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IUR Capital

Option Strategies for Income

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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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- Established in 2007 by Gareth Ryan, Managing Director
- Investment advisor focused on option strategies for client portfolios
- Option strategies seek to enhance yield through premium
- Provides Discretionary Managed Portfolios
- We advise.....

Individual accounts

Retirement accounts

Joint accounts

Corporate accounts

Trust accounts

First....a brief look back at 2022

S&P 500 Sectors in 2022

1Q'22	2Q'22	3Q'22	4Q'22	
39.1%	-5.3%	1.7%	22.9%	SIXE - Energy
4.8%	-5.1%	-6.0%	8.6%	SIXU - Utilities
-1.3%	-4.0%	-6.9%	12.6%	SIXR - Consumer Staples
-2.6%	-5.9%	-5.2%	12.8%	SIXV - Health Care
-2.4%	-14.8%	-4.7%	19.2%	SIXI - Industrials
-1.5%	-17.5%	-3.1%	13.6%	SIXM - Financial
-2.4%	-15.9%	-7.1%	15.0%	SIXB - Materials
-6.2%	-14.7%	-11.0%	3.8%	SIXRE - Real Estate
-8.5%	-19.7%	-6.4%	5.1%	SIXT - Technology
-9.3%	-25.5%	3.9%	-9.1%	SIXY - Consumer Discretionary
-11.3%	-20.9%	-11.6%	0.4%	SIXC - Communication Services

Total return indices (pre-tax). Source: Cboe Global Markets

2022 was most volatile year since 2008 GFC, and more specifically, Q2 of 2022 saw significant declines in all sectors

So....how has 2023 been so far?

- US equity markets end Q1 firmly in the green
- Nasdaq +19% YTD / S&P 500 +7% YTD
- 2022's biggest losers are 2023's biggest gainers (NVDA/META/TSLA/AMD)
- Banking crisis created a volatile March....SVB/Signature/Credit Suisse
- But is this really a replay of 2008 GFC?
- Treasury yields / Oil remain below their 12 month highs
- And the VIX ends Q1 below the key 20 handle
- Fed meetings / CPI & Jobs Reports / Earnings all ahead of us....

(As of April 3rd, 2023)

Why do we still watch the VIX?

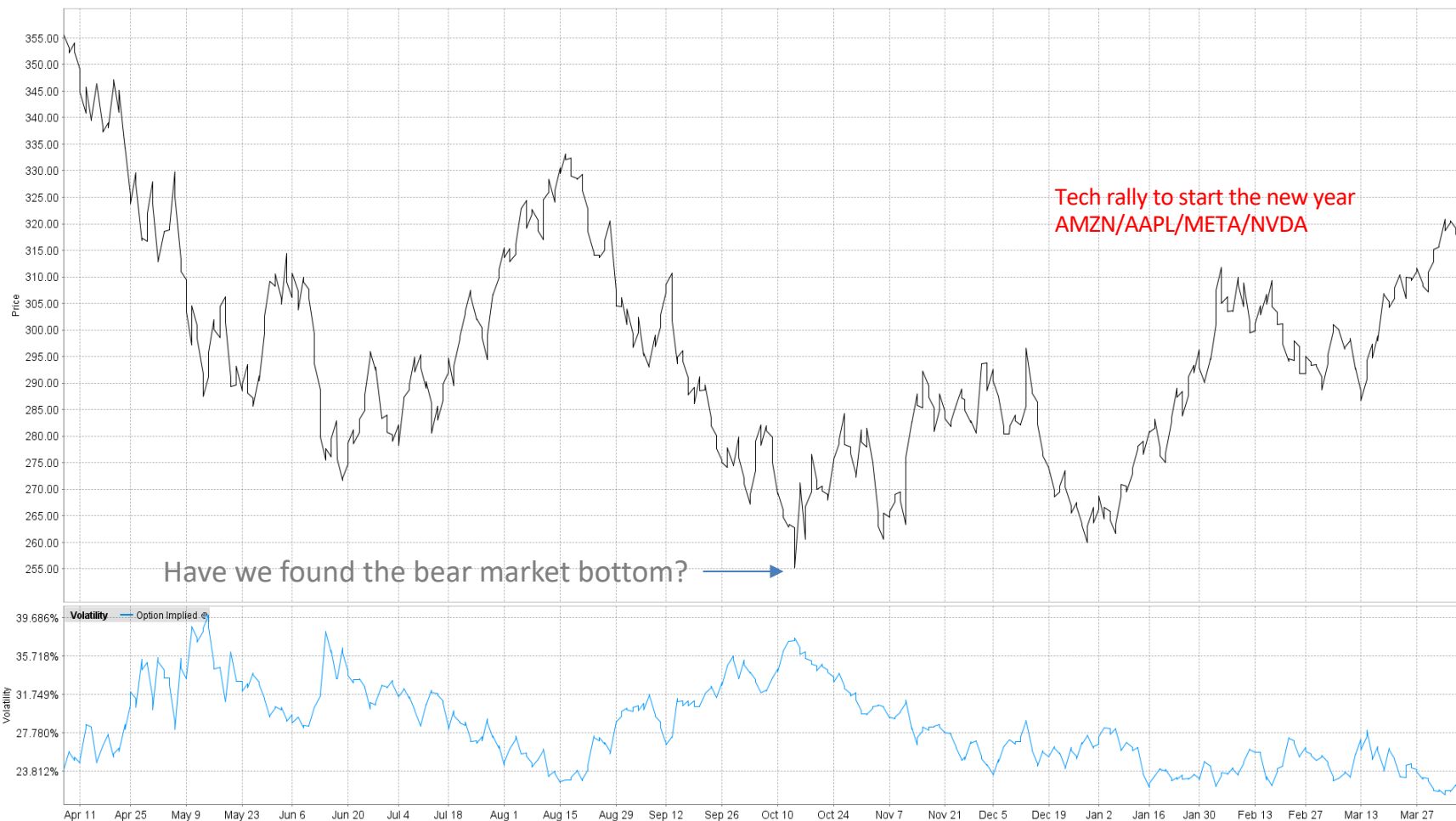
CBOE VIX 1 Year



Source: CBOE

Tech strength = Broad market strength

Nasdaq 100 YTD



Source: CBOE

Bumpy but positive action for SPX in Q1

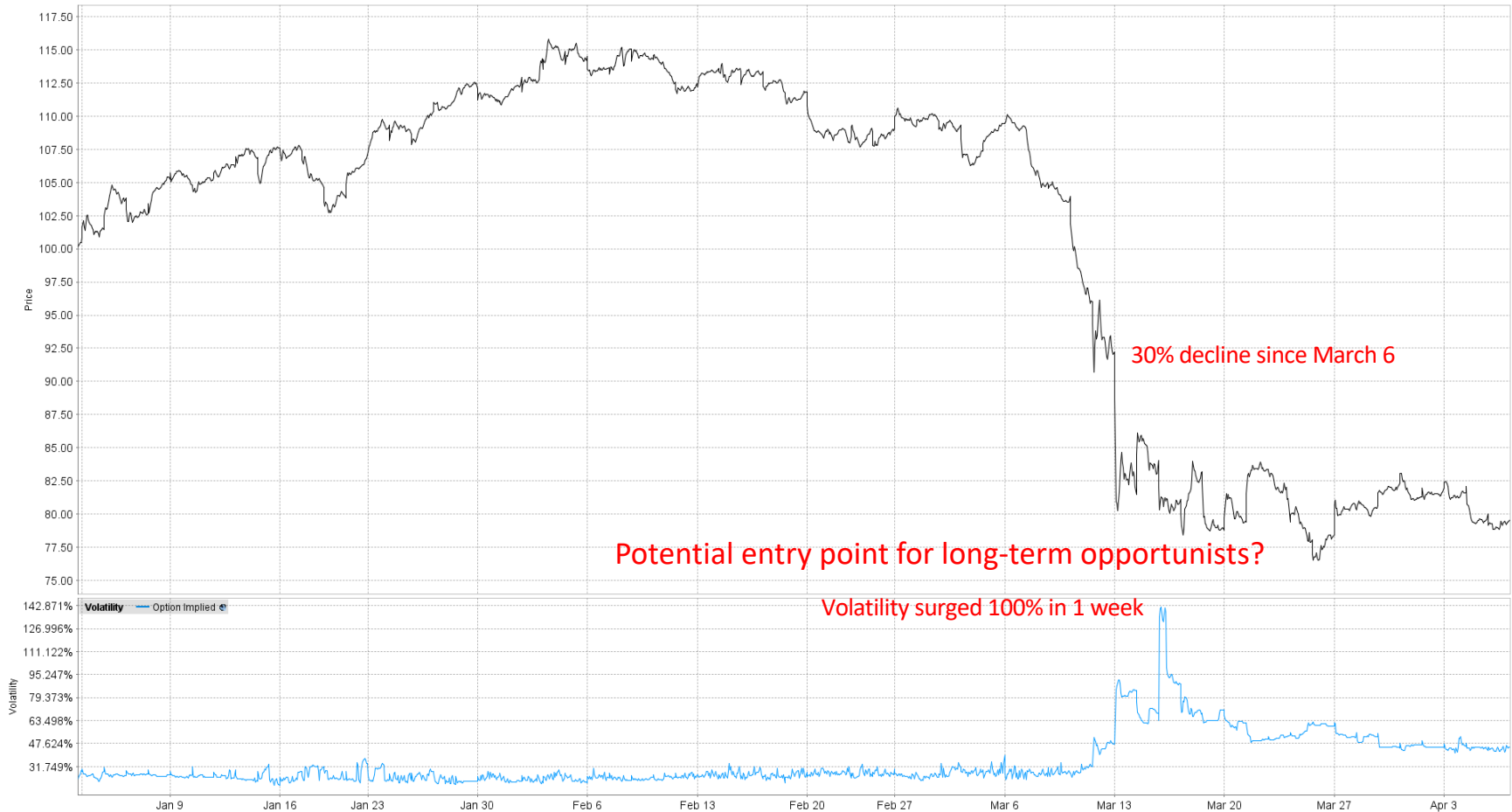


Source: CBOE

Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations. Past performance is not necessarily indicative of future results.

KBW Bank Index....look away now

YTD



Source: CBOE

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

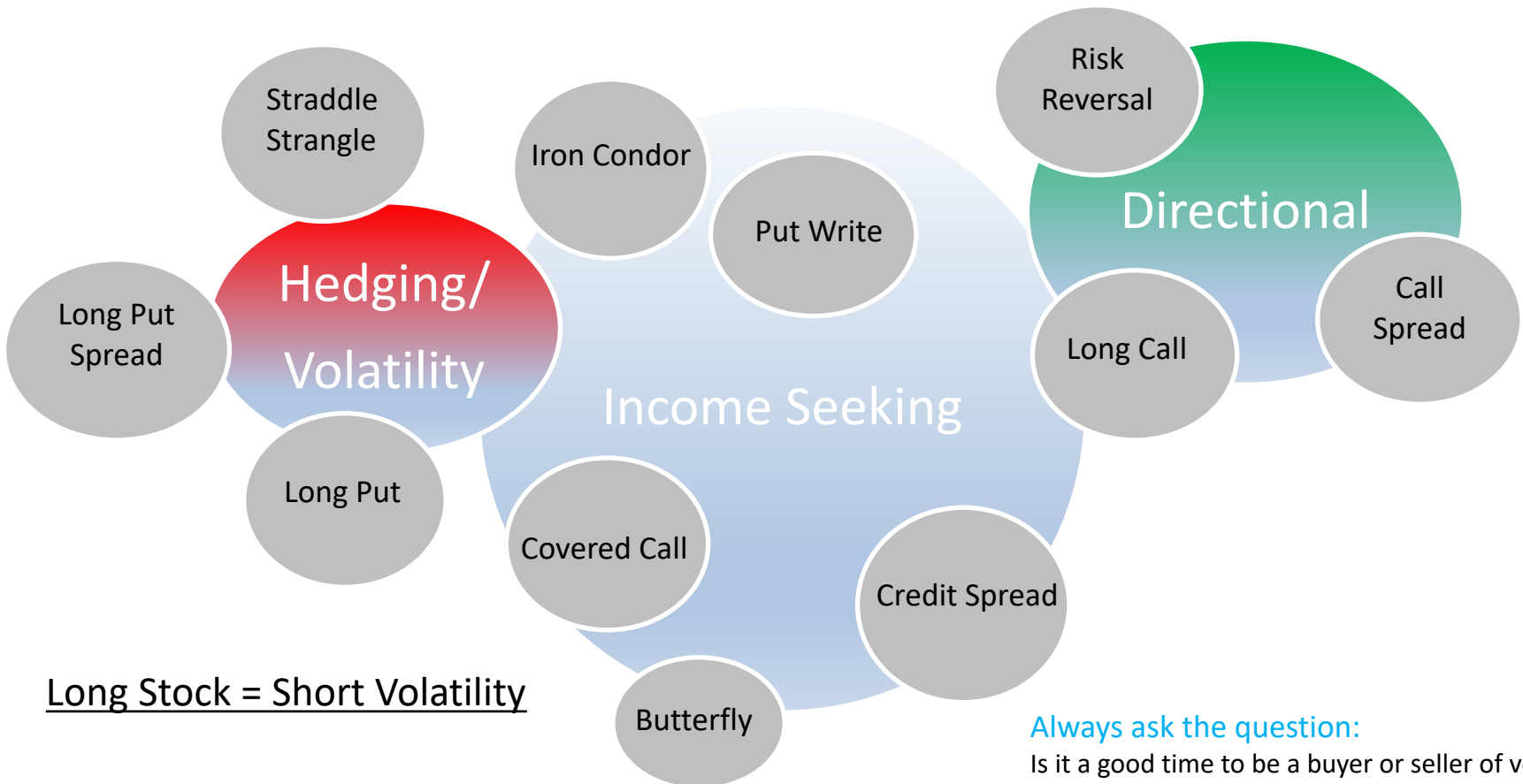
Scenario.....The Individual Investor

\$1m portfolio

- You are nearing retirement or already retired, with no dependents
- Mostly invested in bonds and exposure to stocks, but dividend income is not sufficient for regular drawdowns
- **Capital preservation** in a retirement account is a priority
- But you are willing to look at **income-seeking** option strategies that do not require a rising market
- Focus on defined-risk / defined-return option strategies
- Exclude option strategies which carry unlimited risk profile

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

Let's revisit the strategy suite



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- 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)

Weekly 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 can be as short as 7 days
- Use of weeklies and the traditional monthly in any given month
- Consider an outright hedge

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Risk Management

- Both maximum gain and maximum loss are defined
- Best case scenario is both legs of the credit spread expire OTM at zero
- Worst case scenario is for S&P 500 to fall below the lower strike at expiry (bull put spread) or above the higher strike (bear call spread)
- Adjustment points determined at the outset to avoid assignment
- Credit Spread Strategy can also be hedged to reduce directional exposure
- **This requires active management of the position...particularly in market corrections**

Credit Spreads....

Systematic vs Discretionary....

Systematic

Creates an “auto-pilot”
Options rolled at expiry each month
Strike selection pre-defined
Fixed time horizon
Minimal variation in market timing
Involves continuous market exposure
Seeks to perform consistently in low volatility

Avoid over-trading

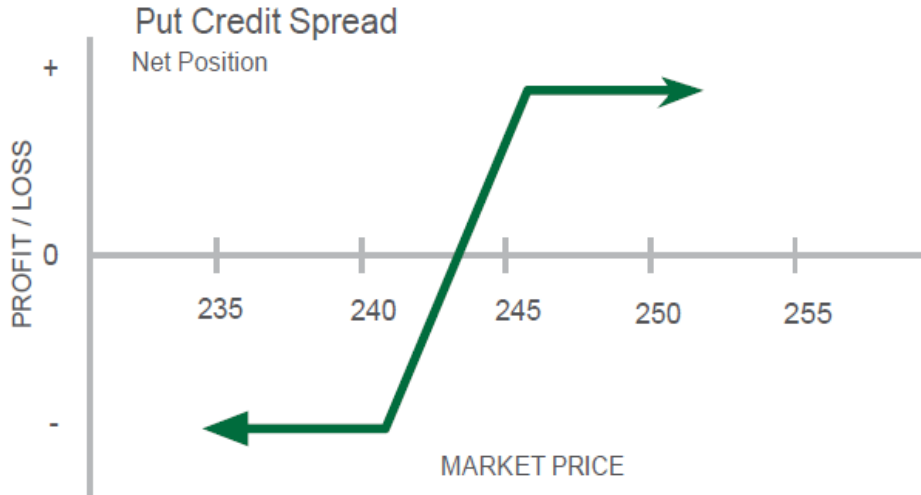
Discretionary/Opportunistic

Option Strategy / Market Bias can vary
Positions rolled only when appropriate
Strike selection may change each month
Time horizon to vary based on market conditions
Does not seek to have on-going exposure to volatility / market moves
Seeks to benefit from extreme market moves

Avoid missing opportunities

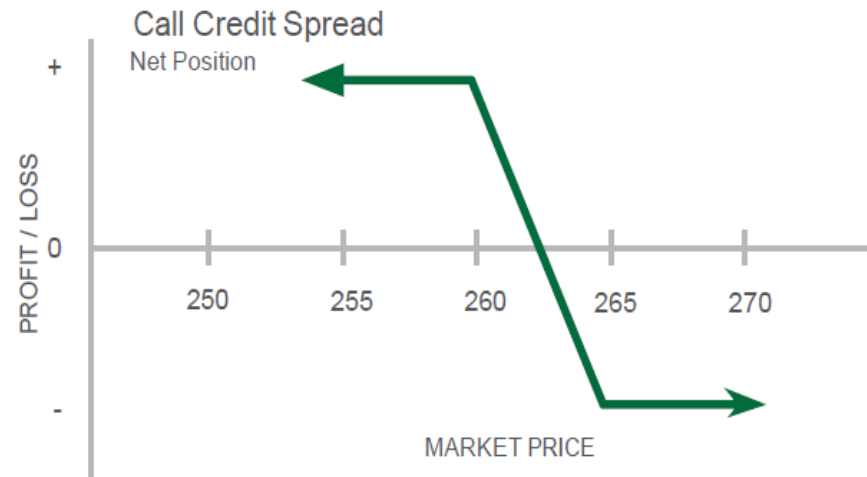
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Credit Spread Strategy for income



Defined return

Defined risk



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Let's look at some real-time credit spreads in TWS platform...

How we advise on the IBKR platform....

Advising on existing IBKR account

Divide account into two partitions

Create a new advisor-linked account

Join us on our April Options Roadshow with IBKR!

Seattle – Grand Hyatt Hotel

Monday April 17th, 2023
12pm – 3pm

Vancouver - Hyatt Regency

Tuesday April 18th, 2023
1pm-4pm

Los Angeles - Kimpton Hotel Palomar Los Angeles

Wednesday April 19th, 2023
12pm – 3pm

San Diego – Intercontinental Hotel

Thursday April 20th, 2023
1pm - 4pm

Miami - JW Marriott Marquis

Friday April 21st, 2023
1pm - 4pm

Chicago – Renaissance Chicago Downtown

Monday April 24th, 2023
12pm – 3pm

Toronto – Park Hyatt Toronto

Tuesday April 25th, 2023
12pm – 3pm

Montreal – AC Hotel Montreal Downtown

Wednesday April 26th, 2023
12pm - 3pm

New York City – Renaissance Inn Times Square

Friday April 28th, 2023
12pm – 3pm

**For more information and to register,
please email gryan@iurcapital.com**

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All times are local.

Let's talk...

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