#### Disclaimer

- Today's webinar is for educational purposes only.
- Nothing in today's presentation should be considered a recommendation to buy or sell any security.
- All stocks and options shown are examples only
- Any pricing or potential profitability shown does not take into account your trade size, brokerage commissions or taxes which will affect actual investment returns.
- Stocks and options involve risk and are not suitable for all investors and investing in options carries substantial risk.
- Past stock or option performance is no guarantee of future price appreciation or depreciation.
- Prior to buying or selling options, a person must receive a copy of Characteristics and Risks of Standardized Options available at: <a href="http://www.cboe.com/Resources/Intro.aspx">http://www.cboe.com/Resources/Intro.aspx</a>.

# InvestorsObserver Workshop

### InvestorsObserver Workshop

- Charts
- What Else is Happening?
- Hot Right Now
- Member-driven content: Questions, site demonstrations, etc.
  - Can prepare slides for questions submitted ahead of time: Mention "workshop"



### S&P 500



S&P 500 One Year

### **NASDAQ**



Nasdaq One Year

#### Russell 2000



Russell 2000 One Year

#### Russell 2000



Russell 2000 Three years, weekly candles

## S&P 500 vs. Equal Weight

One year



### Growth vs. Value

VTV vs. VUG one year



#### JETS vs. XLE

#### One year



### What Else is Going On?

- Interest Rates / Inflation / Federal Reserve
  - Back in the driver's seat.
  - Fed seems to be getting more aggressive
  - Some positive signs on shipping front
  - Lots of outside effects potentially keeping inflation elevated
- Russia/Ukraine: Potential source of volatility at any moment
  - Commodities
  - o Seeming escalation or other unpleasant surprise could be more widespread
- China is an interesting wildcard
  - Trying to play both sides RE: Ukraine
  - Economy is struggling (remember those struggling real estate firms?)
  - Zero Covid policy not working
    - Rolling shutdowns mean there may be continued spot shortages of some goods
  - A slowdown in China could be good for some inflationary factors
    - Less demand for oil and other commodities may help ease inflation

### **Hot Right Now**

- Energy
  - o Thermal Coal
  - Oil & Gas Drilling
  - Oil & Gas E&P
- Utilities
  - Independent Power Producers
  - Regulated Gas
  - Regulated Electric
- Real Estate
  - REIT Residential
  - REIT Industrial
  - o REIT Retail
- Basic Materials
  - Aluminum
  - Coking Coal
  - Agricultural Inputs
- Financial services
  - Financial data & Stock Exchanges
  - Banks Regional
  - Insurance Property & Casualty

Question Re: CBOE Global Looking to invest in the stock.. What are the metrics / valuations that are used to analyze this stock? – Gary

CBOE is an exchange operator. It also licenses the VIX and several other volatility indices.

#### Analysis

- Why do you like this stock?
  - What's the story?
  - O Does that story make sense?
- How long do you think you'll hold it?
  - Does that time match your story?
- Based on time, you can use *InvestorsObserver's* scores
  - o Long-term holding, look at Fundamental, Valuation and Analyst
  - Shorter-term, look at Technical scores and Sentiment

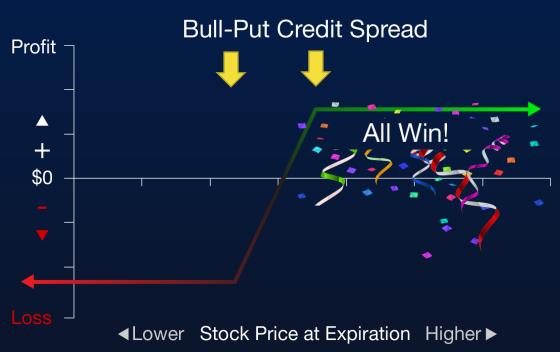
I would like to learn more about bull put & bear call spreads. – Art

These are two kinds of credit spreads.

- Sell the strike price nearer to the stock's current price. Buy the one further out.
  - o For bull-put spreads, this means sell the higher strike and buy the lower
  - o For bear-call spreads, this means sell the lower strike and buy the higher
- Since the sold option is closer to the money, it has a higher price
  - This means you are selling more option than you're buying
  - YOU GET A PAID TO OPEN THIS TRADE
- Since you're net short, the goal is for the value of these options to go to zero
  - You can close early (just buy the one you sold and sell the one you bought) for a smaller gain
    if you want
  - Since the plan is let these options expire worthless, you don't need to spend a lot of time marking these to market



I would like to learn more about bull put & bear call spreads. – Art



- Sold put is a bet that the stock won't fall below that level
- The bought put is catastrophe insurance, capping any loss
- Between the two strikes, our potential loss varies

1. Could you talk about when and how to use the "out of money calculator" and "enhanced chains" under "option trades"? - Jim

#### OTM Calculator

- For stocks you already own
- Designed to help generate extra income with low probability of assignment
- Will give different info based on selection of Income Generation or Position Repair

#### **Enhance Chains**

- Everything calculated as a new position
- If you don't like the trade we highlighted... too long/ short, to far ITM/OTM
- Makes it much easier to pick your own trade and compare trades

2. Could you talk about the difference between the "personal" and "featured" option trades. I understand that the personal trades can be customized but how are they and the featured trades selected?- Jim

Both of these are designed as entry points to finding trades.

- Featured
  - Covered Calls/Short Puts
  - Attractive trades on stocks that have been doing well recently
  - Not trying to cater to any particular investor, just three solid trade ideas
- Personalized
  - Nine categories
    - Conservative, balanced, aggressive
    - CCs and Puts, Diagonal Spreads, Vertical Spreads
  - If you don't like the Featured Trades, here's more

3. Could you talk about how you manage the "managed diagonal spreads"? For instance, if the sold leg expires worthless what do you usually do with the bought leg? Do you let it ride until expiration? Do you sell new calls against it? What if the sold leg is ITM? Do you let it be exercised using the bought leg? Do you ever roll it out? – Jim

These are managed... you can follow along.

If the sold call expires worthless

- Sometimes we just sell the bought leg
- Sometimes sell another call against it

If the sold leg is ITM

- When pricing allows, will close the trade for the strike width
- Typically try to avoid assignment
- Rarely roll short legs