Another of My Favorite Strategies on the Other Side of the Options-Selling Coin

Thirty-five years ago, back when I was an apprentice stockbroker just getting going in the business, I was drawn to options trading.

More like gambling really, as I soon found out, only with even worse odds.

I quickly learned that speculative options trading – buying put and call options – could wind up being a quick ticket to the poor house.

So instead, I learned the fine art of *selling* put and call options, where the odds of success are much better.

Fast forward many years, and when I joined *TradeSmith,* it was a match made in heaven. For an options trader like me, they've got just the right tools to set yourself up for success, including proprietary indicators for:

1. **Probability of Profit (POP)**, which can give you high odds of a winning option trade.
2. And **Return on Investment (ROI)**, which tells you how much cash income you can earn on the trade.

Our exclusive, A.I.-powered algorithms persistently scan thousands of stocks, and tens of thousands of listed stock options, to find the handful of put and call options that have the best balance of …

1. Very high odds of success thanks to **POP**.
2. And the most bang for your buck according to **ROI**.

With these powerful tools, you and I can trade options the *right* way, as a seller of puts and calls, *and* with the odds stacked even more strongly in our favor.

Recently, I covered our *Options360* tools including the dedicated put-selling strategy ***Constant Cash Flow***, which can consistently generate income from our best daily put-option trades.

But there's another side to the option-selling coin that you can also take full advantage of at *TradeSmith*, to earn more cash income with equally high odds of success.

And it's one of the most conservative option strategies there is.

I'm talking about the Buy-Write covered call option trade. So, let's talk about what is it and how it works.

Advantages of Buy-Writes to Your Stock Portfolio

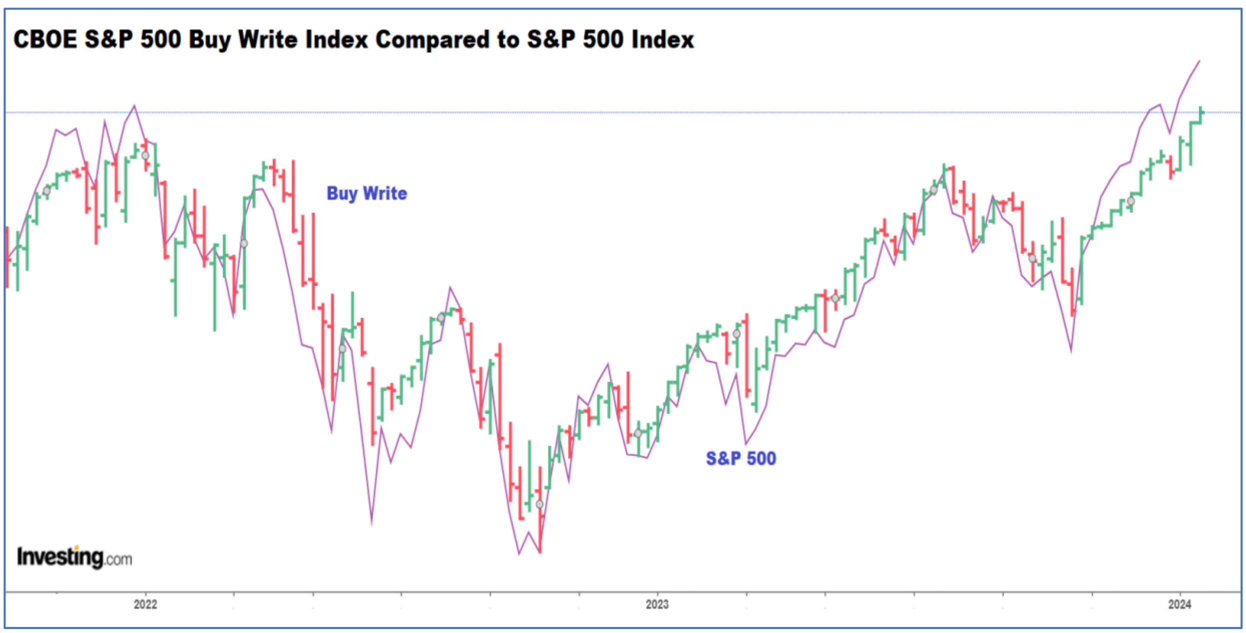
A buy-write options strategy is easy to use. You simply buy a stock, and at the same time sell – *or write* – a covered call option on the same stock. And it is a great way to earn some extra income, but it's also a lower-risk alternative to buying the stock outright.

It's important to understand that you can only sell one call option contract for every 100 shares of the stock that you buy. (Remember, one option contract always "controls" or represents 100 shares of the underlying stock.)

If you buy 100 shares of a stock, you can sell one call option. If you buy 200 shares, you can sell two call options. If you buy 300, you can sell three, and so on.

Most online brokers will let you do this trade in a single transaction. It's a great strategy to help boost your income while at the same time lowering your risk. That's because the income you earn can help offset any downside in your stocks.

You can see the potential performance advantage of a buy-write strategy in the chart below. The red and green bars represent the CBOE S&P 500 Buy Write Index, and the purple line represents the standard S&P 500:



You can see, that if you're in a strong, uptrending market, a buy-write strategy may deliver a slightly lower return on your stock portfolio, but you still get to keep all that covered call option income.

But in a downtrending market (like 2022), or even a choppy uptrending market (like 2023), the buy-write strategy can enhance the return from your stock portfolio while at the same time boosting your income earned from the option premiums.

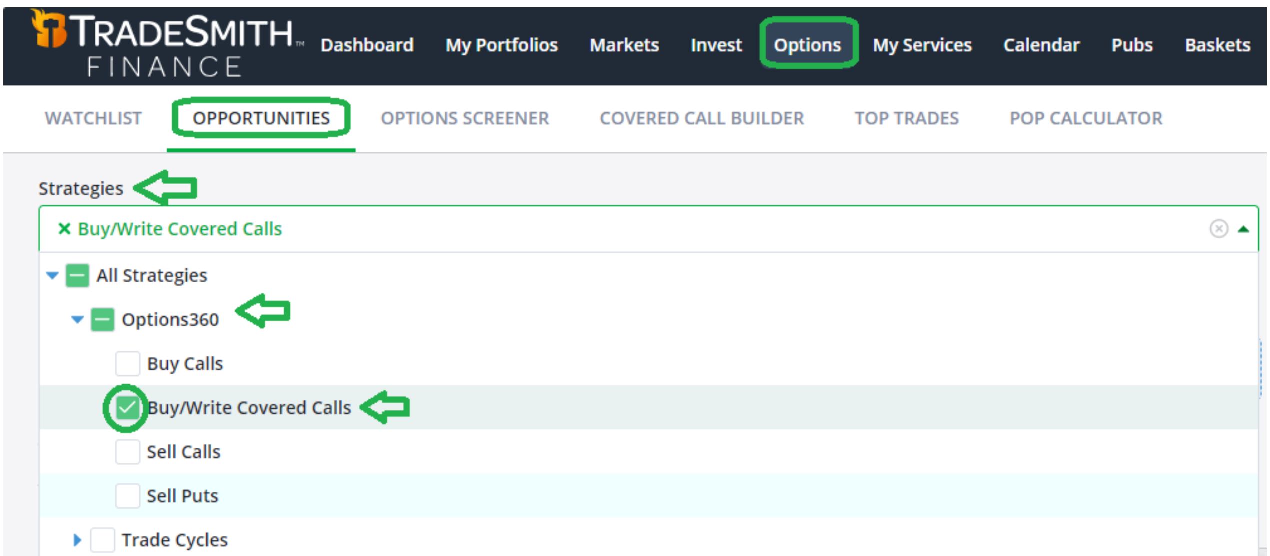
And using our exclusive *Options360* tools, you can generate a list of the best buy-write trade ideas on a daily basis. Here's how to find it on your *TradeSmith* platform.

If you're a *TradeSmith Essentials, Options360,* or Platinum member, you should already have full access to these tools and can start earning immediate cash income with a buy-write strategy. (And if you *don't* see these tools in your *TradeSmith Finance* dashboard — and would like to — call 888-623-0858 to learn more.)

How to Find Income-Producing Trades with *Options360*

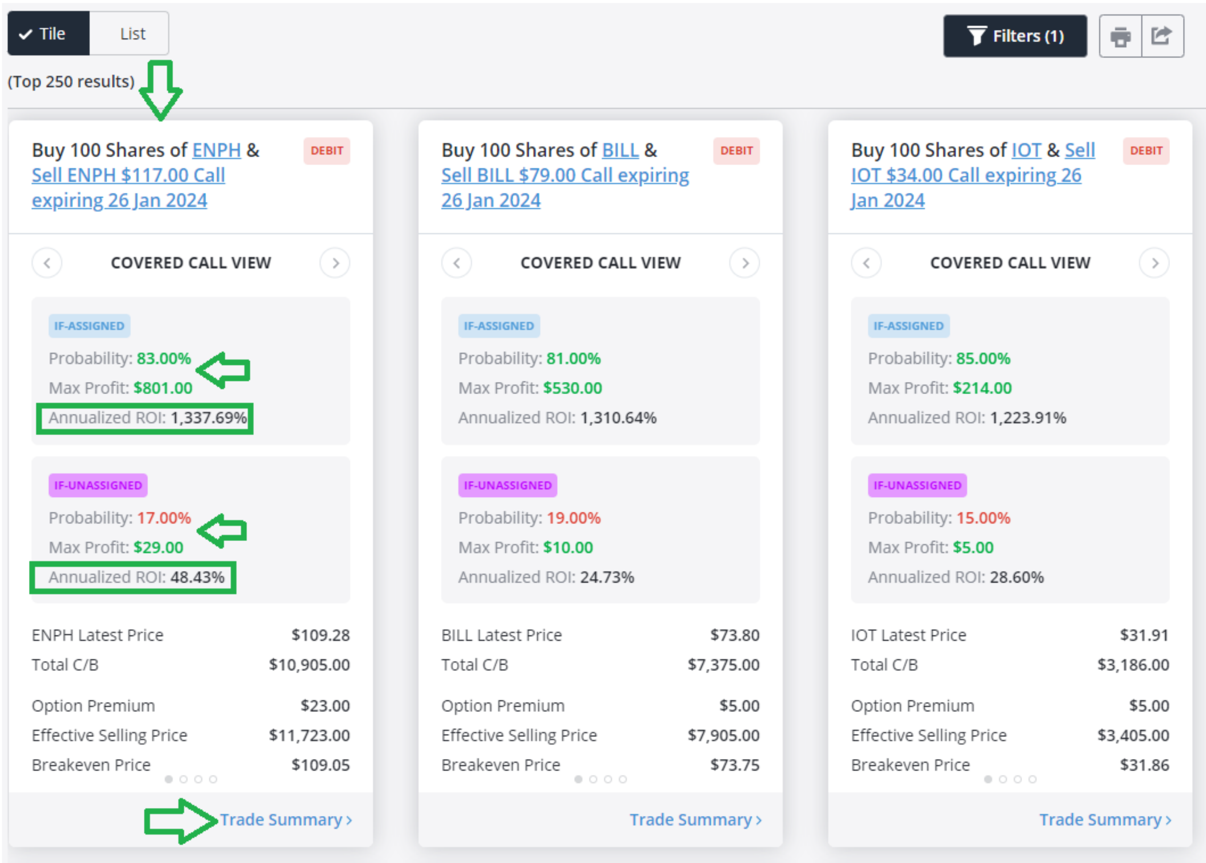
Log in to your *TradeSmith Finance* account and click **Options** in the top menu bar, then click the **Opportunities** tab. Next, you'll see the **Strategies** tab right at the top.

For buy-writes like the ones we've been talking about today, you'll click the drop-down menu and select **Options360**, then **Buy/Write Covered Calls**.



This gives you a curated list of our top buy-write option trades right now. These are trades with a very high POP (*strong odds of winning*) plus a high ROI (*money in your pocket*).

Let's look at a few trades from the buy-write search I ran yesterday, so you don't have to look very far to find lucrative potential trades.



At top right you can see our top buy-write trade of the day, **Enphase Energy (ENPH)**. Specifically, this trade suggests buying **100 Shares of ENPH & Sell 1 ENPH $117.00 Call expiring 26 Jan 2024**.

This trade has a high **83% Probability** of being assigned, which would happen if the ENPH stock price is above the option strike price at expiration.

If so, your shares would cash out at the $117 strike price, plus you'd hang onto the $23 option premium you earned upfront. So, your **Max Profit** from the trade is $801 overall. And notice that this trade only took two days.

That means you could earn a monster **Annualized ROI** of 1,337.69%. Assuming you can find a similar profitable trade every few days, you could keep your money rolling over and potentially earn that return on your money over a full year!

And even if the trade is unassigned because ENPH stock price is below the option strike price at expiration, you still get to keep the $29 premium income from the call option you sell, which works out to be a solid 48.43% Annualized ROI!

There's an Even Easier Way to Keep Tabs on Our Best Buy-Write Ideas

Every Monday, subscribers to ***Options360*** get a special email including our **Best Trade Opportunities Report** (shown below):

Best Trade Opportunities Report

TS Options360 by TradeSmith <support@tradesmith.com> Mon 1/22/2024 12:11 PM
To Michael Burnick

TRADESMITH January 22, 2024

Hello, MIKE!

Below you will find the latest recommendations from our system, highlighting the Best Trade Opportunities currently available.

Buy/Write Covered Call Opportunities

Buy 100 Shares of NIO & Sell NIO $6.50 Call Expiring 09 February 2024

IF-ASSIGNED	IF-UNASSIGNED
Probability **88%**	Probability **12%**
Annualized ROI **272%**	Annualized ROI **71.98%**
Max Profit **+$79.36**	Max Profit **+$21.00**

Buy 100 Shares of ROKU & Sell ROKU $98.00 Call Expiring 09 February 2024

IF-ASSIGNED	IF-UNASSIGNED
Probability **90%**	Probability **10%**
Annualized ROI **212.82%**	Annualized ROI **38.2%**
Max Profit **+$947.00**	Max Profit **+$170.00**

As you can see, this email is a quick, easy read and gives you actionable, income-generating option trades every week.

Mike Burnick's Bottom Line: For my money, selling options is a no-brainer. My favorite strategy is selling puts, as the ***Constant Cash Flow*** service does every single day. But a very close second is the Buy-Write covered call strategy. It's an easy, low-risk way to generate upfront cash income from stocks you may want to buy anyway. And our exclusive *TradeSmith* tools can consistently point you to the best high-probability buy-write trades.

Good investing,

Mike Burnick
Senior Analyst, *TradeSmith*