

IBKRCampus

IBKRWebinars

December 11, 2023

IUR Capital

Option Strategies for 2024

Gareth Ryan

Founder & Managing Director
IUR Capital

www.ibkrcampus.com/webinars

www.ibkrcampus.eu/webinars

Exchange and Industry Sponsored Webinars are presented by unaffiliated third parties. IBKR is not responsible for the content of these presentations. You should review the contents of each presentation and make your own judgment as to whether the content is appropriate for you. IBKR does not provide recommendations or advice. This presentation is not an advertisement or solicitation for new customers. It is intended only as an educational presentation.

Disclosure:

Options involve risk and are not suitable for all investors. For information on the uses and risks of options, you can obtain a copy of the Options Clearing Corporation risk disclosure document titled Characteristics and Risks of Standardized Options by visiting ibkr.com/occ. Multiple leg strategies, including spreads, will incur multiple transaction costs.

Futures are not suitable for all investors. The amount you may lose may be greater than your initial investment. Before trading futures, please read the [CFTC Risk Disclosure](#). For a copy visit your local Interactive Brokers Website.

Any discussion or mention of an ETF is not to be construed as recommendation, promotion or solicitation. All investors should review and consider associated investment risks, charges and expenses of the investment company or fund prior to investing. Before acting on this material, you should consider whether it is suitable for your particular circumstances and, as necessary, seek professional advice.

Security futures involve a high degree of risk and are not suitable for all investors. The amount you may lose may be greater than your initial investment. Before trading security futures, please read the [Security Futures Risk Disclosure Statement](#). For a visit copy your local Interactive Brokers Website.

There is a substantial risk of loss in foreign exchange trading. The settlement date of foreign exchange trades can vary due to time zone differences and bank holidays. When trading across foreign exchange markets, this may necessitate borrowing funds to settle foreign exchange trades. The interest rate on borrowed funds must be considered when computing the cost of trades across multiple markets.

The Order types available through Interactive Brokers Trader Workstation are designed to help you limit your loss and/or lock in a profit. Market conditions and other factors may affect execution. In general, orders guarantee a fill or guarantee a price, but not both. In extreme market conditions, an order may either be executed at a different price than anticipated or may not be filled in the marketplace.

There is a substantial risk of loss in trading futures and options. Past performance is not indicative of future results.

Any stock, options or futures symbols displayed are for illustrative purposes only and are not intended to portray recommendations.

IRS Circular 230 Notice: These statements are provided for information purposes only, are not intended to constitute tax advice which may be relied upon to avoid penalties under any federal, state, local or other tax statutes or regulations, and do not resolve any tax issues in your favor.

Interactive Brokers LLC is a member of NYSE FINRA SIPC

Interactive Brokers Canada Inc - Is a member of the Canadian Investment Regulatory Organization (CIRO) and Member - Canadian Investor Protection Fund

Interactive Brokers (U.K.) Limited is authorised and regulated by the Financial Conduct Authority. FCA Register Entry Number 208159

Interactive Brokers Ireland Limited is regulated by the Central Bank of Ireland. CBI, reference number C423427

Interactive Brokers Australia Pty. Ltd. - ABN 98 166 929 568 is licensed and regulated by the Australian Securities and Investments Commission AFSL: 453554

Interactive Brokers Singapore Pte. Ltd. - Is licensed and regulated by the Monetary Authority of Singapore. MAS, Licence No. CMS100917

Interactive Brokers Hong Kong Limited is regulated by the Hong Kong Securities and Futures Commission, and is a member of the SEHK and the HKFE

Interactive Brokers India Pvt. Ltd. member: NSE, BSE, SEBI. Regn. No. SEBI Registration No. INZ000217730; NSDL: IN-DP-NSDL-301-2008

Interactive Brokers Central Europe Zrt. is licensed and regulated by the Central Bank of Hungary (Magyar Nemzeti Bank) under no. H-EN-III-623/2020

As with all investments, your capital is at risk



Option Strategies for 2024

Gareth Ryan Founder & Managing Director

gryan@iurcapital.com

December 2023

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>

IUR Capital LLC is an investment advisor registered with the Securities & Exchange Commission (Firm CRD 153630). IUR Capital Ltd is a registered Portfolio Manager with the Ontario Securities Commission (NRD 37230) and authorized and regulated by the UK Financial Conduct Authority (Firm Reg 514394). We do not hold any client funds. Client accounts are held at a FINRA member broker-dealer and clearing firm. The Presenter (Gareth Ryan) is an Investment Advisor Representative (IAR) of IUR Capital LLC and a Registered Representative of an affiliated broker-dealer (IUR Securities LLC).

None of the content discussed in this presentation carries an offer or solicitation of an offer to buy or sell any security or operate any specific strategy. Any securities included in this presentation are for illustrative purposes only and are not intended as recommendations. Where multi-leg strategies (including spreads) are discussed, the commission is per leg and therefore multiple commissions will apply. Commissions are subject to change.

The information provided in this presentation is believed to be accurate, but the accuracy and completeness of the information is not guaranteed. Investors should not rely on any information for the maintenance of books and records or for tax, accounting, financial, or regulatory reporting. *Past performance is not indicative of future results.*

About IUR

IUR Capital LLC is an investment advisor formed in 2010 and IUR Capital Ltd is an investment advisor formed in 2007.

We focus on the use of exchange-traded option strategies for client portfolios, via discretionary managed accounts.

We seek to deploy option strategies that hedge market risk, provide premium-harvesting opportunities and allow portfolios to express a market bias.

We advise:

- Individual accounts
- Retirement accounts
- Joint accounts
- Corporate accounts
- Trust accounts

“Volatility evolves....and as investors, so should we.”

(Me. December 2023)

So...how was your 2023?

- SPX +18% / Nasdaq 43% YTD
- 10Y Treasury Yields peaked near 5% in October
- Tech rally has driven broader index performance throughout this year
- VIX now back to pre-pandemic lows....are we getting complacent again?
- And it's Fed week!

Source: Bloomberg/IBKR

(As of December 4th, 2023)

VIX now at pre-pandemic lows....can we still short volatility?



Source: IBKR TWS

Any stock, options or futures symbols displayed are for illustrative purposes only and are not intended to portray recommendations. Past performance is not necessarily indicative of future results.

SPX YTD....it's been *mostly* a smooth ride



Source: IBKR TWS

Any stock, options or futures symbols displayed are for illustrative purposes only and are not intended to portray recommendations. Past performance is not necessarily indicative of future results.

NDX driving market sentiment....but will this persist in 2024?



Source: IBKR TWS

Any stock, options or futures symbols displayed are for illustrative purposes only and are not intended to portray recommendations. Past performance is not necessarily indicative of future results.

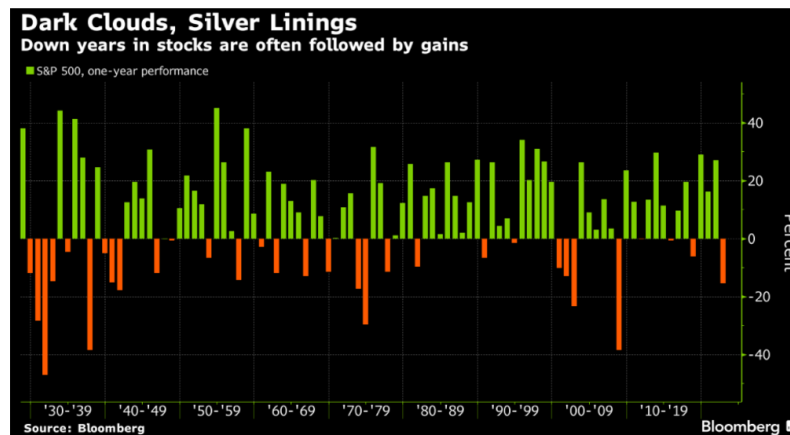
Flashback to our December 2022 webcast....

And now the good news....

Bearish sentiment peaked in December 2022 for US equity markets, with the Nasdaq declining 10% in the month alone.

Followed by a sharp reversal in sentiment at beginning of 2023

- Stocks don't often fall two years in a row - Red years are *usually* followed by green ones
- In fact, a down-year is almost three times as likely to be followed by an up-year as by another down year*



*Based on data series going back to 1928

11

What we need to watch in early 2024:



What are the portfolio objectives in 2024?

- If **seeking income** with options, what risk/return profile is appropriate?
- If taking **directional positioning** with options, what strategies can we use?
- For **hedging** an equity portfolio with options, how can we justify costs?
- Do we have sufficient knowledge of the various strategies available?

Option Strategy Basket for 2024

Hedging

- Long Put
- Long Put Spread
- Collar

Premium-Harvesting

- Covered Call
- Credit Spread
- Iron Condor

Directional

- Long Call
- Long Call Spread
- Risk Reversal
- Cash-secured put

Not all option strategies are included in the above table

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)

There is a substantial risk of loss in trading futures and options. Past performance is not indicative of future results.
Any stock, options or futures symbols displayed are for illustrative purposes only and are not intended to portray recommendations

S&P 500 Index Credit Spread Strategy

- Seeks to harvest premium on a continuous basis to the portfolio using both put spread and call spread premium S&P 500 index.
- Makes use of short-dated and long-dated options
- Can be used on any equity index or index ETF.

There is a substantial risk of loss in trading futures and options. Past performance is not indicative of future results.

Any stock, options or futures symbols displayed are for illustrative purposes only and are not intended to portray recommendations

Options involve risk and are not suitable for all investors.

Weekly Option Premium

- >14 day-time horizon, active rolling of weeklies each expiry
- Provides opportunity for two credits each calendar month
- Strike selection should carry >90% probability of retaining premium
- Market bias dependent on underlying security
- Bear call spread premium provides both option overlay and partial hedge
- Set a monthly credit target based on each underlying

Traditional Monthly Premium

- >30 day-time horizon, desire for larger credits over longer timeframe
- Strike selection should carry >80% probability of retaining premium
- Allows greater underlying volatility over longer horizon
- Considered more conservative given increased tolerance for price swings
- Market volatility may require reduction in weekly option positioning

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

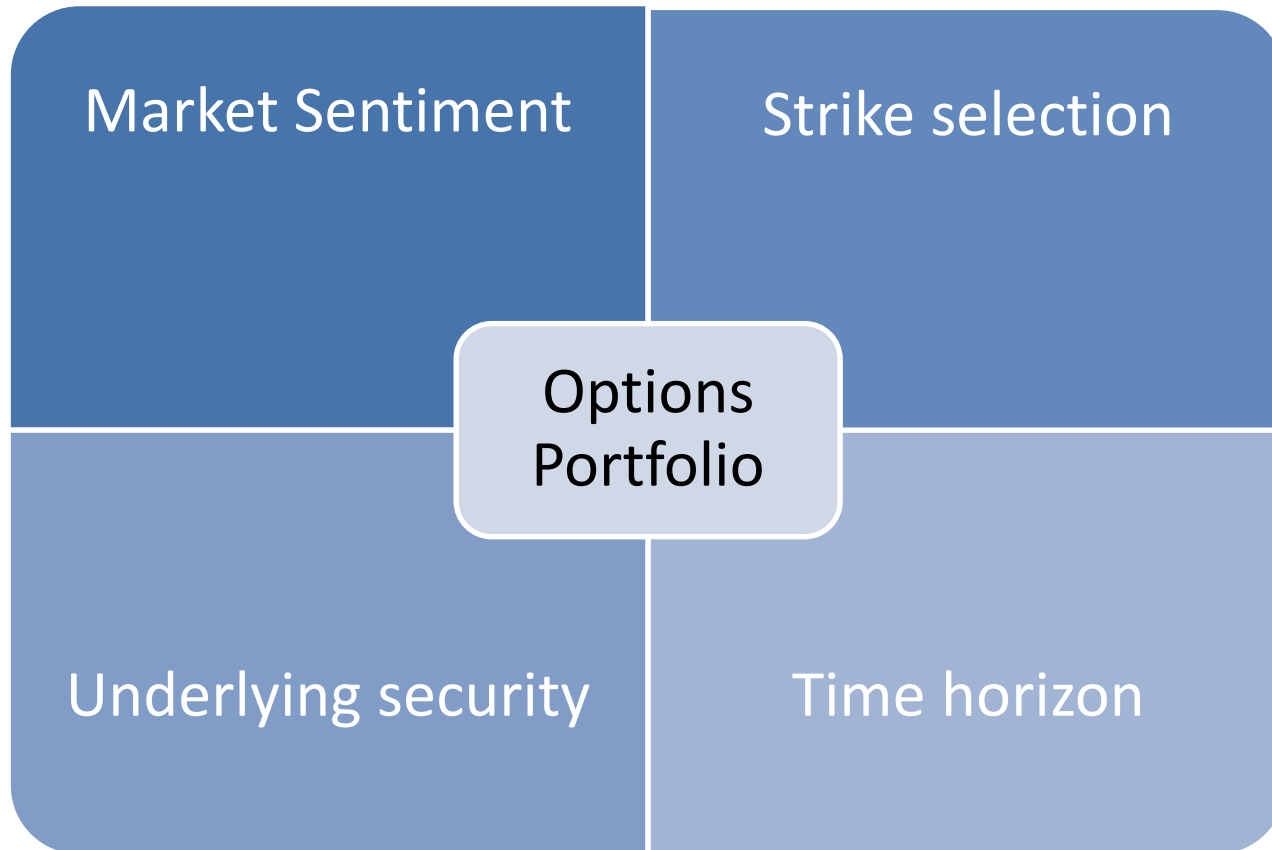
Discretionary/Opportunistic

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 on-going exposure to volatility / market moves
Seeks to benefit from extreme market moves

Avoid missing opportunities

Now let's look at a potential premium-ladder for 2024....

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



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

How we advise on the IBKR platform....

Advising on existing IBKR account

Divide account into two partitions

Create a new advisor-linked account

Let's talk...

To talk to us about options in your portfolio in 2024, email us
gryan@iurcapital.com