

# The MTM Option Strategy Guide

# BULLISH STRATEGIES

## LONG CALL

Buy a Call

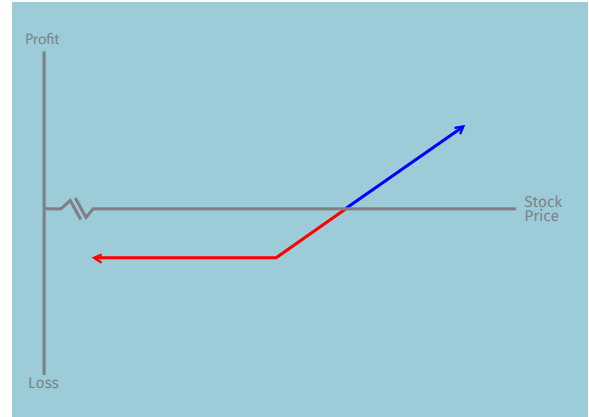
Bullish Outlook

Limited Risk

Unlimited Reward

IV Increase Helps Position

Time Passing Hurts Position



## BULL CALL SPREAD

Buy a Call and Sell a  
Higher-Strike Call With  
Same Expiration

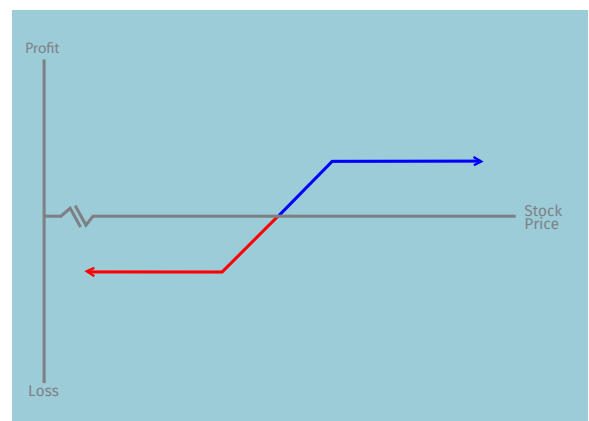
Bullish Outlook

Limited Risk

Limited Reward

IV Increase Can Help or Hurt  
Depending on Strikes

Time Passing Can Help or  
Hurt Depending on Strikes



# BULLISH STRATEGIES

## BULL PUT SPREAD

Sell a Put and Buy a  
Lower-Strike Put With Same  
Expiration

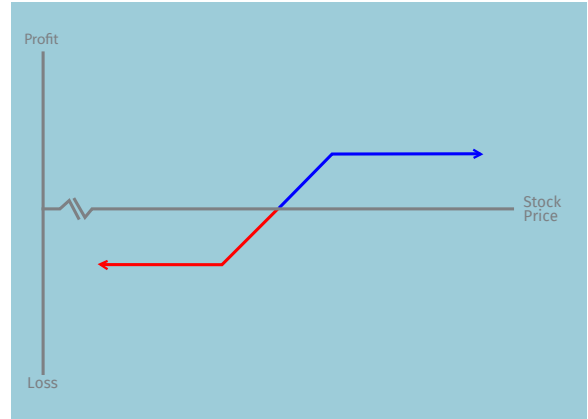
Neutral-to-Bullish Outlook

Limited Risk

Limited Reward

IV Increase Hurts Position

Time Passing Helps Position



## COVERED CALL

Buy Stock and Sell Calls on a  
Share-per-Share Basis

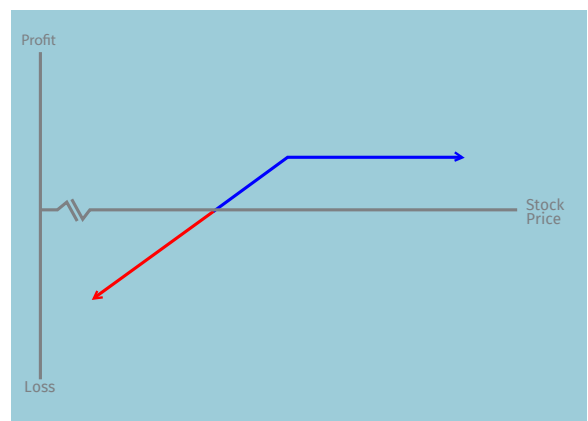
Slightly Bullish-to-Neutral  
Outlook

Limited Risk (Stock Can Fall  
to Zero)

Limited Reward

IV Increase Hurts Position

Time Passing Helps Position



# BULLISH STRATEGIES

## PROTECTIVE PUT

Buy or Own Shares and Buy a Put on a Share-per-Share

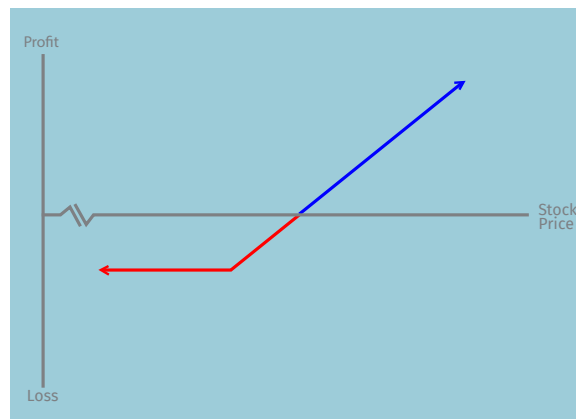
Bullish Outlook With  
Downside Protection

Limited Risk

Unlimited Reward

IV Increase Helps Position

Time Passing Hurts Position



## CASH-SECURED PUT

Sell a Put and Have Cash to  
Cover Equal to Strike  
Times 100

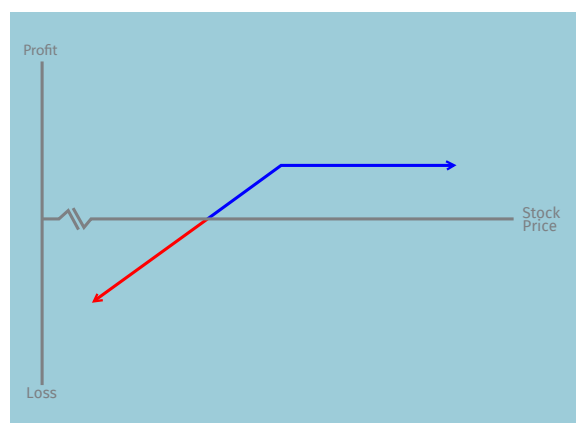
Slightly Bullish-to-Neutral  
Outlook

Limited Risk (Stock Can Fall  
to Zero)

Limited Reward

IV Increase Hurts Position

Time Passing Helps Position



# BEARISH STRATEGIES

## LONG PUT

Buy a Put

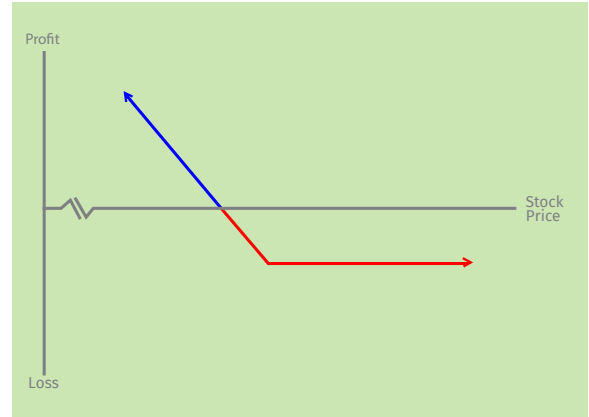
Bearish Outlook

Limited Risk

Limited Reward (Stock Can Fall to Zero)

IV Increase Helps Position

Time Passing Hurts Position



## BEAR PUT SPREAD

Buy a Put and Sell a Lower-Strike Put With the Same Expiration

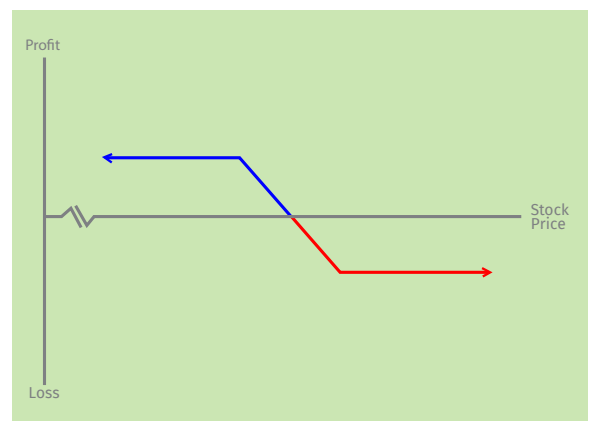
Bearish Outlook

Limited Risk

Limited Reward

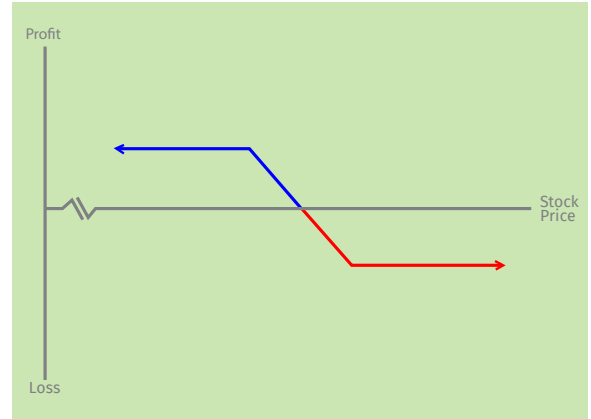
Time Passing Can Help or Hurt Depending on Strikes

IV Increase Can Help or Hurt Depending on Strikes



# BEAR CALL SPREAD

## Time Passing Helps Position



# NEUTRAL STRATEGIES

## IRON CONDOR

Sell a Bear Call Spread and  
a Bull Put Spread With the  
Same Expirations

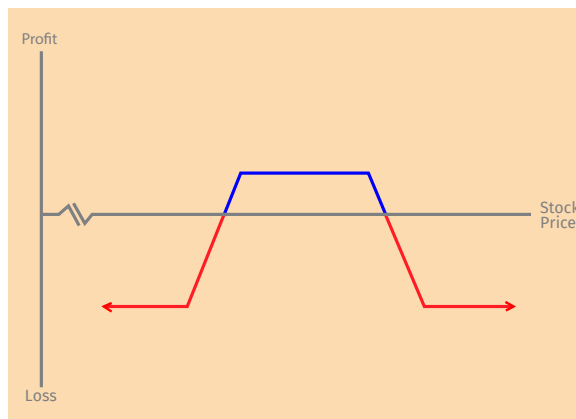
Neutral to Range-Bound  
Outlook

Limited Risk

Limited Reward

IV Increase Hurts Position

Time Passing Helps Position



## COLLAR

Buy or Own Stock and Buy  
a Put and Sell a Call With a  
Higher Strike

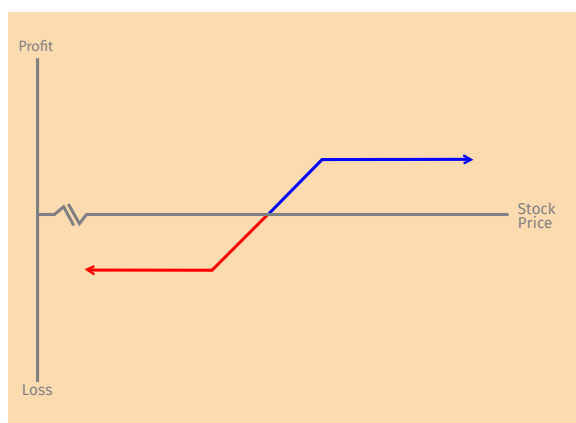
Neutral Outlook

Limited Risk

Limited Reward

IV Increase Can Help or Hurt  
Depending on Strike

Time Passing Can Help or  
Hurt Depending on Strike



## SHORT STRADDLE

Sell a Call and Put at the Same Strike

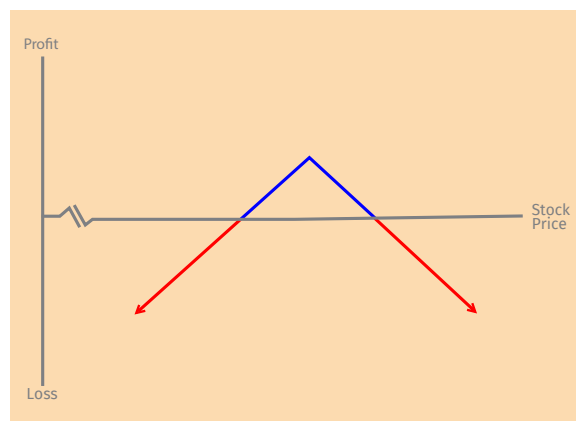
Neutral Outlook

Unlimited Risk

Limited Reward

IV Increase Hurts Position

Time Passing Helps Position



## SHORT STRANGLE

Sell a Call With a Higher Strike  
and Sell a Put With a  
Lower Strike

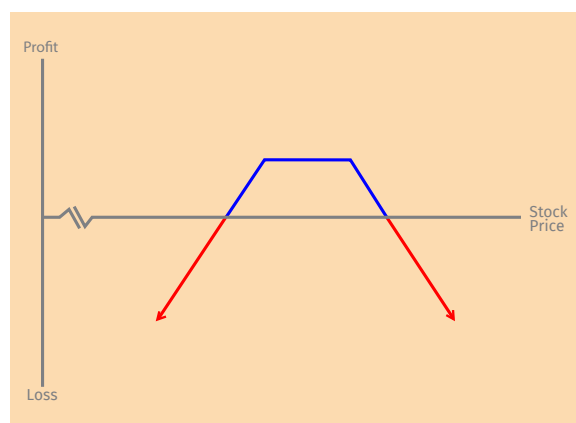
Neutral Outlook

Unlimited Risk

Limited Reward

IV Increase Hurts Position

Time Passing Helps Position





# NEUTRAL OR DIRECTIONAL STRATEGIES

## CALENDAR SPREAD

Sell a Call and Buy a Call With the Same Strike and Longer Expiration (Can Also Use All Puts)

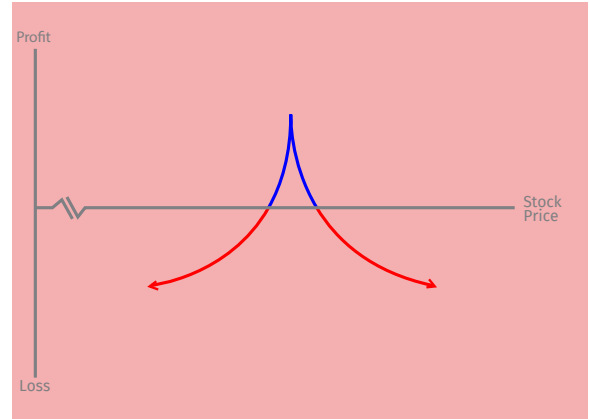
Neutral, Bullish or Bearish Outlook Depending on Proximity of Strike to Stock Price

Limited Risk

Limited Reward

IV Increase Helps Position

Time Passing Helps Position



## LONG BUTTERFLY

Sell Two Calls and Buy One Call Each at a Higher and Lower Strike Equidistant Apart (Can Also Use All Puts)

Neutral, Bullish or Bearish Outlook Depending on Proximity of Strike to

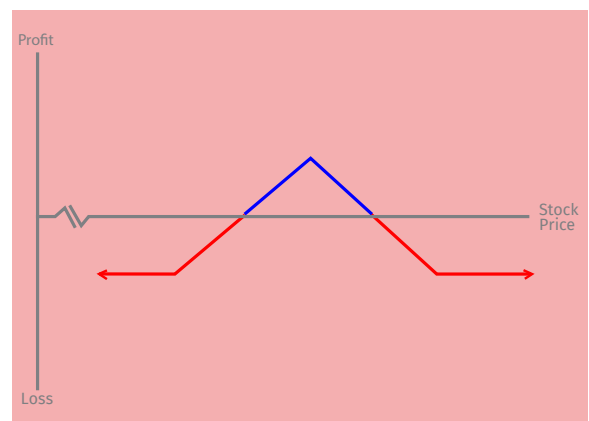
Stock Price

Limited Risk

Limited Reward

IV Increase Hurts Position

Time Passing Helps Position



# VOLATILITY STRATEGIES

## LONG STRADDLE

Buy a Call and Put at the Same Strike

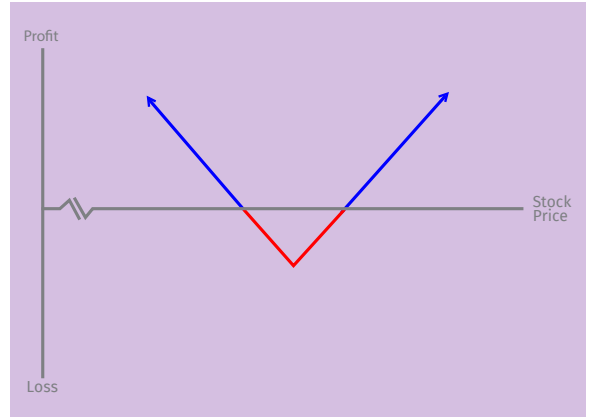
Large Bullish or Bearish Outlook

Limited Risk

Unlimited Reward

IV Increase Helps Position

Time Passing Hurts Position



## LONG STRANGLE

Buy a Call With a Higher Strike and Buy a Put With a Lower Strike

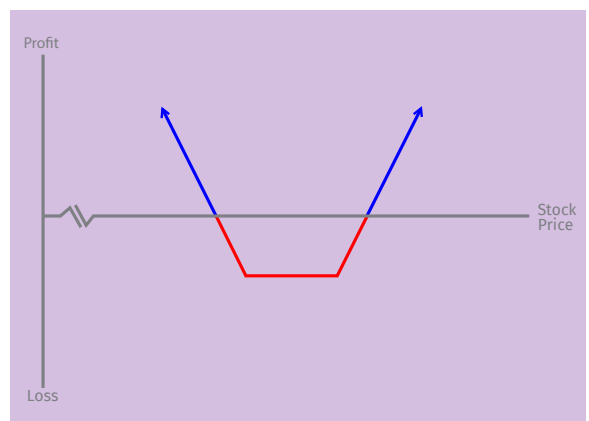
Large Bullish or Bearish Outlook

Limited Risk

Unlimited Reward

IV Increase Helps Position

Time Passing Hurts Position



## PUT BACKSPREAD

Sell a Put and Buy Two or More Puts at a Lower Strike

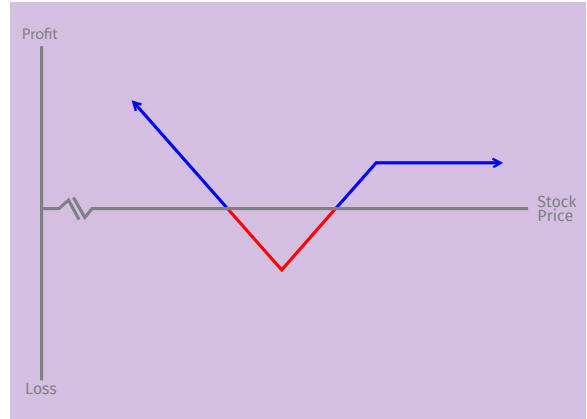
Bearish Outlook

Limited Risk

Limited Reward (Stock Can Fall to Zero)

IV Increase Helps Position

Time Passing Hurts Position



## CALL BACKSPREAD

Sell a Call and Buy Two or More Calls at a Higher Strike

Bullish Outlook

Limited Risk

Unlimited Reward

IV Increase Helps Position

Time Passing Hurts Position

