



IUR CAPITAL

Income opportunities with SPX options

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Risk Disclosure

Options are leveraged products that involve risk and are not suitable for all investors. Before committing capital to any options 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>

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Host Profile (Gareth Ryan)

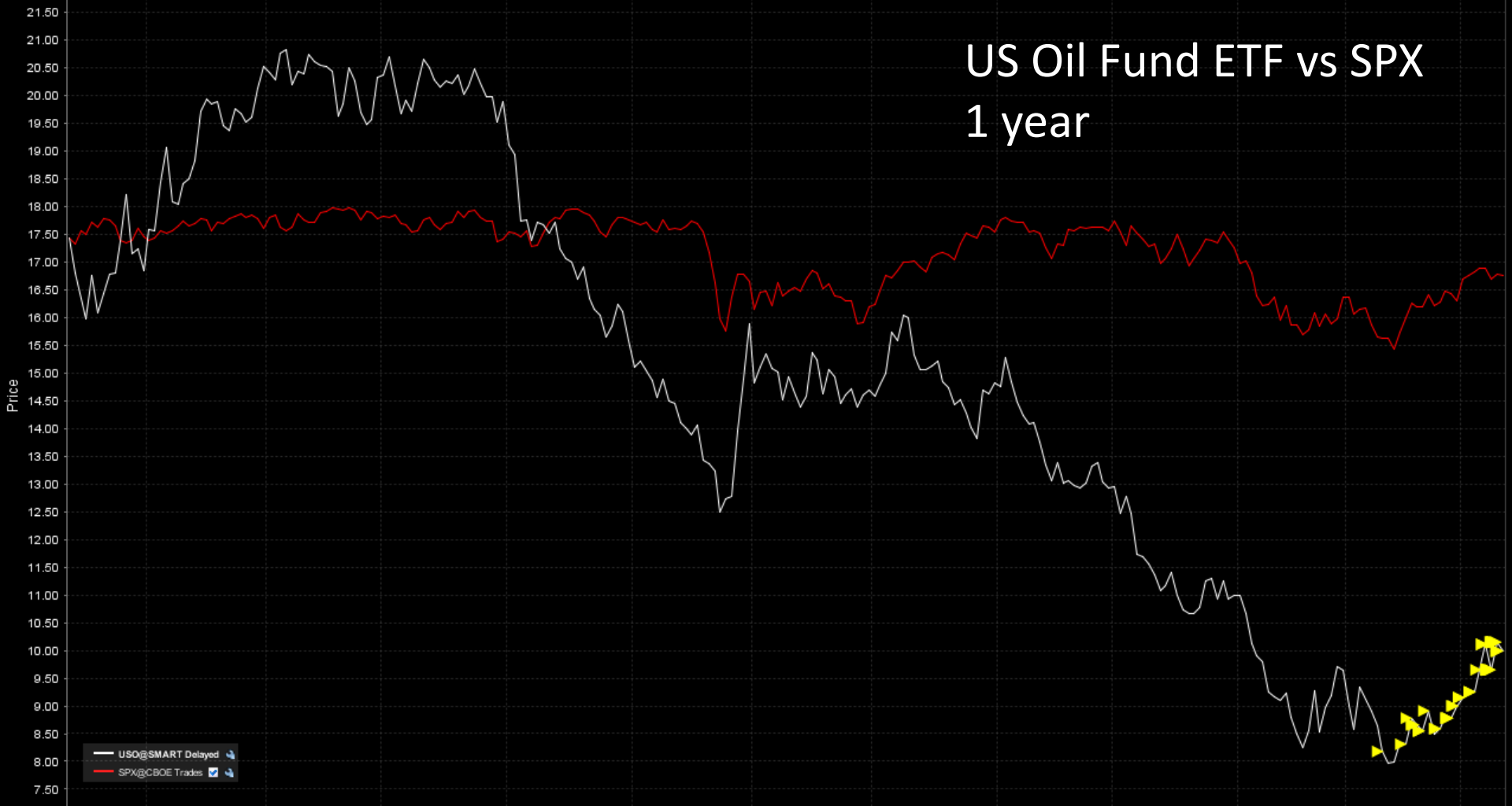
- Began his trading career at 19 years old in London
- Proprietary Spot FX Trader – EUR/USD, GBP/USD
- Went to work for a Wall Street Broker in Equities & Options
- Founded IUR in 2007 – registered with the Securities & Exchange Commission as an investment advisor firm and regulated by the UK Financial Conduct Authority.
- IUR Capital is an investment advisor for its clients on the Interactive Brokers TWS Advisor Platform.
- Specialising in options strategies for client portfolios
- Regular guest on Bloomberg/FOX TV

Market Update

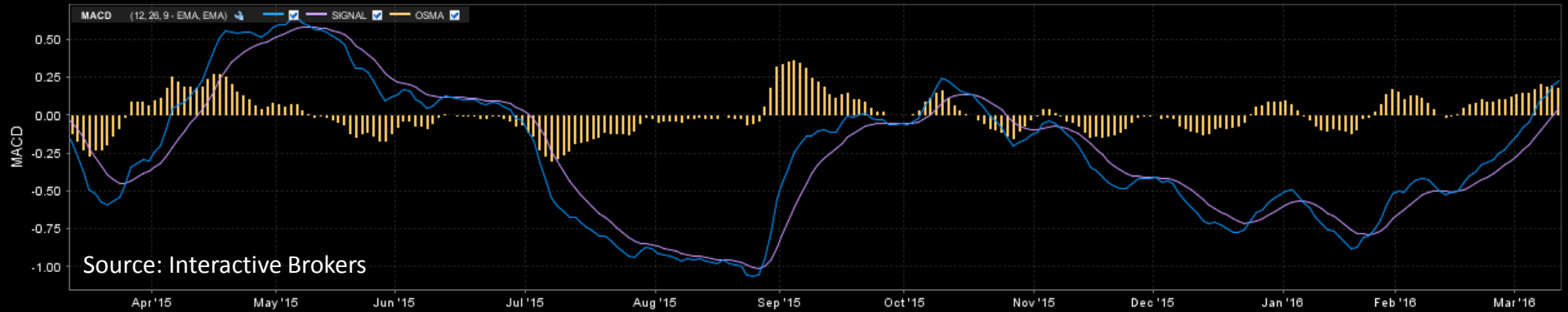
April 2016

- SPX flat YTD.... VIX® Index back below the 20.00 level (as of March 22nd)
- NASDAQ -3% YTD (as of March 22nd)
- Global correction in the first 6 weeks of 2016
- 1st half of January saw the worst start to the year for SPX since 1928
- February 11th was the bottom for oil and equity indexes
- Followed by best 3-week rally since 2014
- Central banks globally continue to provide support to financial markets via stimulus
- European markets leading the move lower. DAX German index – 17% YTD.
- US equity markets seeing significant increase in intraday swings

US Oil Fund ETF vs SPX 1 year

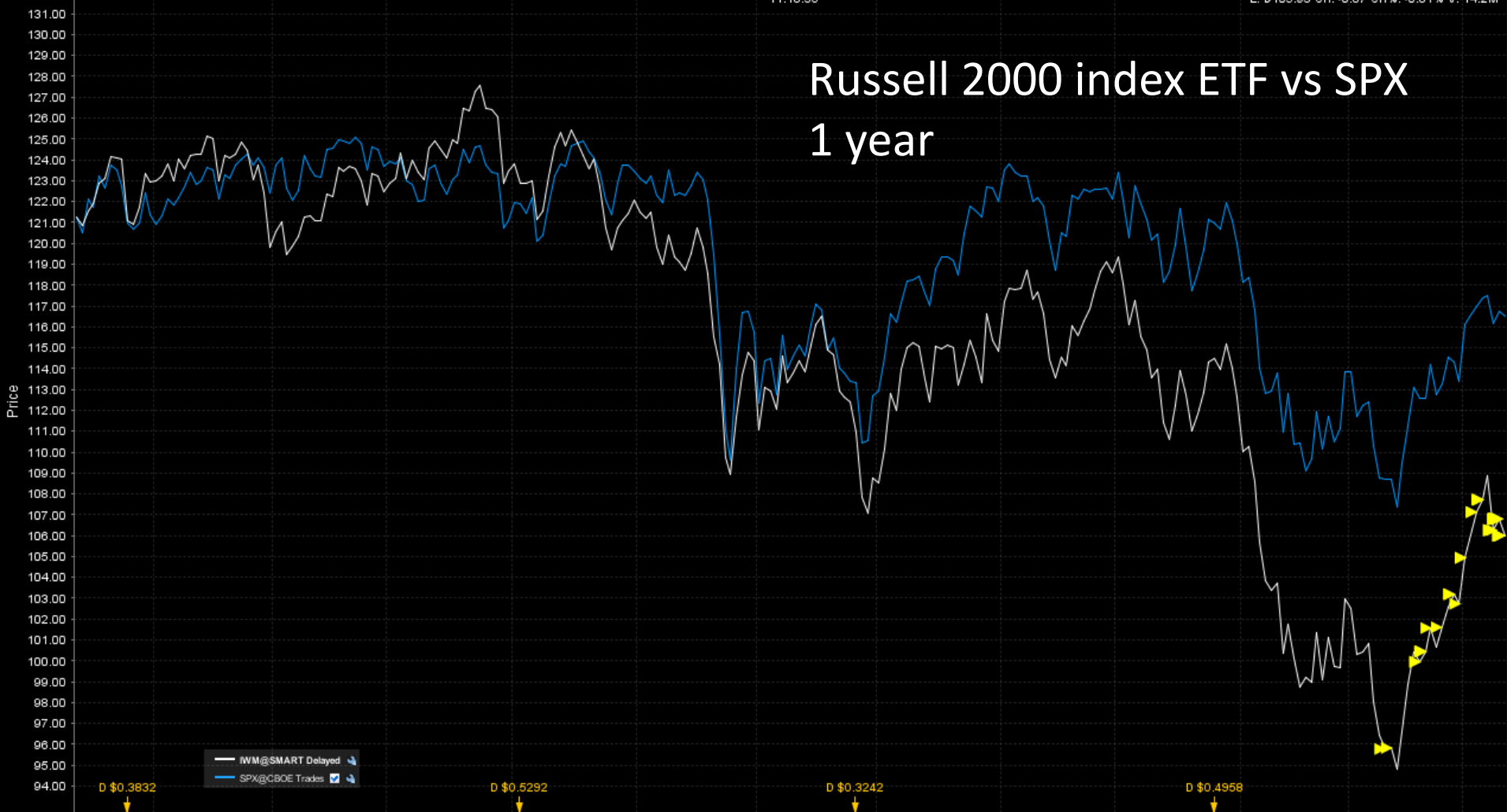


USO@SMART Delayed
 SPX@CBOE Trades



Source: Interactive Brokers

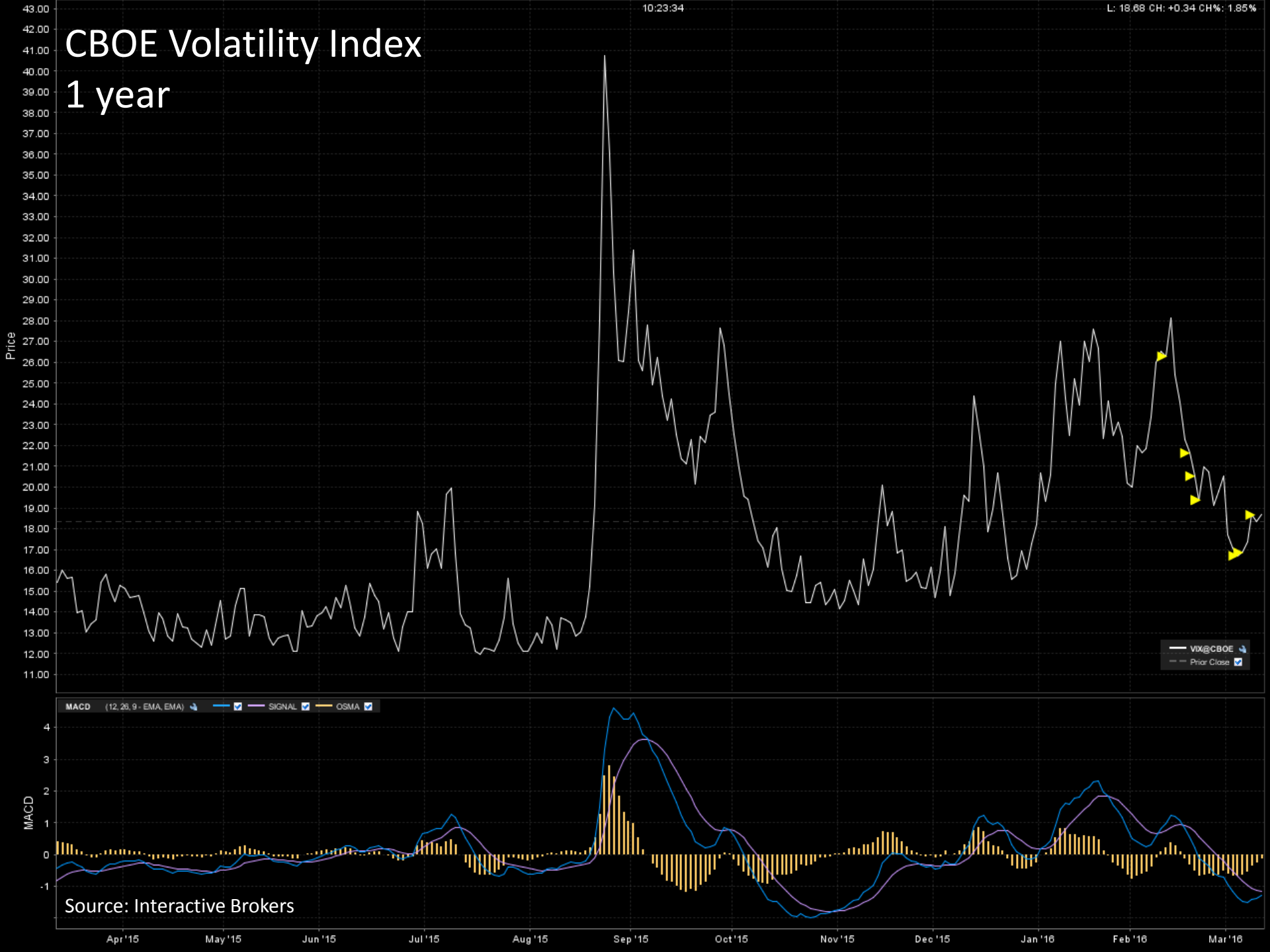
Russell 2000 index ETF vs SPX 1 year



CBOE Volatility Index

1 year

L: 18.88 CH: +0.34 CH%: 1.85%



Source: Interactive Brokers

Scenario 1: \$500k portfolio

- You are in the 40-60 age range, married with 0 / 1 dependent
- You are looking to supplement income from employment through your current portfolio
- Currently invested in bonds, mutual fund, dividend-paying stocks
- You need to generate consistent income in the portfolio BUT with a focus on capital preservation
- You are willing to allocate 15-20% of the overall portfolio to a conservative option strategy to generate regular premium
- You want to achieve regular premium even if the market remains flat to negative.

Scenario 2: \$100k retirement account

- You are nearing retirement or already retired, with no dependents
- Your income has dropped, but you are wary that you will still have living costs for you and your spouse
- Mostly invested in bonds with a small element of stocks, but your interest/dividend income is not sufficient for regular drawdowns
- Preserving your capital in your retirement accounts is a priority
- But you are willing to look at an income strategy using options that does not require a rising market
- You want to achieve regular premium even if the market remains flat to negative.

US Equity indexes YTD... some perspective

Index	YTD
S&P 500 index	-3.2%
Dow Jones Industrials	-3.0%
NASDAQ 100	-7.1%
Russell 2000 Index	-6.5%
Your portfolio	?

As of March 22nd

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

Potential income-seeking strategies with SPX options

- Credit Spread (Bull put spread / Bear call spread)
- Iron Condor

Multiple leg strategies, including spreads, will incur multiple commission charges.

Making these strategies work for you

Look at Market Conditions

What strikes should you use?

What underlying security?

What about time horizon?

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SPX Options Highlights

- The S&P 500 index covers many different sectors and industries and can be used as an overall barometer for the US equity
- SPX options provide direct exposure to the index
- Daily volumes on SPX options are the largest across any US index option contract

SPY ETF vs SPX

Ticker	Size SPX @ 2000 SPY @ \$200	Style	Settlement
*SPY	\$ 20,000	American	Physical
SPX	\$200,000	European	Cash

*Note that SPY ETF has a quarterly dividend. During each calendar quarter, the ETF price accrues the upcoming dividend to the ex-div date.

Potential monthly income in 2016... the specifics

- Moderately bullish outlook:
Sell 5% SPY OTM Put Spread on SPX
- \$5 maximum spread value (strikes are \$5 apart)
- With a net credit above \$0.48 (after IB comms), your premium received generally equates to 10% of maximum value
- Your price range will be a maximum 5% decrease in the SPX
- Understand that the margin required for this should be the maximum spread value of \$5

Multiple leg strategies, including spreads, will incur multiple commission charges.

Bear call spreads on equity indexes...

- Neutral to bearish outlook
- Call spreads being sold for a credit on opening transaction
- Objective is to retain the entire premium if both legs of the call spread expire OTM with zero value.
- Assignment risk if the short leg of the call spread is ITM (called away at the strike price).
- What indexes are potential candidates? SPX / NDX / RUT

Multiple leg strategies, including spreads, will incur multiple commission charges.

Bearish setup with bear call spreads on SPX...

- Strike selection ultimately depends on what your monthly income target will be and how sensitive you are to daily price moves on the S&P 500 index.
- Consider a monthly target, and where you can position your strikes for the OTM call spread being sold above the market.
- Think about STAYING AWAY from ATM options on the SPY. Look at what premiums are available between 5 – 10% OTM strikes on SPY ETF (above the current market).
- Remember - you are exposed to any move higher in SPY ETF.

Multiple leg strategies, including spreads, will incur multiple commission charges.

What is the risk/return profile?

- Receiving a credit of \$0.50 means you have significant risk if the S&P 500 index rallies by more than 5% during the period in which you hold your position.
- HOWEVER,
You can manage upside risk using protection (i.e., bull call spreads closer to ATM)
- This requires active management of the position...

Multiple leg strategies, including spreads, will incur multiple commission charges.

Notes on credit spreads

- The credit spread strategy can generate income if the underlying security price is above the higher strike of an OTM Put Spread at expiry.
- Can be established in one transaction, but always at a credit (net cash inflow).
- Maximum loss generally occurs where underlying security price moves in the direction that makes both strikes of the credit spread ITM at expiry.
- If both legs of the put spread expire out-of-the-money with no value, the entire premium received on the opening transaction is retained.

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

Key points to consider for risk/return in 2016

- Don't allow one specific event or price move to seriously affect your options portfolio!
- Consider the possibility that 2016 may be a down year for equity indexes... and then seek a strategy that allows you to benefit from this.
- Look at what your monthly objectives are for returns. Is your strike selection and strategy still going to allow you to achieve that?
- Keep a small basket of underlying securities on the book... we are not here to be stock-pickers.

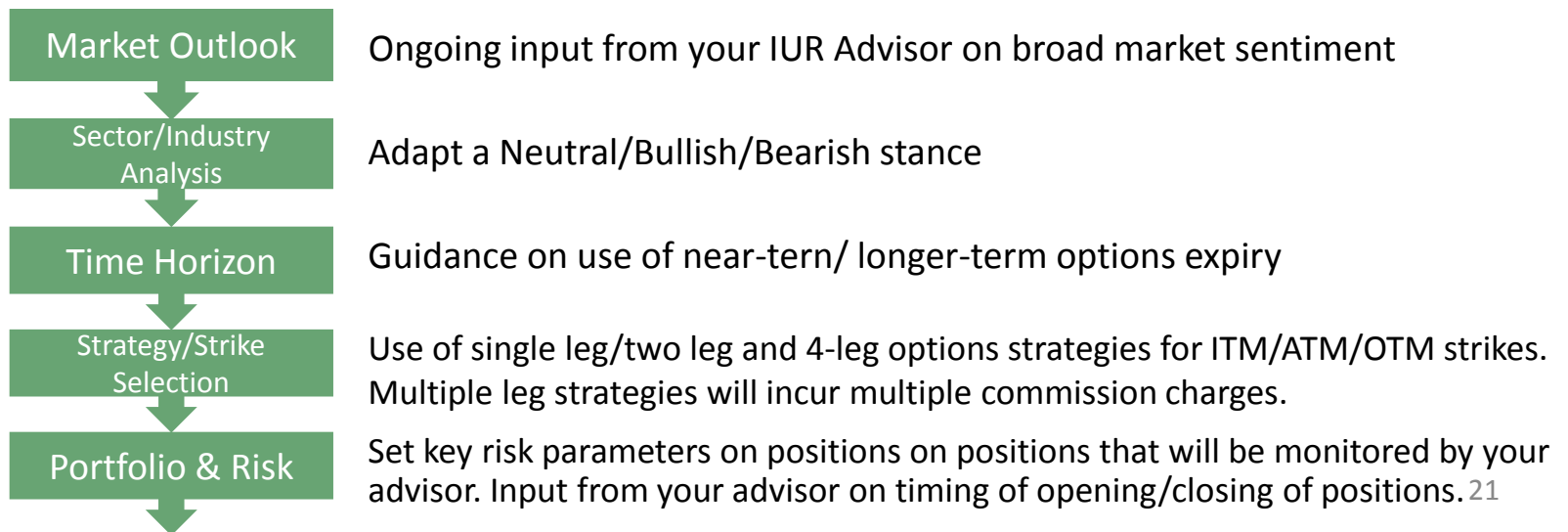
Options Advisor Account

2016

Highlights

- Dedicated IUR Options Advisor allocated to your portfolio from day one.
- Work with your advisor 1-to-1. Discuss your objectives, risk tolerance and time horizon.
- Direct Advisor input on option strategy setup for the underlying security, strike selection, position sizing. Strong emphasis on risk management.
- Your Advisor will advise, undertake and monitor all positions.
- Focus on trying to achieve consistent P&L for your options account.

Our Options Advisory Process



Let's talk...

Email us at gryan@iurcapital.com to arrange a 1-to-1 call and to request the slides for this webinar.

To watch Gareth live, tune into Bloomberg TV every week