

## CASH SECURED PUTS

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Covered Calls'  
Companion





DISCLAIMER: The intent of this presentation is to help expand your financial education. Although the information included may be relevant to your particular situation, it's not meant to be personalized advice. When it comes to investing, insurance, and financial planning, it's important to speak to a professional and get advice that is tailored to your unique, individual situation. All investments involve risk including possible loss of principal. Please see our Performance Discussion and Owner's Manual; they are an important part of this discussion.

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## PRESENTATION SLIDES

- ✓ Immediate download of today's slides

## ONLINE COURSE

- ✓ Option Basics
- ✓ Understanding Option Pricing
- ✓ Managing your Emotions

## COVERED CALL SCREENER

- ✓ Access to Snider Advisors' free Covered Call Screener



Snider Advisors is a boutique, registered investment advisor, based in Dallas, Texas. Helping our clients strive to be better investors has been priority number one since we opened our doors in September of 2002.



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A long-term strategy that uses a combination of stocks, covered calls and cash-secured puts, and cash management techniques in a uniquely powerful way in an effort to generate portfolio income.

LAST WEEK: COVERED CALLS 101

TODAY: CASH-SECURED PUTS, COVERED CALLS' COMPANION

MARCH 21: CLIMBING THE MARKET WITH AN OPTION LADDER

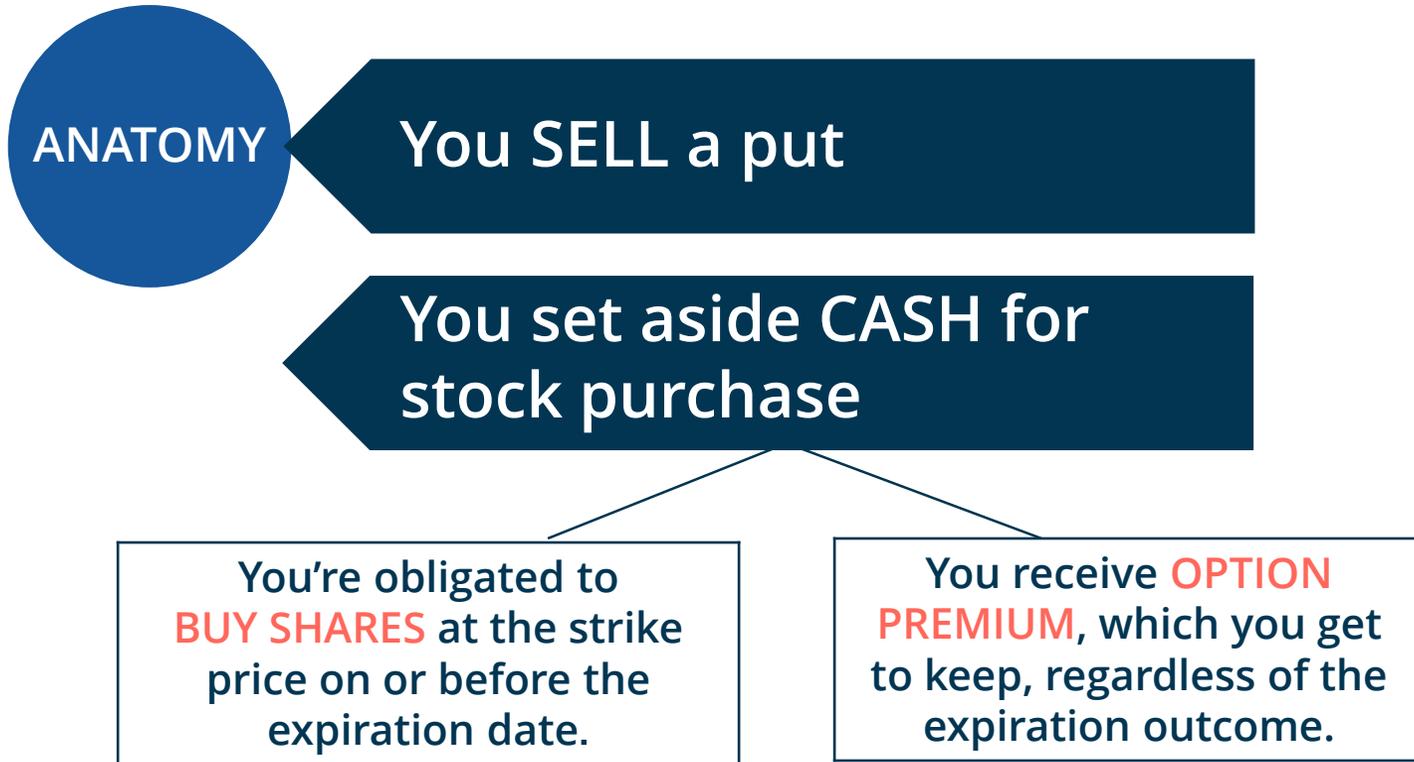
# YOUR 2-MINUTE OPTION PRIMER

An option is a **contract** (1 contract represents 100 shares) **to buy or sell** an **underlying asset** at a specified price (the **strike price**) on or before a specified date (the **expiration date**).

	<b>CALL</b>	<b>PUT</b>	<b>PREMIUM</b>
<b>BUY</b>	Right to Buy	Right to Sell	Pays
<b>SELL</b>	Obligated to Sell	Obligated to Buy	Earns

Buyers have rights  
Sellers have obligations

# CASH SECURED PUT



# EXAMPLE

## STEPS

1 Select the Stock

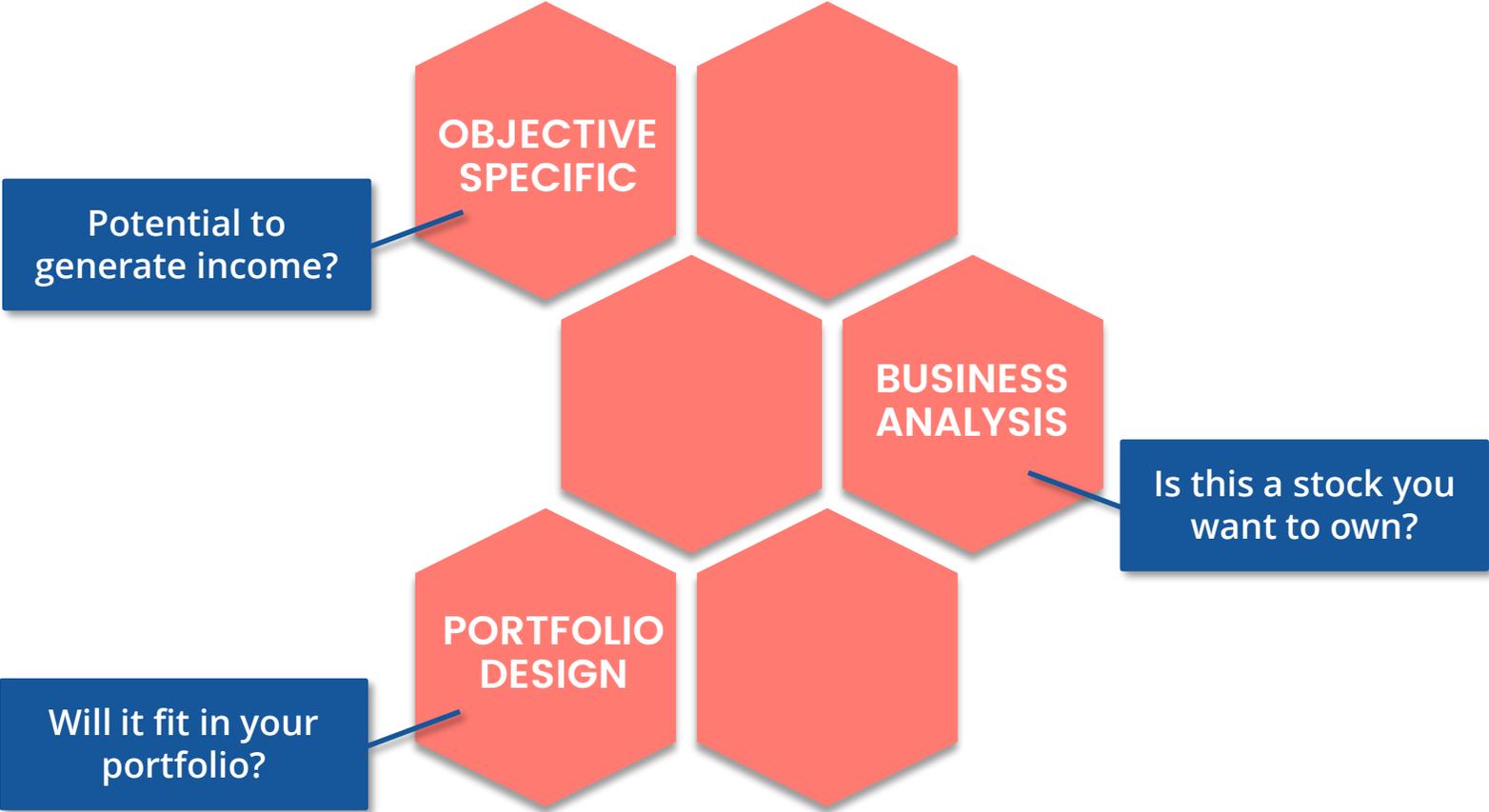
2 Select the Expiration Date

3 Select the Strike Price

4 Place the Trade

5 Expiration outcomes

# EXAMPLE: STOCK SELECTION



# EXAMPLE: EXPIRATION

Date: March 14, 2018

## Ally Invest | Options

### ▼ OPTION CHAIN

Selected Strike Range:



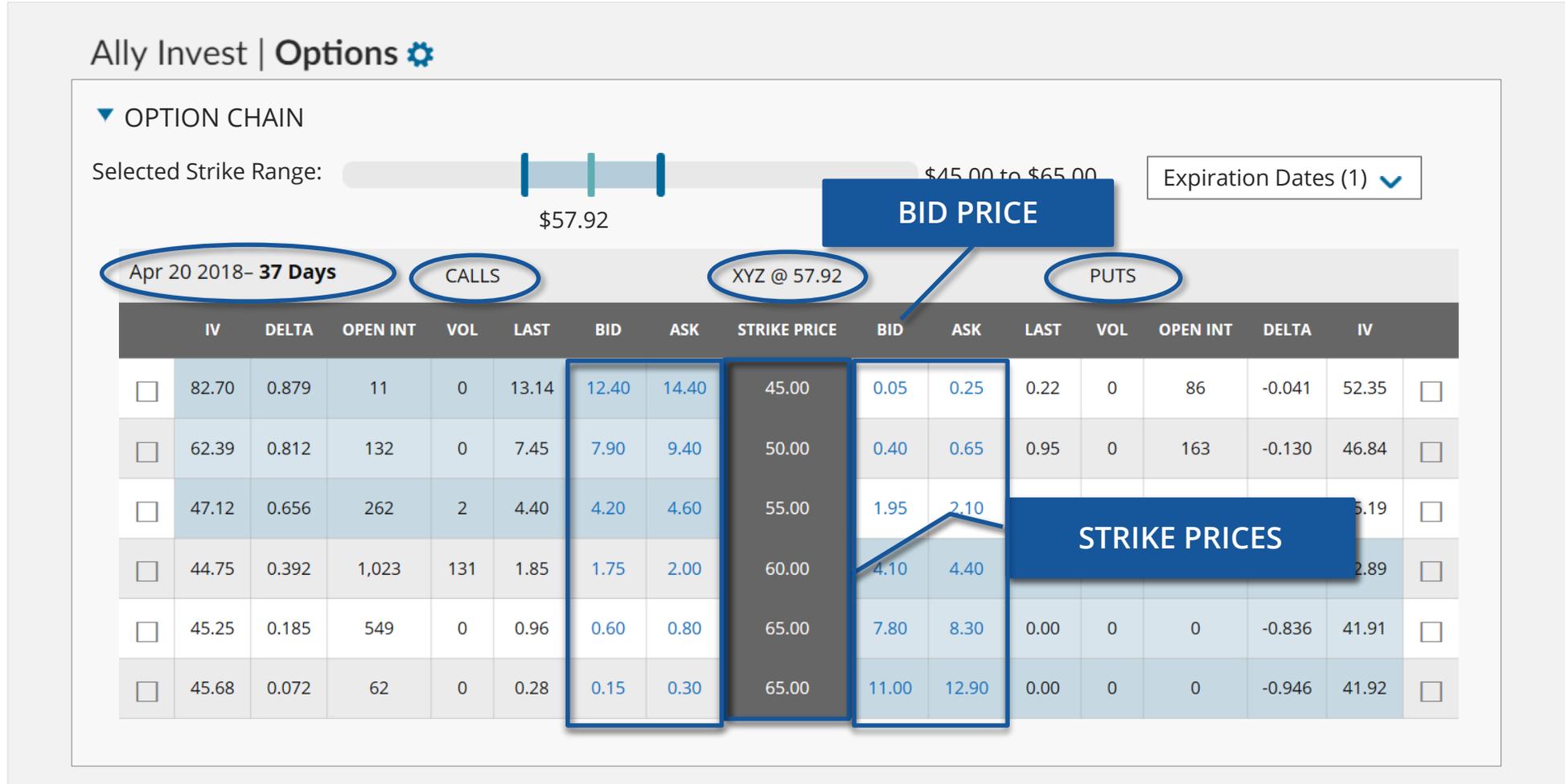
Expiration Dates (1) ▼

- Apr 20 2018- 37 Days
- May 18 2018- 65 Days
- Jun 15 2018- 93 Days
- Jan 18 2019- 310 Days

Apr 20 2018- 37 Days													PUTS			
CALLS								XYZ @ 57.92								
	IV	DELTA	OPEN INT	VOL	LAST	BID	ASK	STRIKE PRICE	BID	ASK	LAST	VOL				
<input type="checkbox"/>	82.70	0.879	11	0	13.14	12.40	14.40	45.00	0.05	0.25	0.22	0				
<input type="checkbox"/>	62.39	0.812	132	0	7.45	7.90	9.40	50.00	0.40	0.65	0.95	0	163	-0.130	46.84	<input type="checkbox"/>
<input type="checkbox"/>	47.12	0.656	262	2	4.40	4.20	4.60	55.00	1.95	2.10	2.05	43	237	-0.339	45.19	<input type="checkbox"/>
<input type="checkbox"/>	44.75	0.392	1,023	131	1.85	1.75	2.00	60.00	4.10	4.40	4.25	15	156	-0.614	42.89	<input type="checkbox"/>
<input type="checkbox"/>	45.25	0.185	549	0	0.96	0.60	0.80	65.00	7.80	8.30	0.00	0	0	-0.836	41.91	<input type="checkbox"/>
<input type="checkbox"/>	45.68	0.072	62	0	0.28	0.15	0.30	65.00	11.00	12.90	0.00	0	0	-0.946	41.92	<input type="checkbox"/>

# EXAMPLE: OPTION CHAIN

 Date: March 14, 2018



# EXAMPLE: STRIKE PRICE

*Put Strike Price: 95% Value of Stock Price*

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▼ OPTION CHAIN

Apr 20 2018 - 37 Days

CALLS								XYZ @ 57.92	PUTS							
	IV	DELTA	OPEN INT	VOL	LAST	BID	ASK	STRIKE PRICE	BID	ASK	LAST					
<input type="checkbox"/>	82.70	0.879	11	0	13.14	12.40	14.40	45.00	0.05	0.25	0.22					
<input type="checkbox"/>	62.39	0.812	132	0	7.45	7.90	9.40	50.00	0.40	0.65	0.95	0	163	-0.130	46.84	<input type="checkbox"/>
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**1 OPTION CONTRACT = 100 SHARES**

$$\$57.92 \times 95\% = \$55.02$$

$$\$1.95 \times 100 = \$195$$

# EXAMPLE: PLACE THE TRADE

Sell to Open 1 April 55 Put

**1 OPTION CONTRACT = 100 SHARES**

**SELL TO OPEN**

Action	QTY	Expiration	Strike	Type	Bid	Ask
Sell To Open	1	Apr 20 2018	55.00	PUT	1.95	2.10

**ORDER SUMMARY**

**Cash-Secured Put**  
**SELL TO OPEN** 1 contract of XYZ Apr 20 2018 55.00 PUT at the Market, Good for the day.

Bid (natural)	Mid	Ask
1.95	2.05	2.10

Account:

**Preview Order**

Clear

Order Type: Market | Duration: Day

MY ACCOUNTS

Cash Available For Investment:  | Total Account Value:

Commission: \$5.60

# EXAMPLE: OVERVIEW

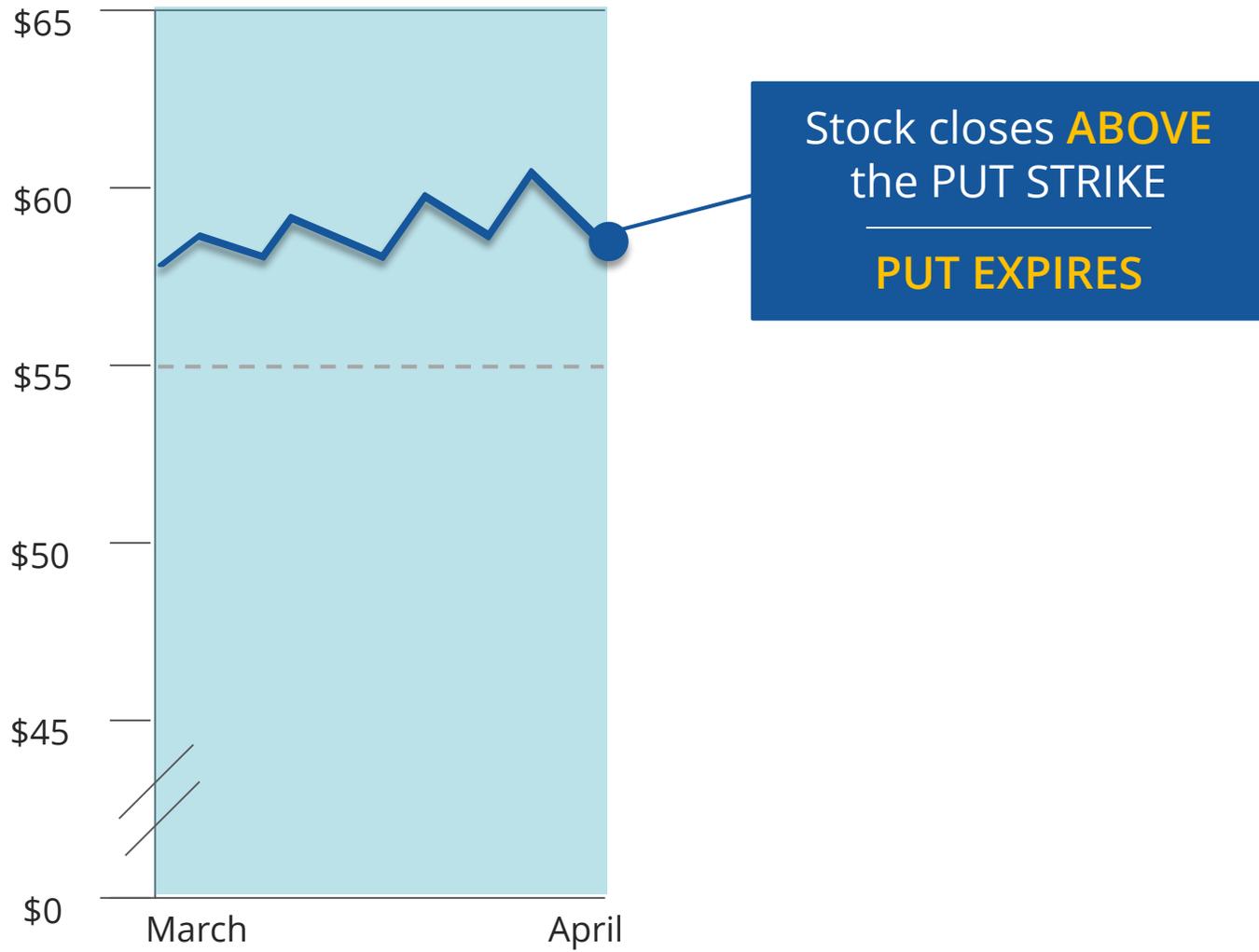


WHEN ARE YOU PAID FOR  
THE OPTIONS YOU SELL?

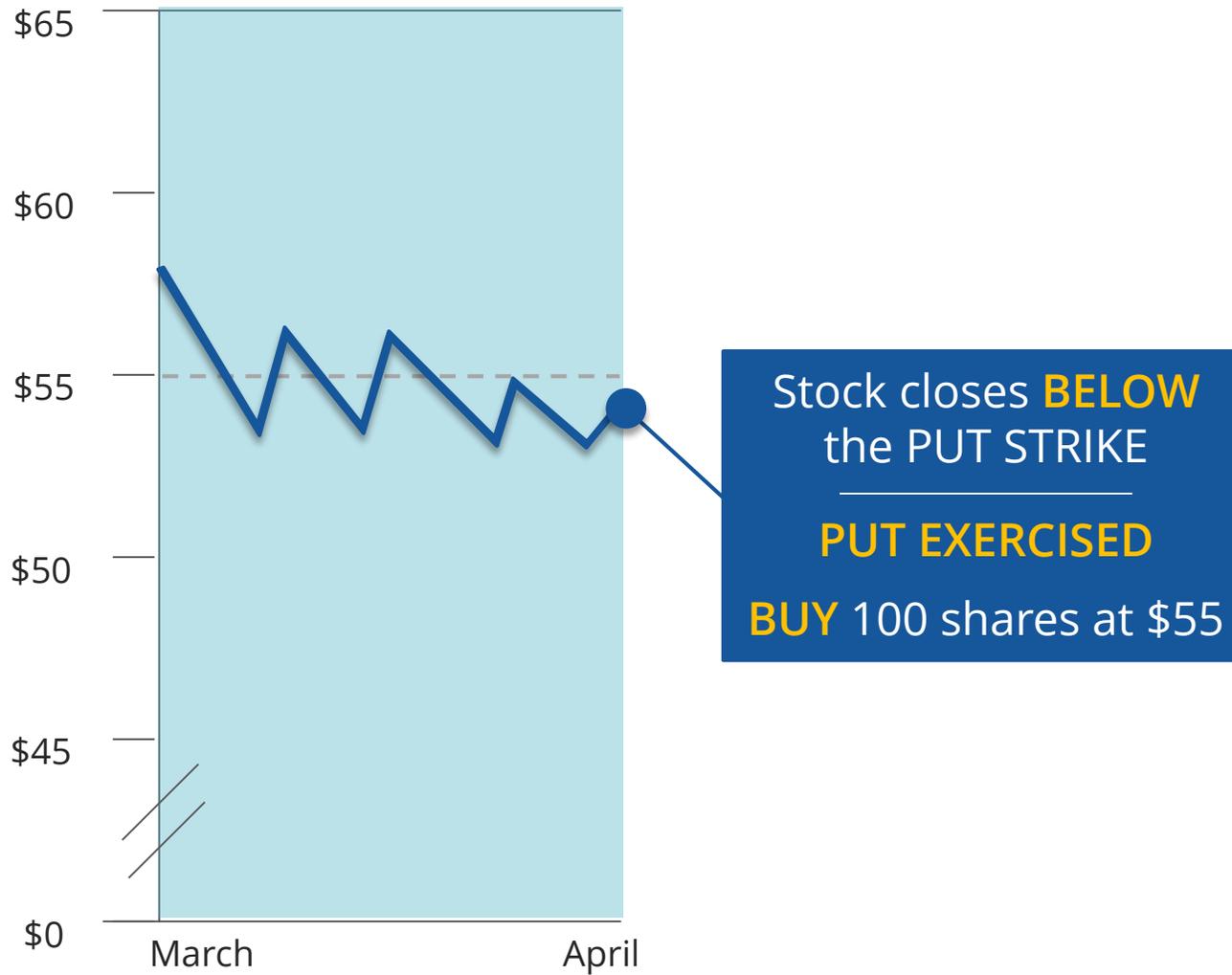
*When you sell them.*

OPTION EXPIRATION IS  
TYPICALLY THE THIRD  
FRIDAY OF THE MONTH.

# EXAMPLE: EXPIRATION



# EXAMPLE: EXPIRATION



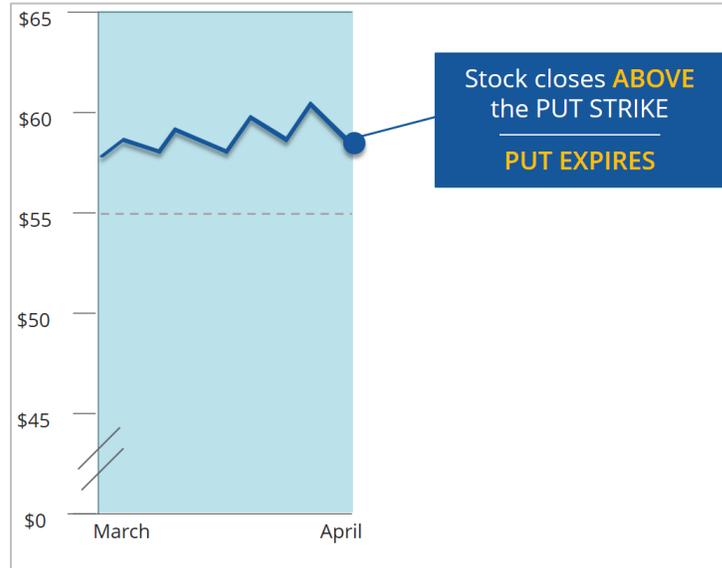
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	<b>CALL</b>	<b>PUT</b>	<b>PREMIUM</b>
<b>BUY</b>	Right to Buy	Right to Sell	Pays
<b>SELL</b>	Obligated to Sell	Obligated to Buy	Earns

# EXAMPLE: MOVING FORWARD

## Put Expires



Moving Forward:  
Sell Cash Secured Put

## Put Exercised



Moving Forward:  
Sell Covered Call



A long-term strategy that uses a combination of stocks, **covered calls** and **cash-secured puts**, and cash management techniques in a uniquely powerful way in an effort to generate portfolio income.

# SNIDER INVESTMENT METHOD

Apr 20 2018 - 37 Days															BUY 100 SHARES		XYZ @ 45.49		PUTS									
	IV	DELTA	OPEN INT	VOL	LAST	BID	ASK	STRIKE PRICE	BID	ASK	LAST	VOL	OPEN INT	DELTA	IV													
<input type="checkbox"/>	39.39	0.70	452					43.00	1.40	1.60	1.57	3	196	-0.32	40.96	<input type="checkbox"/>												
<input type="checkbox"/>	38.87	0.64	632	2	3.52	3.40	3.70	44.00	1.75	2.00	1.87	0	259	-0.38	40.48	<input type="checkbox"/>												
<input type="checkbox"/>	39.37	0.58	5450	30	3.07	2.75	3.10	45.00	2.15	2.45	2.38	34	1157	-0.44	40.25	<input type="checkbox"/>												
<input type="checkbox"/>	38.06	0.51	122	10	2.30	2.15	2.35	46.00					14	-0.50	39.84	<input type="checkbox"/>												
<input type="checkbox"/>	38.50	0.45	168	14	1.90	1.80	2.10	47.00	3.20	3.60	3.44	4	305	-0.56	39.67	<input type="checkbox"/>												
<input type="checkbox"/>	37.98	0.39	668	17	1.60	1.40	1.70	48.00	3.80	4.20	3.75	3	117	-0.62	38.96	<input type="checkbox"/>												

# SNIDER INVESTMENT METHOD

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### QUOTE

>

Last Price 45.52  
 Change +2.21 (5.10%)  
 Bid 45.52  
 Ask 45.57  
 Size 3 x 3  
 Vol

Sell Call

Sell Put

Cash Available For Investment  
\$0.00

Total Account Value  
\$0.00

### TRADE TICKET

STOCK
OPTIONS
MUTUAL FUNDS

Action	QTY	Bid	Ask		
Buy	100	45.49	45.53	Buy Shares	

Action	QTY	Expiration	Strike	Type	Bid	Ask	
Sell To Open	1	Apr 20 2018	46.00	CALL	2.15	2.45	×
Sell To Open	1	Apr 20 2018	43.00	PUT	1.40	1.70	×

[+ Add Stock](#)   [+ Add Option](#)

Custom Strategy	Net Bid	Net Mid	Net Ask (natural)
	41.36 DB	41.69 DB	42.02 DB

Order Type      Duration  
Market    Day

### ORDER SUMMARY

**Custom Strategy**  
 BUY 100 shares of XYZ at the Market, Good for the day.

**SELL TO OPEN** 1 contract of XYZ Apr 20 2018 46.00 CALL at the Market, Good for the day.

**SELL TO OPEN** 1 contract of XYZ Apr 20 2018 43.00 PUT at the Market, Good for the day.

Net Bid	Net Mid	Net Ask (natural)
41.36 DB	41.69 DB	42.02 DB

Account:

Preview Order

Clear

# SNIDER INVESTMENT METHOD

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Bought 100 shares of XYZ  
Sold 1 46 Call  
Sold 1 43 Put

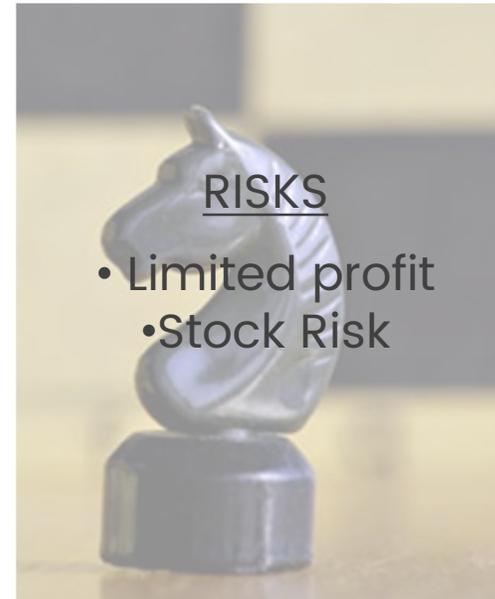
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XYZ closes above \$46 **Call Exercised**  
(Sell Shares)

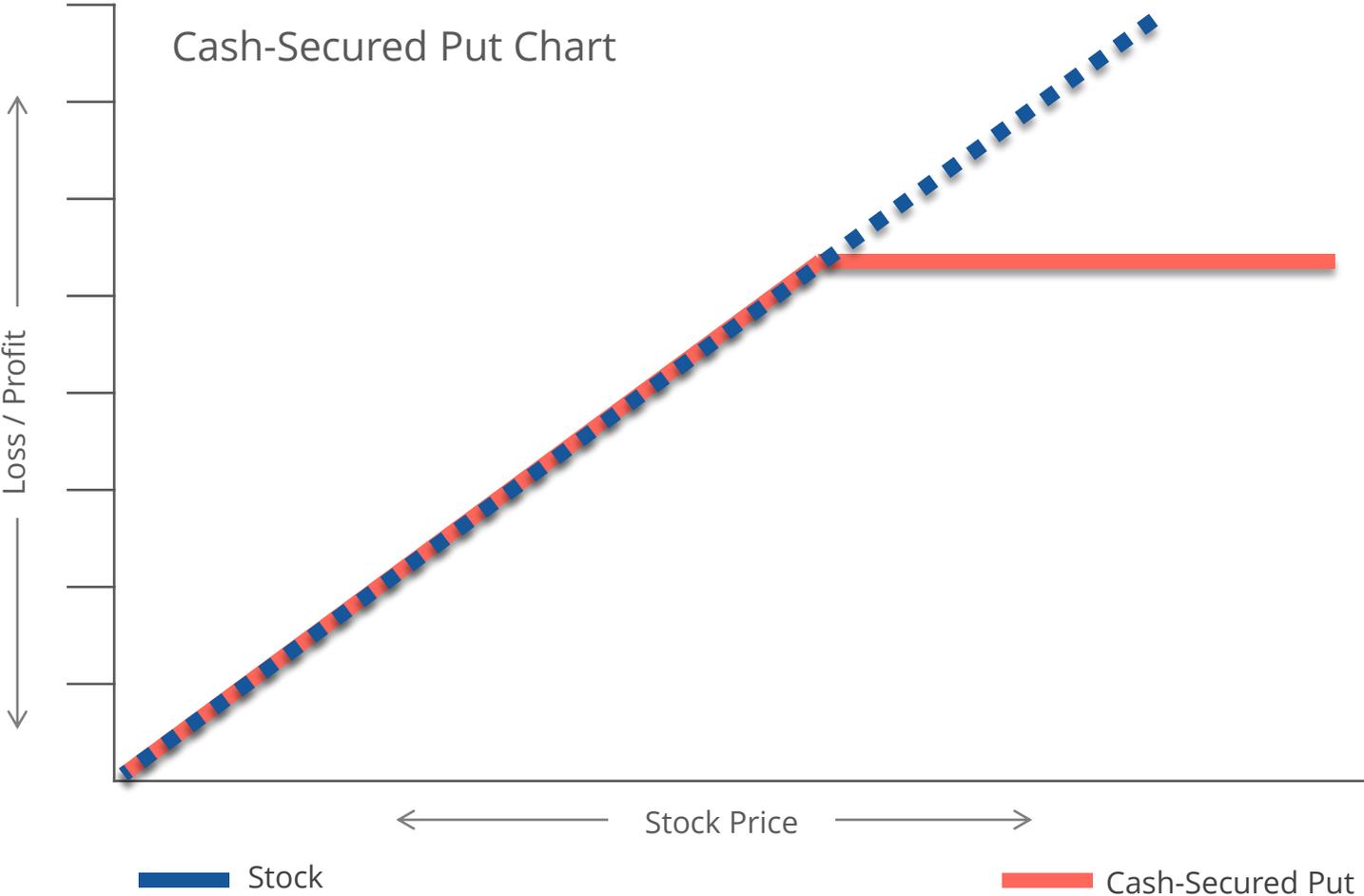
XYZ closes between \$46 & \$43 **Call & Put Expire**  
(Keep 100 Shares)

XYZ closes below \$43 **Put Exercised**  
(Buy 100 Additional Shares)

# RISKS AND BENEFITS



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