

Options

- Terms
- Trading strat

Terms

CoCH (Cash on cash return)

CoCR shows the actual return a trade generated on the cash you had on the line (risked)

CoCR = Return / Capital required x 100

EG: \$150 (return) / \$5,000 (capital required) = 3.0% (CoCR)



Sell Cash-Secured Puts
Collect Premium Income

Shares Called Away
Capital Gain

THE OPTIONS WHEEL
Recurring Income Engine

Assigned Shares

Sell Covered Calls
Collect Premium Income



wait
s
you

What are Options?

 **60Seconds to FIRE**

VIX and Options Premiums

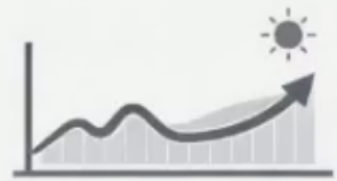
Understanding the Relationship Between Market Fear and Fear and Option Pricing

Calm Market

VIX: 10–15

Low market volatility

Cheap options



Normal Market

VIX: 15–20

Moderate volatility

Moderate option premiums



Fear or Panic Market

VIX: 25–40+

High market volatility

Very expensive options



Higher VIX = Higher Option Premiums

Options sellers often benefit from higher volatility environments

Trading strat

TP at 70%

SL at 150-200% of premium received

apply the 21 day rule

Andy strat

target 3% per month

wheel strategy

delta around 0.3

position size under 10%

Delta selection

0.10 Delta = Lower premium, higher probability

0.30 Delta = Balance approach

0.50 Delta = Higher premium, higher risk

Stop loss

Write an option for \$1

Stop loss at \$1.5-\$2

Take profit

Buy same option you wrote but at a cheaper price