

Quantjudge

Evaluation report: Quant consultant

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Session

ID session : c4kg
 Started : 2017-05-02 21:42:09
 Finished : 2017-05-02 22:28:41

Test	Test type	Absolute score	Relative score	Global score 13/16
1. Quantitative Finance	MCQ	3 / 6	57%	
2. [C++] VAR ,Expected shortfall	Coding	5 / 5	63%	
3. [C++] Implied volatility	Coding	5 / 5	85%	

1. Quantitative Finance

1-1. Details MCQ

Question	Candidate answer	Correct answer	Marks
Question 1 "Consider 3 Call options of the same maturity T and with different strikes K1=10, K2=20 and K3=30.If we buy today one call with strike K3 and one with strike K1 and sell two call options with the strike K2, should this cost us money or should we paid for that ? ":	Yes, this must cost us money.	Yes, this must cost us money.	1
Question 2 "Compute $E[e^{\sigma W_t}]$ where W is a Brownian motion and σ is the volatility. Select the from the following: (a) 1 (b) e^σ (c) $e^{\frac{1}{2}\sigma^2 t}$ ":	c	c	1
Question 3 "Compute the following covariance $Cov(\int_0^t W_r dr, \int_0^s W_r dr)$ for $0 < s < t$, select the right answer from the following: (a) 0 (b) $\frac{1}{2} s^2$ (c) $\frac{1}{2} t^2$ (d) 1 ":	b	a	0
Question 4 "Compute the following covariance $Cov(\int_0^t r dW_r, \int_0^s r dW_r)$ for $0 < s < t$: Select the	c	c	1

<p>(a) 0 (b) $\frac{1}{2}s^2$ (c) $\frac{1}{3}s^3$ (d) 1</p> <p>right answer from the following: ":</p>			
<p>Question 5 "Compute the following integral for a</p> $\int_0^x (t-x)e^{-t} dt$ <p>given x : Select the right answer</p> <p>(a) $1 - e^{-x}$ (b) xe^{-x} (c) $1 - x - e^{-x}$ (d) None of this</p> <p>from the following: ":</p>	a	c	0
<p>Question 6 "Suppose X is a random variable with $E[X^2] < \infty$</p> <p>: What is the constant C that</p> <p>minimizes: $E[(X - C)^2] < \infty$ Select the right</p> <p>a) $E[X]$ b) $E[X^2]$ c) $\text{Var}(X)$ d) None of this</p> <p>answer from the following: ":</p>	d	a	0

<h2>2. [C++] VAR ,Expected shortfall</h2>																																					
<p>2-1. Subject coding</p> <p>VaR computation test 1- Description: This test consists on computing the VaR of a portfolio with the historical method. Given the historical daily PnL of the given portfolio, the objective is to compute the Value at Risk for a given level of confidence(95% for example). A skeleton of the code is provided. .</p> <p>2- Objective: The objective is to implement the method <code>var(...)</code> that returns the VaR given the history of daily PnLs at a given confidence level(95% for example).</p> <p>3- Provided code: You only need to implement the <code>var</code> method. 4- Important remarks: - In its final version, your code should not print anything to the console.You can print values only for</p>	<p>2-2. Unit test cases</p> <table border="1"> <thead> <tr> <th>Test name</th> <th>Candidate Output Value</th> <th>Correct output</th> <th>Execution time</th> <th>Memory consumption</th> <th>Result</th> </tr> </thead> <tbody> <tr> <td>Unit test1</td> <td>-3.794</td> <td>-3.794</td> <td>0.00 sec</td> <td>0 KB</td> <td>Passed</td> </tr> <tr> <td>Unit test2</td> <td>-2.35674</td> <td>-2.35674</td> <td>0.00 sec</td> <td>0 KB</td> <td>Passed</td> </tr> <tr> <td>Unit test3</td> <td>-1.60828</td> <td>-1.60828</td> <td>0.00 sec</td> <td>0 KB</td> <td>Passed</td> </tr> <tr> <td>Unit test4</td> <td>-1.24225</td> <td>-1.24225</td> <td>0.00 sec</td> <td>0 KB</td> <td>Passed</td> </tr> <tr> <td>Unit test5</td> <td>-0.811638</td> <td>-0.811638</td> <td>0.00 sec</td> <td>0 KB</td> <td>Passed</td> </tr> </tbody> </table> <p>2-3. Candidate Source code</p> <p>Main File: Risk.h</p>	Test name	Candidate Output Value	Correct output	Execution time	Memory consumption	Result	Unit test1	-3.794	-3.794	0.00 sec	0 KB	Passed	Unit test2	-2.35674	-2.35674	0.00 sec	0 KB	Passed	Unit test3	-1.60828	-1.60828	0.00 sec	0 KB	Passed	Unit test4	-1.24225	-1.24225	0.00 sec	0 KB	Passed	Unit test5	-0.811638	-0.811638	0.00 sec	0 KB	Passed
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debugging purpose. Please make sure that you remove any printing instructions before submitting your final version.

- Press the button Execute to launch a unit test of your solution.

Language : cpp
Compilation: Successfully
Marks Scored: 5/5

```
// Historical VAR

#include <iostream>
#include <iomanip>
#include <vector>
#include <math.h>
#include <stdlib.h>
#include <time.h>
#include <algorithm>

using namespace std;

//VAR compute the historical VAR for one day for the portfolio with P
//nl as daily pnl vector
// pnl is the daily pnl vector
// threshold is the var threshold ex 0.95

double var(vector<double> pnl,double threshold) {

    std::sort(pnl.begin(),pnl.end());
    size_t SizeSample = pnl.size();
    double rank_min = floor((1-threshold)*SizeSample);
    return pnl.at(rank_min);

    return 0 ;
}
```

3. [C++] Implied volatility

3-1. Subject coding

Black Scholes Implied vol [C++]

1- Description:

This test consists of creating a European option implied volatility, under the Black-Scholes model (extended for dividends by Merton). A skeleton of this implied volatility tool is provided.

2- Objective:

The objective of this test is to Implement the following function BSImpliedVol (...) to return the implied volatility of the option (a function BS (...) giving the price by the closed formula is provided to help you).

3- The skeleton code provided:

NormalFunctions.h // Math / utility function
 Volatility.h // the file BSImpliedVol based implied vol

3-2. Unit test cases

Test name	Candidate Output Value	Correct output	Execution time	Memory consumption	Result
Unit test1	0.25	0.25	0.00 sec	0 KB	Passed
Unit test2	0.25	0.25	0.00 sec	0 KB	Passed
Unit test3	0.25	0.25	0.00 sec	0 KB	Passed
Unit test4	0.250154	0.25	0.00 sec	0 KB	Passed
Unit test5	0.449998	0.45	0.00 sec	0 KB	Passed

3-3. Candidate Source code

Main File: Volatility.h

```
// Implied volatility Black-Scholes
```

```
#include <iostream>
#include <iomanip>
#include <vector>
#include <math.h>
```

4- Note:

1- the only work to do is to complete the implementation of the BSImpliedVol function (...)
File Volatility.h

2-Your code does not print the screen unless you want to test / debugger in this case make sure you remove these impressions screen before submitting your solution

3- The run button allows you to run a unit test on your solution

Language : cpp

Compilation:Successfully

Marks Scored: 5/5

```
#include <stdlib.h>
#include <time.h>
#include <algorithm>
#include "NormalFunctions.h"
using namespace std;

//BSImpliedVol compute the implied volatility of an european option using Black Scholes model
// S Spot Price
// optPrice market option Price
// v Volatility
// T Maturity in Years
// rf Interest Rate
// q Dividend yeild
// PutCall 'P' for put and 'C' for call
// Nsims Number of simulations

double BSImpliedVol(double S,double K,double optPrice,double T ,double rf,double q,char PutCall) {

size_t N = 40;
size_t i(0);
double x = 0.;
double y = 1.;
double z = 0.;
double sigma = 0.;

if(PutCall == 'C')
{
for(; i < N; ++i)
{
z = 0.5*(x+y);
double temp_v = z/(1-z);
if(optPrice > BS(S,K,temp_v,T,rf,q,'C'))
{
x = z;
}
else
{
y = z;
}
}
}

z = 0.5*(x+y);
sigma = z/(1-z);
}
else if(PutCall == 'P')
{
for(; i < N; ++i)
{
z = 0.5*(x+y);
double temp_v = z/(1-z);
if(optPrice > BS(S,K,temp_v,T,rf,q,'P'))
{
x = z;
}
else
{
y = z;
}
}
}

z = 0.5*(x+y);
sigma = z/(1-z);
```

```
}  
    return sigma;  
}
```