

# Financial decision making in incomplete markets

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Propositions

accompanying the doctoral dissertation

## **Financial decision making in incomplete markets**

by

Oana Floroiu

1. When modelling a market for infrequently traded assets, one can only specify an interval for the price of an option (Chapter 2).
2. In an incomplete market, there exists an inverse relationship between the option value and the volatility of the underlying asset (Chapter 2).
3. The War Loan implies a slightly upward term structure of interest rates beyond traded maturities (Chapter 3).
4. To maximize procurement value, S&P500 companies contribute to the election campaigns of both the Democratic and the Republican Parties, but they would be equally well-off by just contributing to the Republican Party (Chapter 4).
5. Whether or not there exists a connection between political campaign contributions and government procurements is of economic and social relevance for the society as a whole.
6. Real options valuation should be thought of in a broader context than the complete market.
7. There is a growing need for liquid trading in financial instruments with very long maturity.
8. The financial industry should re-evaluate its habit to develop models only to override them in the end.