**Assignment for Week 11**

**Advanced Options Strategies**

***Choose the correct answer by highlighting it***

1. What is the primary objective of a Long Straddle strategy?

- A. To profit from price stability in the underlying asset

- B. To profit from high volatility in the underlying asset

- C. To take advantage of low volatility in the underlying asset

- D. To minimize premium costs

2. Which of the following strategies involves buying both a call and a put option at different strike prices?

- A. Long Straddle

- B. Short Straddle

- C. Long Strangle

- D. Short Iron Condor

3. In a Bull Call Spread, the maximum profit is achieved when:

- A. The stock price is at the lower strike price

- B. The stock price is at the higher strike price

- C. The stock price remains stable

- D. The stock price falls below the lower strike price

4. Which of the following strategies has limited profit and limited risk?

- A. Long Butterfly

- B. Long Straddle

- C. Short Strangle

- D. Bear Call Spread

5. A Short Iron Condor strategy would be suitable if the trader expects:

- A. High volatility in the market

- B. Low volatility in the market

- C. A strong upward trend in the underlying asset

- D. A strong downward trend in the underlying asset

6. In a Long Strangle, which options are typically bought?

- A. Two calls at the same strike price

- B. A call and a put at the same strike price

- C. A call and a put at different strike prices

- D. Two puts at different strike prices

7. In which of the following strategies does the maximum risk equal the net premium received?

- A. Long Straddle

- B. Short Straddle

- C. Bull Call Spread

- D. Bear Put Spread

8. A Bear Put Spread is generally used when the trader expects the underlying asset to:

- A. Increase significantly in price

- B. Stay within a narrow price range

- C. Decrease moderately in price

- D. Remain stable with high volatility

9. In a Short Strangle, what is the primary risk for the trader?

- A. Premiums received from selling the options

- B. Limited potential for profit

- C. Unlimited potential losses if the underlying asset moves significantly

- D. None, as it is a low-risk strategy

10. The maximum profit in a Long Butterfly strategy is achieved when:

- A. The stock price is at the highest strike price

- B. The stock price is at the lowest strike price

- C. The stock price is at the middle strike price

- D. The stock price is outside the range of all strike prices

11. A Bull Put Spread is constructed by:

- A. Buying a lower strike put and selling a higher strike put

- B. Buying a higher strike call and selling a lower strike call

- C. Selling a higher strike call and buying a lower strike call

- D. Selling a lower strike put and buying a higher strike put

12. Which of the following is true for a Short Iron Condor?

- A. It has unlimited profit potential

- B. It has a high-profit potential in volatile markets

- C. It profits if the underlying remains in a specific range

- D. It requires a strong trend in the underlying asset

13. A Long Straddle will be profitable if:

- A. The underlying asset stays within a narrow range

- B. There is a significant move in the underlying asset's price

- C. The underlying asset falls slightly in price

- D. The underlying asset has no price movement

14. Which of the following strategies involves selling both a call and a put at the same strike price?

- A. Short Strangle

- B. Short Straddle

- C. Long Butterfly

- D. Bull Call Spread

15. A Bear Call Spread is best suited for which market condition?

- A. Bullish market with high volatility

- B. Stable market with low volatility

- C. Bearish market with moderate downward movement

- D. High volatility with large price swings

16. Which of the following strategies is designed to benefit from low volatility?

- A. Long Strangle

- B. Long Straddle

- C. Short Straddle

- D. Bull Call Spread

17. In a Long Iron Condor strategy, a trader typically profits when:

- A. The underlying price stays within a specific range

- B. The underlying price breaks out of the range

- C. There is a strong upward trend in the underlying asset

- D. The underlying asset has high volatility

18. Which of the following best describes a Short Straddle strategy?

- A. Buying a call and a put at the same strike price and expiry

- B. Selling a call and a put at different strike prices and expiry dates

- C. Selling a call and a put at the same strike price and expiry date

- D. Buying a call and a put at different strike prices and expiry dates

19. A Bull Call Spread is generally profitable if the underlying asset:

- A. Moves significantly downward

- B. Remains stable

- C. Experiences a moderate upward movement

- D. Moves significantly upward beyond both strike prices

20. In a Short Butterfly Spread, the profit potential is:

- A. Limited and maximized when the underlying price is at the middle strike

- B. Unlimited if the underlying price rises above the upper strike

- C. Maximized if the underlying price is below the lower strike

- D. Maximized if the underlying price moves significantly in either direction

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