



QUICK LESSONS



Portfolio Hedging – SPY 10/4/18

\$100,000 portfolio on 10/4

10/4 @ 289.55 → $100,000/289.55 = 345$ shares

 10/4 BUY (BTO) 4 18 Jan 289 puts @ 7.19: (4 times \$7.19 = \$2,876 → if exp. worthless or 2.9% for insurance)

If, 12/24 SELL (STC) 4 18 Jan 289 puts @ 51.70 → $((51.70-7.19)*100)*4 = \$17,804$ gain on puts.

On 12/24:

345 @ 234 = \$80,730 + \$17,840 = \$98,534 □ 1.5% loss

345 @ 234 = \$80,730 □ ~20% loss



Hedging Credit Spread:

9/19 (10) 19 Oct SPX 2840/28300 put @ 1.65 credit
 On 10/4: 5 d EMA crosses below the 8 d EMA

Out or Buy Protective Put:

Out: 2840/2830 put @ \$1.25 debit -> +\$0.40
 (BTO) (1) SPY 19 Oct 289 put @ \$2.33

On 19 Oct:

2840/2830 put @ \$5.00 debit -> (\$3.45)
 (STC) (1) SPY 19 Oct 289 put @ \$13.12