wwiseTraders

KEY LEVERAGE STRATEGIES



LONG CALLS // LONG PUTS 4XL



LEGS: · Buy deep ITM calls for bullish · Buy deep ITM puts for bearish



OUTLOOK: · Bullish for calls, bearish for puts

TIME DECAY: · Unhelpful but mitigated because deep ITM means little time value

✓ VOLATILITY: · Helpful but mitigated because of the little time value

TRADE PLAN: Calls: bullish trend / breakout / retracement reversal setups

Puts: bearish trend / breakout / retracement reversal setups

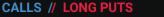
Call leverage alternative: long synthetic

User stock price for entry, stop, P1 and P2



*Use only with great caution

POST-EARNINGS // LONG CALLS // LONG PUTS



SUMMARY:

· Use stocks, deep ITM options, or synthetics

With options, as per '4XL' with long calls or long puts

TIMING:

· After earnings where there has been a gap and consolidation, with the OVI persistently in favour of the dominant trend

• Trade entry conditional on a breakout from the consolidation

PRE-EARNINGS // LONG CALLS // LONG PUTS



SUMMARY:

· User stocks or deep ITM options

TIMING:

· 2 - 10 days before earnings

CRITERIA:

· Bullish: stock up 5% within 10 days after prior earnings

· Bearish: stock down 5% within 10 dyas after prior earnings

V OVI:

· Persistently positive for bullish trades

· Persistantly negative for bearish trades

ENTRY:

· Criteria met, or a breakout in the appropriate direction

EXIT:

· Dynamic trailing stop or de-risk before earnings

VOL-2-CASH // STRADDLES



LEGS:

TIPS:

ADVANCED:

· Buy ATM calls + buy ATM put



✓ OUTLOOK:

· Anticipating higher volatility and a large price move

✓ TIME DECAY:

Unhelpful

✓ VOLATILITY:

Helpful

CRITERIA:

· 5 - 20 days before news event

· Previous price jump at news

· Cheap straddle cost with various metrics

Reversal or consolidation chart setup

TIPS:

· Aim for 3 months to expiration, otherwise 4 or 2 months

ADVANCED:

If losing, then exit 10 days after earnings

· If big win, then use dynamic trailing stop for winning side

 If small win, then use dynamic trailing stop for winning side and exit losing side

SYNTHETIC STOCK

LONG // SHORT

LONG:

· Sell ATM put + buy ATM call

SHORT:

• Buy ATM put + sell ATM call

MARGIN:

· Required for any uncovered short leg

· Greater of: 25% of underlying - OTM amount + premium received

OR 10% of underlying + premium received

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KEY INCOME BOOSTER STRATEGIES



COVERED CALL



- LEGS:
- · Buy / own stock + sell OTM call



- ✓ OUTLOOK: TIME DECAY:

· Neutral to bullish

- ✓ VOLATILITY:
- Unhelpful
- TRADE PLAN:
- TIPS:
- ADVANCED:

- Helpful
- · Bullish trend / breakout / retracement reversal setups
- Standard P1 and P2 exits can apply unless looking to hold
- · Blue chip, long term buy and hold, dividend stocks · Look to leg into the strategy after going long on the stocks
- Time the short leg for when the stock looks like retracing
- · Roll the short call if you want to retain the long position
- Substitute the stock leg with a long ATM synthetic for significantly greater yeild (but no dividend)

BULL PUT SPREAD



LEGS:

- OUTLOOK:
- TIME DECAY:
- VOLATILITY:
- TRADE PLAN:
- TIPS:
- ADVANCED:

- · Buy OTM put + sell OTM higher strike put
- · Neutral to bullish
- · Helpful when winning. Unhelpful when losing.
 - · Helpful when losing. Unhelpful when winning.
 - · Bullish trend / breakout / strong support
 - · Aim for stock to remain above the higher strike for maximum profit
 - · Look for the optimal balance between yield and risk
 - · More cushion means lower yield but safer
 - Try to enter with less than one month to expiration

DIAGONAL CALL



- LEGS:
- · Buy / own deep ITM call + sell OTM call

- ✓ OUTLOOK:
- · Neutral to bullish
- ✓ TIME DECAY: · Helpful with respect to the short call
- ✓ VOLATILITY:
- · Helpful with respect to the long call
- TRADE PLAN:
 - · Bullish trend / breakout / retracement reversal setups · Standard P1 and P2 exits unless looking to hold
- TIPS:
- · Go deep ITM with the long call and OTM with the short call

- ADVANCED:
- · Leg into the strategy after going long on the DITM call
- Time the short leg for when the stock looks like retracing • Roll the short call if you want to retain the long position
- Buy minimum 3 months for the long call, preferably longer

BEAR CALL SPREAD



- LEGS: OUTLOOK:
- TIME DECAY:
- VOLATILITY:
- TRADE PLAN:
- TIPS:
- ADVANCED:

- · Sell OTM call + buy OTM higher strike call
- · Neutral to bearish
- · Helpful when winning. Unhelpful when losing.
- · Helpful when losing. Unhelpful when winning.
- · Bearish trend / breakout / strong overhead resistance
 - · Aim for stock to remain below the lower strike for maximum profit
 - · Look for the optimal balance between yield and risk
 - · More cushion means lower yield but safer

 - Try to enter with less than one month to expiration