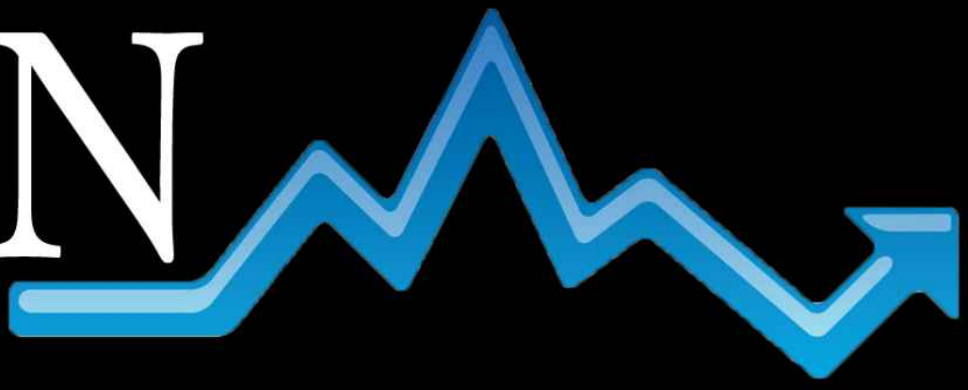
BULLSH*T-FREE GUIDE to

IRON CONDORS



Helping you avoid costly mistakes with this popular but controversial option strategy.

Gavin McMaster

Table of Contents

BULLSH*T FREE GUIDE

TO IRON CONDORS

By Gavin McMaster

The information provided in this book is delivered for general informational and education purposes only. None of the information provided in this webinar is to be considered financial advice. Any stocks, options and trading strategies discussed are for educational purposes only and do not constitute a recommendation to buy, sell or hold. Options trading, and particularly options selling, involves a high degree of risk. You should consult your financial advisor before making any financial decisions.

The material in this guide may include information, products or services by third parties. Third Party Materials comprise of the products and opinions expressed by their owners. As such, I do not assume responsibility or liability for any Third Party material or opinions.

Users of this guide are advised to do their own due diligence when it comes to making investment decisions and all information, products, services that have been provided should be independently verified by your own qualified professionals. By reading this guide, you agree that myself and my company is not responsible for the success or failure of your investment decisions relating to any information presented in this guide.

Your Free Gift

As a way of saying thanks for your purchase, I'm offering a free report that's exclusive to my readers.

The strategy we're about to discuss relies heavily on understanding how volatility affects option prices and combination trades. That's why I wrote: Volatility Trading Made Easy - Effective Strategies For Surviving Severe Market Swings.

This lengthy PDF (over 7,500 words), contains some of the most crucial information that I've learned in my 10 years trading options.

You can download the free report by going here:

www.optionstradingiq.com/FREE

This ebook is dedicated to my wife Alex and children Zoe and Jake

who are the inspiration for all that I do.

CONNECT WITH OPTIONS TRADING IQ

Facebook: https://www.facebook.com/optionstradingiq.com

Twitter: https://twitter.com/OptiontradinIQ

Stock Twits: http://stocktwits.com/optionstradingiq.com

Website: http://www.optionstradingiq.com

YouTube: http://www.youtube.com/optionstradingiq

ABOUT THE AUTHOR

My name is Gavin McMaster and I'm originally from Melbourne, Australia. Currently I live with my wife Alex and 2 children (Zoe and Jake) in Grand Cayman which is where we have lived for the past 8 years. I've worked in the finance industry for over a decade and have been trading options successfully for the last 8 years.

My interest in the stock market can be traced back to Primary School, I can't remember the teacher or which grade, but she told a fictional story which has always stuck with me. It was a typical stock market tale of fear and greed, the two most powerful emotions in the financial markets. A stock trader who bought a stock at $1, watched in climb all the way up past $1000, but got greedy assuming he would make more money. Of course some sort of bad news about the company came out and next thing you know the stock was back to $1. This was a fictional story, but from that point on I was hooked. I bought my first shares when I was 13 and have been trading ever since, although more heavily in the last 8 years.

I started taking an interest in options trading in 2003 and have bought just about every book you can think of on options trading. I also went back to school and completed my Masters in Applied Finance and Investment in August 2009. Still, there is only so much you can learn from a book and I have learnt so much more from actually trading options.

My first experience trading options was buying some put options on a retail stock. I had no idea what I was doing and lost 100% on that trade. One of my next trades was even more disastrous. I owned a small portfolio of Australian shares and decided to generate some income by selling index call options. I had no idea at this stage about delta or how to calculate my overall exposure in order to create an effective hedge. My portfolio was mostly low beta stocks and I had sold WAY too many index calls for my exposure. The market rallied and my broker rang me that night to tell me I had margin issues. Instead of just selling the positions and admitting defeat, I held on for another day and the market continued to rally. All of a sudden my account had a negative value and I didn't have enough money in my bank account to fund closing the positions. In the end, I had to borrow money from my

brother in order to cover the margin call for me. A very embarrassing experience let me tell you.

I’ve come a long way since that time and when I look back on some of the things I did when I was starting out, it makes me cringe. I’ve worked and studied incredibly hard and had many more ups and downs. I’ve been mentored by some of the biggest names in the business – Dan Sheridan, Tony Sizemore and Mike Smith.

With this ebook, I hope to share my experiences and help you avoid some of those mistakes I made when I started out.

PREFACE

Bullsh*t Free Guide to Iron Condors is a comprehensive guide to trading what I believe to be the best and easiest to manage option strategy.

There's a lot of fluff out there. Yes, you can make 15-20% in a month. However, in Finance 101 we learn that the higher the reward, the higher the risk. Trading that way, you will eventually get burned. With this book I wanted to put together the best reference book on trading Iron Condors available. From years of research and testing, I have developed a system that makes consistent monthly profits while minimizing the risks. As the title suggests, there is no bullish*t here. Just cold hard facts and trading plans that are realistic.

My motto is to keep people's expectations in check. Maybe that sells less books / coaching courses, but I don't care. I will not pump people up with false numbers and false promises like some people do.

You're here because you're interested in trading and making money. Maybe you have already tried trading but can't seem to make a success of it. Or maybe you are trying to develop as a trader and learn new strategies and techniques. Either way, I admire you for the learning you are undertaking. Learning is a lifelong experience; we don't stop when we finish High School or University. In fact, that's the time when REAL learning needs to start. I want to keep learning something new every day until I die. Either way, I admire you for taking control of your own financial destiny.

I'm very conservative in my trading; I don't try to hit the ball out of the park with every trade. I hit a lot of singles, and occasionally the fielder fumbles and I get a double or a triple. A lot of people are lured into options trading with the thoughts of making quick riches, but that is the last thing you should be thinking about. Your mantra should be, "Take care of the downside, and the upside will take care of itself." In other words, risk management is the most important skill for you to master in this business.

Iron Condors are my favorite strategy to trade in my portfolio; I hope you enjoy my insights into the wonderful strategy that really helped take my

trading to the next level.

I also want to say a quick thanks to my friend Henrik Santander, aka The Lazy Trader, for helping review and put together this book.

Here’s to your success.

Gavin McMaster.

TRADING AS A BUSINESS

The most important thing you can do when starting your trading career is to treat is as a business. And that's exactly what it is – a business. We are here to make money after all. Would you start a business without a business plan? Of course not, so why should trading be any different?

• Have a plan – My mantra is "Have a plan, trade your plan, review your plan." I'll go over how to develop a trading plan shortly, but this really is the starting point. However, a trading plan is a constantly evolving thing as you continue to learn and test new ideas. You should review your trading plan at least quarterly and look at what worked and what didn't and then adjust it accordingly.

• Learn from your mistakes – Just like in business, you will make mistakes. It's inevitable. Make sure you learn from your mistakes and avoid making the same one twice. If you suffer a big loss because you ignored your trading rules, hey, it happens. Just don't do it a second time!

• Have very good risk management - Risk management is probably the most important thing to master when it comes to successful trading. As I always say, "take care of the downside, and the upside will take care of itself." No one, and I mean no one, can predict the absolute top or bottom of a market every time. There is no magical charting indicator that will tell you either, so don't get caught up on the latest greatest indicator. The most important question you can ask yourself before you make any trade is this, "What COULD go wrong? What is my total risk on this trade?" Always know your worst case scenario, and don't think that just because a stock has fallen 80% that it can't fall further.

• Don't trade on hot tips – It might seem obvious, but so many people still fall for this one and just remember that if your taxi driver is recommending a particular stock, chances are it's too late to get in to.

• Stay level headed at all times – The stock market is an emotional roller coaster and it's important to stay level headed. This is where a

good trading plan comes in, as it takes the emotion out of the decision making process. Make good decisions and you are already ahead of the game.

• Above all, enjoy what you do! – You won't survive long in this business if you don't enjoy it. Personally, I absolutely love it and even when I have losing trades, I still enjoy what I do. I love the challenge of trying to outsmart other market participants. The money is just a way to keep score.

Homework Assignment: Think about 3 things that you are doing that a professional trader would never do. Write them down and try to avoid those things over the next 3 months

SETTING UP A SYSTEM FOR SUCCESS

One thing I encourage all my students to do is set up good systems and develop consistent actions. There is a lot of information to digest and keep on top of such as GDP releases, jobs data and earnings reports. At times, this will all feel overwhelming which is why it's important to have a good system in place for reviewing all potentially market moving events / data.

So how can you apply this to your trading?

Start working on your trading journal. Set aside a specific time each week and spend 30 minutes each week to fill this in with all your trades from the previous week. Also write down how the market behaved and how that affected you positions **AND** your emotions.

For me, I do this on Sunday evening as I am usually home at this time. During my routine, I check the following and note down all my thoughts:

- Charts of the major market indices including performance over the past week, also noting relevant support and resistance and moving average lines.

- Chart of the VIX – Very important!

- Charts of the major commodities – e.g. Gold, Silver and Oil.

- Charts of important companies who have the potential to lead the market – e.g. AAPL, XOM, FCX, GS, BAC, CAT

- Charts of various ETF's – e.g. XLF, XLK, SMH, EEM

- Charts of any other stocks that are on my watchlist

- Economic calendar for the week ahead

Reasons for creating rituals:

- It gets you into the habit of knowing what's going on in the market and increases your analytical skills

- Creates a reference library for you to refer back to

- Allows you to formulate an opinion of where the market might go.

- Allows you to devise trading strategies based on you market opinion.

Keep in mind that consistency leads to habits. Habits form the actions we take every day. Action leads to success.

Homework Assignment: What systems could you set up to make your life easier?

CHOOSING AN OPTIONS BROKER

Whether you're just starting out, or if you've been trading for years, it's very important that you have the right broker. The cheapest broker may not be the best, so here are a few things to look for:

COMMISSIONS – Iron condors are a commission intensive strategy due to the high number of trades you will make. When choosing an options broker, commissions are probably the number one factor people look at, but that does not necessarily mean it is the most important. There are a few different ways brokers charge fees, so you need to figure out which method works best for you. Here are a few ways they might charge fees

- Per trade, regardless of how many (or how few) contracts.

- Per contract.

- Fixed amount for a set number of contracts. E.g. Optionshouse charges $5 for up to five contracts and $1 for each additional contract

Generally if you are trading a small number of contracts, it's better to be paying per contract, whereas large contract size would be better with a per trade fee.

QUALITY OF SERVICE – Not all brokers are created equal and each has varying levels of customer service. Check to see if your broker has a good online chat help, and ask a few questions to gauge their competence and wait time. If you are just starting out with your trading, you may have a lot of questions on how to get your trades executed, margin requirements or any other aspect of trading. Having good quality of service can be very helpful if you need a little bit of hand holding early on. Generally speaking the cheap brokers will have less impressive customer service than the more expensive ones. You get what you pay for after all.

TRADING PLATFORM – There's not much point having a great broker with good commissions if you can't work their trading platform. Being able to place trades quickly and efficiently can make a big difference to your stress levels. You have enough to worry about just trading, without having to try and figure out how to use your broker's platform.

CHARTING PACKAGE – A good charting package is very important in my opinion. Brokers such as Think or Swim have really good interactive charts, whereas some of the others aren't as good. With a lot of brokers, such as Interactive Brokers, you have the ability to place trades with one click directly on the stock chart which is fantastic.

TUTORIALS – Another thing to check would be whether your broker offers video tutorials of how to use the various parts of the platform. Some brokers have extensive video libraries which can be a real help when you're starting out.

EXTRA FEES – Some brokers have hidden fees that are not associated with trading. These could be things like account minimum, inactivity fees and data access fees. These can add up if you're not careful.

MARGIN – While I never trade on margin and definitely don't recommend doing so for Iron Condors, a lower margin rate could be an attractive proposition for some traders.

BEST OPTION BROKERS

There are a HUGE number of brokers to choose from these days, so I won't detail them all here, but here are some of the major players. Out of the below list, I have heard good things about the ones shown in bold. I would stay away from E*Trade, I had some horrible experiences with them a few years ago.

Interactive Brokers
Optionshouse
Charles Schwab
E*trade
Fidelity
Firstrade
Just2trade
MB Trading
Merrill Edge
Optionsxpress
Scottrade
Sharebuilder
Sogotrade
Speedtrader
TradeKing
Trademonster
Vanguard
Wellstrade
Zecco

Personally, I use Interactive Brokers and they are fantastic. I also have a paper trading account at Optionshouse and I use their analytical tools quite often.

Homework Assignment: Think about your current broker. Are they giving you the best service, execution and price that you can get? If not spend 1 hour researching some of the brokers above and think about switching accounts

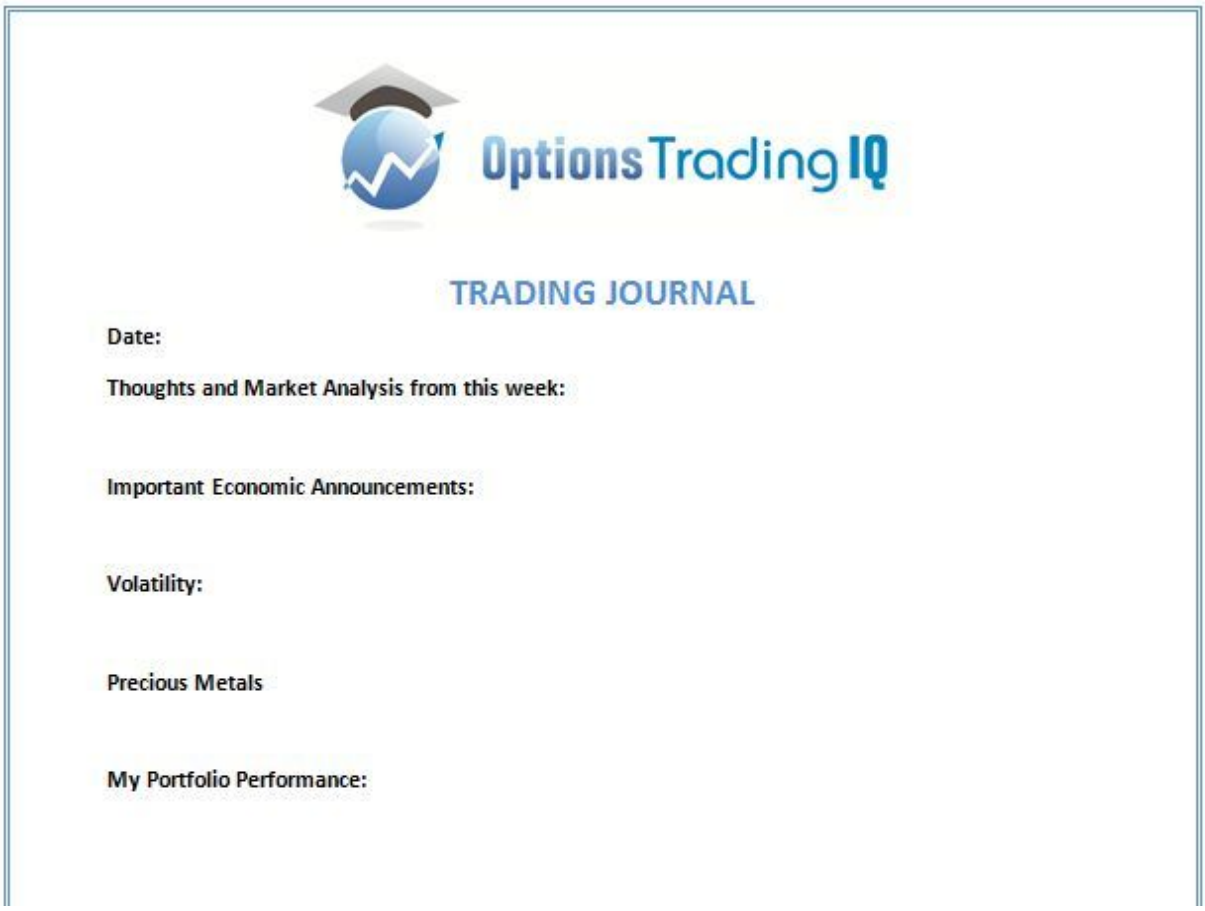
CREATING A TRADING JOURNAL AND TRADING LOG

Having a trading plan would have to be the most underestimated aspect of trading, but a close second would have to be having a trading journal and trading log. If you're not recording, reviewing and analyzing your trades, how can you expect to know what works and what doesn't? A trading journal and trading log are vitally important if you want to develop as a trader.

TRADING JOURNAL

A trading journal is where you write down your thoughts on the market each week. You should include things like what happened during the week, what were the news worthy items and how they affected the stocks in your watchlist, how your trades performed and any emotional responses you felt and also any potential trades you are looking at.

By doing this you will build up a database of information that you can refer back to at a later date. This will help you when you come across situations that you have experienced in the past. For example you may have a particular trade go against you, so you can look back and see how you reacted in similar situations and whether your decision making process was correct. This type of analysis leads to better, more informed decisions in the future.



TRADING LOG

Following on from treating trading as a business, it's very important to keep good records. You need to record everything you do and periodically review your trades and your decision making. This is how you improve on things you are not doing well, and focus on the things you are doing well. If you click on the link below, you can access a sample trading log that you can then adjust to you own needs.

Open Date	Stock / Index	Type of Trade	# of Spreads	Exp Date	Trade Details	Opening Price	Opening Value $	Commission	Net Opening Value	Closing / Current Price	Net Closing / Current Value	Net Profit or Loss	Monthly Profit	Monthly Margin	Monthly ROI
Live Portfolio															
20-Jan	RUT	Bull Put	1	16-Feb	Feb 16th 690-680 Puts	$0.40	$40	($2.00)	$38	$0.00	$0	$38			
20-Jan	RUT	Bear Call	1	16-Feb	Feb 16th 840-850 Calls	$0.50	$50	($2.00)	$48	$0.00	$0	$48			
23-Jan	SPX	Bear Call	10	16-Feb	Feb 16th 1390-1400 Calls	$0.40	$400	($22.38)	$378	$0.00	$0	$378			
								Total Net Open	$464			Total Profit	$464	$9,536	4.9%
14-Feb	RUT	Bull Put	15	15-Mar	Mar 15th 720-710 Puts	$0.60	$900	($22.38)	$878	$0.20	($300)	$578			
14-Feb	RUT	Bear Call	15	15-Mar	Mar 15th 890-900 Calls	$0.45	$675	($22.38)	$653	$0.03	($38)	$615			
28-Feb	AAPL	Bear Call	15	Mar-12	Mar 16th 580-585 Calls	$0.23	$345	($11.75)	$333	$ 0.55	($818)	($484)			
								Total Net Open	$1,863			Total Profit	$708	$20,307	3.5%

Visit www.optionstradingiq.com/tools and download the above sample trading log and journal

Homework assignment: Set up a time each week to fill in your trading journal and trading log

WHAT IS AN IRON CONDOR

The Long Iron Condor strategy is an income strategy that profits if the underlying stock or index stays within a certain range over the life of the trade. Over the course of any trade, stocks can move one of five ways:

- Up a lot
- Up a little
- Sideways
- Down a little
- Down a lot

Stock investors would make money in the first two of the above five scenarios. Iron condors would make money in the middle 3 situations and sometimes, if they are managed correctly, can make money in ALL of the five scenarios.

An Iron Condor is actually a combination of a Bull Put Spread and a Bear Call Spread.

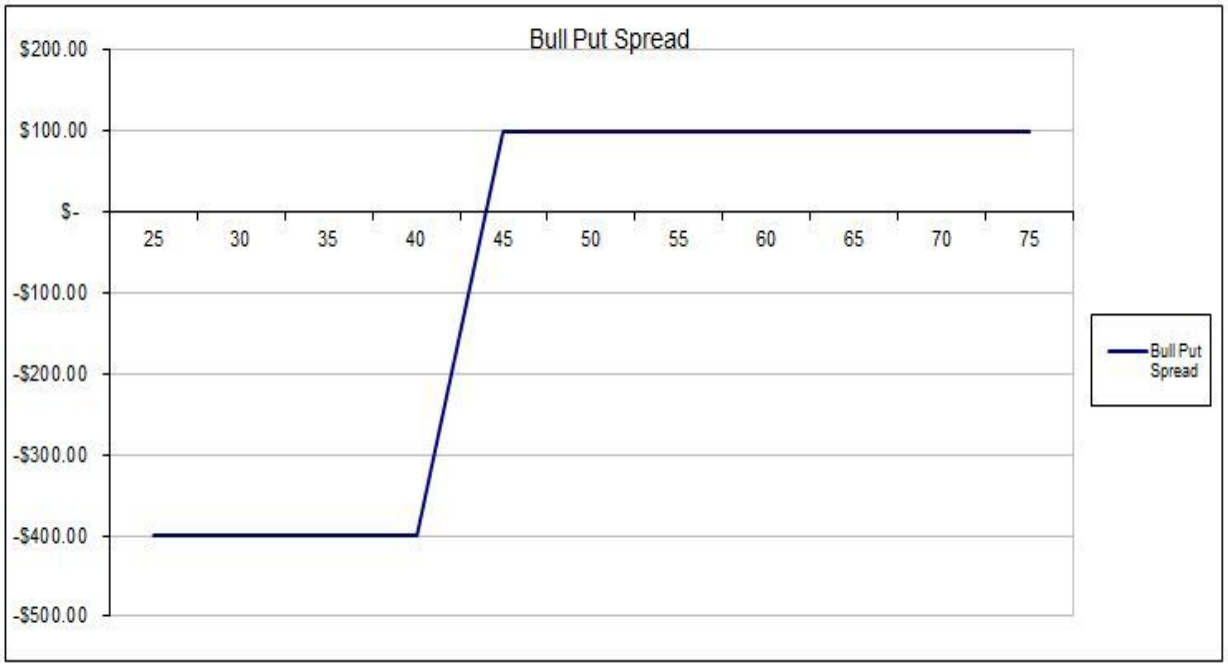
BULL PUT SPREAD

The Bull Put Credit Spread strategy involves selling a put option and buying another put option with a lower strike price in the same expiry month. As the name suggests, this is a bullish option strategy. Your outlook on the underlying stock is neutral to slightly bullish. Let’s look at an example:

ABC stock is trading at $47.50 in September. A trader thinks that ABC will not fall below $45 before October options expiration. He enters a Bull Put Spread by selling an October $45 put for $2 and buying an October $40 put for $1. The net premium received in the traders account is $100 ($1 x 100 shares per contract).

The maximum risk on the trade is $400 ($5 difference in strike prices, less $1 premium received times 100).

At expiry, if ABC finishes above $45, the trader keeps the $100 premium for a return of 20% on capital at risk.



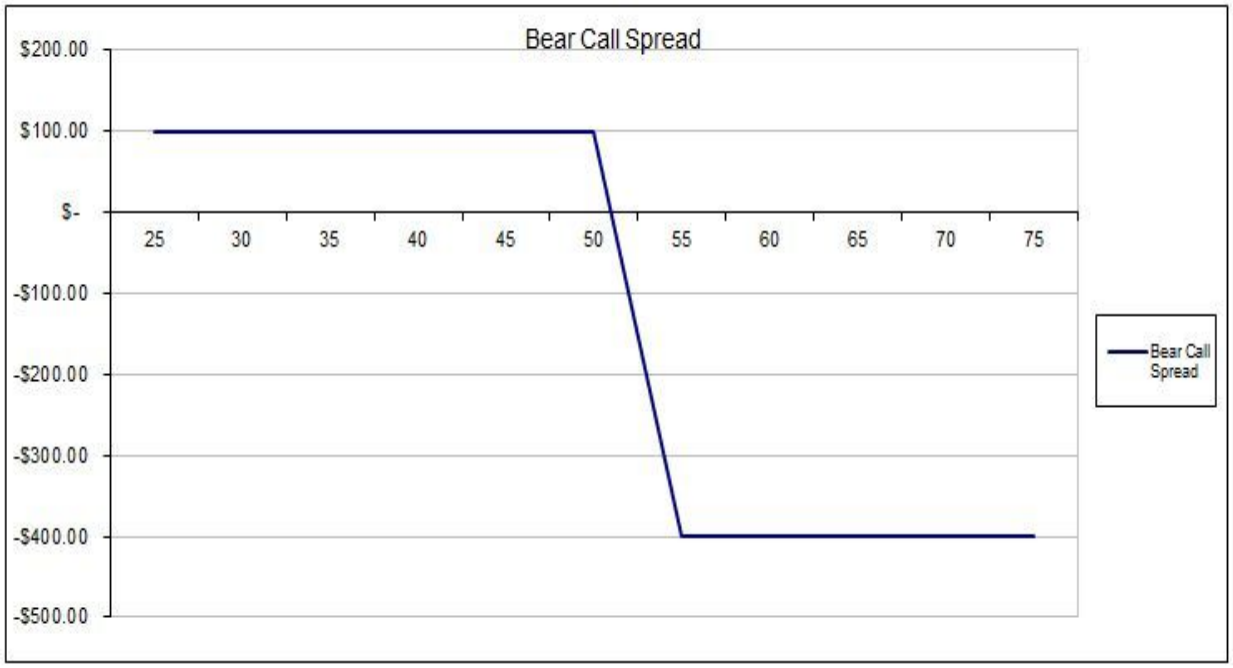
BEAR CALL SPREAD

The Bear Call Credit Spread strategy involves selling a call option and buying another call option with a higher strike price in the same expiry month. This is a bearish option strategy. Your outlook on the underlying stock is neutral to slightly bearish. Let’s look at an example:

ABC stock is trading at $47.50 in September. A trader thinks that ABC will not rise above $50 before October options expiration. He enters a Bear Call Spread by selling an October $50 call for $2 and buying an October $55 call for $1. The net premium received in the traders account is $100 ($1 x 100 shares per contract).

The maximum risk on the trade is $400 ($5 difference in strike prices, less $2 premium received times 100)

At expiry, if ABC finishes below $50, the trader keeps the $100 premium – for a return of 20% on capital at risk.



PUTTING IT ALL TOGETHER

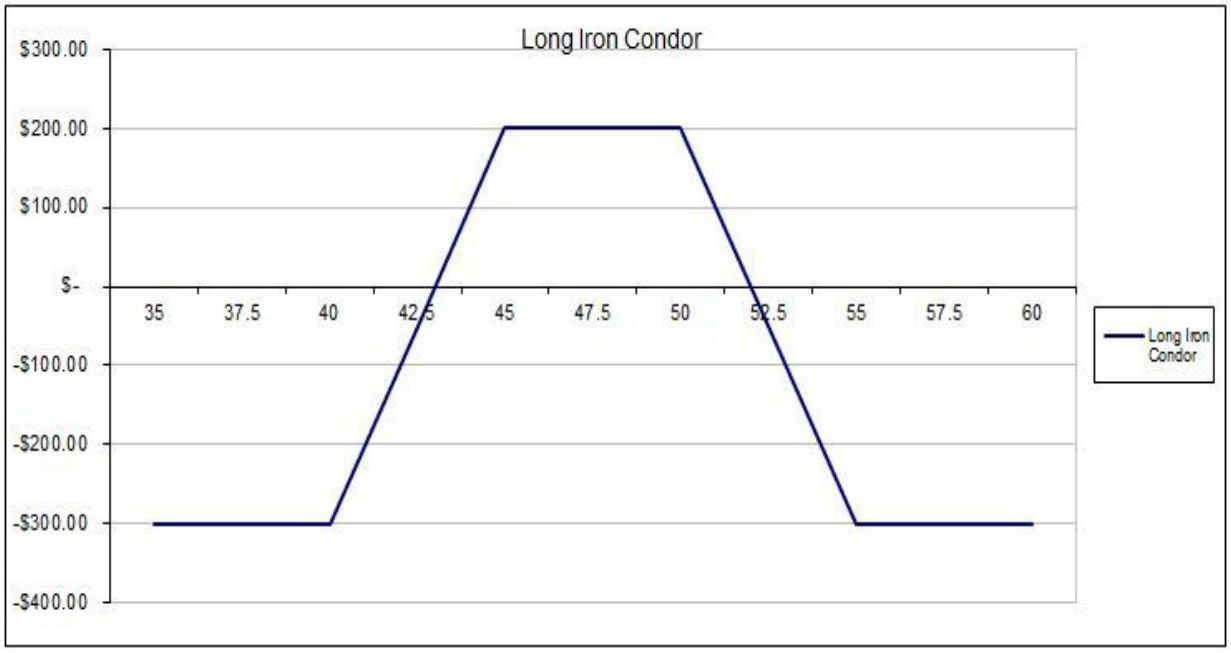
Placing the above-mentioned two trades together creates an Iron Condor. In this example, the trader is betting that ABC will stay somewhere between $45 and $50 between now and October expiration. If that occurs, the trader keeps the total $200 in premium. One advantage of Iron Condors is that you can essentially receive double the income for the same amount of risk. If you place the Bull Put Spread or Bear Call Spread in isolation, the maximum risk would be $300. If you placed both at the same time to create an Iron Condor, your capital would be slightly less at risk because of the 2 lots of premium you are bringing in.

Let’s look at the details of an Iron Condor using the above examples:

Maximum Profit = $200

Maximum Loss = $300

Potential Return = 66.67%



Homework assignment: In your paper trading account, set up an Iron Condor trade and fill in the details below:

Buy 1 ……. Put @ _____

Sell 1 ……. Put @ _____

Sell 1 ……. Call@ _____

Buy 1 ……. Call @ _____

Maximum Loss = _____

Maximum Gain =_____

Upside Breakeven = _____

Downside Breakeven = _____

Potential Return = _____

WHY IRON CONDORS ARE THE BEST STRATEGY FOR ANY MARKET ENVIRONMENT

I had a reader the other day ask me why I trade Iron Condors almost exclusively, rather than using other strategies. It's a valid question, so I wanted to answer that question and explain why I focus mainly on Iron Condors.

NON-DIRECTIONAL – The best thing about trading Iron Condors is that you don't have to be 100% correct on the direction of the market, like you do with some other option strategies. With Iron Condors, you profit if the stock stays within a certain range, so your chances of success are much higher than if you had to correctly predict the direction.

CONSISTENT MONTHLY INCOME – Iron Condors, when done correctly, provide a consistent monthly income. There is absolutely nothing better than watching your account balance gradually increase each month.

AVOIDS OVERTRADING – Another thing I really like about Iron Condors is you only need to place a few trades every month. I have struggled with overtrading in the past, which is something that diminishes returns for a lot of traders. Iron Condors are like "set and forget" trades, as they often don't require any further action once the trade is placed. I actually find Iron Condors very boring, and I have to remind myself occasionally that I don't need to be trading every day, or every week for that matter.

LESS STRESS – In my experience, fewer trades means less stress. Sure, Flash Crash-type events are going to cause you some stress with your Iron Condors, but generally, the days just tick by and your positions continue to benefit from the effects of time decay.

EASY TO MANAGE – Iron Condors are actually a pretty simple strategy to manage. It's easy to set up your trading rules for entry, exit and adjustment based on predefined criteria.

HOW IMPORTANT IS A TRADING PLAN?

• It is said that 80% of traders do not have a written-down trading plan. In my opinion, that is why 80% of traders are unsuccessful. Having a trading plan in your head does not count either as you will be much less likely to follow it. Having a WRITTEN-DOWN trading plan makes it more real and much more likely that you will follow it.

• A trading plan is one of the most important things you can have as a trader. I really cannot emphasize enough how important this is. I can't guarantee you success, but what I can guarantee is that without a written-down trading plan, you will be much more likely to fail.

• A trading plan takes the emotion out of trading. And let's be honest, watching the market rise and fall like a barrel in the middle of the ocean can be stressful and times. Trading psychology is a key factor of success in the markets and having a pre-defined set of trading rules allows you to make clear and informed decisions, without letting your emotions take hold.

• Think defense - when making your trading plan, your number one thought should not be "How much am I going to make," but rather, "What's my risk? How much COULD I lose, and how do I manage that risk?"

“It's not whether you're right or wrong that's important, but how much money you make when you're right and how much you lose when you're

wrong."
George Soros

• Taking a loss can be your best trade - generally, when you make a bad trade, it's best to quickly admit your mistake, take your medicine and move on. This is what sets the great traders apart from everyone else. Great traders have an ability to take a loss, move on and not let it affect them emotionally. Beginners might get scared off by a losing trade and let it affect future trades. Holding on to a losing trade in the hope that it will turn around is a recipe for disaster.

Knowledge, Planning and Systems = Success

Over the next few pages, you will find a sample Iron Condor trading plan. This plan may not suit everyone's style, but it gives you a starting point from which to start your own plan.

Homework Assignment: Read through the trading plan on the following pages. Create the same sub-headings and start building your trading plan. If you need any help, just email me!

IRON CONDOR TRADING PLAN

Overview

This trading plan, made as of (Insert date), is designed to help improve my overall trading results by setting rules and guidelines to follow at all times.

Objectives

- Annual - To see between +15% and 25% total return on capital
- Monthly – To be profitable in 10 out of every 12 months and 80% of all trades.
- To keep a trading diary and review it weekly
- To avoid large losses

Selecting a Market

I will trade the following instruments:

- RUT, SPX, NDX, OIH, AAPL, GOOG

Selecting a Timeframe

I will trade based on the following timeframes:

- Daily
- 30 min, in addition to daily, when legging in

Selecting a Trading Style

My trading will focus on monthly Iron Condor trades with between 20 and 45 days left to expiry, with an aim of generating consistent monthly income, while minimizing losses.

Entry Guidelines

- Delta of short strikes around 10-15

- Open the position on a down day (higher VIX)

- Aim to enter sold strikes below recent support and above recent resistance

- Aim to generate a minimum of 10% income per trade

- VIX above 20. Preferred entry on a down day when VIX spikes

Exit Guidelines

- Exit once 80-90% of the potential profit has been made, (Small account hold to expiry)

Adjustment Guidelines

- Adjust once the credit for one side of the trade has risen by 200%, i.e. if $100 in premium income was received on one side, adjust once that side of the spread rises to $300 (a $200 loss). Adjustment choices include:

    - Roll bad side up (down). Easiest to do

    - Roll bad side up (down) AND out, e.g. roll out if only 1 week to expiry

    - Roll both sides up (down)

    - Hedge

Cut losses and close the trade, e.g. major market move and at adjustment point, major support or resistance broken.

- OR, adjust, if delta of short option doubles

- OR, adjust, if underlying gets within 3% of your short strike, dependent on support and resistance

• If adjustment point is hit due to a period of extreme market volatility, the trade will be closed. Examples of extreme volatility include a 4-5% down day on the S&P500

Risk Management Rules

• During times of market dislocation or potential market moving news, I will trade half my normal position size.

• If I lose more than 8% in one week, I will close all my positions and take a 2 week break from trading.

• If I lose more than 15% in one month, I will close all my positions and take a 6 week break from trading.

Money Management Rules

	VIX 15-23	VIX 23-35	VIX 35+
Iron Condors & C. Spreads	30.00%	40.00%	55.00%
Cash	70.00%	60.00%	45.00%
	100.00%	100.00%	100.00%

TOTAL CAPITAL	$ 5,000.00

	VIX 15-23	VIX 23-35	VIX 35+
Iron Condors & C. Spreads	$ 1,500.00	$ 2,000.00	$ 2,750.00
Cash	$ 3,500.00	$ 3,000.00	$ 2,250.00
	5,000.00	5,000.00	5,000.00

Rules for Legging in (Advanced Traders Only)

• Enter first side on an overbought (call side)/oversold (put side) reading on a daily AND 30 min time-frame.

• Enter the second side on a pullback/rally on 30 min time-frame.

Other Rules

• I will paper trade for between 3 and 6 months before going live

- I will allow legging into trades, but only once I have more experience
- I will limit the number of trades I make before I go on vacation, as I will not be able to monitor the positions
- I will not trade when I feel tired or sick

Pre-Trade Checklist

- Good entry point?
- Support/resistance checked?
- Time to expiry within 20-45 days?
- Where is the VIX?
- Risk return % looks good?
- Position size appropriate?
- Adjustment/stop-loss point set?

ENTERING TRADES IN YOUR BROKERAGE ACCOUNT

One question I am asked a lot by new students is how to actually enter these types of trades in your brokerage account. I have a few tips and tricks for you that may help expedite your learning process and hopefully prevent you from unwanted losses, those which result from an inability to get a good fill price on your trades.

Market makers set the bid and ask price for each option chain. For a typical RUT option, you're looking at an average spread of around 0.20 for out-of-the-money options and 0.50-0.60 for in-the-money and at-the-money options.

Therefore, with a fairly large spread, it is absolutely crucial that we get a good fill price on our trades. Otherwise, you will be behind the 8-ball from day one and constantly playing catch-up. We want to be entering our trades as close to the mid-point of the bid/ask spread as possible.

Often, you can just do this quickly in your head, but I've also created a spreadsheet that you may find helpful. You can go to this link to download a copy. The spreadsheet will also tell you the maximum potential gain and loss from the trade and also the percentage amount the stock would need to fall (rise) before hitting your short strike. When you enter the bid and ask prices of each option chain into the spreadsheet, we then have our mid-points, which equates to the initial price we will attempt to get filled at. In fact, I usually start my initial price entry a little bit BETTER than the mid-point. Occasionally, there will be a desperate buyer out there and you can get filled, but not always.

Once you have your mid-point you can start entering your trade. With some brokers–Interactive Brokers for example–you can enter all four legs of your Iron Condor as one trade. However, it is incredibly hard (I would say almost impossible) to get a good fill using this method. The reason is that you need the market makers to give you a good fill on ALL FOUR of your option legs simultaneously. Generally, that's not going to happen. They are trying to

make money off you, so they are not likely to budge too much. So, if this isn't feasible, what do we do? We have two choices:

1) Entering 2 separate spread orders - a Bull Put Spread and a Bear Call Spread.

2) Entering the 4 legs individually.

Each method has it plusses and minuses, so let's take a quick look at each.

ENTERING 2 SPREAD ORDERS

I usually prefer to try this method first, as it is a little easier to enter only 2 trades, rather than 4. The downside is that it can take longer to get filled and the price may not be quite as good.

I first start by entering the two spread orders; a Bull Put Spread and a Bear Call Spread. I set the starting price above the mid-point and leave the trades in a pending status. Depending on how close to the mid-point I am, I sometimes leave the orders there for a few minutes, on the off-chance that they might get filled at a really nice price.

From here, I gradually start bringing my price down, until both the spread prices are right at the mid-point. I now leave these trades as they are for 5 minutes or so, to see if they will fill. If the markets are moving around a bit, I might update the price, to keep it in line with the mid-point. You don't want to compromise too much on your price.

Occasionally, you won't be able to get filled right at the mid-point. If this happens and you have had the pending trade open for an hour or so, you can move your price slightly below the mid-point, but no more than 0.05. Sometimes, it's better to let a trade opportunity slip away rather than get into a trade at a bad price. Patience is key in this business, just remember, and there will ALWAYS be another trading opportunity. Don't force your trades.

Once one spread has been filled, you want to try and get filled pretty quickly on the other spread. The issue here is that if you only get filled on the one side and the market moves against your open position, you may never get the chance to enter the other side of the spread. As a result, you may need to

move your strike prices up (down) or compromise your price. So, it's fairly imperative that once you get filled on the first side of the Iron Condor, you get filled on the other side pretty quickly. I would say within around 5 minutes or so, unless of course, you are planning to leg into you trades as I discussed earlier.

ENTERING 4 LEGS INDIVIDUALLY

A lot of the same principals discussed above also apply to this method of entering your Iron Condor trades. However, using this method takes a little more skill and experience, so I do not recommend it for beginners. The difficulty with this method is that you are trying to get filled on 4 legs, so the risk of the market moving against you when you only have 1, 2 or even 3 legs on is quite high. One thing I would recommend for all traders, no matter what method you use, is to avoid placing your trades within the first 30 minutes and the last 30 minutes of trading. During these times the markets are more volatile, so the risks are higher, particularly with the 4 individual legs method.

You want to start by setting up the 4 trades individually and leaving them in an open or pending status, with the price somewhere above the mid-point. From there, you gradually bring your prices down to the mid-point and then leave them there for 5 minutes or so.

Once you get filled on the first leg, you want to make sure you get filled pretty quickly on the other legs, to prevent the market running away from you. I would say you would want all legs filled within 5 minutes of the first leg getting filled. Sometimes, this might mean you have to compromise your price a little bit and go below the mid-point.

Another thing to keep in mind, particularly if you are trading a large position size, is that the market makers will know what you are up to and try to squeeze every last penny out of you. For example, if you have 4 option orders pending for the 4 legs of your Iron Condor, each for 20 contracts, the market makers will assume this is one person trying to place an Iron Condor. Once your first trade gets filled, they may be less inclined to take the other side of your 3 other trades at the mid-point of the bid/ask spread. They will

know that you need to get your other trades filled quickly to limit your exposure and they will prey on that fact.

For what it's worth my preferred method is to enter the orders as two credit spread orders, a Bull Put Spread and a Bear Call Spread. Once the first spread is filled, I try to get filled as quickly as possible on the second spread, to minimize slippage.

Homework Assignment: Enter some trade in your paper trading account; try entering them as 4 individual legs, 2 credit spreads and 1 full Iron Condor. Which one was easiest to get filled on? Make a note of your observations in your trading journal.

VARIATIONS

Of course, the trading plan and adjustment strategy I've previously outlined may not suit everyone. There are a number of variations you can try in order to find something that fits your trading style and risk profile. Here are a few ways you could vary the plan.

LEGGING IN

The first variation is called legging in. With this variation, we enter the Bull Put Spread and Bear Call Spread separately. One way I like to do this is using a 30-minute and a daily timeframe chart, as well as the stochastic indicator. You could also use RSI, MACD or any other indicator you feel comfortable with.

The basic premise is that you wait until you see overbought (oversold) conditions, on both the daily and the 30-minute timeframe, before entering the first leg.

If the indicators on both timeframes are overbought, you enter the bear call spread first. Then, once the stock or underlying pulls back and hits oversold levels on the 30-minute time frame, you enter the Bull Put Spread.

You do the opposite, if the underlying stock or index is oversold. You enter the Bull Put Spread first and then wait for the market to rally and reach overbought levels on the 30-minute timeframe, before entering the bear call spread.

When legging in, your aim is to either: a) increase your returns or b) place your strikes further away than would be possible if entering the 2 sides at the same time.

The risk with legging in is that the market may not pullback for a week or so after you enter you initial spread. In this case, you never get a chance to enter the other side of the spread and you are then left with a single credit spread (and presumably the stock is continuing to move against you).

SCALING IN

A variation that I tend to use a bit more often than legging in is scaling in. However, you can also use the two in conjunction, but more on that later.

Scaling in involves only entering a portion of your total position at the outset and then entering the rest a few days later. For example, say my money management rules allow me to enter a total of 30 contracts I could enter the first 10 contracts on Monday, the next 10 on Wednesday and the last 10 on Friday. The idea with scaling in is that you are trying to reduce the adverse effects of the stock moving against you the day after you enter a trade. Let's look at a theoretical example:

Homework Assignment: In your paper trading account, practice legging in a scaling in over the course of a few days. Make a note of your observations in your trading journal and begin creating rules to add to your trading plan.

WEEKLY IRON CONDORS

Another variation that you might like to try is using weekly options for your Iron Condors. Some of my students have been doing this with great success though I have generally steered clear, due to the higher level of risk. The reason is that you cannot get as far away from the market, due to the low levels of option premium.

GAMMA RISK

Gamma measures the rate of change of the delta of a position and is probably the most commonly ignored of the main option Greeks. Everyone knows the importance of Delta, Theta and Vega, but more often than not, Gamma is forgotten or completely ignored. This may be ok for someone trading 30- or 60-day iron condors, but for someone trading weekly iron condors, gamma can really bite you.

This is probably best illustrated using some examples:

Date: December 12, 2012

Strategy: Weekly Iron Condor – RUT

Current Price: $835

Trade Set Up:

Sell 10 RUT Dec 20th, 860 CALL, Buy 10 RUT Dec 20th 870 CALL for $0.65 ($65)

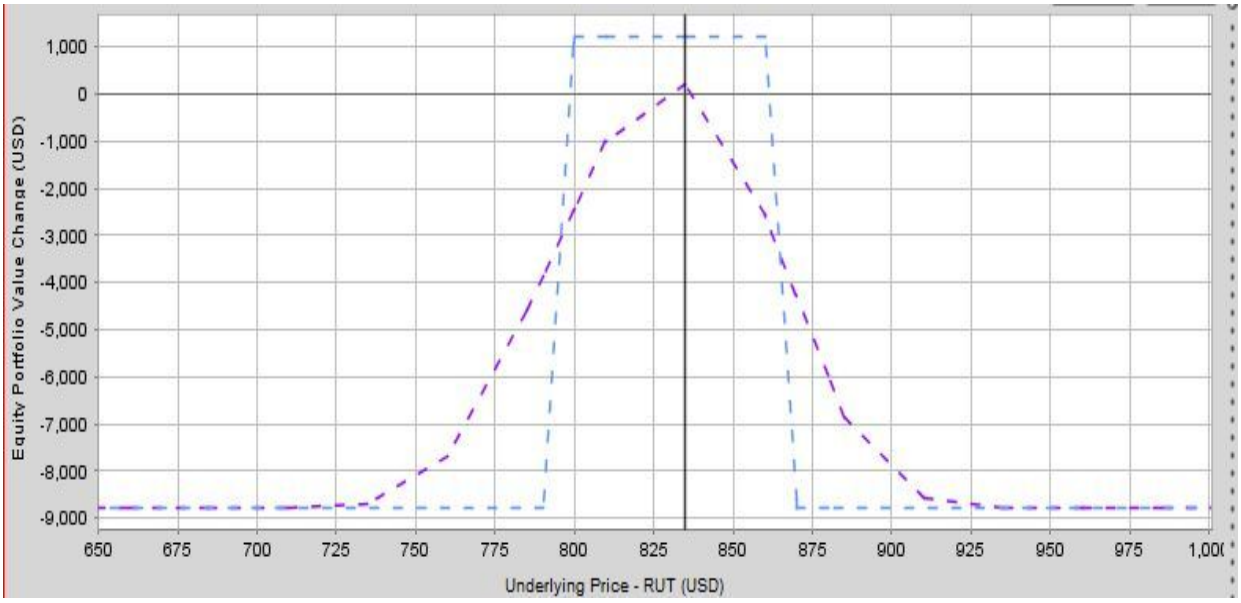
Sell 10 RUT Dec 20th, 800 PUT, Buy 10 RUT Dec 20th 790 PUT for $0.45 ($45)

Premium: $1,100 (1.10 per spread) Net Credit.

Underlying	Position	Price	Delta (Δ)	Gamma (Γ)	Vega	Theta (Θ)
RUT 12/20/2012			-18	-6	-170	175
RUT DEC 20 '12 790 Put	10	1	-72	5	172	-257
RUT DEC 20 '12 800 Put	-10	1.55	113	-7	-238	327
RUT DEC 20 '12 860 Call	-10	1.1	-108	-9	-231	244
RUT DEC 20 '12 870 Call	10	0.45	50	5	128	-138

From the example above, you can see that this trade has a very high Theta, due to the short amount of time to expiration (8 days). If RUT closes between 800 and 860 at expiry, the trader would make $1,100 on capital at risk of $8,900 for a 12.36% return. Not bad for 8 days! Some traders might be attracted by this, and 12% in 8 days is appealing. This trade will work a lot of times, but when it doesn't, it can really hurt you. This is due to the high gamma risk of short-term options.

Let's assume that something major occurs in the markets and RUT has a 4% drop over the next two days, down to 800. Looking at the graph below, you can see that this trade would have lost $2,500, or 28.09% ,in pretty short order. The blue line represents the trade at expiry and the purple line represents the position, as of today (assuming no change in volatility).



Let's compare this with a monthly iron condor:

Date: December 12, 2012

Strategy: Weekly Iron Condor – RUT

Current Price: $835

Trade Set Up:

Sell 10 RUT Jan 17th, 890 CALL, Buy 10 RUT Jan 17th 900 CALL for $0.70 ($70)

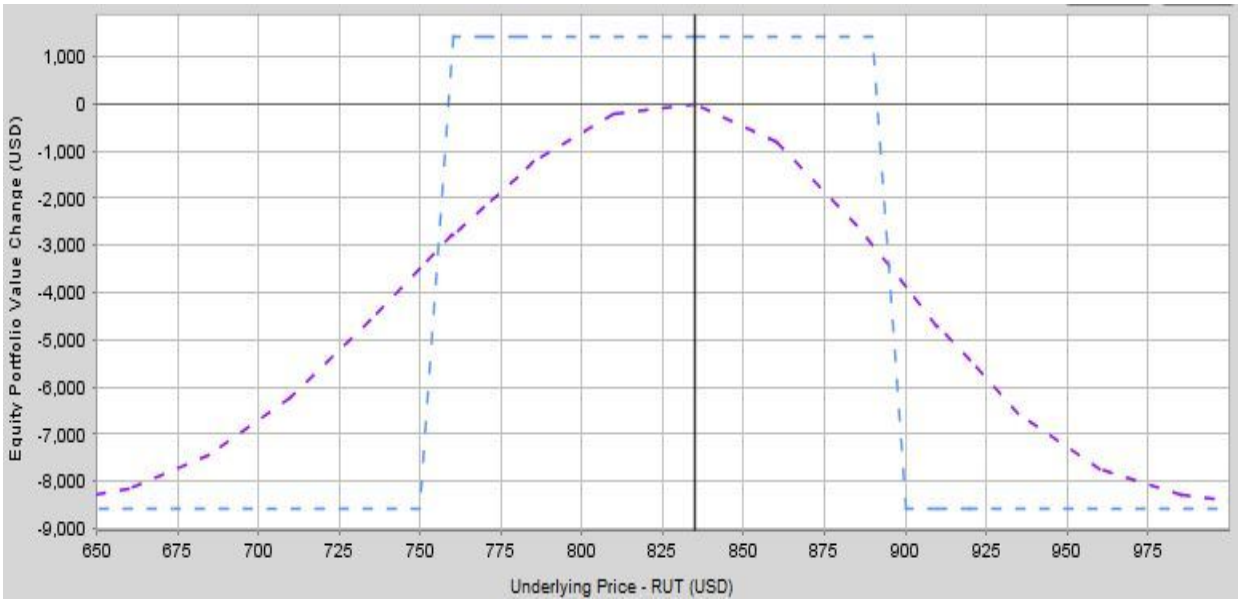
Sell 10 RUT Jan 17th, 760 PUT, Buy 10 RUT Jan 17th 750 PUT for $0.70 ($70)

Premium: $1,400 (1.40 per spread) Net Credit.

Underlying	Position	Price	Delta (Δ)	Gamma (Γ)	Vega	Theta (Θ)
RUT 1/17/2013			-10	-2	-193	46
RUT JAN 17 '13 750 Put	10	2.7	-87	2	414	-142
RUT JAN 17 '13 760 Put	-10	3.4	108	-3	-487	161
RUT JAN 17 '13 890 Call	-10	1.8	-94	-4	-440	97
RUT JAN 17 '13 900 Call	10	1.1	62	3	320	-71

This trade is similar to the weekly Iron Condor in that it has a slightly negative delta and brought in a similar amount of premium. Notice that the Theta is a lot lower, but gamma is also much lower at -2 compared to -6.

Let's take a look at the risk graph for this trade and see how things would look if RUT dropped 4% to 800.



You can see above that a 4% would not have nearly as much of an impact on the monthly Iron Condor as it would on the weekly Iron Condor. You can see that the purple line in this graph is much less steep than the first graph indicating that losses will accelerate at a much faster rate in the weekly Iron Condor.

Homework Assignment: In your paper trading account, enter a weekly Iron Condor. Make a note in your trading log of Delta, Gamma, Vega and Theta. Monitor the position each day and at the end of the week report your findings in your trading journal. Do this each week for 5 weeks.

HOW TO HANDLE A LOW VOLATILITY ENVIRONMENT

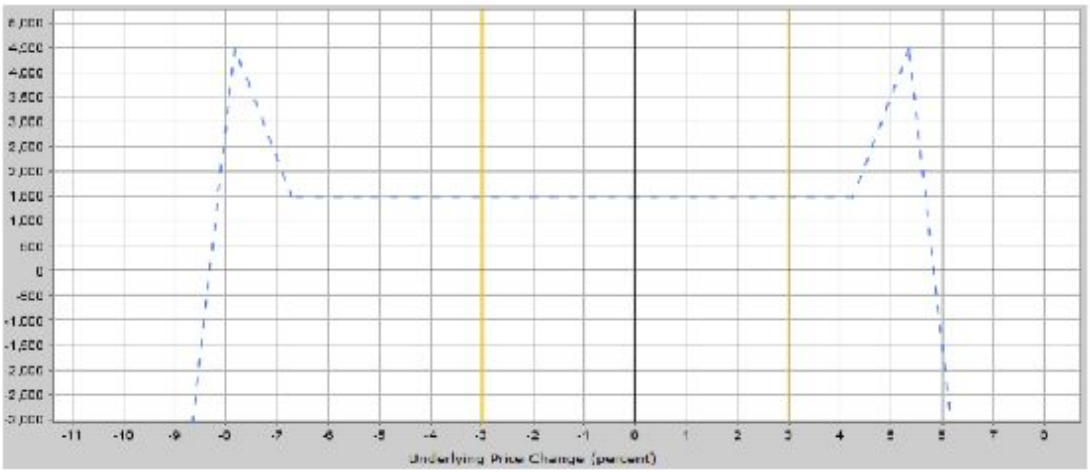
Low volatility environments can be especially risky for iron condor traders. High volatility always comes after a period of low volatility, it's a fact of life, but it can be brutal for iron condor traders. When implied volatility is low, you might look at a standard iron condor set up and think “Wow, this short strike is only 5% out of the money, that seems way to close for my liking”. Or maybe you're not worried about that and enter the trade anyway. Shortly after, the stock drops 4% and all of a sudden you have a very large loss and a position that will be very difficult to adjust and finish with a profit.

Low volatility makes iron condor trades difficult to find and hazardous to trade. The high amount of Vega risk inherent in iron condors means that you are susceptible to sharp market moves which is exacerbated in period of low volatility due to having to place you short strikes much closer to the stock price.

How then should we handle a low volatility environment? Should we stop trading completely and wait for volatility to shoot higher? Yes, that is one option, but probably not a very attractive option for you. Traders don't like sitting on their hands doing nothing, and no trades means no income. Luckily there is a way to continue to trade iron condors and decrease your Vega risk. The solution is called a “mouse ear” iron condor.

Mouse ear iron condors are basically a lower risk, lower return version of an iron condor. They may look complicated to set up, but they are actually fairly easy, albeit a little commission intensive. Mouse ears reduce your Vega risk and also give you the potential to land in the “profit zone” and achieve a much larger return.

This is what a mouse ear iron condor looks like:



Here is how the trade is setup:

Date: February 6, 2013

Strategy: Mouse Ear Iron Condor - RUT

Current Price: $911

Trade Set Up:
Sell 10 RUT Mar 14th, 960 CALLS, Buy 10 RUT Mar 14th 980 CALLS for $1.00 ($100)
Sell 10 RUT Mar 14th, 840 PUTS, Buy 10 RUT Mar 14th 820 PUTS for $1.15 ($115)

Premium:
$2,150 (2.15 per spread) Net Credit for the iron condor.

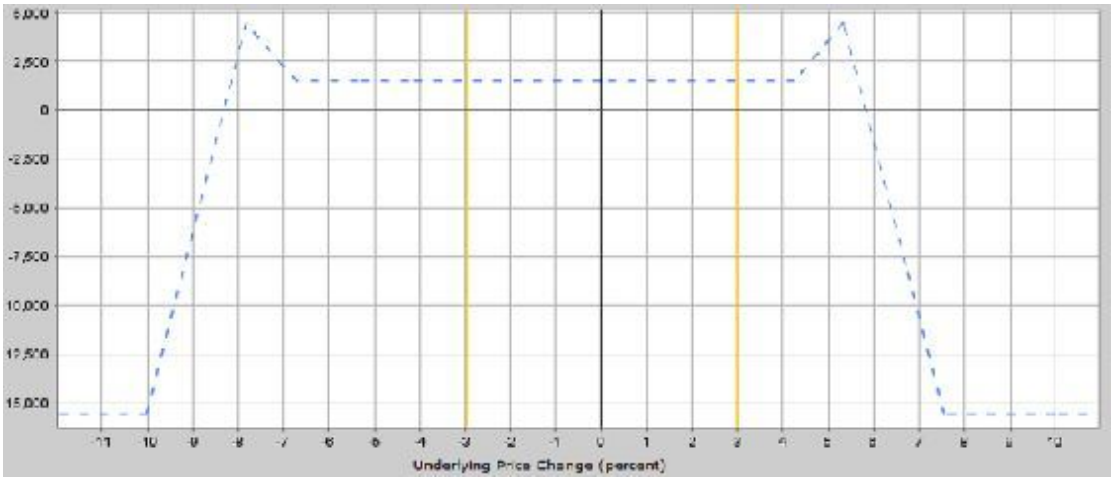
Total Capital at Risk:
$17,850

Now add the ears:
Buy 3 RUT Mar 14th, 950 CALLS, Sell 3 RUT Mar 14th 960 CALLS for $1.15 ($115)
Buy 3 RUT Mar 14th, 850 PUTS, Sell 3 RUT Mar 14th 840 PUTS for $0.85 ($85)

Premium:
-$600 (2.00 per spread) Net **Debit** for the ears.

$1,550 total premium received.

Total Capital at Risk:
$15,450



You can see above that I am basically adding a debit spread just in front of the iron condor strikes which gives the payoff graph the appearance of having “ears” at the short strikes. I've used a ratio of 3 debit spreads for every 10 iron condors, but you can play around with the numbers and see what works for you. I'm only using 10 point spreads for the debit spreads as opposed to 20 point spreads for the condor which helps keep the costs down but also results in a narrower ear or profit zone. Again, this is something that you can play around with to see what works.

Even though this strategy has a potential for a higher return if the underlying expires in the profit zone, you should be aware that it will be fairly unlikely as the profit zone is quite small. The main benefit of this variation is that you will fare better in the event of a sharp market move during the course of your trade. You can see this via the different greeks.

STANDARD IRON CONDOR

Below you see the setup for our iron condor. The delta is skewed a little to the downside as I was slightly bearish at the time. Notice that the Vega is

-407.

Underlying	Position	DeltaDollars	Delta (Δ)	Gamma (Γ)	Vega	Theta (Θ)
RUT		18,357	20	4	407	78
RUT MAR 14 '13 820 Put	10	-61,895	-68	2	374	-118
RUT MAR 14 '13 840 Put	-10	96,080	105	-3	-520	151
RUT MAR 14 '13 960 Call	-10	-79,548	-87	-4	-453	79
RUT MAR 14 '13 980 Call	10	27,005	30	2	192	-33

MOUSE EAR IRON CONDOR

Now, let's take a look at our mouse ear iron condor. Delta is still negative although slightly less so, but Vega is now -320 as opposed to -407. That's a 21% lower Vega exposure as opposed to the standard iron condor.

Underlying	Position	DeltaDollars	Delta (Δ)	Gamma (Γ)	Vega	Theta (Θ)
RUT		-10,844	-12	-3	-320	61
RUT MAR 14 '13 820 Put	10	61,895	68	2	374	-118
RUT MAR 14 '13 840 Put	-15	124,904	137	-4	-676	196
RUT MAR 14 '13 850 Put	3	-36,601	-40	1	185	-52
RUT MAR 14 '13 960 Call	3	39,155	43	2	193	-34
RUT MAR 14 '13 960 Call	13	103,412	113	6	580	102
RUT MAR 14 '13 980 Call	10	27,005	30	2	192	-33

So you can see that a mouse ear iron condor has a lower exposure to Vega while also providing an opportunity for extra profit if the stock closes within one of the ears at expiration.

ADJUSTING IRON CONDORS

Despite what others might try and tell you, adjusting Iron Condors is not rocket science. You don't need some fancy system or training that costs hundreds of dollars, and trust me, there are hundreds of websites run by slick internet marketers trying to sell these products. There is no special sauce when it comes to adjusting Iron Condors; all you need is a couple of different choices and a system that you'll stick to. I will outline a few of those choices for you here.

When it comes to market neutral strategies, you can't do much better than Iron Condors. This options trading strategy profits if the underlying stock remains within a specified range. What hurt this strategy are sharp moves in either direction, after the trade is placed. Sometimes–and it depends on the timing and how you have structured your Iron Condor–you can still ride out these big moves and be profitable. However, at other times, these violent moves can have a negative effect on your position, at which point, you need to make a decision as to whether to close the trade and take your loss, or make an adjustment. These decisions should all be part of your trading plan and you should know what you are going to do in advance, should a big move occur. What you don't want to do is close your eyes, cross your fingers and hope that the position comes back into profit. With Iron Condors, your capital at risk is more than the potential gain, so it is **VERY** important that you don't let small losses turn into very big losses.

To give you a quick example of what can go wrong, on July 28th, 2011, I entered the Bull Put side of an Iron Condor on RUT (having already placed the Bear Call Spread a few days earlier), with strike prices of 670 and 660. At the time, RUT was trading at around 799. Then, in early August, we had the mini market meltdown and on August 4th, RUT had dropped 46 points to 727. This was a worst-case scenario for me, with the underlying index making a sharp move only a few days after I placed the trade. With the risk involved, I had to close the trade for a loss of $3,094. However, a few days later, I was able to adjust the trade by re-entering the Bull Put Spread at 560-570 and made $1,222 on that trade, which offset some of my losses from the initial position. When you take this into account, and the profits from the

Bear Call side of the Condor, I was only down $828 for the month, which was a very reasonable result considering the situation. This is an example of adjusting an Iron Condor **by rolling the losing side** to lower strike prices (if the call side was the losing side, you would roll to higher strikes).

I'll now detail a few more options for adjusting Iron Condors:

Choice 1) Do nothing. Yes, this is an option, but as I said earlier, you need to be careful not to let a small loss turn into a big loss. If you think the move is overdone, you might stick with the position and wait for the market to bounce back in the other direction. For the RUT trade I mentioned earlier, if I had not closed it on Aug 4th, my losses would have been **MUCH** larger when the index eventually bottomed around 640 on August 9th. The other thing to consider with doing nothing is the stress you will be under for the remaining duration of the trade and the fact that these positions become hard to adjust, the closer you get to expiry. If you like to sleep at night, choice 1 might not be for you.

Choice 2) Roll down (up) to lower (higher) strikes. This is what I did with the trade above, and I did what I call a delayed roll, where I closed the trade and then waited a few days before rolling it to the lower strike. This allowed me to get further away from the market and also receive more option premium, due to the further spike in volatility.

Choice 3) Roll down (up) and out. In addition to rolling your strikes down (up), you also roll out for 1 more month. This allows you to get even further away from the market and also pick up extra premium due to the increased time to expiry. The downside to this is that you now have the position open for an extra month, and you may not want the exposure to be open for that long. When trading Iron Condors, you do not want to go too far out in time, as the time decay benefits are reduced.

Choice 4) Roll both the Bull Put Spread **AND** the Bear Call Spread. In the RUT case above, in addition to rolling my Put Spreads down, I also rolled down my Call Spreads from 910-920 to 720-730. This resulted in an additional $897 in income for the month which further helped offset my losses from the initial Bull Put Spread loss. The risk with this is that, while waiting for the underlying to move back in the other direction, you roll the

calls down, and then you could be faced with losses on **BOTH** sides of the Condor.

Choice 5) Another option that works - **HEDGE** your position by either buying the underlying OR buying some out-of-the-money options. The easiest way to do this is with stock and using delta. Assume your delta on the Put Spread is around 0.15. You could sell 7 shares to hedge half of your current delta (or whatever ratio you decide is appropriate). The risk with this is that if the underlying rises, you end up giving up some of your profits on the Iron Condor, but that's the price you pay for having some protection. The other issue is that the delta will change over time, so you may need to buy or sell more of the underlying to adjust your hedge, which could further erode your profits and also incurs transaction costs. If you chose to hedge with options, you could look at buying some puts (calls) further out-of-the-money than your Condor strikes. Again, use delta as a guide here.

Choice 6) The final option is to simply cut your losses, walk away and wait for another opportunity. As with doing nothing, this is also a decision that you can make; remember that cash is a position! Sometimes it can be better to just close things out, clear your head and come back with a fresh look at things. In this case, you could choose to close both sides of the Condor, or just the losing side.

Homework Assignment: Create a theoretical Iron Condor position that is in need of adjustment. Evaluate the different choices for adjusting and make a note of your findings in your trading journal.

VOLATILITY IS YOUR BEST FRIEND

Learning how to trade volatility is an extremely important aspect of trading Iron Condors. Volatility can be very complex, but it is very easy to obtain a basic understanding, and that is all most traders will ever need.

You can use volatility, and specifically the VIX index, as a trading tool to help you make decisions on position sizing, as well as entry and exit rules.

Position sizing and money management are some of the hardest things for traders to handle. Some people think that once you have your trading plan detailing your entry and exit rules, you're set–but that's not the case. Money management is one of the most crucial aspects of successful trading. So, what does volatility have to do with money management?

1. Each option strategy will be either positive or negative vega. Having a combination of positive and negative vega trades can help lower your overall volatility risk.

2. You can set entry and exit rules based on volatility levels.

3. You can create position sizing rules based on volatility levels.

My primary trading strategies are Iron Condors, Bull Put Spreads and Bear Call Spreads, which are all net-short volatility trades. In order to hedge some of my vega risk, I like to use some long volatility trades, such as Covered Calls and Diagonal Spreads.

You can also use volatility as a trading entry signal. On my Iron Condor trading plan, I have 5 entry guidelines. One of these is to enter the positions on a down day (when volatility has spiked), as this will allow me to either, a) bring in more premium, or b) move my strikes further away from the market.

Also on my trading plan I include position-sizing rules, based on where volatility (as measured by the VIX Index) is trading. Below is an example of how you could structure your portfolio, based on implied volatility levels.

You can see that when the VIX is high, you allocate more capital to short vega strategies.

	VIX 15-23	VIX 23-35	VIX 35+		
Iron Condors & C. Spreads	20.00%	35.00%	45.00%	Short Vega	Short Theta
Super Dividend	5.00%	5.00%	10.00%	Long Vega	Short Theta
Diagonal Calls & Puts	5.00%	-	-	Long Vega	Short Theta
Double Diagonals	10.00%	5.00%	-	Long Vega	Short Theta
Speculative	5.00%	5.00%	5.00%		
Cash	55.00%	50.00%	40.00%		
	100.00%	100.00%	100.00%		

TOTAL CAPITAL	$ 133,500.00

	VIX 15-23	VIX 23-35	VIX 35+
Iron Condors & C. Spreads	$ 26,700.00	$ 46,725.00	$ 60,075.00
Super Dividend	$ 6,675.00	$ 6,675.00	$ 13,350.00
Diagonal Calls & Puts	$ 6,675.00	$ -	$ -
Double Diagonals	$ 13,350.00	$ 6,675.00	$ -
Speculative	$ 6,675.00	$ 6,675.00	$ 6,675.00
Cash	$ 73,425.00	$ 66,750.00	$ 53,400.00
	133,500.00	133,500.00	133,500.00

WHEN TO OPEN IRON CONDOR TRADES BASED ON VOLATILITY LEVELS

Some people see volatility as a huge risk in the markets, and it is true, especially with Iron Condors. A sharp spike in volatility is usually associated with a severe selloff. In this case your Iron Condor is going to get hit twice, once from the price of the underlying moving and then, secondly from volatility spiking. Still, Iron Condor traders shouldn’t fear volatility; they should embrace it and learn to love it like a best friend, as it also provides opportunities for significant profits.

When volatility shoots through the roof during a market panic, Iron Condor traders can generate significant amounts of premium. When volatility drops back to normal levels, Iron Condors begin to generate profits due to their

negative vega. During the course of a trade, there are four ways volatility can move:

Beginning	Ending	Result
Low volatility	Low volatility	OK
Low volatility	High volatility	Trouble!
High volatility	High volatility	OK
High volatility	Low volatility	Yeah Baby!

From the above table, you can see that there is only one situation out of the three that poses a danger. From this you might deduce that in a low volatility environment, it might be prudent to have some form of protection from a volatility spike.

The absolute best scenario is that volatility starts high and finishes low. Volatility starting low and staying low, or starting high and staying high are also a good scenarios for Iron Condor traders.

Market panics are not normally something that regular investors enjoy. Iron Condor traders, however, come to love, them and actually look forward to them.

Homework Assignment: Evaluate current levels of volatility in comparison to the last 12 months. Is volatility in the bottom third, middle third or top third? What would be an appropriate portfolio allocation, based on current volatility levels?

Homework Assignment 2: Did you know there are many different volatility indexes other than the VIX? These days a lot of indexes, and even stocks, have their own volatility index. Find the symbols for the following volatility indexes and stocks and add them to your watchlist; RUT, NDX, AAPL, GOOG, GLD. I'll give you a hint – RUT's volatility index is RVX.

HOW TO CALCULATE PROFITS AND LOSSES

From time to time, I receive a question about how to calculate the profit and losses on credit spreads and Iron Condors, so I wanted to cover this as well. I'll take a look at a couple of trades from the IQ Trade Alert service and evaluate how they were doing on an intramonth basis. Hopefully, this will help give you an idea of how to monitor these trades in your own accounts.

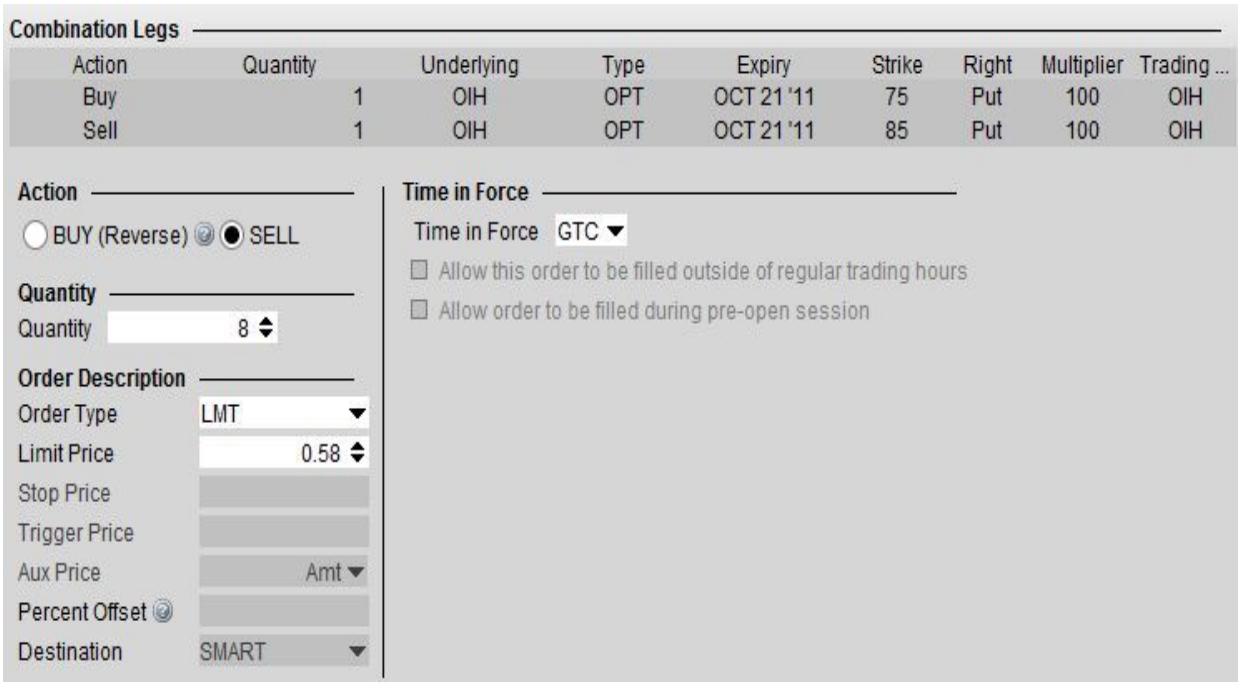
STRATEGY: BULL PUT SPREAD - OIH

Date: September 23rd, 2011

Current Price: $110.44

Trade Set Up: Sell OIH Oct 20th 85 Put, Buy OIH Oct 20th 75 PUT for $0.58 ($58).

I sold the 85 puts for 0.86 and bought the 75 puts for 0.28. This gave me a net credit price of 0.58; with 8 contracts traded, I received $464 into my account. When I entered the trade, I placed it as a limit order, with a price of 0.58 (see screenshot below). Keep in mind, this order was placed with Interactive Brokers, so your order entry screen may look slightly different.



Combination Legs

Action	Quantity	Underlying	Type	Expiry	Strike	Right	Multiplier	Trading ...
Buy	1	OIH	OPT	OCT 21 '11	75	Put	100	OIH
Sell	1	OIH	OPT	OCT 21 '11	85	Put	100	OIH

Action

BUY (Reverse) SELL

Quantity

Quantity 8

Order Description

Order Type LMT

Limit Price 0.58

Stop Price

Trigger Price

Aux Price Amt

Percent Offset

Destination SMART

Time in Force

Time in Force GTC

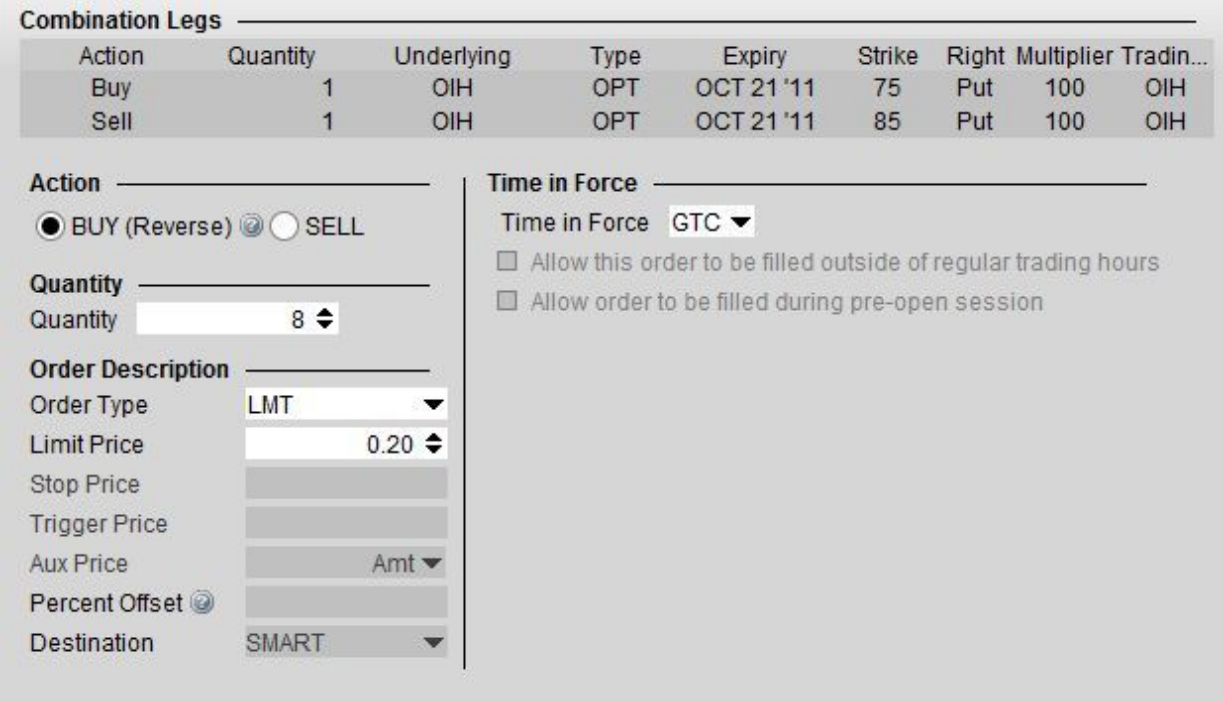
Allow this order to be filled outside of regular trading hours

Allow order to be filled during pre-open session

To now work out the profit and loss on the open position, I take the mid-point of the current bid/ask spread. The 75 put is trading with a 0.06 bid and 0.40 ask with a mid-point of 0.23. The 85 put is trading at 0.35 and 0.51 with a mid-point of 0.43. The net price of the spread is 0.20, so my unrealized profit is (0.58 – 0.20) * 8 * 100 = $304.

TRADE DETAILS					CURRENT DETAILS					
Symbol	Date/Time	Quantity	Price	Proceeds	Bid	Ask	Midpoint	Value	P&L	
OIH BULL PUT SPREAD										
OIH 22OCT11 75.0 P	2011-09-23, 11:55:21	8	0.28	(226.00)	0.06	0.40	0.23	184.00	(42.00)	
OIH 22OCT11 85.0 P	2011-09-23, 11:55:21	(8)	0.86	690.00	0.35	0.51	0.43	(344.00)	346.00	304.00 << Combined P&L for OIH Bull Call Spread
			0.58	464.00			(0.20)	(160.00)		304.00

If I were to close this position now, I would have to pay 0.20 per contract or $160 (buy 8 contracts to close 85 put at 0.43, sell 8 contracts to close 75 put at 0.23). Therefore, my unrealized profit on the position is $304, calculated as $464 minus $160. If I closed the trade today, I would enter the trade as shown below:



Let's look at another example, this time on RUT

STRATEGY: IRON CONDOR - RUT

Date: September 23rd, 2011

Current Price: $646.50

Trade Set Up:

Sell RUT Oct 20th 500 Put, Buy RUT Oct 20th 490 PUT for $0.50 ($50).

Sell RUT Oct 20th 735 Call, Buy RUT Oct 20th 745 Call for $0.90 ($90).

I traded 10 contracts for each side of the Iron Condor, and therefore received $900 for the Bear Call Spread and $500; so, in total, I received $1400 into my account.

As you can see from the screen shot below, on October 5th, the Bear Call Spread is trading at 0.30 or $300 for 10 contracts, and the Bull Put Spread is trading at 0.05 or $50. In total, it would cost me $350 to buy back the Iron Condor, and so my unrealized profit is $1,050.

RUT IRON CONDOR											
RUT 22OCT11 735.0 C	2011-09-23, 09:48:25	(10)	2.87	2,870.00	1.65	1.90	**1.78**	(1,775.00)	1,095.00		
RUT 22OCT11 745.0 C	2011-09-23, 09:48:25	10	1.97	(1,970.00)	1.35	1.60	**1.48**	1,475.00	(495.00)		
			0.90	**900.00**			**0.30**	**(300.00)**			
RUT 22OCT11 490.0 P	2011-09-23, 09:54:45	10	3.08	(3,079.00)	0.25	0.60	**0.43**	425.00	(2,654.00)		
RUT 22OCT11 500.0 P	2011-09-23, 09:54:45	(10)	3.58	3,579.00	0.35	0.60	**0.48**	(475.00)	3,104.00	1,050.00	<< Combined P&L for RUT Iron Condor
			0.50	**500.00**			**0.05**	**(50.00)**			

I hope that helps you understand how to track these types of trades, as I know it can be a little confusing for beginners. One thing to keep in mind is that when actually closing the spread trades, you may not be able to get the exact mid-point of the bid/ask spread, as the market makers may try and make you pay a few cents more. You may want to build this expectation into your P&L calculations.

To download tools to help you calculate profits and losses on your Iron Condor trades, please visit www.optionstradingiq.com/tools

Homework Assignment: Download the Iron Condor profit and loss calculator, enter and Iron Condor trade in your paper trading account and in 2 days' time, work out your profit or loss to date on the trade.

HOW TO CALCULATE ROI ON IRON CONDORS

Another question that pops up from time to time is how to calculate the return on investment (ROI) for Iron Condors and credit spreads. While it may seem confusing at first, it's actually fairly simple. Let's look at a standard Iron Condor trade that I placed in 2012:

Date: May 1, 2012

RUT: 828.92

Sell 10 May 17th 770 Puts @1.85

Buy 10 May 17th 760 Puts @1.30

Sell 10 May 17th 870 Calls @ 1.05

Buy 10 May 17th 880 Calls @ 0.55

NET Credit = $1,050

The first step is to work out the margin requirement; this is the "I" in the ROI equation. You can only lose money going one way, so brokers will only make you post margin for one side of the trade. Taking the 770-760 Bull Put Spread, there is a 10-point spread between the sold option and the bought option. Your broker will require $1,000 in margin for every 1 of these Bull Put Spreads. As we are trading 10 contracts, our margin is $1,000 X 10 = $10,000.

As we have brought in $1,050 into our account from selling the Iron Condor, out NET capital at risk (also our maximum loss) is $10,000 less $1,050 = $8,950.

Therefore, our maximum potential ROI if the Iron Condor expires is $1,050 / $8,950 = 11.73%

What about if you are trading SPY? Well, the same formula can be used, which is basically:

Difference in spread X number of contracts X 100 – total premium received.

Let’s look at an example:

Date: May 1, 2012

SPY: 141.19

Sell 10 May 18th 135 Puts @0.32

Buy 10 May 18th 132 Puts @0.16

Sell 10 May 18th 145 Calls @ 0.26

Buy 10 May 18th 148 Calls @ 0.05

NET Credit = $370

3 X 10 X 100 – $370 = $2,630

$370 / $2,630 = 14.07%

Homework Assignment: Create a spreadsheet where you can calculate the ROI on an Iron Condor.

MANAGING THE RISKS

One of the first things people ask when they learn about Iron Condors (and I had the same question when I first learned about them), is "What happens during a market crash?" Another good one is "What if there is another Flash Crash?" Some might argue that the Flash Crash was a once in a lifetime occurrence, but the fact of the matter is that these types of events happen a lot more regularly than people want to admit.

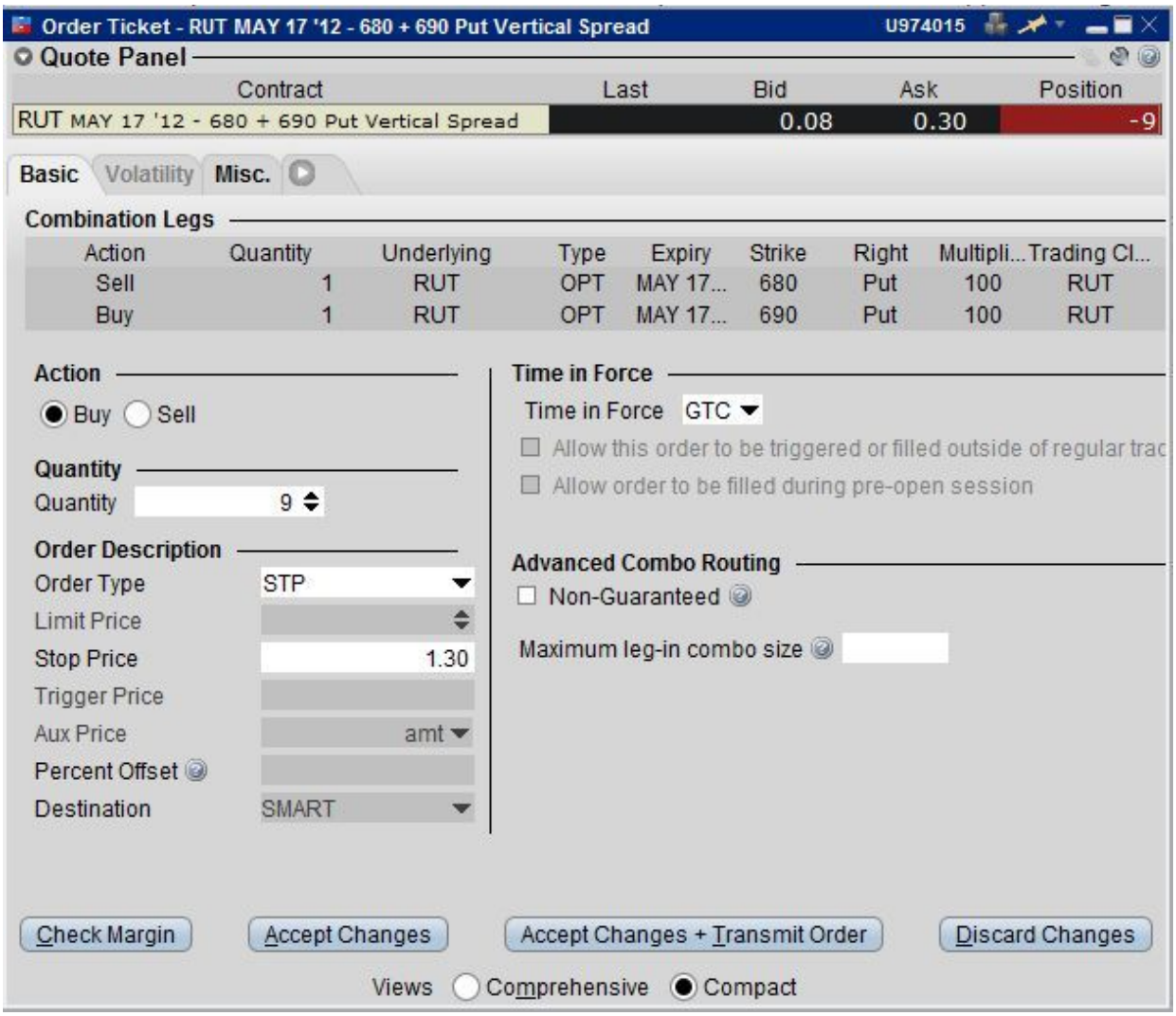
This is one of the risks we face as Iron Condor traders, but there are a few things we can do to protect ourselves. However, keep in mind that you will not be able to hedge away all your risk. After all, if you did that, you would have no return!

Your views on hedging will also depend on the total amount of capital you have at risk. If you have $1,000,000 allocated to Iron Condors, do you think hedging will be more, or less important for you than someone with only $10,000 allocated to Iron Condors? Of course, hedging will be much more important for the person with $1,000,000 at risk. A 10% loss for him will be $100,000, whereas a 10% loss for the $10,000 trader will only be $1,000.

3 Ways to Manage Risk

STOP LOSSES

Using stop losses is the first and most important method for controlling risk that you need to master. Where you place your stop loss is a matter of personal preference, but the mechanics will be the same no matter what. I like to set my initial stop loss at 3 times the original credit received. So if I receive 0.50 for my Bull Put Spreads, I will set my stop loss at 1.50, which results in a 1.00 loss (on the puts only, as there would be some gains from the calls that would offset some of this). Stop losses are your first line of defense as an Iron Condor trader, and these should be entered right straight after your entry trade is executed. Your GTC (Good Till Cancelled) stop loss order should look something like this:



Stop losses are an important part of options trading. However, they are not absolutely essential. I typically don't use them that often, because I am watching the markets all day anyway and can react quickly. But, if you want to use stop losses, here are some things to keep in mind:

• When you place a credit spread order, you are selling to open, so your stop loss would be a buy to close

• If you use a stop limit, you specify a stop price, and if that price is hit, then your limit order becomes active in the market. Let's say you want to set your trigger price at $1.50 and your limit price at $1.60. If the spread trades at $1.50, your buy to close limit order for $1.60 then becomes active. Now, the problem with stop limit orders with options is

this: Let's say at the end of Friday, the spread was trading at $0.50, but the market crashes over the weekend. Your spread opens up at $4.00 - $5.00. Your trigger price has been breached which means your buy to close limit order becomes active in the market. Problem is, you order is for $1.50 and the spread is trading around $4.50, so there is no way you will get filled.

• If you use a Stop Market order, you again set a trigger price, but once that price is triggered your buy to close market order gets submitted, which will get filled straight away at whatever price the spread is trading at. So in the example above, you would have to pay the full bid/ask spread and would get closed out at $5.00, but you would be out of the position and the damage would be limited.

As I mentioned, I typically don't use stop losses, as I prefer to be in control of everything that happens in my account. However, they can be good for peace of mind, or if you're not going to be at your computer for a few hours/days.

If you still feel you need some automated order in place to protect you from a market crash, you can look into conditional orders. This is where, say you're trading a RUT 700-690 spread and RUT is at 760. You can set an order that, if RUT breaks below 710, you submit a market order and get closed out (but again, paying the full spread). Or you could use a conditional limit order and hope it gets filled.

Your broker should have information/tutorials on these types of orders.

VIX CALL OPTIONS

VIX Call options are another good way to hedge your downside risk, but **beware**, it's not an exact science, given the nature of VIX options. The first thing that you will notice about VIX call options is they do not behave like normal options. The longer dated calls in particular, do not move in tandem with the underlying index. The problem stems from the fact that VIX options are European settled and also that the VIX tends to snap back to prior levels after a spike (see below).

The VIX index is calculated by looking at the implied volatility of SPX options. The process looks at out-of- the-money puts and calls from two different months, and blends them to generate an overall implied volatility for 30 days from now. So, it does not track the actual volatility of the S&P 500, but rather the implied volatility of the corresponding options.

Kopin Tan, from Barron's, explains the dilemma quite well:

> *"For a start, because VIX peeks only 30 days ahead, its current reading can differ substantially from its forward value. Case in point: Even as VIX climbed toward 19 early last week, futures prices pointed to a more subdued VIX, at about 16 come November -- a sign the market expects the current volatility spike to moderate in time. This is logical, since projected volatility tends to jump sharply and then ebb gradually, and premiums soared recently in part because so many option sellers had scrambled to cover their short-volatility bets."*
>
> *"VIX options can only be exercised upon expiration. So a big jump in the VIX may not move longer-term call prices -- if the market expects that jump to be fleeting. In other words, VIX options may not mirror real-time readings, although any divergence will decrease as options approach expiration. As a portfolio hedge,*

> *"buying VIX calls only helps in a crash right before expiration," says Tom Sosnoff, CEO of the brokerage firm thinkorswim Group.*

The way I like to use VIX calls as a hedge is to match the expiration with the condor I am trading, so if I'm opening a May Iron Condor, I will buy May VIX calls. I usually look at the option chain that is out-of-the-money and trading around $0.50. You can set up your hedge however you like, and it's not an exact science - so it's something you'll need to test out a bit. I like to think of it as an insurance cost that I'm willing to write off each month, and I'm willing to spend around 10% of the monthly income I'm generating from the Condor. So if I'm bringing in $2,000 from my RUT Iron Condor, I will spend $200 on VIX call options. With the chain trading at $0.50, that means I buy 4 contracts. Simple as that.

In summary, VIX call options are not perfect, but they will give you some protection from a Flash Crash or severe market decline.

FURTHER OTM PUTS

The third method of protecting the downside risk of Iron Condors is by buying further out-of-the-money puts. You can do this in one of three ways:

> 1) Match the out-of-the-money puts to the period in which you are trading – This is nice and easy and stress free. You put on your Iron Condor and then straight away you buy some further OTM puts. Usually if I am trading 10 lot spreads, I will by 1 or 2 further OTM puts. Let's look at an example:

Date: May 1, 2012

RUT: 828.92

Sell 10 May 17th 770 Puts @1.85

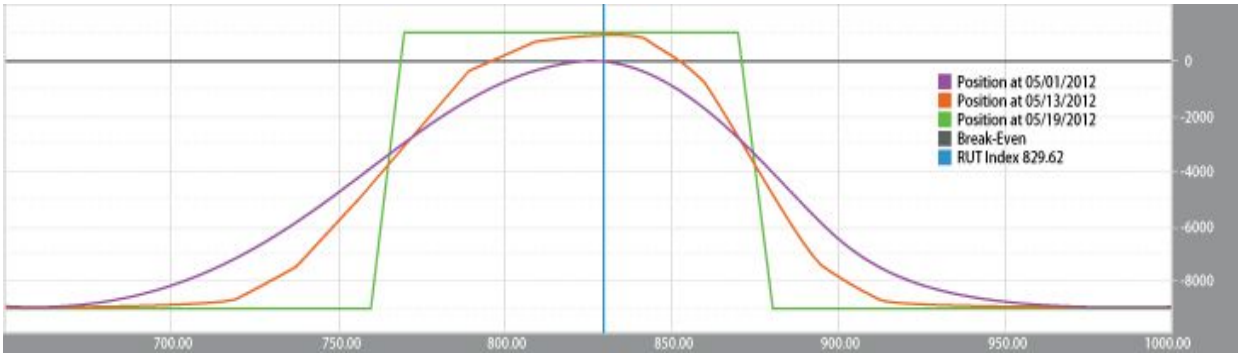
Buy 10 May 17th 760 Puts @1.30

Sell 10 May 17th 870 Calls @ 1.05

Buy 10 May 17th 880 Calls @ 0.55

NET Credit = $1,050

This is a fairly standard Iron Condor trade and has a payoff diagram as shown below.



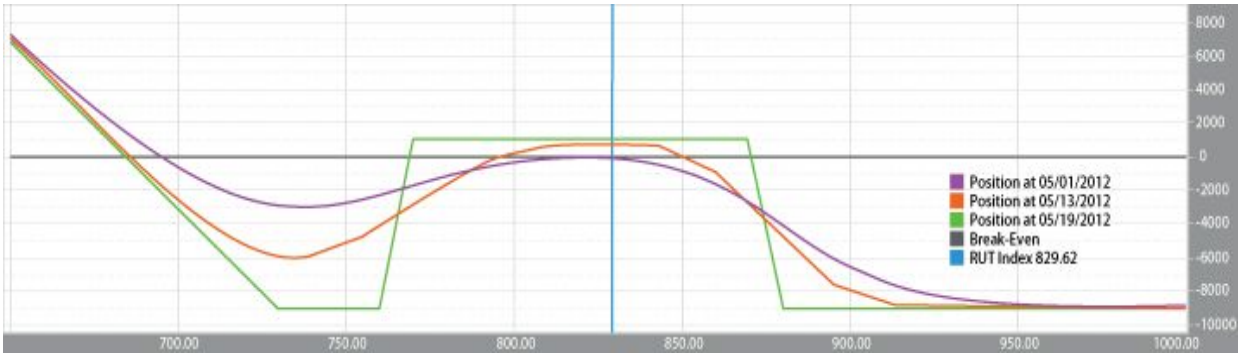
Now we'll add in our hedge:

Buy 2 May 17th 730 Puts @ 0.55

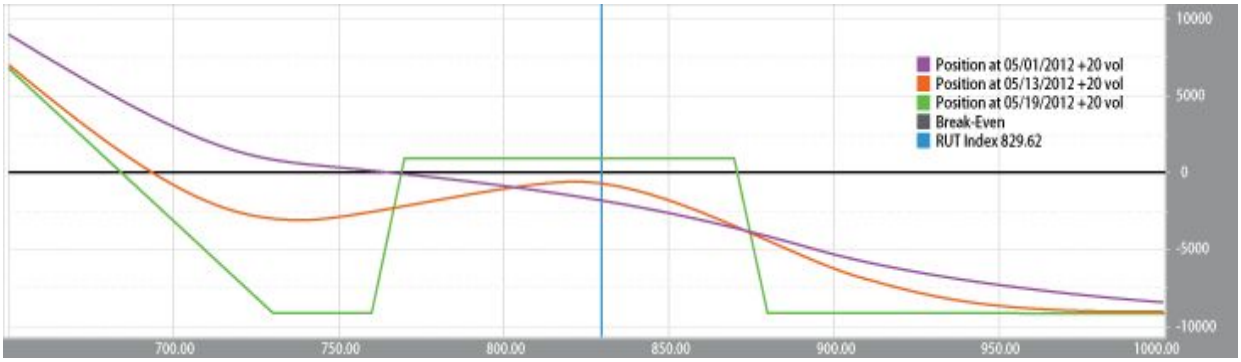
HEDGE COST = $110

TOTAL NET CREDIT RECEIVED = $940

This changes the payoff diagram to look like this:



The thing to keep in mind here is that this assumes zero change in volatility, whereas if we have another Flash Crash, volatility will go through the roof. During the Flash Crash in 2010, the VIX reached 50, so let's be conservative and assume a 20% spike in volatility; now our payoff diagram looks like this:



A couple of things to note here: first off, the green line, which represents the position at expiration, stays exactly the same; this is to be expected, as the total gains and losses at expiry are predetermined based on where you place your strikes. The second thing to note is the difference in the pink and orange lines. You will notice that these are much higher with the hedge than without, and that the hedge is much more effective for the pink line (i.e. today). This means that if a Flash Crash were to occur today, right after you place your trade, this would actually work out really well for you and might actually mean a profit on the total position. However, if the Flash Crash occurs very close to expiry, the hedge provides much less protection. Also, you need to be aware that this is all pretty subjective in terms of using a +20% increase in implied volatility, but hopefully these payoff diagrams have helped to illustrate the idea a little.

You will notice that I am also spending roughly 10% of my monthly income on my insurance costs, similar to the rationale for the VIX Calls. Let's move on to the second choice of hedging using longer dated out-of-the-money puts.

> 2) Buy long-dated puts as a constant hedge - This is a good idea if you know you are going to be placing Iron Condors each month and in more or less the same number of contracts. The advantages are that you only have to enter your hedge once (less transaction fees) and you suffer less from time decay than if you were buying your hedge each month. You could look to buy 12 months out and then roll it once there is only 3-4 months left until expiry. This way, the full effects of time decay are not suffered. The disadvantages are that if the index has a huge rally, your puts can lose a lot very quickly, as they are now even further out-of-the-money. Once they move further OTM, they will not provide much

protection, and you may be required to roll them up higher, which will involve more costs. The other disadvantage is that it will cost a lot of capital to buy long-dated puts on the indexes. As an example, today is May 1st, 2012 and RUT is trading at 828. To buy 1 Mar 14th, 2013 (May 2013 options are not available yet) 575 put will cost around $1,650 and the bid/ask spread is very wide (15.10 – 17.90).

Let's look at the same Iron Condor above, but using 1 Mar 14th, 2013 put as a hedge:

Date: May 1, 2012

RUT: 828.92

Sell 10 May 17th 770 Puts @1.85

Buy 10 May 17th 760 Puts @1.30

Sell 10 May 17th 870 Calls @ 1.05

Buy 10 May 17th 880 Calls @ 0.55

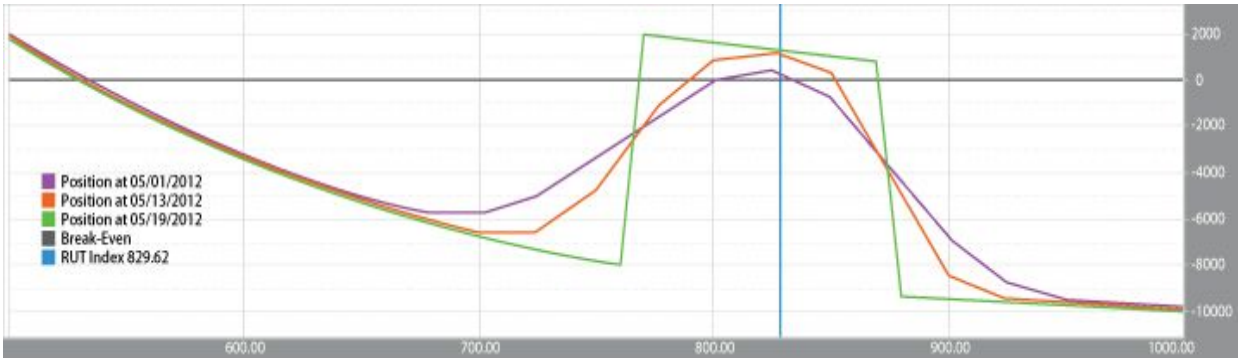
NET Credit = $1,050

Now we'll add in our hedge:

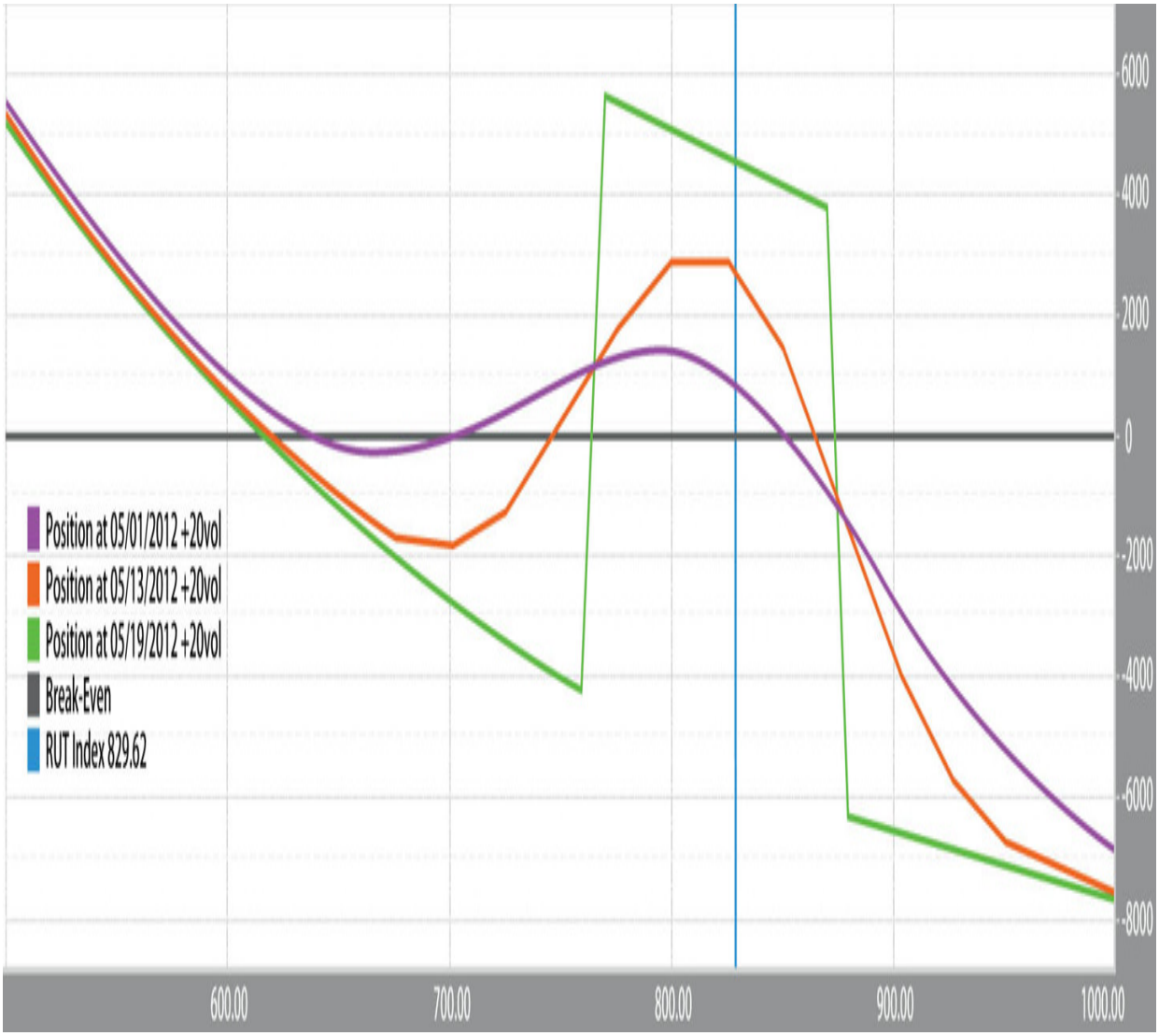
Buy 1 Mar 14th, 2013 575 Puts @ 16.50

HEDGE COST = $1,650

TOTAL NET DEBIT = -$600. Notice that we are actually PAYING for the total trade. The idea is that you will amortize the hedge cost over 10 months, so you should have paid for the hedge after approximately 1.5 months of selling Iron Condors. Let's have a look at the payoff diagram for this one and note the differences between long-dated and monthly options to hedge:



First, the payoff diagram is tilted to the left, and you actually have a pretty good result if RUT finishes at 770 at expiry. The other difference is that the second breakeven on the downside is much lower, instead of being around $680, it is now at $550. Now let's take a look at this payoff diagram, assuming a 20% rise in implied volatility:



It's very interesting here what a 20% rise in implied volatility does in this case. The long put is very long in vega, so a rise in volatility will have a huge impact on the total position.

3) Use weekly options when you feel protection is needed – some people may prefer to leave their Iron Condors unhedged unless a specific circumstance calls for it. In this case, using weekly options can also work. Reasons for adding a very short-term hedge could include:

a. There is an important economic announcement planned

b. Market volatility is picking up, but you want to leave your position open for a few more days to see how it plays out

c. You're close to expiry and also getting close to you stop loss level

Here's how you could set it up:

Date: May 1, 2012

RUT: 828.92

Sell 10 May 17th 770 Puts @1.85

Buy 10 May 17th 760 Puts @1.30

Sell 10 May 17th 870 Calls @ 1.05

Buy 10 May 17th 880 Calls @ 0.55

NET Credit = $1,050

Now we'll add in our hedge:

Buy 1 May 3rd 800 Puts @ 0.50

HEDGE COST = $50

TOTAL NET CREDIT = $1,000

This type of hedge is a little more advanced, but might be something worth looking at in certain situations. In this hedging scenario, if RUT has a big fall in the next 2 days, you will have a little bit of a profit on your hedge to offset the losses on the monthly condor.

In summary, if you're trading Iron Condors, you need to have a plan for how you will protect against a violent selloff, and there are a few different ideas to choose from. Those who are trading large account sized have a much

greater need to hedge than those with small accounts. Also, there can be a time to hedge and a time not to hedge, as during strong bull markets, the need for hedging is lower than in times of market uncertainly or strong bear markets.

Homework Assignment: Reread the above section, decide which method of protection is best for you and start adding some rules into your trading plan about how and when you will add protection for your Iron Condors.

WHAT ABOUT THE RISK OF EARLY ASSIGNMENT?

Early Assignment is only an issue for American style options. Stocks and ETF's are American style, while indexes are European style. If you are trading Iron Condors and credit spreads on the indexes (RUT, SPX, NDX and MNX), you don't even need to worry about it. For those who trade the ETF's (IWM, SPY and QQQ), there is a risk of early assignment, but the risk is incredibly low and almost not worth worrying about.

The main reason to exercise an option early is to receive the dividend, and the option would have to be deep in-the-money to do that. The other reason might be that if a large institution had a very large position, it might be cheaper to exercise early than to sell the position in the market and pay the bid/ask spread.

For puts options, the main reason to exercise early would be in the case of a company going bankrupt. In that case, you are holding an option to sell the stock for the exercise price, and there is absolutely nothing gained by waiting until expiration to exercise it.

Realistically, neither of these scenarios is likely, particularly if you are trading the ETF's, as SPY cannot go bankrupt (unless all the stocks in the ETF go bankrupt and geez I hope that never happens…)

If you are trading the American style options, you would be adjusting your positions before the options go in-the-money; so again, there is very little risk of early assignment.

HOW DOES SETTLEMENT WORK FOR INDEX OPTIONS?

Trading Index options occasionally provides a risk due to the settlement process. The way it works is as follows: The monthly options cease trading on Thursday at 4pm, BUT the final settlement price is calculated based on the prices that each stock in the index opens at on Friday. So, if there is a big gap up or down on the Friday morning the final settlement value could be significantly different than what you would expect based on Thursday's close. This can be a problem if you are holding an Iron Condor that is close to the money, as a big gap up or down could mean that your sold option finishes in-the-money on settlement, even though you were nice and safe when the market closed on the Thursday.

If you visit the link below and compare the settlement values to the closing price on the Thursday, you will see what I mean.

http://www.cboe.com/data/Settlement.aspx

The settlement price is usually released by about 11am on Friday. Index options are cash-settled which means that when a sold option contract on the index settles in-the-money, cash will be withdrawn from your account. The amount will be the difference between the strike price and the settlement price.

How do you deal with this risk? For me this is usually not an issue, because the options I trade are a long way from the market. However, sometimes the market moves up or down and is close to the sold strikes at expiration. The only way to 100% eliminate this risk is to close out the options on the Thursday before the close. I would usually do this if the index was within 2-3% of my strike prices, just to be on the safe side.

Homework Assignment: Visit the CBOE website and find the section on option settlement. Read through that section until you have a good understanding of how option settlement works.

OTHER THINGS TO CONSIDER REGARDING INDEXES vs. ETF'S

Let's take a further look at some of the factors when considering "Should I trade SPY or SPX?"

COMMISSIONS

This is the big one for me. If you have a broker (such as IB) who charges per contract, then it makes much more sense to trade the index options. SPY is basically 1/10 of the value of SPX, and as such, you would need to trade 10 contracts of SPY to have the same exposure as trading 1 contract of SPX. As I use IB, the index options have a huge advantage for me. Some traders who trade deep out-of-the-money options on SPY (and as such have to trade a HUGE number of contracts) would be better off using Optionshouse.

LIQUIDITY AND BID – ASK SPREADS

Liquidity is a huge consideration when trading Iron Condors. Slippage can really eat into your profits and it takes some practice and experience in order to get good fills. Also, opening a trade is one thing. When markets tank, and bid/ask spreads widen, you can get killed trying to get out of a position quickly. Traders who are worried about liquidity, or are just starting out, should stick to the ETF's, as there will be less slippage.

When comparing liquidity on the major indexes, there is not much difference between index options, and ETF options as both are very, very liquid. At the time of writing, an SPY at-the-money call has open interest of 160,000 and an SPX at-the-money call has open interest of 40,000.

As a side note, liquidity should also be a consideration when determining which instrument to trade. For example, the CBOE has a monopoly on SPX options, whereas RUT is traded on multiple exchanges. Multiple exchanges means more competition amongst the market markers, which means better liquidity for us. From personal experience, I have always found fills much easier on RUT.

TAX

Indexes have preferential tax treatment and as such may be more suitable for larger traders. Income from index options is treated as 60% long term and 40% short term, regardless of the trade duration. Income from ETF options is treated the same as stock. As Iron Condor are short-term trades of between 15 and 60 days, index options will be more advantageous from a tax perspective.

CAPITAL LEVEL

The SPY ETF is approximately 1/10 the value of the SPX Index. Those with a smaller capital balance may be better off trading SPY, as trading SPX may mean their capital at risk is too high.

DIVIDENDS

While not a huge consideration, ETF's pay dividends while indexes do not. When an ETF goes ex-dividend, the price usually drops by the amount of the dividend. This is something that you may need to take into consideration when selecting your strikes. ETF traders would also need to keep an eye on this close to expiration, due to early assignment risk, as discussed previously.

Homework Assignment: Analyze your situation for each of the above 5 points and decide whether you will be trading ETF's of Indexes.

RECOMMENDED READING

There are a couple of books that I recommend, but it depends on what stage of you development you are at. For beginners, who still feel they need to learn some of the basics of options trading, check out the following books:

The Bible of Options Strategies **– Guy Cohen**

Options Made Easy **– Guy Cohen**

For those who have a good knowledge of options, and want to take things to the next level, check out these books:

Profiting With Iron Condor Options **– Michael Blenklifa**

Option Volatility and Pricing **– Sheldon Natenberg**

Trade Your Way to Financial Freedom **– Van Tharp**

Definitely check out some of the above books; I guarantee you will not be disappointed.

Final Words From Gav

Congratulations! If you've made it this far, you're well on your way to becoming a successful iron condor trader. I put a lot of work into the book, and I REALLY hope it helps you in some way. Here are a few final thoughts to leave I would like to share with you.

YOU CAN DO THIS

Trading iron condors is not rocket science. You don't have to be some whiz at math, or technical analysis. Just start out by sticking to the basics and taking things slowly. Even the greatest traders had to start at the beginning.

EVERYONE MAKES MISTAKES

There's an old proverb (I think it's Japanese, but don't quote me) that says, "fall down seven times, stand up eight". You will make mistakes along the way, I guarantee it. I've made plenty. I've been trading for over 10 years and recently I entered a spread order as a Buy to Open rather than Sell to Open, before I realized my mistake I was down $600, then had to pay commissions and slippage just to get the positions back to what I wanted. All up it cost me nearly $1,000. So if you make a mistake, don't fret about it. Stand up, and don't make the same mistake again.

KISS – KEEP IT SIMPLE STUPID

Honestly, don't try to overcomplicate or overthink things. Just keep it simple, sometimes the simplest things are the ones that work the best.

DON'T BE AFRAID TO ASK FOR HELP

It's a fabulous time to be alive, never in the history of mankind has communication been so instantaneous and information so easily accessible. There are loads of traders out there who are willing to help you. If you have any questions, please don't hesitate to drop me a line.

Review Request

I hope after reading this book, you have a much greater knowledge of iron condors than you did when you started.

If you enjoyed this book or if you found it useful, I'd be very grateful if you would post a positive review. Your support really does matter and it really does make a difference. I love hearing from my readers, I read all the reviews so I can get your feedback.

If you'd like to leave a review then all you need to do is go to the review section on the book's Amazon page http://www.amazon.com/BULLSH-FREE-GUIDE-CONDORS-ebook/dp/B00B9H543G/. You'll see a big button that says "Write a customer review" – click that and you're good to go!

THANK YOU SO MUCH!

Thanks again, and I wish you nothing less than success!

Gavin McMaster

Link to book's Amazon page:

http://www.amazon.com/BULLSH-FREE-GUIDE-CONDORS-ebook/dp/B00B9H543G/

Table of Contents