

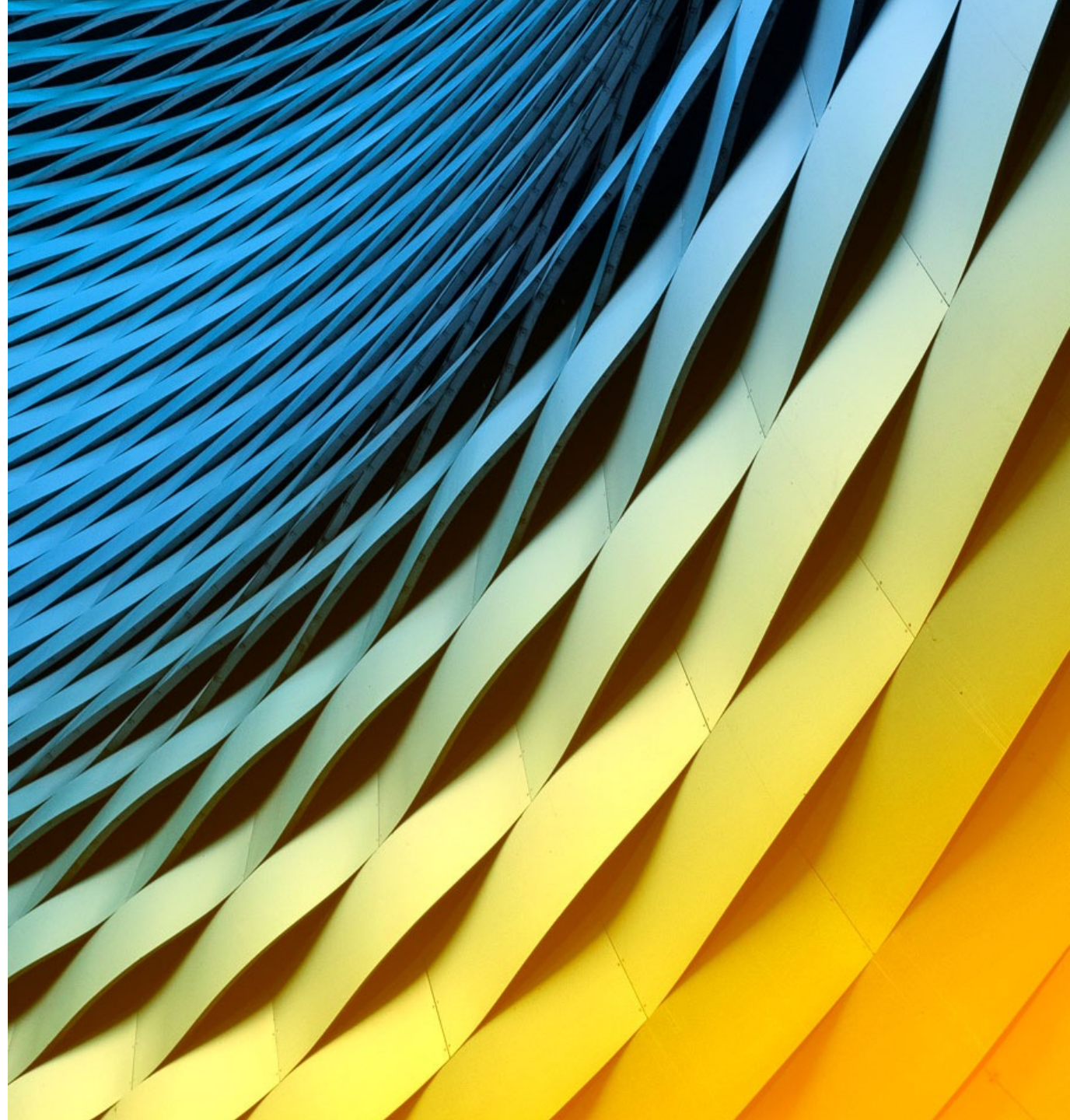
Nasdaq Europe – Generate Consistent Income in your Portfolio using Covered Calls

Tony Zhang,
Chief Strategist,
OptionsPlay

May 26, 2021



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Generate Consistent Income with Covered Calls

May 26th, 2021 – Starting @ 5:30 PM CET

Tony Zhang, Chief Strategist @ OptionsPlay

Options Action – Fridays on CNBC @ 5:30 PM EST





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Agenda

- **What is a Covered Call?**
- **Covered Call Example**
- **Optimal Covered Calls**
- **Covered Call Income Reports**
- **Covered Call Trade Management**
- **Live Examples**
- **Questions & Answers**



**How can I generate additional yield
on a portfolio using covered calls?**



Learn to Trade Options



Tony Zhang

Chief Strategist



Derivatives | Technical Analysis | Equities | Economics | Market Strategy
Options Action on CNBC – Fridays @ 5:30PM EST

What is a Covered Call?



Selling a Call Option against a stock position to generate income on an existing stock position



Obligates the investor to potentially sell the stock or ETF at a specific price



Requires at least 100 Shares of an optionable stock or ETF to trade this strategy



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Covered Call Example



Selling a Call **Collects Premium**
Provides an income stream while waiting to sell the stock



2 Possible Outcomes

1. Sell your stock at target strike
2. Keep the income from covered call



Average yield is typically larger than dividend yield

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Income on Your Investments

Own 100 Shares of HM B @ 200 SEK

Goal: Sell 100 Shares of HM B @ 235 SEK Target Price

	Enter Sell Limit Order @ 235 SEK	Sell July 235 SEK Covered Call @ 3 SEK
Risk:	200 SEK / Share X	197 SEK / Share = 200 - 3 ✓
Reward:	35 SEK per share (235 - 200) X	38 SEK per share (235 - 197) ✓
Exposure:	Exposure and collect dividends until HM B rises to 235 SEK X	Generate income each expiration & collect dividends until HM B rises to 235 SEK ✓

Result: Lower breakeven on stock, generates at least 3 SEK/in potential return (**1.5% additional potential gains**)

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Optimal Covered Calls



Optimal Expiration: 60 Days

235 SEK – Collects 3 SEK **Raw** **1.4%**
20 Delta **Annualized** **9.0%**

230 SEK – Collects 4 SEK **Raw** **1.9%**
30 Delta **Annualized** **12.5%**

225 SEK – Collects 6 SEK **Raw** **2.6%**
35 Delta **Annualized** **17.3%**

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Covered Call Income Report

All Optionable Nordic Stocks

Updated Daily – Sorted by Highest Annualized Return

Find opportunities with large downside protection and highest yield

Action	Expiry Date	Strike Price	Bid Price	Mid Price	Ask Price	Open Int	Implied Vol	Stock Price	Currency	Days to Expiry	Raw Return	Annualized Return
Sell to Open	7/16/21	38	0.85	2.1	3.35	0	63.57%	34.5	Stockholm (SEK)	56	6.09%	46.98%
Sell to Open	7/16/21	225	2	7	12	0	54.62%	196.05	Stockholm (SEK)	56	3.57%	25.69%
Sell to Open	7/16/21	77.5	1.95	2.42	2.9	0	35%	73.6	Stockholm (SEK)	56	3.29%	23.53%
Sell to Open	7/16/21	270	5.9	6.65	7.4	0	36.52%	249.3	Denmark (DKK)	56	2.67%	18.72%
Sell to Open	7/16/21	1725	27.5	31.87	36.25	0	55.49%	1409	Stockholm (SEK)	56	2.26%	15.70%
Sell to Open	7/16/21	276	3.3	4.8	6.3	0	45.91%	235.9	Denmark (DKK)	56	2.03%	14.03%
Sell to Open	7/16/21	110	1.75	2.04	2.35	0	29.24%	102.75	Stockholm (SEK)	56	2.00%	13.74%
Sell to Open	7/16/21	47	0.55	0.82	1.1	0	32.21%	43.11	Stockholm (SEK)	56	1.91%	13.15%
Sell to Open	7/16/21	310	5	5.5	6	0	29.76%	287.9	Stockholm (SEK)	56	1.91%	13.13%
Sell to Open	7/16/21	125	1.6	2.04	2.5	0	25.91%	117.6	Denmark (DKK)	56	1.74%	11.92%
Sell to Open	7/16/21	150	1.95	2.35	2.75	0	30.71%	137.5	Stockholm (SEK)	56	1.71%	11.68%
Sell to Open	7/16/21	1030	12.5	15.5	18.5	0	34.87%	921.8	Denmark (DKK)	56	1.68%	11.48%
Sell to Open	7/16/21	310	3.2	4.59	6	0	24.77%	291.5	Stockholm (SEK)	56	1.58%	10.74%
Sell to Open	7/16/21	155	1.7	2.1	2.5	0	37%	136.25	Stockholm (SEK)	56	1.54%	10.48%
Sell to Open	7/16/21	125	1.3	1.6	1.9	0	30.71%	113.06	Stockholm (SEK)	56	1.42%	9.59%
Sell to Open	7/16/21	235	2.65	2.97	3.3	0	30.35%	212.8	Stockholm (SEK)	56	1.40%	9.47%

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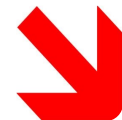
Covered Call Scenarios



Hold Position & Roll 2 weeks from expiration date



Hold position until expiration, or roll at 21 days from expiration date

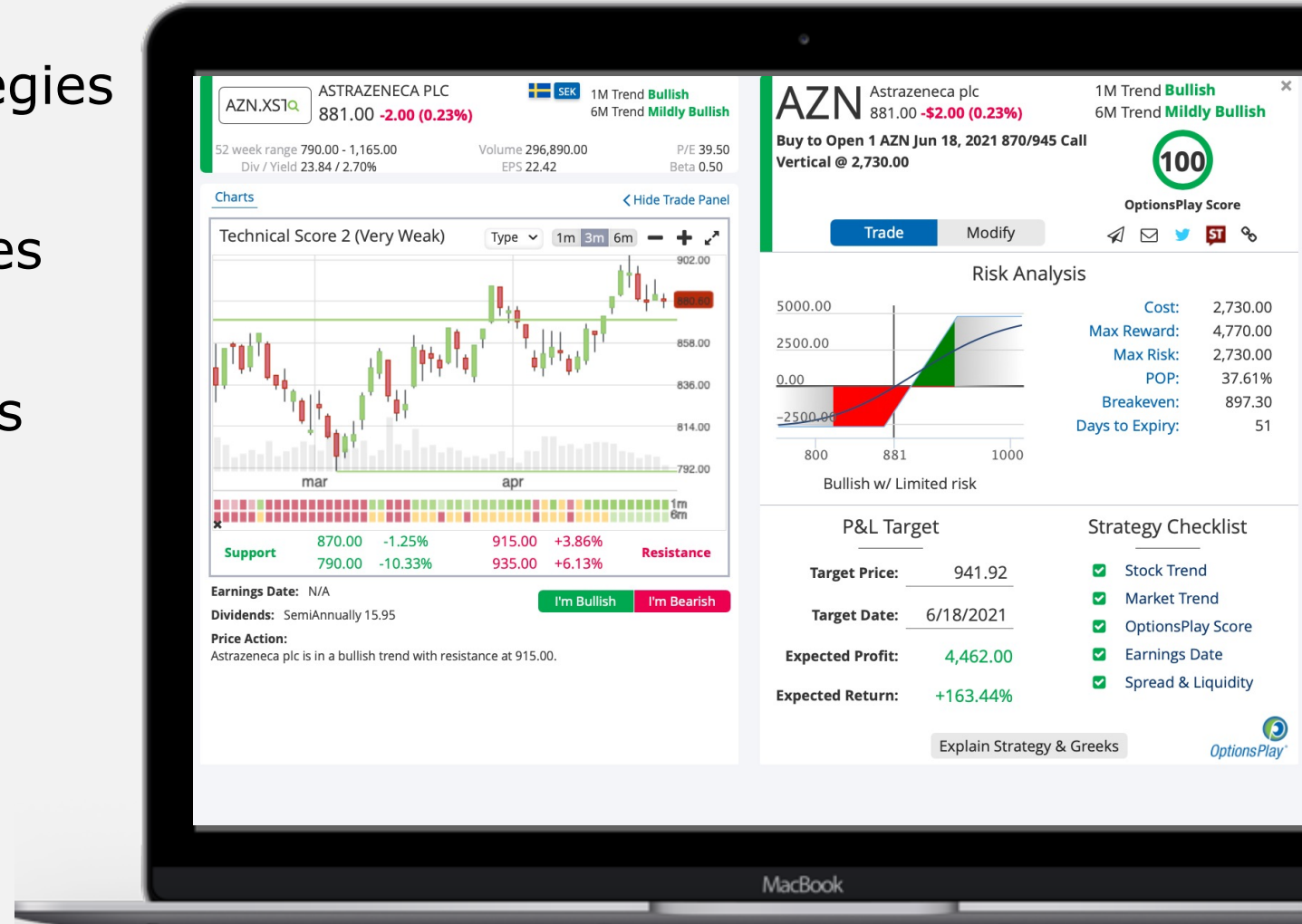


Roll down your covered call early
Buy back @ 20% of the original premium

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OptionsPlay Live Examples

- Instant Bullish & Bearish Strategies
- P&L Simulator
- Breakeven Analysis of Strategies
- Covered Call Ideas & Analysis
- Trading Checklists for Beginners



Learn to Trade Options

Beginner, Intermediate & Advanced Courses

Beginners Options Course

Benefits of Options Trading



Buying vs. Selling Options



Enhancing Equity Positions with Options



Adding Leverage with Limited Risk using Options



Intermediate Options Course

Hedging Portfolio Risk



Gain a Directional Edge



Risk and Money Management of Options Trading

Optimal Strike Prices and Expiration Dates

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Beginner Course

Introduction to Option Contracts
Buying & Selling Calls & Puts

Intermediate Course

Directional and Hedging Strategies
Risk Management and Strike Selections

Advanced Course

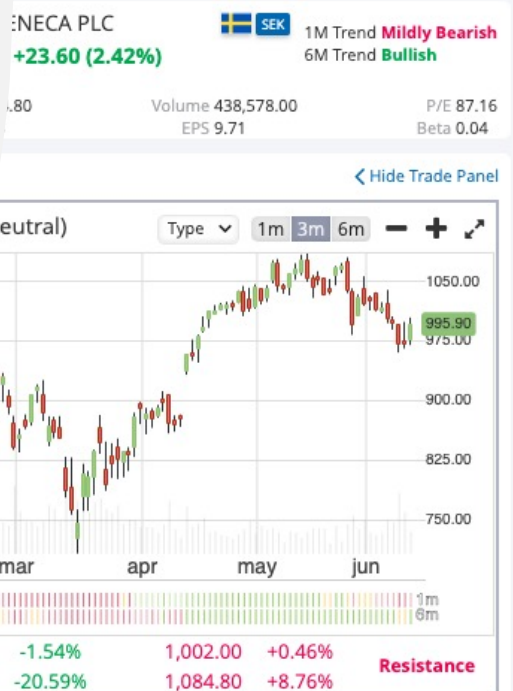
Volatility and Option Greeks
Technical Analysis & Credit Spreads

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AZN Astrazeneca plc
995.00 +\$21.20 (2.18%)
1M Trend **Mildly Bearish**
6M Trend **Bullish**

Buy to Open 1 AZN Aug 21, 2020 990/1125 Call
Vertical @ 4,500.00

OptionsPlay Score: **103**

Trade Modify

Risk Analysis

Cost:	4,500.00
Max Reward:	9,000.00
Max Risk:	4,500.00
POP:	35.12%
Breakeven:	1,035.00
Days to Expiry:	72

Bullish w/ Limited risk

P&L Target

Target Price:	1 125 90
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Strategy Checklist

- ✓ Stock Trend

YOUR QUESTIONS

The background of the slide is a solid blue color. In the lower right quadrant, there is a faint, semi-transparent image of a spiral-bound notebook and a pen, suggesting a theme of learning or inquiry.