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IUR Capital

Index Options for Income

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Seeking Income with Index Options

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September 2022

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Options are leveraged products that involve risk and are not suitable for all investors. Before committing capital to any option strategies, read the “Characteristics & Risks of Standardized Options” provided by the Options Industry Council. For a copy call 312-542-6901.

A copy is also available at: <http://www.optionsclearing.com/publications/risks/riskstoc.pdf>

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Host Profile (Gareth Ryan)

- Founded IUR Capital Ltd in 2007, IUR Capital LLC in 2010
- IUR Capital is an investment advisor for institutional and retail investors
- Focused on exchange-traded option strategies

Market update....it's volatile out there

- Nasdaq sinks back into bear market in late August
- S&P 500 retracing 50% from the August 16 highs
- But the VIX seems to underestimate summer volatility
- September – December will see further sharp market swings
- Every Fed meeting / CPI number will be market-moving events in the coming months

- We are now entering the busiest period of the year for equity indexes – three Fed meetings between 09/14 – 12/16
- Recent volatility in August suggests large-scale re-positioning to prepare for another 75bps rate hike and sustained higher rate environment
- Risk assets primed for a retest of June bear market lows in coming weeks
- Any further declines in tech will be amplified across equity indexes
- Opportunists should prepare for a deeper and more volatile pullback from the August 16 highs

Question of the day....

Should we be a BUYER or SELLER of volatility at current levels?

Answers please in the Q&A Panel

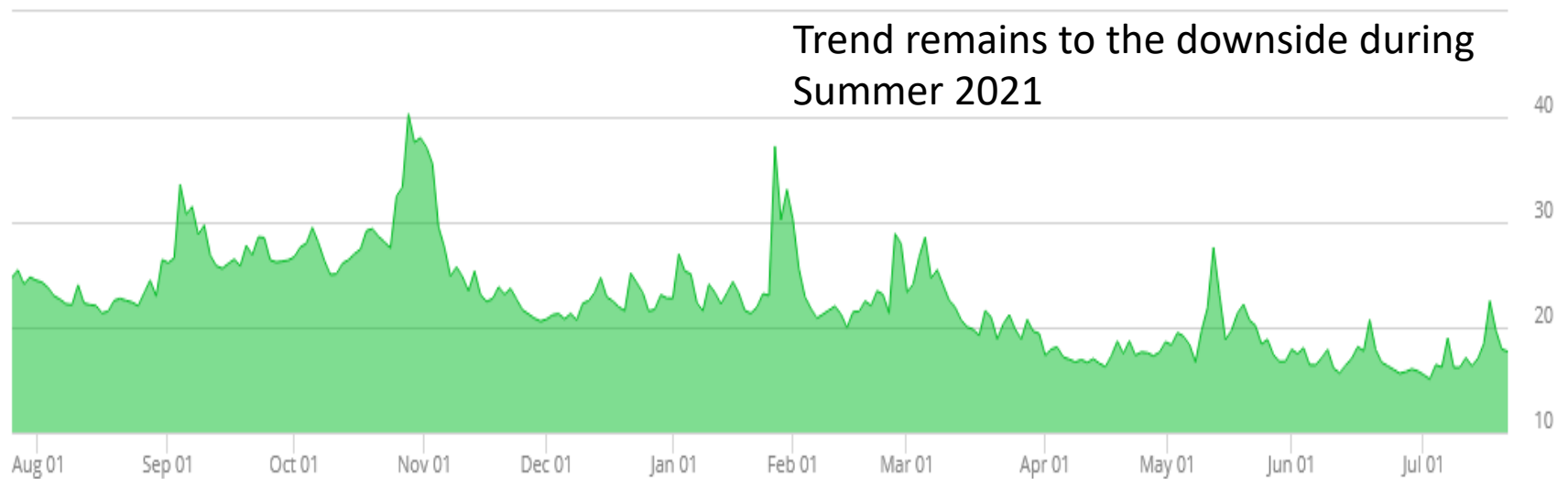
Buying Puts = Buying Volatility

Selling Puts = Selling Volatility

CBOE VIX 1 Year

CBOE Volatility Index

Intraday 5D 1M 3M 6M YTD 1Y 5Y All



Source: CBOE

Nasdaq continues to lead broader market higher post-earnings

PowerShares QQQ Trust, Series 1 (ETF)

Intraday 5D 1M 3M 6M YTD 1Y 5Y All

Tech valuations are a source of concern....
the Nasdaq led the broader market higher in 2020



Source: CBOE

Scenario 1: \$5m portfolio

- You are looking to supplement income from employment through your current portfolio
- Currently invested in bonds, mutual fund, dividend-paying stocks
- You need to generate consistent income in the portfolio BUT with a focus on capital preservation
- You are willing to allocate 15-20% of the overall portfolio to a conservative options strategy to generate regular premium
- You want to achieve regular premium even if the market remains flat

There is a substantial risk of loss in trading futures and options.

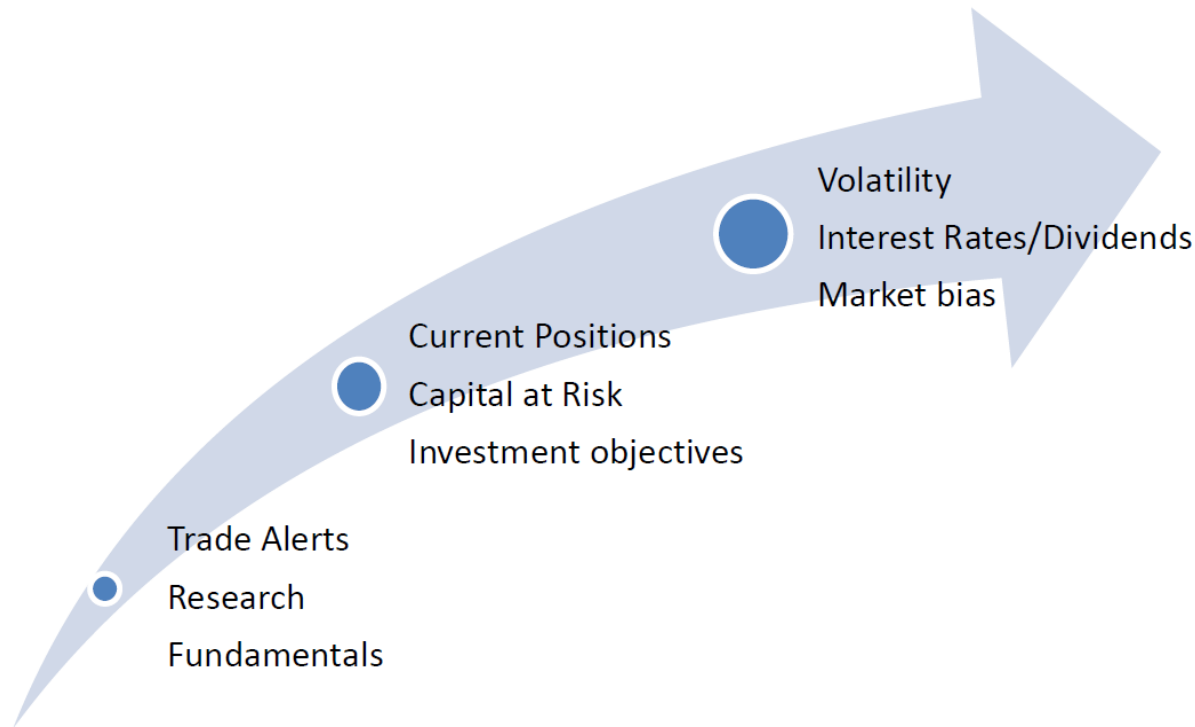
Scenario 2: \$500k retirement account

- You are nearing retirement or already retired, with no dependents
- Your income has dropped, but you are wary that you will still have living costs for you and your spouse
- Mostly invested in bonds with a small element of stocks, but your dividend income is not sufficient for regular drawdowns
- Preserving your capital in your retirement accounts is a priority
- But you are willing to look at an income strategy using options that does not require a rising market
- You want to achieve regular premium even if the market remains flat

There is a substantial risk of loss in trading futures and options.

Options: Significant Potential Benefits...but inherent challenges

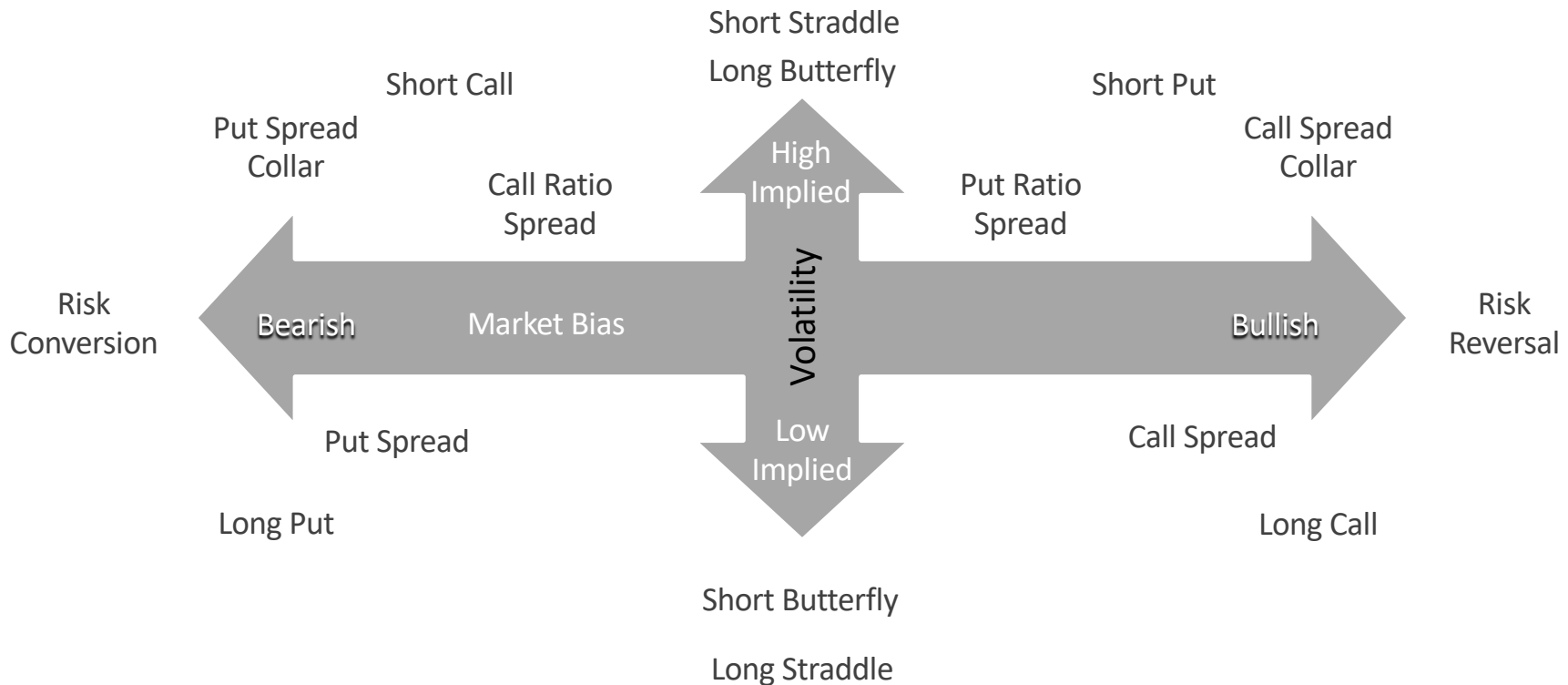
- Used correctly options can provide the opportunity to improve portfolio performance and also reduce risk
- But identifying our parameters for use of options in a portfolio can be daunting



There is a substantial risk of loss in trading futures and options.

It begins with the right strategy...

Strategy Suite Income-seeking / Directional / Hedging



Options involve risk and are not suitable for all investors. Multiple leg strategies, including spreads, will incur multiple transaction costs

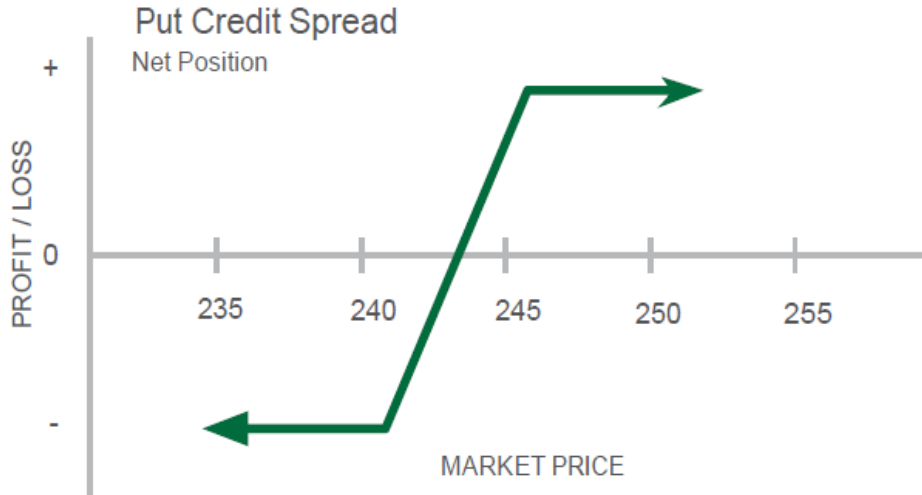
Using index options as a vehicle for income

- Vertical Spreads
- Creates defined-risk, defined-reward scenario
- Buy one option, sell another
- Same underlying
- Same expiration
- Different strike prices
- Established as a credit spread
(premium received on opening transaction)

Index Options Credit Spread Strategy

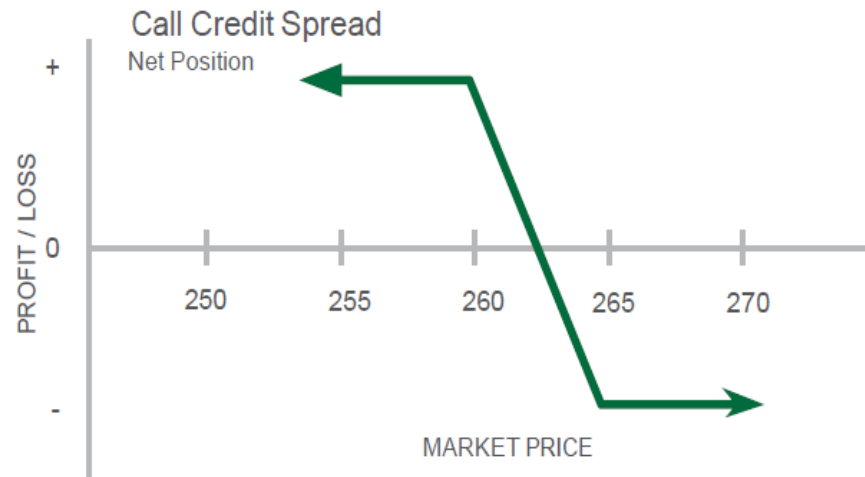
- Seeks to harvest premium to the portfolio using both put spread and call spread premium on underlying index.
- Combine weeklies and traditional monthlies to harvest premium
- Weeklies setup could be as short as 14 days
- Use of at least 2 weeklies and the traditional monthly in any given month
- Consider an outright hedge

Credit Spread Strategy for income



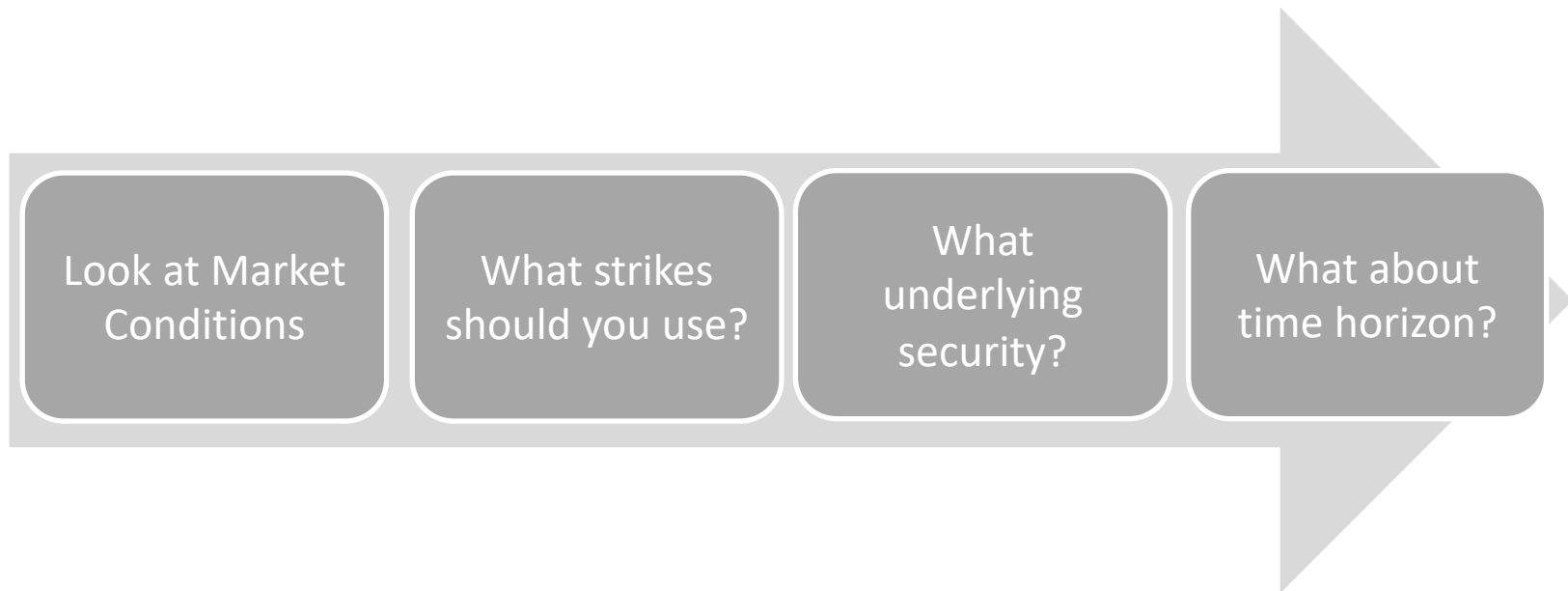
Defined return

Defined risk



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Making option-based strategies work in a portfolio.....



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Join us on our September Options Roadshow with IBKR

Vancouver - Hyatt Regency Vancouver

Monday September 12th
1pm-4pm

San Francisco - Westin St. Francis Union Square

Tuesday September 13th
1pm-4pm

Los Angeles - Kimpton Hotel Palomar Los Angeles

Wednesday September 14th
1pm-4pm

Dallas - Sheraton Dallas Hotel

Friday September 16th
1pm-4pm

Miami - JW Marriott Marquis

Saturday September 17th
1pm-4pm

West Palm Beach - Hilton West Palm Beach

Monday September 19th
1pm-4pm

Chicago - Renaissance Chicago

Wednesday September 21st
1pm-4pm

Toronto - The Westin Harbour Castle

Thursday September 22nd
1pm-4pm

New York City - etc. Venues 601 Lexington Ave

Friday September 23rd
1pm-4pm

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please email gryan@iurcapital.com

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Let's talk...

Email me gryan@iurcapital.com to request the slides or just to have a chat....