

## Team 2A

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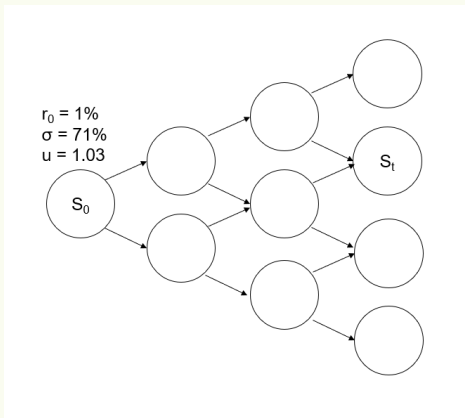
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📍: LKCSB 5036

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# Koh Rong Ying

What is the probability of reaching  $S_t$  from  $S_0$  closest to?



(A) 0.148

(B) 0.444

(C) 0.500

(D) 0.668

# Nguyen Tuan Anh

Which of the following is most likely incorrect?

- (A) Put-call parity is model free.
- (B) Payoff of a Box Spread is not always positive.
- (C) It does not matter whether you buy or sell first in the profit and loss calculation.
- (D) A market portfolio is a risky asset.

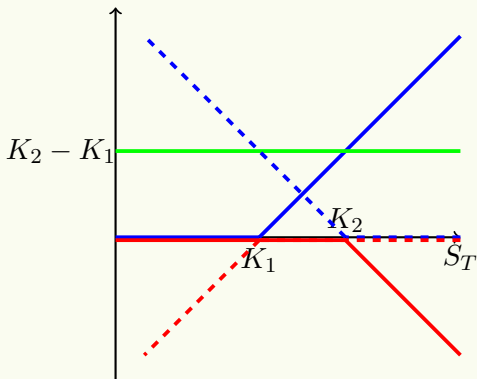
## Esmond Chuah

Choose the most accurate option.

- (A) In binomial option pricing, up and down factors are independent of the underlying asset's volatility.
- (B) In toy-model pricing, the probability of upward movement by the underlying asset is not needed.
- (C) Static replicating portfolio is a portfolio that has differing cash flows from the reference asset.
- (D) In interest rate derivatives, the strike rate is also referred to as the fixing rate.

## Chua Kai Wen, Clement

If  $K_1 = \$3$  and  $K_2 = \$5$ , what is the closest value of a long position in a box spread for European options maturing in 1 year, with risk free interest rate at 1% per annum?



(A) \$2.02

(B) \$2.00

(C) \$1.98

(D) \$0.99