

ASX Options

Clever products for clever investors

BULL STRATEGIES

Overall, these positions will do better if the stock or index market rises.

Synthetic Long

Example:
Buy 1 Call and Sell 1 Put at the same strike
Market Outlook: Bullish
Risk: Substantial
Reward: Unlimited
Increase in Volatility: Neutral
Time Decay: Neutral

NEUTRAL STRATEGIES

Overall, these positions will do better if the stock or index market does not move very much.

Long Butterfly

Example:
Sell 2 Calls, Buy 1 Call at higher strike and Buy 1 Call at lower strike
Market Outlook: Neutral
Risk: Limited
Reward: Limited
Increase in Volatility: Typically hurts position
Time Decay: Typically helps position

Short Straddle

Example:
Sell 1 Call and Sell 1 Put at the same strike
Market Outlook: Neutral
Risk: Unlimited
Reward: Limited
Increase in Volatility: Hurts position
Time Decay: Helps position

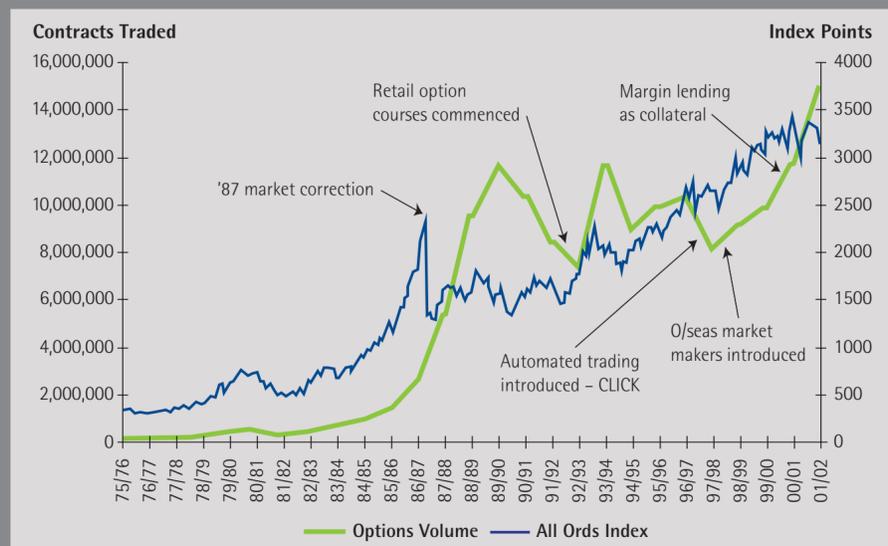
BEAR STRATEGIES

Overall, these positions will do better if the stock or index market falls.

Synthetic Short

Example:
Buy 1 Put and Sell 1 Call at the same strike
Market Outlook: Bearish
Risk: Unlimited
Reward: Substantial
Increase in Volatility: Neutral
Time Decay: Neutral

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Long Call

Example:
Buy 1 Call
Market Outlook: Bullish
Risk: Limited
Reward: Unlimited
Increase in Volatility: Helps position
Time Decay: Hurts position

Long Put

Example:
Buy 1 Put
Market Outlook: Bearish
Risk: Limited
Reward: Substantial
Increase in Volatility: Helps position
Time Decay: Hurts position

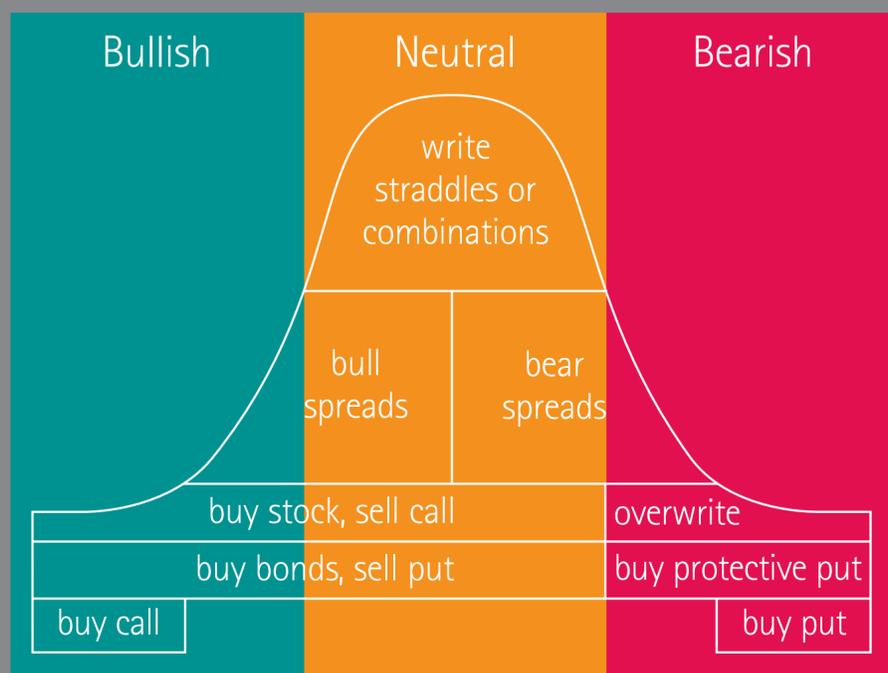
Call Backspread

Example:
Sell 1 Call and Buy 2 Calls at a higher strike
Market Outlook: Bullish
Risk: Limited
Reward: Unlimited
Increase in Volatility: Typically helps position
Time Decay: Typically hurts position

Put Backspread

Example:
Sell 1 Put and Buy 2 Puts at a lower strike
Market Outlook: Bearish
Risk: Limited
Reward: Substantial
Increase in Volatility: Typically helps position
Time Decay: Typically hurts position

THE OPTIONS STRATEGY SPECTRUM



Bull Spread

Example:
Buy 1 Call (Put) and Sell 1 Call (Put) at higher strike
Market Outlook: Moderately Bullish
Risk: Limited
Reward: Limited
Increase in Volatility or Time Decay: Helps or hurts depending on strikes chosen

Bear Spread

Example:
Sell 1 Put (Call) and Buy 1 Put (Call) at higher strike
Market Outlook: Moderately Bearish
Risk: Limited
Reward: Limited
Increase in Volatility or Time Decay: Helps or Hurts depending on strikes chosen

Buy Write

Example:
Buy 1000 shares and Sell 1 Call
Market Outlook: Neutral to Slightly Bullish
Risk: Substantial
Reward: Limited
Increase in Volatility: Hurts position
Time Decay: Helps position

Short Butterfly

Example:
Buy 2 Puts, Sell 1 Put at higher strike and Sell 1 Put at lower strike
Market Outlook: Strong move in either direction
Risk: Limited
Reward: Limited
Increase in Volatility: Typically helps position
Time Decay: Typically hurts position

Long Straddle

Example:
Buy 1 Call and Buy 1 Put at the same strike
Market Outlook: Strong move in either direction
Risk: Limited
Reward: Unlimited
Increase in Volatility: Helps position
Time Decay: Hurts position

Short Call

Example:
Sell 1 Call
Market Outlook: Neutral to Slightly Bearish
Risk: Unlimited
Reward: Limited
Increase in Volatility: Hurts position
Time Decay: Helps position