Python for Finance

Object Oriented Programming

- Object Oriented Programming

Object Oriented Programming is a programming paradigm that uses objects and classes. It is useful for creating reusable code, and it can also be used to create complex programs. Object Oriented Programming is done using the class keyword. Classes are used to create objects, which are instances of a class. Objects can have attributes and methods. Attributes are variables that belong to an object, and methods are functions that belong to an object.

class Asset: pass

Constructor

A constructor is a special method that is used to initialize an object. It is useful for creating objects with default values. Constructors are done using the <u>__init__</u> method. The <u>__init__</u> method has two arguments: self and args. The self argument is used to refer to the object itself, and the args argument is used to pass arguments to the constructor. The <u>__init__</u> method is called when an object is created.

```
class Asset:
    def __init__(self, name, price):
        self.name = name
        self.price = price
asset = Asset('Bitcoin', 50000)
```

Attributes

Attributes are variables that belong to an object. They are useful for storing information about an object. Attributes can be accessed using the _ operator. Attributes can also be accessed using the getattr function. Attributes can be set using the = operator. Attributes can also be set using the setattr function. Attributes can be deleted using the del operator. Attributes can also be deleted using the delattr function.

```
asset.name # Get attribute
asset.price = 60000 # Set attribute
asset.type = 'Cryptocurrency' # Set attribute not defined in constructor
```

Methods

Methods are functions that belong to an object. Methods can be called using the () operator. Since they are functions they are defined using the def keyword and always contain the self argument first.

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Dunders (Magic methods)

```
class Vector2D:
    def __init__(self, x, y):
        self.x = x
        self.y = y
    def __add__(self, other):
        return Vector2D(self.x + other.x, self.y + other.y)
v1 = Vector2D(1, 2)
v2 = Vector2D(3, 4)
v3 = v1 + v2
```

- Dunders (Magic methods)

Non-exhaustive list of dunders

```
init # Constructor
_str__ # String representation
 add # Addition +
sub # Subtraction -
_mul___ # Multiplication *
truediv # Division /
_floordiv__ # Floor division //
mod # Modulo %
 _pow___ # Exponentiation **
 lt # Less than <</pre>
_le__ # Less than or equal to <=
__eq__ # Equal to ==
 ne__ # Not equal to !=
_gt__ # Greater than >
__ge___ # Greater than or equal to >=
```

Pythor Example: Portfolio Class

A portfolio consists of a list of assets. Each asset has a name (identifier) as well as a history of prices.

```
class Asset:
   self.mu = np.nan # Expected return
    self.sigma = np.nan # Volatility
   def __init__(self, name: str, price_history: pd.DataFrame):
        self.name = name
        self.price_history = price_history
        self.compute_mu()
        self.compute sigma()
   def compute_mu(self):
        self.mu = self.price_history.pct_change().mean()
   def compute_sigma(self):
        self.sigma = self.price_history.pct_change().std()
```

Juan F. Imbet Ph.D.

Example: Portfolio Class (2)

```
class Portfolio:
    self.mu = np.nan # Expected return
    self.sigma = np.nan # Volatility
   def __init__(self, assets: List[Asset], weights: List[float]):
        self.assets = assets
        self.weights = weights
        self.compute mu()
        self.compute sigma()
   def compute mu(self):
        self.mu = np.sum([asset.mu * weight for asset, weight in zip(self.assets, self.weights)])
   def compute_sigma(self):
       # Covariance matrix
        cov = np.cov([asset.price_history.pct_change().dropna() for asset in self.assets])
       # Weighted covariance matrix
        cov = np.diag(self.weights) @ cov @ np.diag(self.weights)
       # Portfolio volatility
        self.sigma = np.sqrt(np.diag(cov).sum())
```

Python OOP Exercise: Library Management System

Objective

- Practice fundamental OOP concepts:
 - \circ Classes
 - \circ Objects
 - \circ Inheritance
 - \circ Methods

Problem Statement

Design a basic Library Management System that allows a user to:

- Add books to the library
- View available books
- Borrow a book
- Return a book

Requirements: Book Class

Book Class

- Attributes:
 - title : The title of the book
 - author : The author of the book
 - available : Whether the book is available for borrowing
- Methods:
 - __init__(self, title, author) : Initializes the book with title and author, available by default
 - ____str___(self) : Returns a string representation of the book

Python for Finance Requirements: Library Class

Library Class

- Attributes:
 - books : A list of Book objects
- Methods:
 - __init__(self) : Initializes the library with an empty list of books
 - add_book(self, book) : Adds a Book to the library's list
 - display_books(self) : Prints details of all books
 - borrow_book(self, title) : Borrows a book by title if available
 - return_book(self, title) : Returns a borrowed book, making it available again

Main Program

Interaction Steps

- 1. Create a Library object
- 2. Add at least three Book objects to the library
- 3. Display the list of available books
- 4. Allow the user to borrow and return books by title

```
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```

Example Interaction

```
# Create the library and add books
my library = Library()
book1 = Book("The Great Gatsby", "F. Scott Fitzgerald")
book2 = Book("1984", "George Orwell")
book3 = Book("To Kill a Mockingbird", "Harper Lee")
my library.add book(book1)
my library.add book(book2)
my library.add book(book3)
# Display all available books
print("Available books:")
my library.display books()
# Borrow a book
print("\nBorrowing '1984'...")
my library.borrow book("1984")
# Try to borrow the same book again
print("\nAttempting to borrow '1984' again...")
my library.borrow book("1984")
# Return the book
print("\nReturning '1984'...")
my library.return book("1984")
# Display all available books after returning
print("\nAvailable books after returning:")
my library.display books()
```