

# Traders Reserve

TRADES, IDEAS AND STRATEGIES

Presents...



# Training Program

with Jon Lewis



# Welcome Video

# Program Goals

- Produce a consistent income stream using credit spreads
- Appeal to all level of traders and investors
- Learn at a pace that fits your learning style and time schedule



# Jon Lewis

- 20+ years experience in options trading and retail financial services
- Expert in option education and applying sentiment research to the analysis of stocks and sectors
- Published in Bloomberg Personal Finance, Active Trader, CNBC.com, On Investing, Trader's Journal, Technically Speaking and Stocks, Futures & Options
- Created and directed several options trading services and training programs
- Buying and selling strategies





# The CSM Program

- Take you step-by-step through the learning process
- 3+ hours of video lessons
- Program broken into five Modules
- Each module contains several short video lessons on a specific topic
- Easy to review topics



# Module One

- Introduce concept of spread trading and selling options
- What is a credit spread?
- Why you should trade credit spreads

# Module Two

- Credit spread basics
- Spread building blocks
- How to construct a spread
- Basic bull and bear spreads, with examples
- Positives and “unpositives” (not negatives) of credit spread trading



# Module Three

- The “deep dive” – go beyond the basics
- Factors to consider
- Risk/reward
- Performance goals
- Option pricing
- Option Greeks

# Module Four

- Heart of the program – put theory into practice
- Picking the proper equity
- Trade set-up and trading checklist
- Putting on the trade
- Managing the trade
- Weekly options

# Module Five

- Putting it all together
- Defining income goals
- Money management
- Fitting credit spreads in your portfolio

# Tools and Resources Videos

- Credit Spread Trading Resources
- Managing Broker Costs
- Q&A Session of Most Common Questions
- Credit Spread Trading Calculator



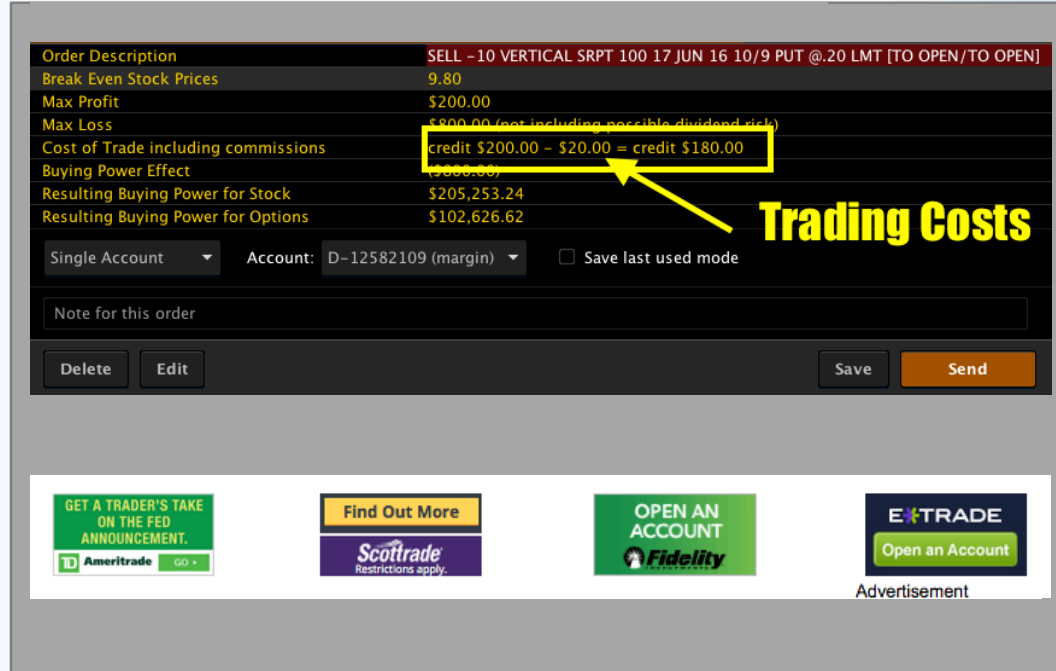
# My Favorite Credit Spread Resources

- Easy-to-access websites and tools
- What they are and how to use them
- They're free!



# Managing Broker Costs

- Fees can add up
- Tips for keeping broker costs inline
- Strategies to minimize commissions



The screenshot displays a trading platform interface with the following details:

- Order Description:** SELL -10 VERTICAL SRPT 100 17 JUN 16 10/9 PUT @.20 LMT [TO OPEN/TO OPEN]
- Break Even Stock Prices:** 9.80
- Max Profit:** \$200.00
- Max Loss:** \$800.00 (not including possible dividend risk)
- Cost of Trade including commissions:** credit \$200.00 - \$20.00 = credit \$180.00 (highlighted with a yellow box and arrow)
- Buying Power Effect:** (\$880.00)
- Resulting Buying Power for Stock:** \$205,253.24
- Resulting Buying Power for Options:** \$102,626.62

Below the order details, there are controls for "Single Account", "Account: D-12582109 (margin)", and a "Save last used mode" checkbox. A "Note for this order" field is also present. At the bottom, there are buttons for "Delete", "Edit", "Save", and "Send".

A yellow arrow points from the text "Trading Costs" to the highlighted "Cost of Trade including commissions" line item.

At the bottom of the interface, there are four promotional banners:

- GET A TRADER'S TAKE ON THE FED ANNOUNCEMENT.** (Ameritrade logo)
- Find Out More** (Scotttrade logo)
- OPEN AN ACCOUNT** (Fidelity logo)
- E\*TRADE** (Open an Account button)

Advertisement

# Your Most Common Questions






# Credit Spread Calculator

- Calculator tool and “how-to” video

## Credit Spread Calculator

Enter the following:



**CREDIT SPREAD  
MASTERS**  
*With Jon Lewis*

Commission

Base/Fixed Fee	\$10.00
Per Contract	\$0.75


Spread Details

Width	2.5	(enter 0.5, 1.0, 2.5, etc.)
Credit	\$0.40	(enter in dollars - 0.15, 0.50, etc.)
Number of spreads	10	
Buyback price	\$0.00	(enter 0.1, 0.25, etc.)

Credit/Spread	Margin/ Spread	Max Return	Total Margin	Total Initial Credit	Commission	Comm % of Credit	Net Credit	Net Return
\$40	\$210	19.0%	\$2,100	\$400	\$25.00	6.3%	\$375.00	17.9%

# Copy of All Video Slides

- Video Lesson Slides
- Downloadable
- PDF Format



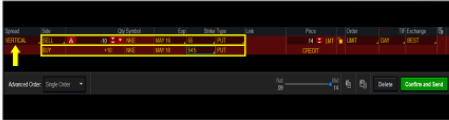
## Module FOUR

### Lesson 3 – Making The Trade

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### NKE Credit Spread Trade Window


- Defaults to narrowest spread (.5)
- Widening spread to 1 point or buying 54 put
- Adjust number of contracts



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### Credit Spread Set-Up


- Narrow down list of stocks
- Trade duration
- Sold strike
- Spread width



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### NKE Trade Window

- \$0.14 Credit
- Midpoint strike




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# PDF Companion Guides

- **ONE:** Introduction - The What and the Why
- **TWO:** Credit Spreads - The Basics
- **THREE:** Deep Dive...Factors to Consider When Using Credit Spreads
- **FOUR:** Making the Trade - Executing a Credit Spread



# My Credit Spread Trade Checklist

**Checklist**

**Credit Spread Options**


✓ **The Basics**

- Have an option-approved account
- Don't need a large account size
- Understand credit spreads
  - What they are and how they work
  - Using out-of-the-money options
  - Picking the right stock and option strikes

✓ **Prepare Your Stock List**

- Stock characteristics
  - Optionable
  - Liquidity (>1 million avg. daily vol.)
  - Events (earnings, product releases, etc.)
  - Stocks you know about
- Option characteristics
  - Volume (strikes with >100 contracts)
  - Open interest (>1,000 contracts in an expiration cycle)
  - Weeklies available?
  - Strike price increment (<1% of stock price)
- Implied Volatility (IV)
  - Use IV percentile, not raw IV
  - IV percentile >50%
  - IV > historical volatility (HV)
- Stock Direction
  - Moving averages
  - Support and resistance points
  - Goal is to avoid stock moving against you
- Bullpen of 15-20 stocks

# Trading Credit Spreads Cheat Sheet




## CHEAT SHEET

### Trading Credit Spreads

**Trade Setup:**

- Nike (NKE) Bullish Credit Spread
- SELL** NKE May 55 Put
- BUY** NKE May 54 Put
- Limit order for net credit of **\$0.14**



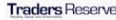
**Trade Execution:**

- Order to sell 10 spread pairs for \$140 credit

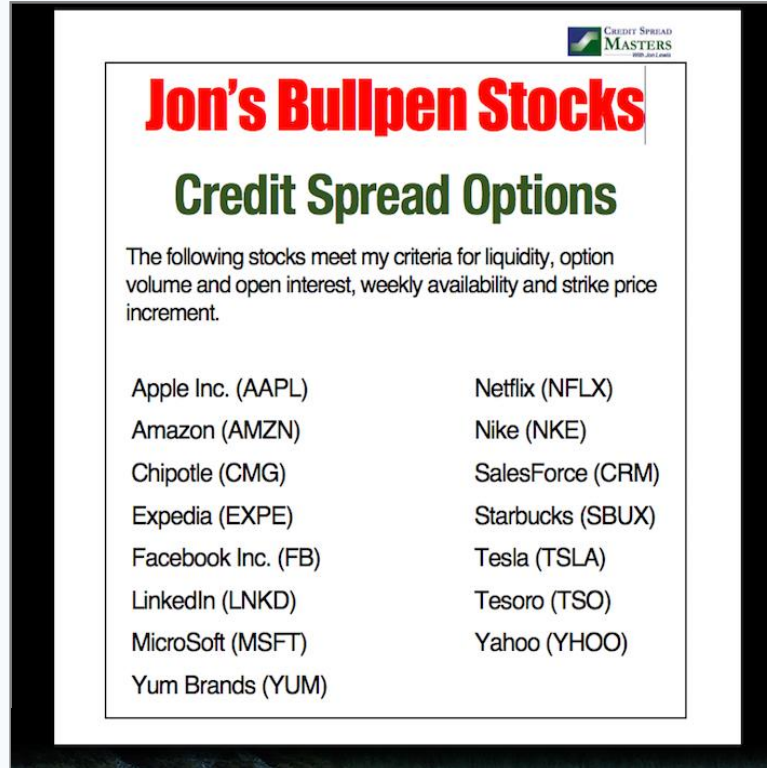
Order Description	SELL -10 VERTICAL NKE 100 MAY 55 55/54 PUT @ .14 LIMIT (TO OPEN TO OPEN)
Break Even Stock Prices	54.86
Max Profit	\$140.00
Max Loss	\$0.00 (not including possible dividend risk)
Cost of Trade including commissions	credit \$140.00 - \$20.00 = credit \$120.00
Trading Platform Effect	(\$0.00)

**Trade Fill:**

- Trade filled at \$0.14 immediately



# Jon's Bullpen Stock List



The graphic is a white rectangular box with a black border. At the top right is the 'CREDIT SPREAD MASTERS' logo. The title 'Jon's Bullpen Stocks' is in large red font, and 'Credit Spread Options' is in large green font below it. A paragraph of text follows, and then a two-column list of stock tickers.

**Jon's Bullpen Stocks**  
**Credit Spread Options**

The following stocks meet my criteria for liquidity, option volume and open interest, weekly availability and strike price increment.

Apple Inc. (AAPL)	Netflix (NFLX)
Amazon (AMZN)	Nike (NKE)
Chipotle (CMG)	SalesForce (CRM)
Expedia (EXPE)	Starbucks (SBUX)
Facebook Inc. (FB)	Tesla (TSLA)
LinkedIn (LNKD)	Tesoro (TSO)
MicroSoft (MSFT)	Yahoo (YHOO)
Yum Brands (YUM)	

# Complete Training Program

- That's it
- Complete training program experience
- Let's get started





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