

$d(e^t)/dt = e^t$ ✓

Using simple interest rather than compound interest between integral values of t benefits the lender.

average of A

Weighted Avg. of A, weighted by B means quantities of A
multiply weighted by quantities of B

W A of A, W by B = $\frac{\sum A_i B_i}{\sum B_i}$ ✓

Full immunization requires rebalancing.

Dedication requires rebalancing.

If Bonds with coupon payments, use X% method for immunization.

For immunization, use assets and liabilities as portfolios ✓

You are given the following information about the S&P500 index:

- ✕ Current price = \$1000
- ✕ Risk-free rate = 4% convertible semiannually
- ✕ Price for 6-month options:

Strike	Call	Put
\$950	\$120.405	\$51.777
1000	93.809	74.201
1020	84.470	84.470
1050	71.802	101.214

A \$950-\$1020-\$1050 asymmetric butterfly is created by selling 10 call options at \$1020-strike plus buying or selling the necessary options at \$950-strike and \$1050-strike. The spot price at expiration is \$960.

Calculate the butterfly's pro

~~1020-950~~
~~1020~~
 Sell 2 1050 puts
 Sell 3 950 calls
 Stupid