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September 20, 2024

Aeromir Corporation

Evolve Your Options Trading With the Butterfly Strategy

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Unlocking the Power of the Butterfly: A Versatile Options Trading Strategy for All Markets

by Amy Meissner

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Unlocking the Power of the Butterfly: A Versatile Options Trading Strategy for All Markets

by Amy Meissner

About Amy Meissner

- Began trading stocks and options in 1995, full time since 2006
- Specialize in:
 - High Probability, Non Directional Option Strategies
 - Goal of Weekly / Monthly Income and Consistent Returns during a variety of market environments
 - Strategies That Don't Require Sitting in Front of a Computer All Day
- Speaking Engagements and Presentations for numerous trading clubs and educational trading services
- Trade Alert Services, workshops, and Video courses

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What We'll Cover Today

- Basics of the Butterfly strategy
- Butterfly Variations
- Adapting to different market outlooks
- Impact of volatility and time decay

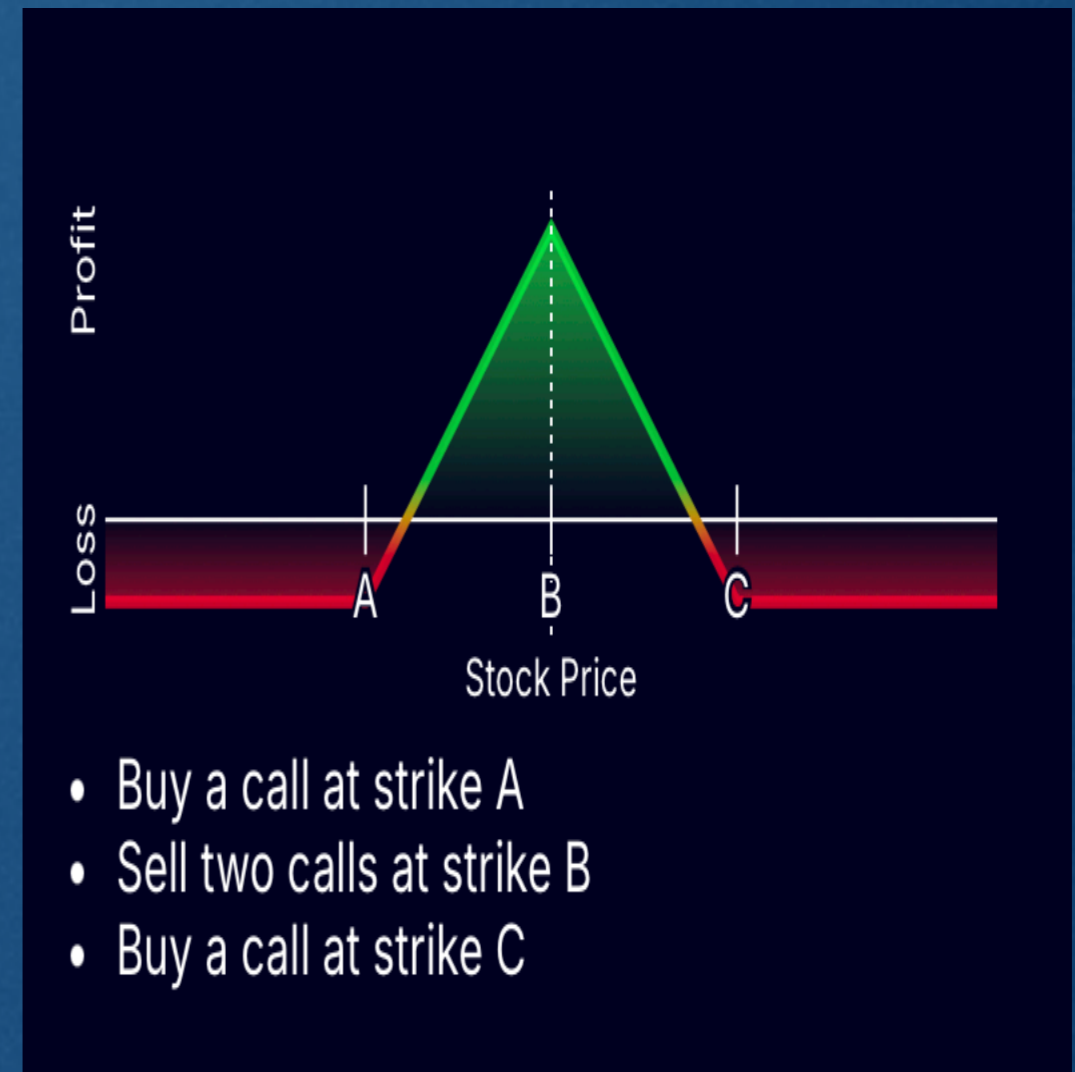
Multiple leg strategies, including spreads, will incur multiple transaction costs.

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Understanding the Butterfly Strategy

- Combines a bull spread and a bear spread with the same expiration date.
- The classic butterfly is symmetrical with equidistant wings
- Can be entered using all calls, or all puts, or as an iron butterfly with calls and puts combined

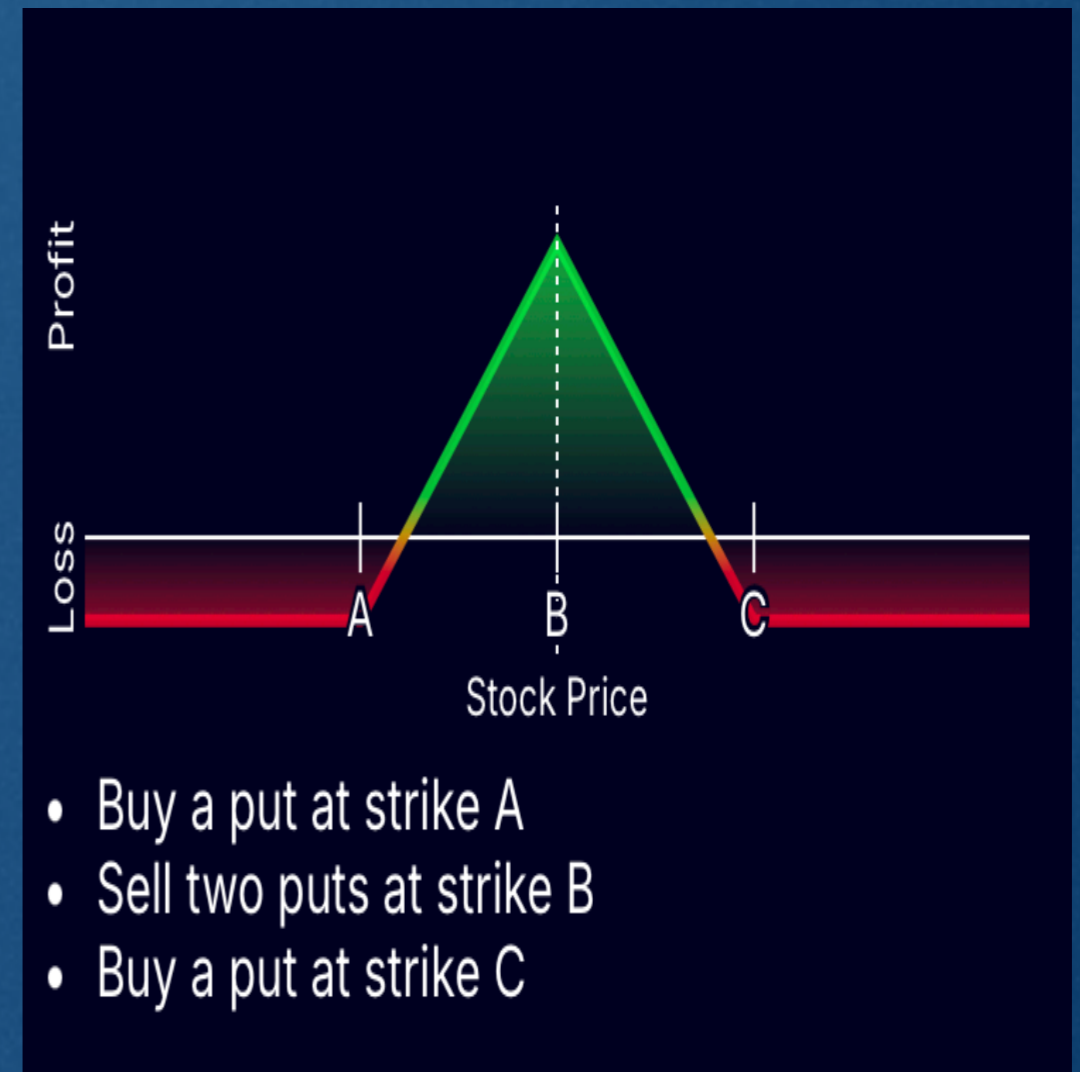


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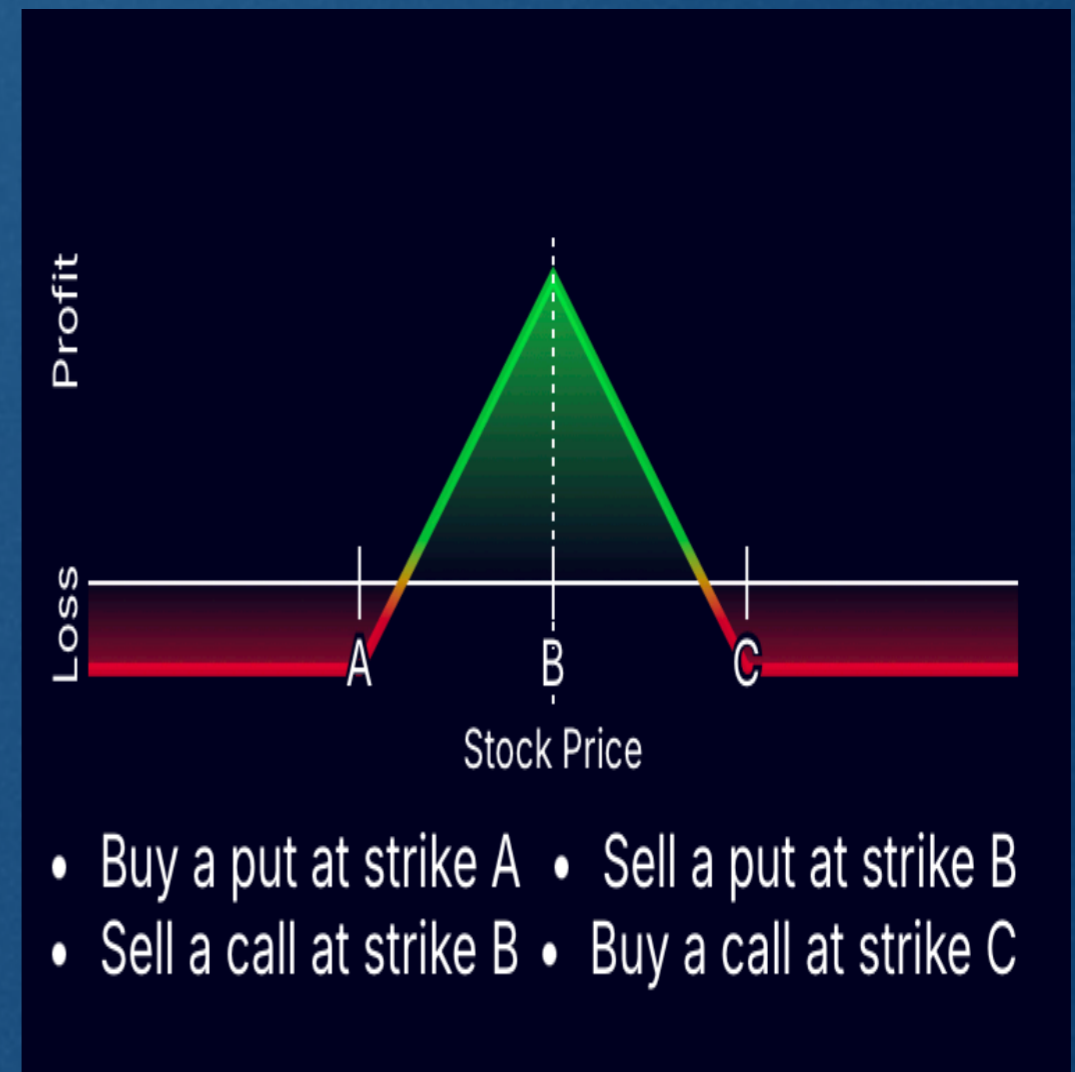


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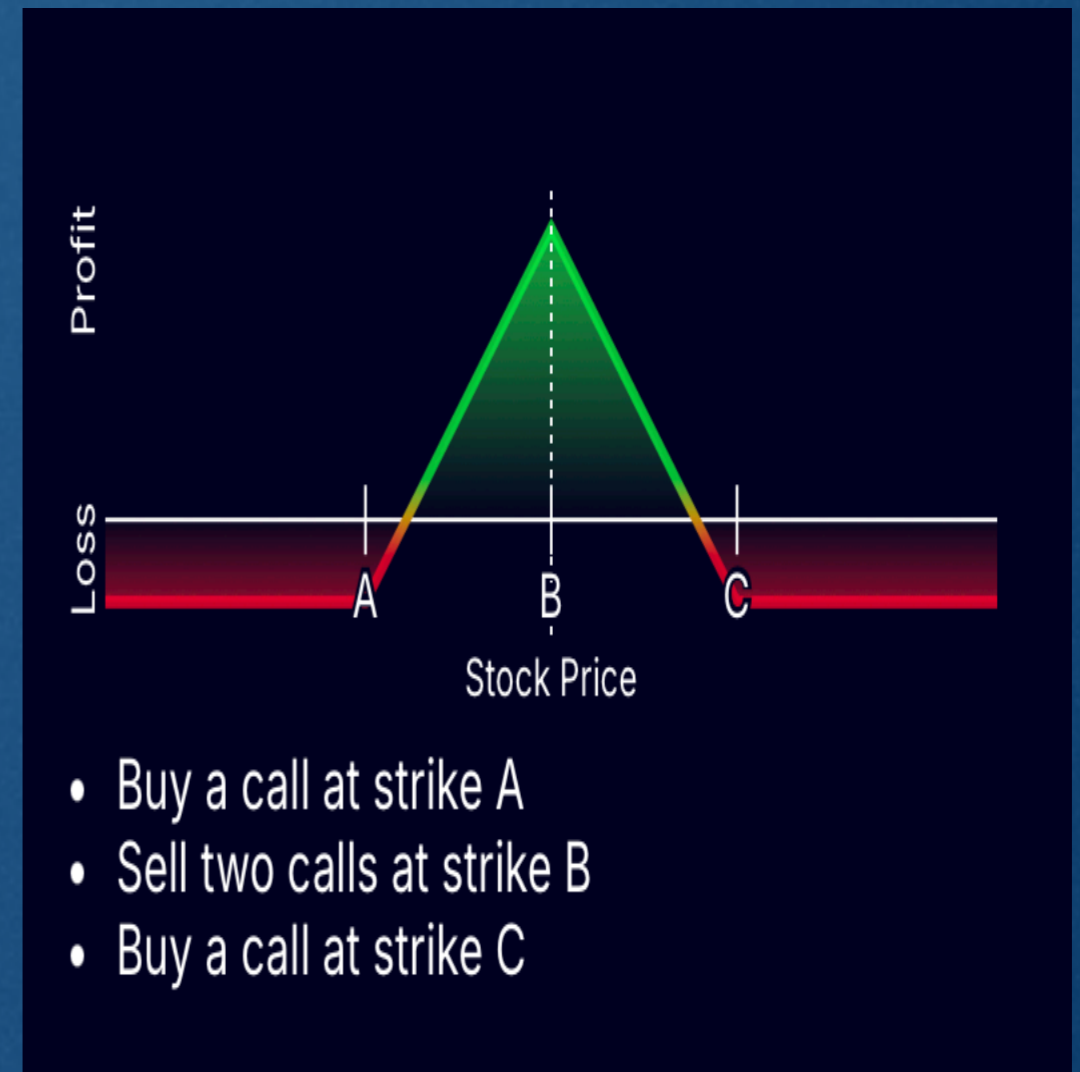


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Long Butterfly Characteristics

- Maximum profit at middle strike
- Limited risk to both sides
- Break-even points are calculated at upper and lower wings
- Can be set up as bullish, bearish, or neutral



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Now, let's jump into my analysis program to look at some examples

Beyond the Basics: The Versatility of the Butterfly

- Different variations cater to different market conditions.
- Customizable for risk and reward preferences.
- Can be used in bullish, bearish, or neutral markets

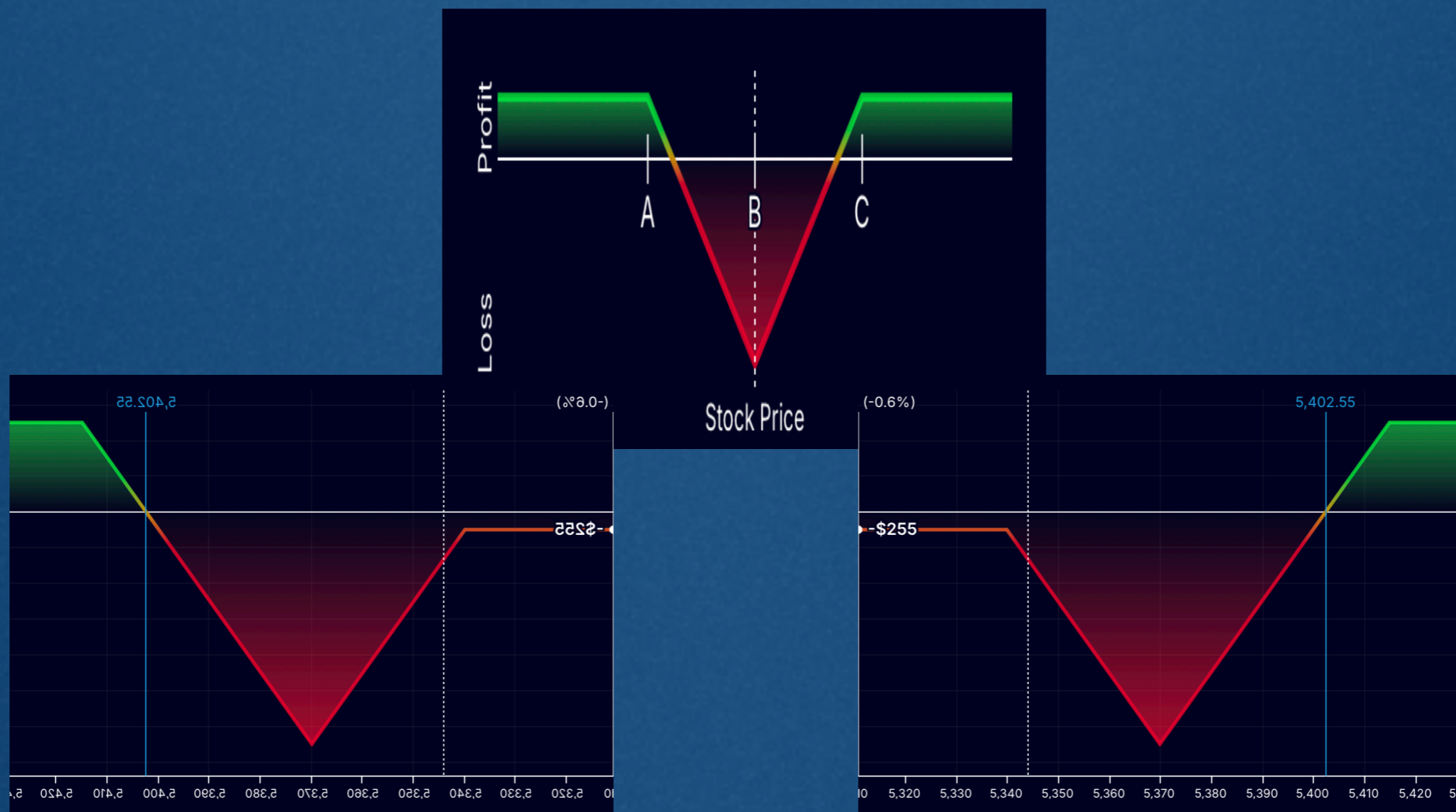
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Beyond the Basics: The Versatility of the Butterfly

Short or Inverse Butterflies can also be used...

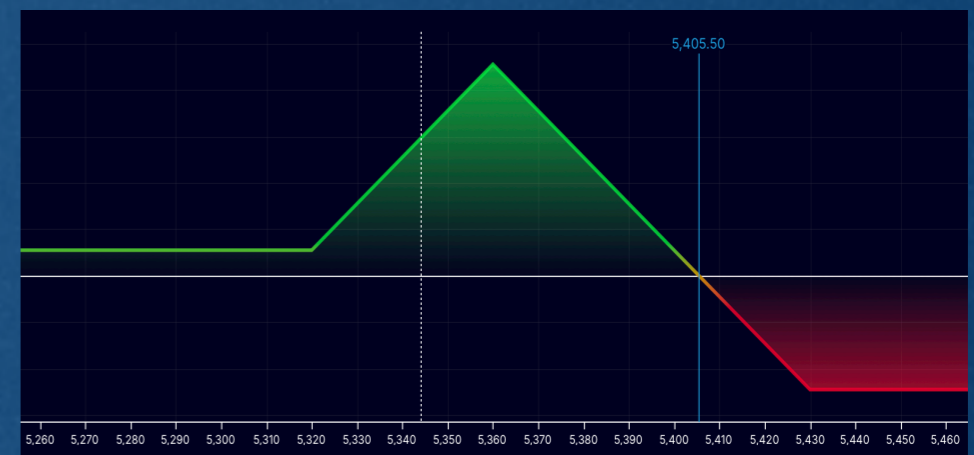
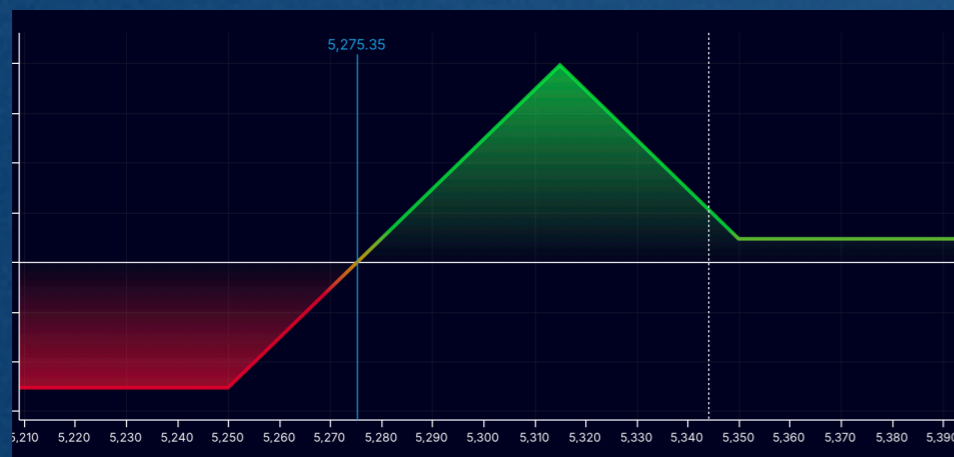
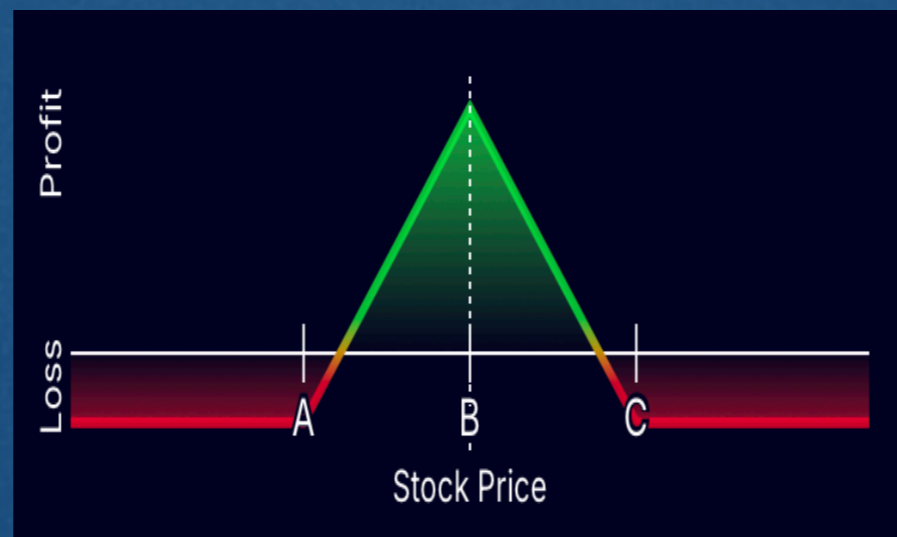


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Beyond the Basics: The Versatility of the Butterfly

I will concentrate on the long butterflies

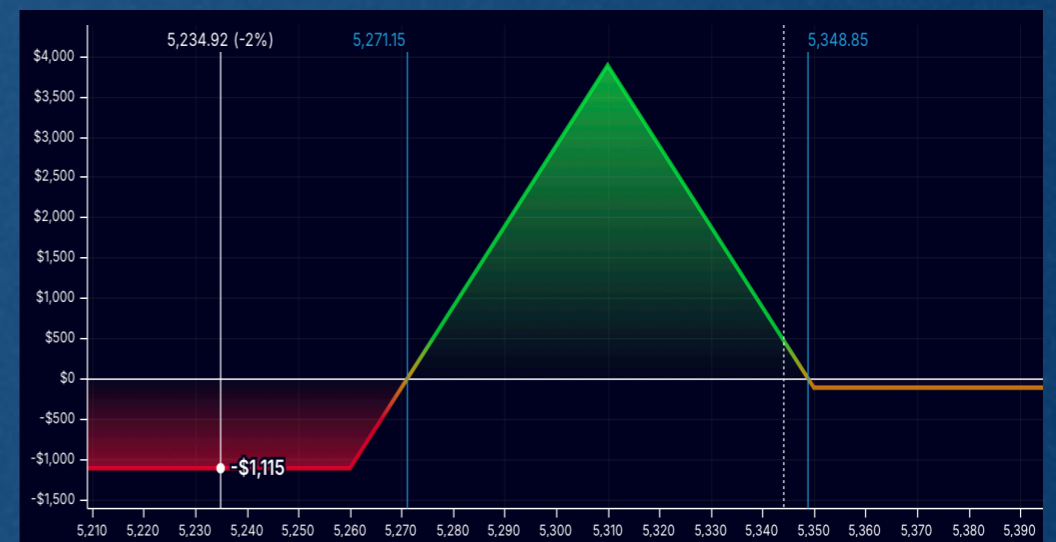
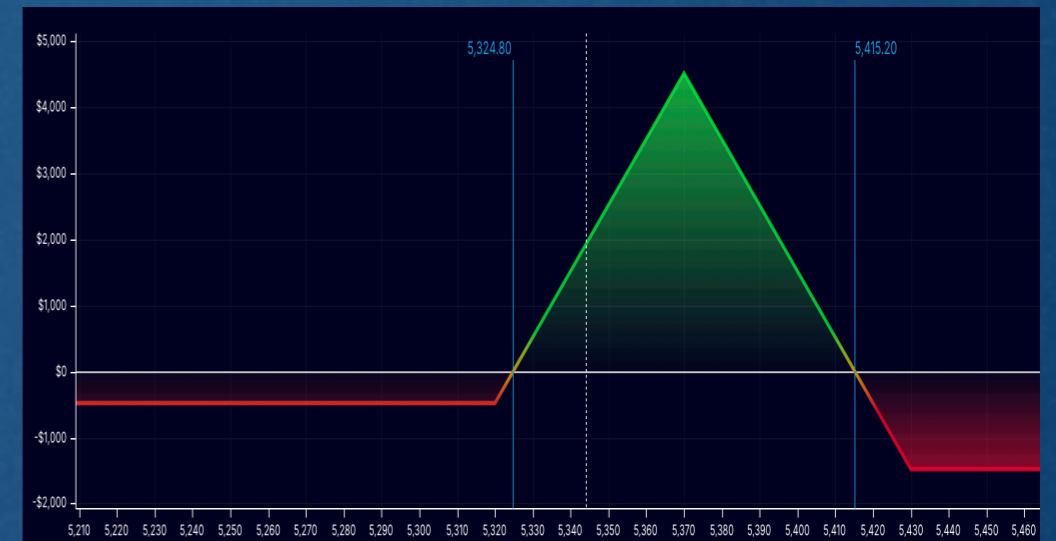


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Broken Wing Butterfly: Wider Credit Spread

- Shifts the risk/reward profile
- Higher probability of profit
- Can be set up as bullish, bearish, or neutral
- Can be set up with calls or puts or both

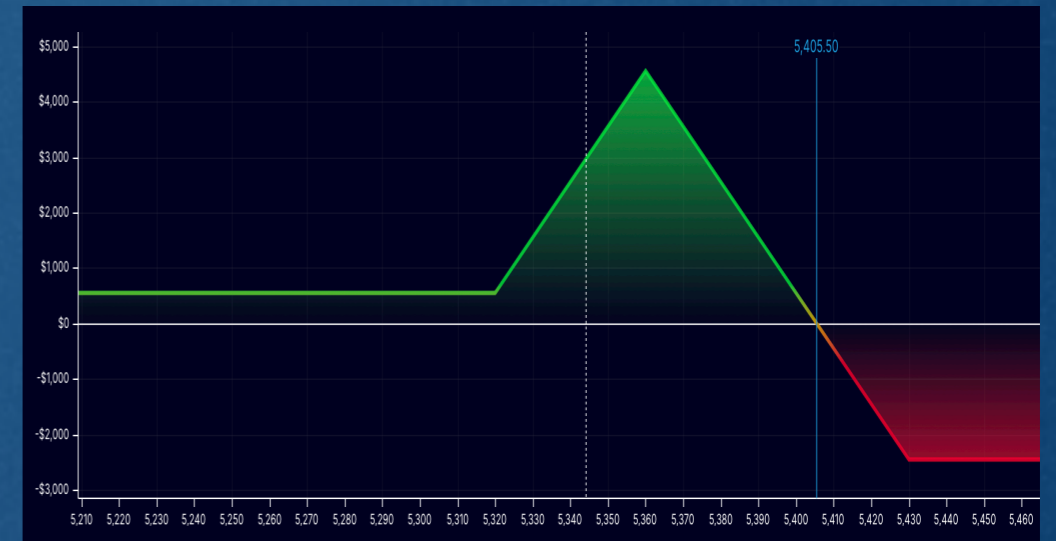


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Broken Wing Butterfly: Wider Credit Spread

- Shifts the risk/reward profile
- Higher probability of profit
- Can be set up as bullish, bearish, or neutral
- Can be set up to create profits in all but large moves in one direction by receiving a credit

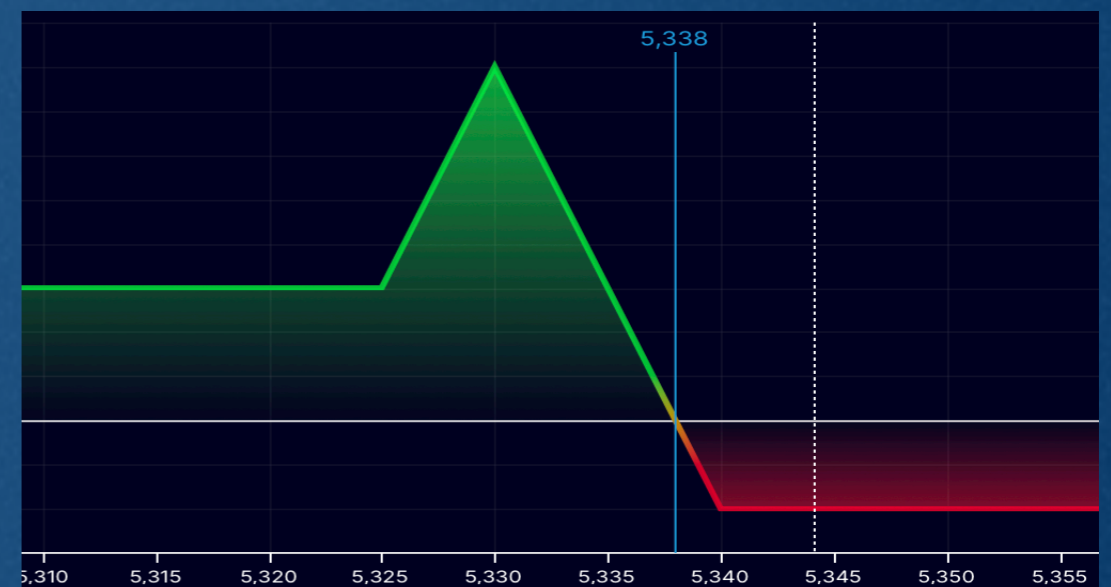
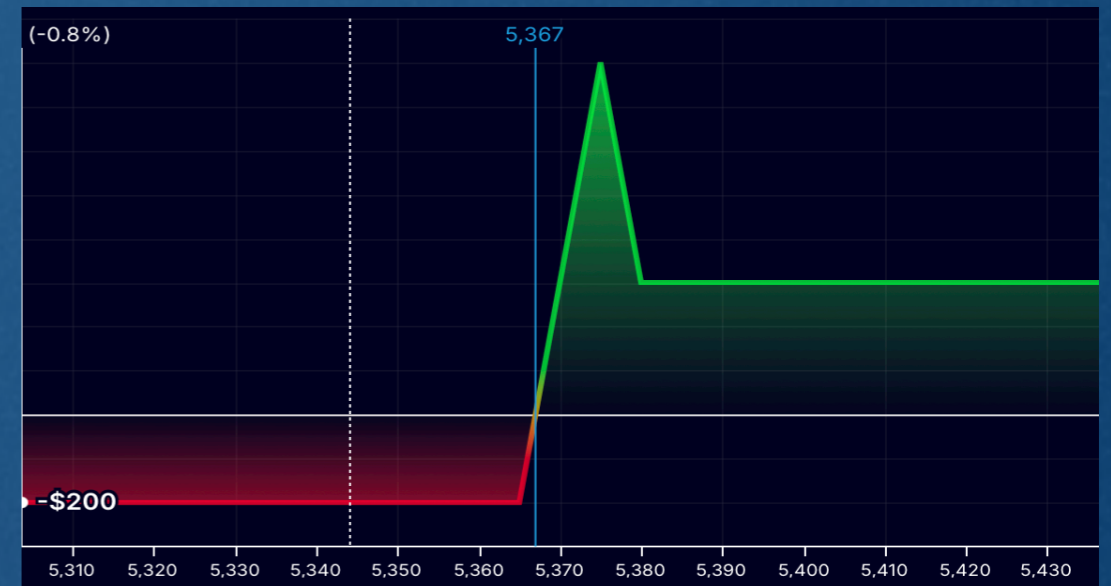


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Broken Wing Butterfly: Wider Debit Spread

- Offers a different risk/reward balance.
- Can have lower risk
- Can be set up with a market bias
- Can use calls or puts



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Now, let's jump into my analyze
program to look at some examples

Adapting the Butterfly to Market Conditions

- Neutral, Bullish, or Bearish setups.
- Adjusting strike prices to reflect market bias.
- Choosing calls, puts, or a combination.

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The Effect of Time Decay

- Time decay accelerates as expiration approaches.
- Impacts the value of long and short options differently.
- Managing time decay to your advantage.

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The Impact of Volatility

- Lower volatility favors traditional butterflies.
- Higher volatility can impact the probability of profit.
- Adjusting the setup for different volatility environments.

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Next Steps in Mastering the Butterfly Strategy

- "Setting up a Butterfly strategy for neutral, bullish, or bearish stances is just the beginning."
- "Consider volatility and time decay in your setup decisions."
- "The complete strategy involves risk management and exit rules tailored to your setup."
- "This approach turns the Butterfly's versatility into a powerful tool for consistent profits."
- "Further exploration beyond this presentation can unlock the full potential of the Butterfly strategy."

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Conclusion & Key Takeaways

- The Butterfly strategy offers versatility in different market conditions.
- You can adjust the strategy to fit whatever the current market environment is and to suit your expectations whether neutral, bullish, or bearish
- Understanding the impact of volatility, time decay, and gamma effect is crucial for successful implementation.

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Questions??

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- For more information about my trading go to: aeromir.com/amy
- We'll be hosting a free follow up webinar Sept 5th. To register go to aeromir.com/followup0824

Thank you!

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