



# COVERED CALLS 101

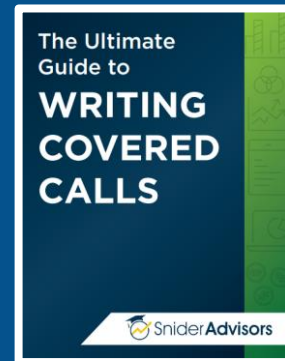
The intent of this presentation is to help expand your financial education. Although the information included may be relevant to your particular situation, it's not meant to be personalized advice. When it comes to investing, insurance, and financial planning, it's important to speak to a professional 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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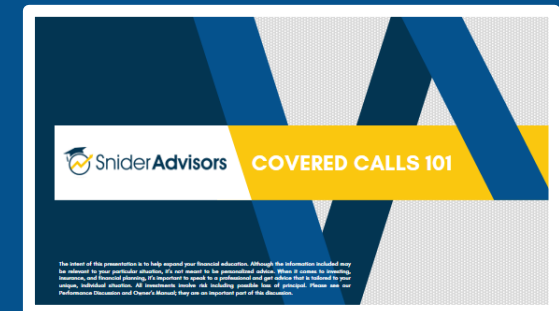
*Thank you for joining us!*



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Snider Advisors is a boutique, registered investment advisor, based in Dallas, TX. 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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The Snider Investment Method is a long-term investment strategy that uses a combination of stocks, covered calls, cash-secured puts, and cash management techniques.

# OPTION OVERVIEW

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**).

# OPTION OVERVIEW

	CALL	PUT	PREMIUM
BUY	Right to Buy	Right to Sell	Pays
SELL	Obligated to Sell	Obligated to Buy	Earns

*Buyers have rights.  
Sellers have obligations.*

# TYPES OF CALLS



## NAKED CALLS

You do not own the stock



## COVERED CALLS

You do own the stock

# COVERED CALLS ARE TWO-PART STRATEGY



You own/buy stock



You sell a call



# WHEN YOU SELL A COVERED CALL

You are obligated to sell shares at the strike price on or before the expiration date.

You will receive option premium, which you get to keep, regardless of the expiration outcome.

# COVERED CALL EXAMPLE

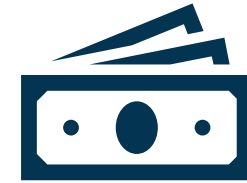
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DATE:  
MARCH 8, 2023



POSITION:  
300 SHARES XYZ



COST BASIS:  
\$68.50 PER SHARE

# DEFINING THE COVERED CALL



**Expiration:**  
The date an option  
contract expires.



**Strike Price:**  
The price an option  
can be exercised.



DATE:  
MARCH  
8<sup>TH</sup>

OPTION CHAINS

Selected Strike Range:



\$62.00 to \$76.00

Expiration Dates (1)

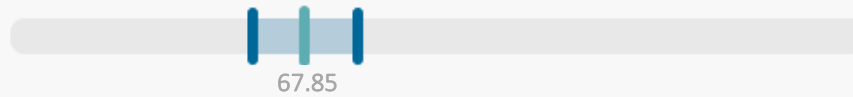
- Mar 17 2023 – 9 Days
- Apr 21 2023 – 44 Days
- May 19 2023 – 79 Days
- Jan 19 2024 - 235 Days

Delayed Quotes

April 21 2023 - 44 Days													CALLS				XYZ @ 67.85				PUTS				
	IV	DELTA	OPEN INT	VOL	LAST	BID	ASK	STRIKE PRICE	BID	ASK	LAST	VOL	OI	IV	DELTA	OPEN INT	VOL	LAST	BID	ASK	LAST	VOL	OI		
<input type="checkbox"/>	35.75	0.81	143	7	6.30	6.20	6.50	62.50	0.80	0.90	0.95	--													
<input type="checkbox"/>	35.55	0.69	340	39	4.69	4.30	4.70	65.00	1.40	1.55	1.55	8	307	-0.31											
<input type="checkbox"/>	34.84	0.55	269	61	3.06	2.95	3.20	67.50	2.35	2.45	2.30	58	432	-0.45											
<input type="checkbox"/>	34.02	0.40	774	23	1.95	1.80	1.90	70.00	3.70	3.90	3.50	2	231	-0.60											
<input type="checkbox"/>	33.98	0.27	589	56	1.10	1.05	1.15	72.50	4.50	5.70	5.20	--	39	-0.73											
<input type="checkbox"/>	33.97	0.17	312	5	0.65	0.50	0.70	75.00	7.40	7.80	8.90	--	84	-0.84											

OPTION CHAINS

Selected Strike Range:



\$62.00 to \$76.00

Expiration Dates (1) ▼

Delayed Quotes

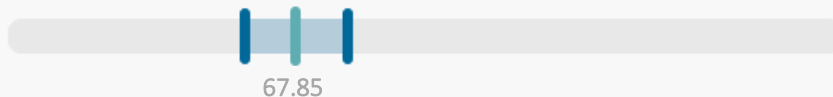
April 21 2023 - 44 Days																
CALLS																
XYZ @ 67.85																
PUTS																
	IV	DELTA	OPEN INT	VOL	LAST	BID	ASK	STRIKE PRICE	BID	ASK	LAST	VOL	OPEN INT	DELTA	IV	
<input type="checkbox"/>	35.75	0.81	143	7	6.30	6.20	6.50	62.50	0.80	0.90	0.95	--	498	-0.20	36.96	<input type="checkbox"/>
<input type="checkbox"/>	35.55	0.69				4.30	4.70	65.00	1.40			8	307	-0.31	35.80	<input type="checkbox"/>
<input type="checkbox"/>	34.84	0.55				2.95	3.20	67.50	2.35			58	432	-0.45	34.44	<input type="checkbox"/>
<input type="checkbox"/>	34.02	0.40	774	23	1.95	1.80	1.90	70.00	3.70	3.90	3.50	2	231	-0.60	33.60	<input type="checkbox"/>
<input type="checkbox"/>	33.98	0.27	589	56	1.10	1.05	1.15	72.50	4.50	5.70	5.20	--	39	-0.73	34.23	<input type="checkbox"/>
<input type="checkbox"/>	33.97	0.17	312	5	0.65	0.50	0.70	75.00	7.40	7.80	8.90	--	84	-0.84	33.68	<input type="checkbox"/>

**BID PRICE**

**STRIKE PRICES**

OPTION CHAINS

Selected Strike Range:




\$62.00 to \$76.00

Expiration Dates (1) ▼

Delayed Quotes

April 21 2023 - 44 Days																
CALLS								XYZ @ 67.85	PUTS							
IV	DELTA	OPEN INT	VOL	LAST	BID	ASK	STRIKE PRICE	BID	ASK	LAST	VOL	OPEN INT	DELTA	IV		
<input type="checkbox"/>	35.75	0.81	143	7	6.30	6.20	6.50	62.50	0.80	0.90	0.95	--	498	-0.20	36.96	<input type="checkbox"/>
<input type="checkbox"/>	35.55	0.69	340	39	4.69	4.30	4.70	65.00	1.40	1.55	1.55	8	307	-0.31	35.80	<input type="checkbox"/>
<input type="checkbox"/>	34.84	0.55	269	61	3.06	2.95	3.20	67.50	2.35	2.45	2.30	58	432	-0.45	34.44	<input type="checkbox"/>
<input type="checkbox"/>	34.02	0.40	774	23	1.95	1.80	1.90	70.00	3.70	3.90	3.50	2	231	-0.60	33.60	<input type="checkbox"/>
<input type="checkbox"/>	33.98	0.27	589	56	1.10	1.05	1.15	72.50	4.50	5.70	5.20	--	39	-0.73	34.23	<input type="checkbox"/>
<input type="checkbox"/>	33.97	0.17	312	5	0.65	0.50	0.70	75.00	7.40	7.80	8.90	--	84	-0.84	33.68	<input type="checkbox"/>

  
**COST BASIS:**  
**\$68.50 PER**  
**SHARE**

 Strike:	<b>70.00</b>
Option Premium:	<b>1.80</b>
Cap. Appreciation:	1.50
Potential Profit:	<b>3.30</b>

Strike:	<b>72.50</b>
Option Premium:	<b>1.05</b>
Cap. Appreciation:	4.00
Potential Profit:	<b>5.05</b>





POSITION:  
300 SHARES

### QUOTE

XYZ



### TRADE TICKET

**1 OPTION CONTRACT =  
100 SHARES**

STOCK **OPTIONS** MUTUAL FUNDS

Action	QTY	Expiration	Strike	Type	Bid	Ask
Sell To Open	3	Apr 21 2023	70.00	CALL	1.80	1.95

**SELL TO OPEN**

Real Time Quote as of  
03/08/2023 10:30 ET

Add Stock + Add Option

Short Call

Bid (natural)	Mid	Ask
2.80	2.87	2.95

Order Type      Duration

Market	Day
--------	-----

Learn more about order types and durations

### ORDER SUMMARY

#### Covered Call

**SELL TO OPEN** 3 contracts of  
Apr 21 2023 70.00 CALL at the  
market , Good for the day.

Bid (natural)	Mid	Ask
1.80	1.87	1.95

Real Time Quote as of  
03/08/2023 10:30 ET

Account:

Preview Order

Clear

### MY ACCOUNTS

Account selection dropdown



WHEN ARE YOU PAID FOR  
THE OPTIONS YOU SELL?

When you sell them.

# COVERED CALLS ARE TWO-PART STRATEGY



You own  
300 shares of XYZ  
at \$68.50 a share



You sold  
3 April  
\$70.00 XYZ Calls

3 April  
\$70.00  
XYZ Calls

You are obligated to sell 300 shares of XYZ for \$70.00 on or before April 21, 2023

You earned option premium of \$538.50\*, which you get to keep, regardless of the expiration outcome.

\*(300 shares x \$1.80 premium - \$1.50 trading fee)

*TIME PASSES...*

# POSSIBLE EXPIRATION OUTCOMES



**CALLS EXERCISED**

## XYZ CLOSES ABOVE \$70 STRIKE PRICE

Option Premium:	\$1.80	Total Profit
Cap. Appreciation:	\$1.50	\$3.30 x 300
Potential Profit:	<b>\$3.30</b>	- \$1.50
		\$988.50



**CALLS EXPIRE**

## XYZ CLOSES BELOW \$70 STRIKE PRICE

Option Premium:	\$1.80	Total Profit
Cap. Appreciation:	<del>\$1.50</del>	\$1.80 x 300
Potential Profit:	<del>\$3.30</del>	- \$1.50
		\$538.50

# COVERED CALL EXAMPLE

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DATE:  
MARCH 8, 2023



POSITION:  
NONE

# STOCK SELECTION



## BUSINESS ANALYSIS

Is this a stock you  
want to own?



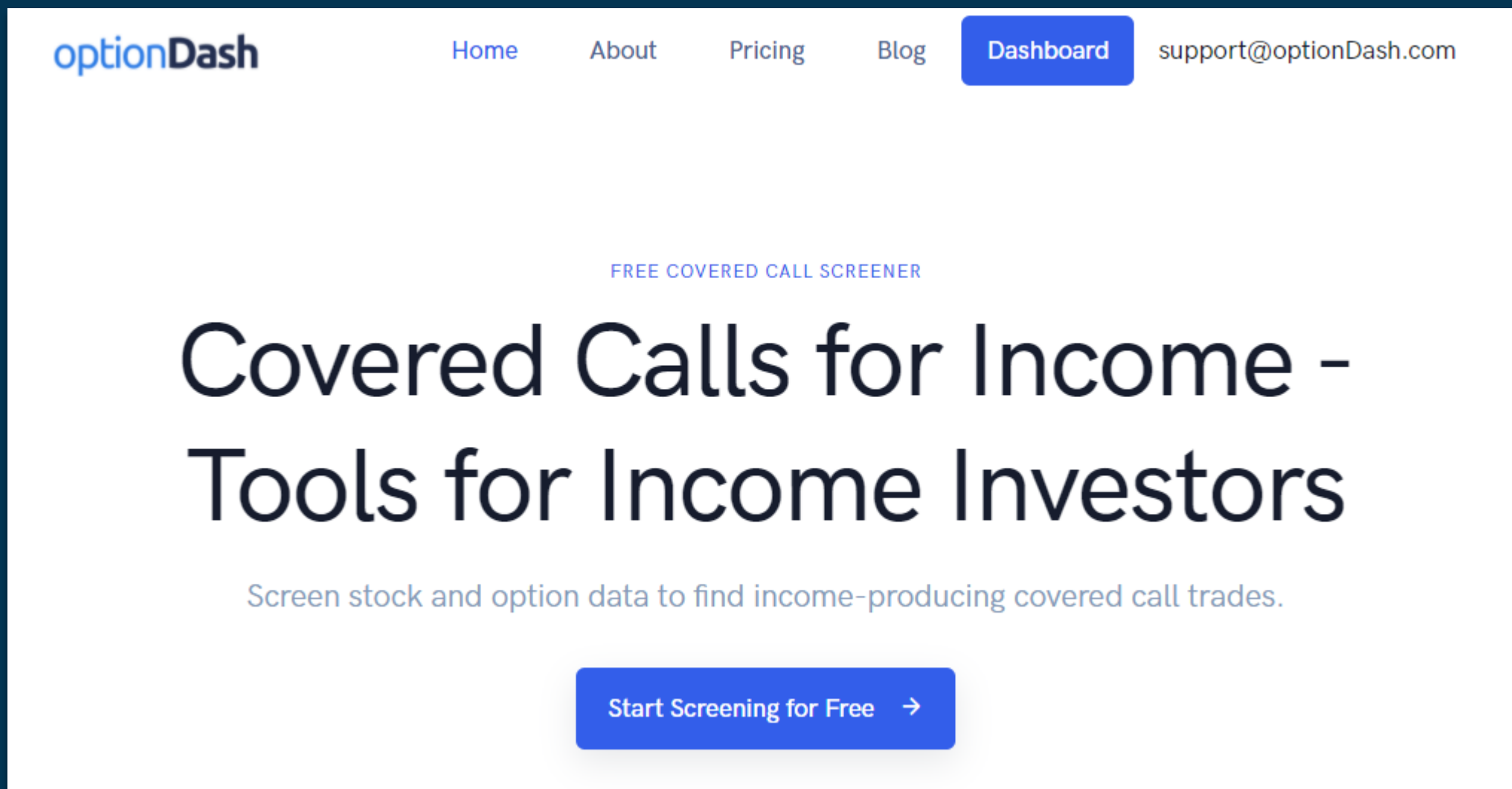
## PORTFOLIO DESIGN

How will this stock  
fit into your portfolio?



## OBJECTIVE SPECIFIC

[optionDash.com](https://optionDash.com)

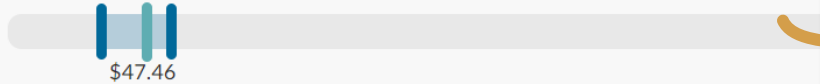


The screenshot shows the OptionDash website dashboard. At the top left is the "optionDash" logo. The navigation menu includes "Home", "About", "Pricing", "Blog", and "Dashboard" (which is highlighted in a blue button). To the right of the navigation is the email address "support@optionDash.com". The main content area features the text "FREE COVERED CALL SCREENER" in blue, followed by a large heading "Covered Calls for Income - Tools for Income Investors". Below the heading is a subtext: "Screen stock and option data to find income-producing covered call trades." At the bottom center is a blue button with the text "Start Screening for Free" and a right-pointing arrow.



OPTION CHAINS

Selected Strike Range:



Symbol: JAM  
 Stock Price: \$46.50  
 Call Strike: \$47.50  
 Call Bid: \$3.90  
 Expiration: April 21, 2023

Expiration Dates (1)

April 21 2023 - 44 Days

CALLS

JAM @ 46.50

PUTS

	IV	DELTA	OPEN INT	VOL	LAST	BID	ASK	STRIKE PRICE	BID	ASK	LAST	VOL	OPEN INT	DELTA	IV	
<input type="checkbox"/>	62.58	0.81	1	--	12.80	8.90	9.20	40.00	1.30	1.40	1.25	2	61	-0.19	62.40	<input type="checkbox"/>
<input type="checkbox"/>	59.51	0.74	9	--	7.35	7.00	7.30	42.50	1.90				15	-0.27	59.94	<input type="checkbox"/>
<input type="checkbox"/>	57.46	0.65	2	--	6.47	5.40	5.60	45.00	2.75				17	-0.35	57.96	<input type="checkbox"/>
<input type="checkbox"/>	55.08	0.55	13	--	4.10	3.90	4.20	47.50	3.80				8	-0.45	56.00	<input type="checkbox"/>
<input type="checkbox"/>	53.92	0.45	6	--	3.17	2.85	3.00	50.00	5.10				53	-0.55	54.55	<input type="checkbox"/>
<input type="checkbox"/>	51.87	0.35	14	6	2.00	1.90	2.05	52.50	6.70				37	-0.65	53.32	<input type="checkbox"/>

Potential Gross  
 Capital Appreciation:  
 \$1.00 per share  
 (\$47.50 - \$46.50)

## QUOTE

JAM



Real Time Quote as of  
03/08/2023 12:30 pm ET

## MY ACCOUNTS



## TRADE TICKET

STOCK **OPTION**

**BUY 100 SHARES**

**BUY IN INCREMENTS OF 100  
(1 CONTRACT/100 SHARES)**

Action	QTY	Bid	Ask	
Buy	100	46.50	46.85	X

Action	QTY	Expiration	Strike	Type	Bid	Ask
Sell To Open	1	Apr 21 2023	47.50	CALL	3.90	4.20

**SELL 1 CALL**

Covered Call

Order Type      Duration

Market	▼	Day	▼
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## ORDER SUMMARY

Covered Call  
**BUY** 100 shares of      at the market, Good for the day.

**SELL TO OPEN** 1 contract of  
Apr 21 2023 47.50 CALL  
at the market, Good for the day.

Real Time Quote as of  
03/08/2023 12:30 pm ET

Account:

**Preview Order**

Clear

# COVERED CALLS ARE TWO-PART STRATEGY



You bought  
100 shares of JAM at  
\$46.50 a share



You sold  
1 April  
\$47.50 JAM Call

1 April  
\$47.50  
JAM Call

You are obligated to sell 100 shares of JAM for \$47.50 on or before the April 21, 2023.

You earned option premium of \$389.50\*, which you get to keep, regardless of the expiration outcome.

\*(100 shares x \$3.90 premium - \$0.50 trading fee)

*TIME PASSES...*

# POSSIBLE EXPIRATION OUTCOMES



**CALL EXERCISED**

## JAM CLOSES ABOVE \$47.50 STRIKE PRICE

Option Premium:	\$3.90	Total Profit
Cap. Appreciation:	\$1.00	\$4.90 x 100
Potential Profit:	<b>\$4.90</b>	- \$0.50
		\$489.50



**CALL EXPIRE**

## JAM CLOSES BELOW \$47.50 STRIKE PRICE

Option Premium:	\$3.90	Total Profit
Cap. Appreciation:	<del>\$1.00</del>	\$3.90 x 100
Potential Profit:	<del>\$4.90</del>	- \$0.50
		\$389.50

# POSSIBLE EXPIRATION OUTCOMES



**CALL EXERCISED**

## JAM CLOSES ABOVE \$47.50 STRIKE PRICE

- Position is closed
- Repeat the process – buy shares/sell covered call



**CALL EXPIRE**

## JAM CLOSES BELOW \$47.50 STRIKE PRICE

Option Premium:	\$3.90	Total Profit
Cap. Appreciation:	<del>\$1.00</del>	\$3.90 x 100
Potential Profit:	<del>\$4.90</del>	- \$0.50
		\$389.50

# POSSIBLE EXPIRATION OUTCOMES



**CALL EXERCISED**

## **JAM CLOSES ABOVE \$47.50 STRIKE PRICE**

- Position is closed
- Repeat the process – buy shares/sell covered call



**CALL EXPIRE**

## **JAM CLOSES BELOW \$47.50 STRIKE PRICE**

- You still own 100 JAM shares
- Sell a covered call against these shares



# RISKS AND BENEFITS



## **BENEFITS**

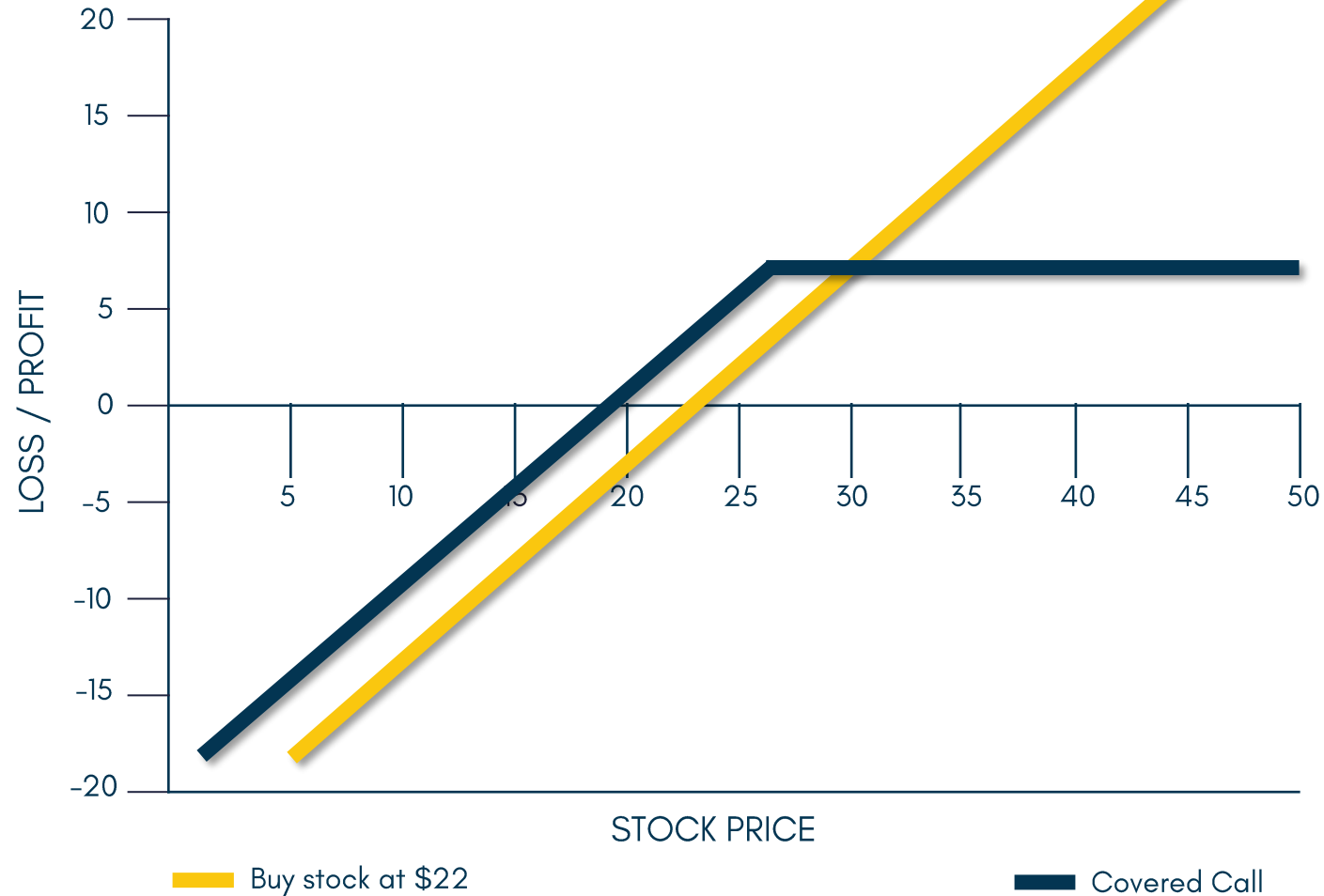
- Cash Flow
- Potential Boost to Return



## **RISKS**

- Stock Risk
- Capped Upside Potential

# COVERED CALL CHART



# BENEFITS AND RISKS





# CLIMB THE MARKET IN A DOWN MARKET

*Selling Covered Calls for Income in a  
Declining Market*



THURSDAY  
MARCH 23RD



STARTS AT  
12:00 CST

**REGISTER AT:**

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**SHELLEY SEAGLER**  
**DIRECTOR OF EDUCATION**



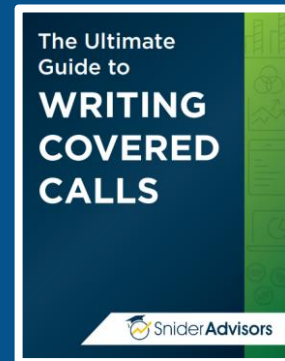
**JESSE ANDERSON, CFA**  
**CEO**

# [www.SniderAdvisors.com/Bonus](http://www.SniderAdvisors.com/Bonus)

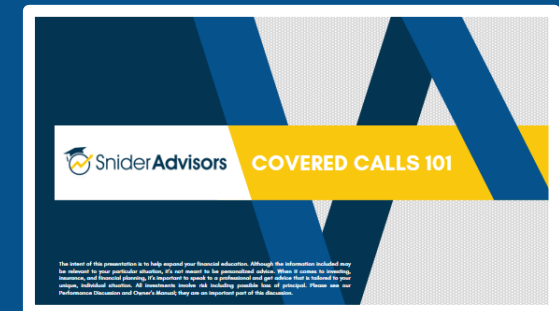
*Thank you for joining us!*



**Online Course**



**eBook**



**Slides**



# COVERED CALLS 101

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.