Problem 1.

1. a. \[ S + P = C + PV(c) \]
   \[ +3 \]
   \[ 65.50 + 1.65 = 2 + 0.05 \]
   \[ 67.15 \]

Transaction | CF0 | S = 50 | S = 70
---|---|---|---
Short stock | +65.50 | -50 | -70
Short PLT | +1.65 | -15 | 0
Buy call | -2 | \( \Phi \) | +5
Buy bond | -64.89 | +65 | +65
Total | +0.26 | 0 | \( \Phi \)
\[ 15 \]