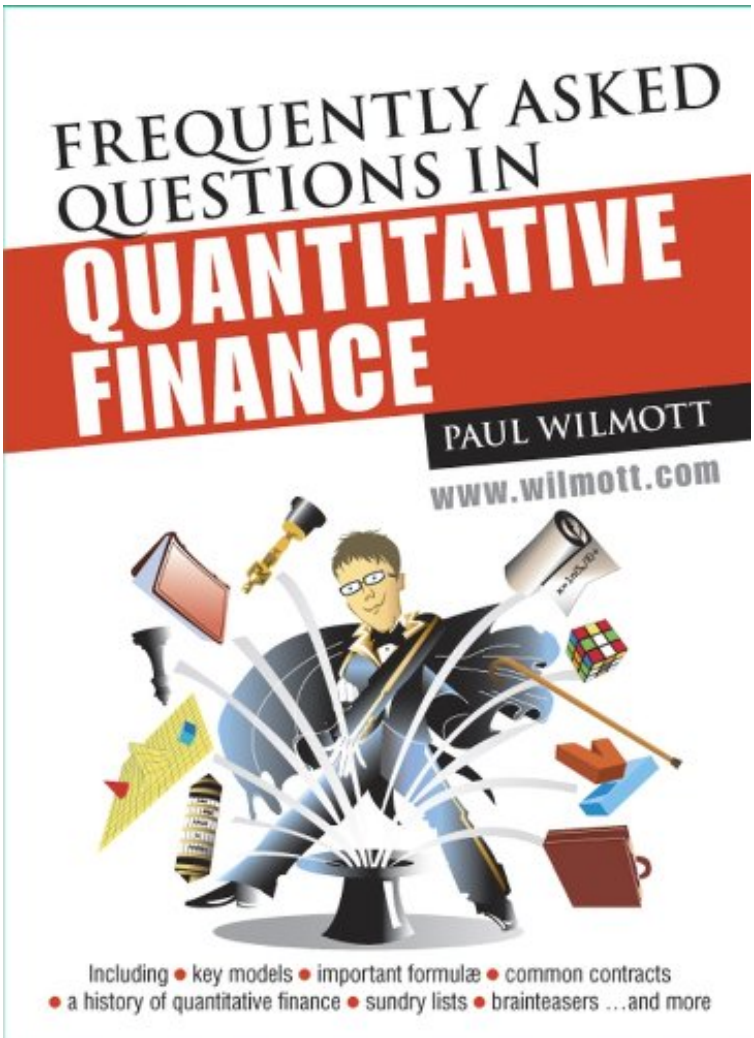

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Paul Wilmott : Frequently Asked Questions in Quantitative Finance (Wiley Series in Financial Engineering) before purchasing it in order to gage whether or not it would be worth my time, and all praised Frequently Asked Questions in Quantitative Finance (Wiley Series in Financial Engineering):

4 of 4 people found the following review helpful. FAQBy Palle E T JorgensenI believe that this book accomplishes its intention: help students and users to get a quick entry into the subjects of use in finance.One first impression that jumped out was the author's (PW) delightful sense of humor. ("Magicians and mathematicians!")PW has taught and practiced this stuff, and it shows.A big part is mathematical finance, and a big part of this is based on certain stochastic differential equations, the Black-Scholes equation for the computation of the value of options.It uses the geometric Brownian motion which is also explained from a practical viewpoint.The book takes both a narrow and a wide

view.Illustration: (i) It offers both short answers and long ones; the latter include mathematical formulae.(ii) For the particular tasks at hand, the author offers an overview of the tools needed, mathematical tools figuring prominently.(iii) List of keywords, with enlightening discussion and answers. Guides to the literature, etc.(vi) There is a list of options and derivatives that are used: Accrual, American, European, Asian, Asset swap, Balloon option, Barrier option, Basket option, Bermuda option, Call and put options, Cap, Cliquet option, and more.The book concludes with a list of tips for folks interviewing in banks and in the financial industry: typical questions! What to say, and what not! Review by Palle Jorgensen, July 2011.0 of 0 people found the following review helpful. This is by far the most useful quant interview book out thereBy M. KovarikA really concise overview of "must know" topics in classical quant finance. This is by far the most usefulquant interview book out there. In addition to a FAQ, it has book recommendations, a list of importantmodels, and brain teasers.33 of 34 people found the following review helpful. Excellent Review of Quantitative Finance TopicsBy Shafik YaghmourI am working through my master's degree in Financial Engineering (quantitative track) and this book is almost bar-none one of the best references I have found. It starts out with a FAQ that covers almost all of the important questions such as:-What are the different types of Mathematics found in Quantitative Finance?-What is CAPM?-What is Maximum Likelihood Estimation?-What is Ito's lemma?-What are the 'greeks'?-How robust is the Black-Scholes model?The answers are short yet at the same time very useful. Each answer has well thought out examples that allow you to get to the core of the topic. At the end of each answer there are references if you want to explore the topic in more detail.The book then has sections on:-Most Popular Probability Distributions and Their Uses in Finance-Ten Different Ways to Derive Black-Scholes-Models and Equations-The Black-Scholes formula and the Greeks-Common Contracts-Popular Quant Books-The Most Popular Search Words and Phrases on [...]-Brainteasers-Paul Dominic's Guide to Getting a Quant JobIt is clearly not a text-book, it covers a lot of ground in a little more than 400 pages but it is a useful reference and if you need a review this will fill the purpose. It is definitely not the place to start your learning for that you will need to check out books such as: Neftci's "Principles of Financial Engineering", Hull's "Options, Futures and Other Derivatives" and Shreve's "Stochastic Calculus for Finance" I and II. Once you have started out this can help you fill in holes and figure out where you need to focus on.

Paul Wilmott writes, "Quantitative finance is the most fascinating and rewarding real-world application of mathematics. It is fascinating because of the speed at which the subject develops, the new products and the new models which we have to understand. And it is rewarding because anyone can make a fundamental breakthrough. "Having worked in this field for many years, I have come to appreciate the importance of getting the right balance between mathematics and intuition. Too little maths and you won't be able to make much progress, too much maths and you'll be held back by technicalities. I imagine, but expect I will never know for certain, that getting the right level of maths is like having the right equipment to climb Mount Everest; too little and you won't make the first base camp, too much and you'll collapse in a heap before the top. "Whenever I write about or teach this subject I also aim to get the right mix of theory and practice. Finance is not a hard science like physics, so you have to accept the limitations of the models. But nor is it a very soft science, so without those models you would be at a disadvantage compared with those better equipped. I believe this adds to the fascination of the subject. "This FAQs book looks at some of the most important aspects of financial engineering, and considers them from both theoretical and practical points of view. I hope that you will see that finance is just as much fun in practice as in theory, and if you are reading this book to help you with your job interviews, good luck! Let me know how you get on!"

From the Back CoverPaul Wilmott writes, ldquo;Quantitative finance is the most fascinating and rewarding real-world application of mathematics. It is fascinating because of the speed at which the subject develops, the new products and the new models which we have to understand. And it is rewarding because anyone can make a fundamental breakthrough. ldquo;Having worked in this field for many years, I have come to appreciate the importance of getting the right balance between mathematics and intuition. Too little maths and you wonrsquo;t be able to make much progress, too much maths and yoursquo;ll be held back by technicalities. I imagine, but expect I will never know for certain, that getting the right level of maths is like having the right equipment to climb Mount Everest; too little and you wonrsquo;t make the first base camp, too much and yoursquo;ll collapse in a heap before the top. ldquo;Whenever I write about or teach this subject I also aim to get the right mix of theory and practice. Finance is not a hard science like physics, so you have to accept the limitations of the models. But nor is it a very soft science, so without those models you would be at a disadvantage compared with those better equipped. I believe this adds to the fascination of the subject. ldquo;This FAQs book looks at some of the most important aspects of financial engineering, and considers them from both theoretical and practical points of view. I hope that you will see that finance is just as much fun in practice as in theory, and if you are reading this book to help you with your job interviews, good luck! Let me know how you get on!rdquo;About the AuthorPaul Wilmott is a researcher, consultant and lecturer in quantitative finance in London, UK. He is founder of Wilmott Associates, a financial consultancy and training firm, from which he publishes Wilmott magazine. The Financial Times called him a ldquo;cult derivatives lecturer.rdquo;nbsp;nbsp; He is one of the

worldrsquo;s leading experts on quantitative finance and derivatives and is renowned for his criticism of popular models and concepts and for his unique, informal writing style.