1. Let *C*(*K*,*T*) and *P*(*K*,*T*) be the **time 0** premium (price) of the *K*-strike call option and *K*-strike put option with **time *T* until expiration** respectively.
2. Assume the underlying asset pays no dividends.

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|  | **Floors** | **Caps** | **Covered Call** | **Covered Put** | **Bull Spread** | **Bear Spread** |
| At *t* = 0 | Long a *K*-strike put + Long the underlying asset | Long a *K*-strike call + Short the underlying asset | Sell a *K*-strike call + Long the underlying asset | Sell a *K*-strike put + Short the underlying asset | Long a *K*1-strike call + Sell a *K*2-strike call | Sell a *K*1-strike call + Long a *K*2-strike call |
| Cost @ *t* = 0 | *P*(*K*, *T*) + *S*0 | *C*(*K*, *T*) – *S*0 | – *C*(*K*, *T*) + *S*0 | – *P*(*K*, *T*) – *S*0 | *C*(*K*1, *T*) – *C*(*K*2, *T*) | –*C*(*K*1, *T*) + *C*(*K*2, *T*) |
| Payoff @ *T* | max(*K* –*ST*, 0) + *ST* | max(*ST* –*K*, 0) – *ST* | –max(*ST* –*K*, 0) + *ST* | –max(*K* – *ST*, 0) – *ST* | max(*ST* –*K*1, 0) –max(*ST* –*K*2, 0) | –max(*ST* –*K*1, 0) + max(*ST* –*K*2, 0) |
| Profit @ *T* | max(*K* –*ST*, 0) + *ST* – FV(*P*(*K*, *T*) + *S*0) | max(*ST* –*K*, 0) – *ST* – FV(*C*(*K*, *T*) – *S*0) | –max(*ST* –*K*, 0) + *ST* –  FV(– *C*(*K*, *T*) + *S*0) | –max(*K* – *ST*, 0) – *ST* –  FV(– *P*(*K*, *T*) – *S*0) | max(*ST* –*K*1, 0) –max(*ST* –*K*2, 0) – FV(*C*(*K*1, *T*) – *C*(*K*2, *T*)) | –max(*ST* –*K*1, 0) + max(*ST* –*K*2, 0) –  FV(–*C*(*K*1, *T*) + *C*(*K*2, *T*)) |
| Remark |  |  |  |  | * Both calls have the same maturity * *K*1 < *K*2. * Can be constructed using puts. | * Both calls have the same maturity * *K*1 < *K*2. * Can be constructed using puts. |

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|  | **Collar** | **Straddles** | **Written Straddles** | **Strangles** | **Butterfly Spreads** |
| At *t* = 0 | Long a *K*1-strike put + sell a *K*2-strike call | Long a *K*-strike call + Long a *K*-strike put | Sell a *K*-strike call + sell a *K*-strike put | Long a *K*1-strike put + Long a *K*2-strike call | Sell a *K*-strike call + sell a *K*-strike put + Long a *K*2-strike call + Long a *K*1-strike put |
| Cost @ *t* = 0 | *P*(*K*1, *T*) – *C*(*K*2, *T*) | *C*(*K*, *T*) + *P*(*K*, *T*) | –*C*(*K*, *T*) – *P*(*K*, *T*) | *P*(*K*1, *T*) + *C*(*K*2, *T*) | –*C*(*K*, *T*) – *P*(*K*, *T*) + *C*(*K*2, *T*) + *P*(*K*1, *T*) |
| Payoff @ *T* | max(*K*1 – *ST*, 0) – max(*ST* –*K*2, 0) | max(*ST* – *K*, 0) + max(*K*– *ST*, 0) | –max(*ST* – *K*, 0) – max(*K*– *ST*, 0) | max(*K*1 – *ST*, 0) + max(*ST* – *K*2, 0) | –max(*ST* – *K*, 0) – max(*K*– *ST*, 0) + max(*ST* – *K*2, 0) + max(*K*1 – *ST*, 0) |
| Profit @ *T* | max(*K*1 – *ST*, 0) – max(*ST* –*K*2, 0) – FV(*P*(*K*1, *T*) – *C*(*K*2, *T*)**)** | max(*ST* – *K*, 0) + max(*K*– *ST*, 0) – FV(*C*(*K*, *T*) + *P*(*K*, *T*)**)** | –max(*ST* – *K*, 0) – max(*K*– *ST*, 0) + FV(*C*(*K*, *T*) + *P*(*K*, *T*)**)** | max(*K*1 – *ST*, 0) + max(*ST* – *K*2, 0) – FV(*P*(*K*1, *T*) + *C*(*K*2, *T*)**)** | –max(*ST* – *K*, 0) – max(*K*– *ST*, 0) + max(*ST* – *K*2, 0) + max(*K*1 – *ST*, 0) – FV(–*C*(*K*, *T*) – *P*(*K*, *T*) + *C*(*K*1, *T*) + *P*(*K*2, *T*)) |
| Remark | * Both options have the same maturity * *K*1 < *K*2. |  |  | * *K*1 < *K*2. | * *K*1 < *K* < *K*2. * Written *K*-strike Straddle + Long a Strangle with strike prices of *K*1 and *K*2. |