

# ASX Options

## Clever products for clever investors

### BULL STRATEGIES

Overall, these positions will do better if the stock or index market rises.

#### Synthetic Long

**Example:** Buy 1 Call and Sell 1 Put at the same strike  
**Market Outlook:** Bullish  
**Risk:** Substantial  
**Reward:** Unlimited  
**Increase in Volatility:** Neutral  
**Time Decay:** Neutral

### NEUTRAL STRATEGIES

Overall, these positions will do better if the stock or index market does not move very much.

#### Long Butterfly

**Example:** Sell 2 Calls, Buy 1 Call at higher strike and Buy 1 Call at lower strike  
**Market Outlook:** Neutral  
**Risk:** Limited  
**Reward:** Limited  
**Increase in Volatility:** Typically hurts position  
**Time Decay:** Typically helps position

#### Short Straddle

**Example:** Sell 1 Call and Sell 1 Put at the same strike  
**Market Outlook:** Neutral  
**Risk:** Unlimited  
**Reward:** Limited  
**Increase in Volatility:** Hurts position  
**Time Decay:** Helps position

### BEAR STRATEGIES

Overall, these positions will do better if the stock or index market falls.

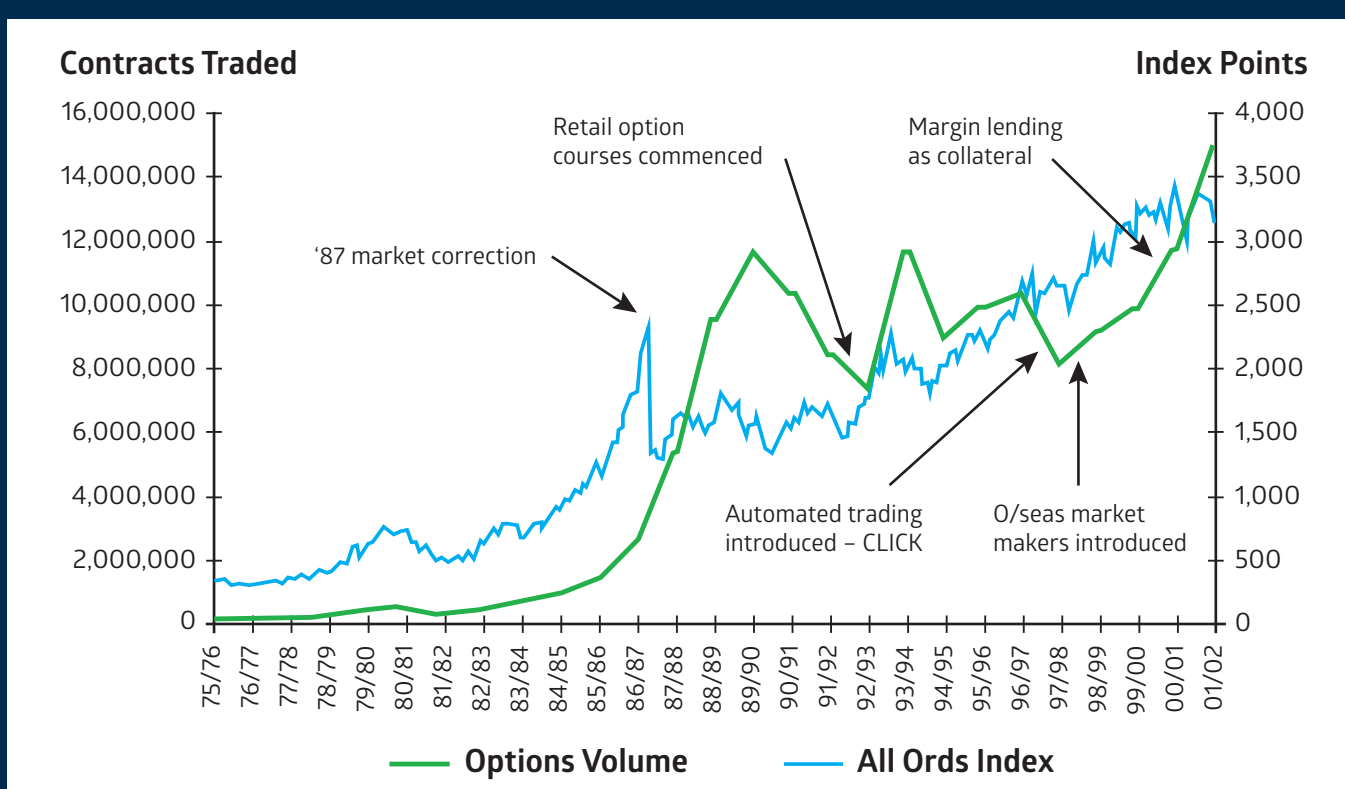
#### Synthetic Short

**Example:** Buy 1 Put and Sell 1 Call at the same strike  
**Market Outlook:** Bearish  
**Risk:** Unlimited  
**Reward:** Substantial  
**Increase in Volatility:** Neutral  
**Time Decay:** Neutral

#### Long Call

**Example:** Buy 1 Call  
**Market Outlook:** Bullish  
**Risk:** Limited  
**Reward:** Unlimited  
**Increase in Volatility:** Helps position  
**Time Decay:** Hurts position

### ASX OPTIONS SINCE 1976



#### Long Put

**Example:** Buy 1 Put  
**Market Outlook:** Bearish  
**Risk:** Limited  
**Reward:** Substantial  
**Increase in Volatility:** Helps position  
**Time Decay:** Hurts position

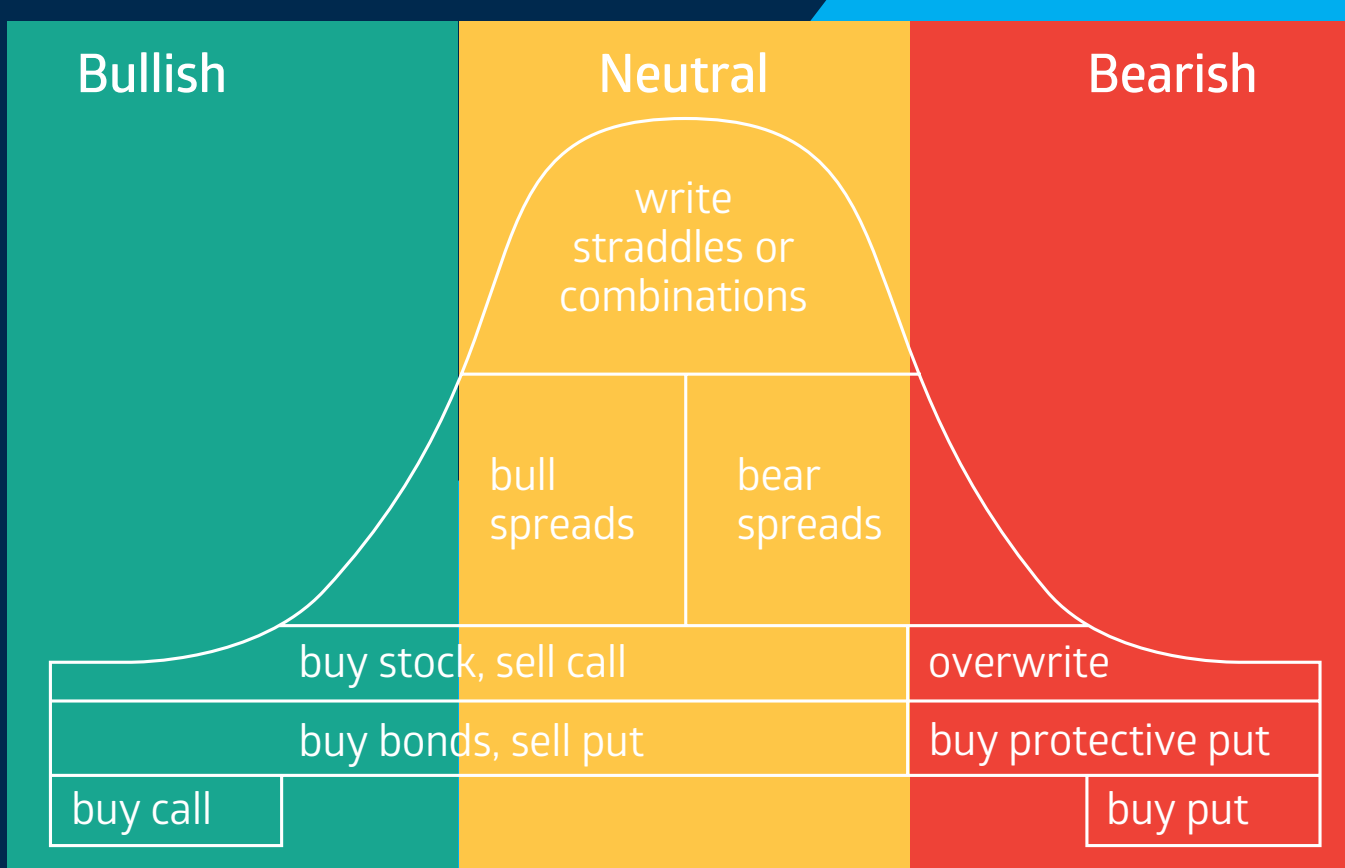
#### Call Backspread

**Example:** Sell 1 Call and Buy 2 Calls at a higher strike  
**Market Outlook:** Bullish  
**Risk:** Limited  
**Reward:** Unlimited  
**Increase in Volatility:** Typically helps position  
**Time Decay:** Typically hurts position

#### Put Backspread

**Example:** Sell 1 Put and Buy 2 Puts at a lower strike  
**Market Outlook:** Bearish  
**Risk:** Limited  
**Reward:** Substantial  
**Increase in Volatility:** Typically helps position  
**Time Decay:** Typically hurts position

### THE OPTIONS STRATEGY SPECTRUM



#### Bull Spread

**Example:** Buy 1 Call (Put) and Sell 1 Call (Put) at higher strike  
**Market Outlook:** Moderately Bullish  
**Risk:** Limited  
**Reward:** Limited  
**Increase in Volatility or Time Decay:** Helps or hurts depending on strikes chosen

#### Bear Spread

**Example:** Sell 1 Put (Call) and Buy 1 Put (Call) at higher strike  
**Market Outlook:** Moderately Bearish  
**Risk:** Limited  
**Reward:** Limited  
**Increase in Volatility or Time Decay:** Helps or Hurts depending on strikes chosen

#### Buy Write

**Example:** Buy 1000 shares and Sell 1 Call  
**Market Outlook:** Neutral to Slightly Bullish  
**Risk:** Substantial  
**Reward:** Limited  
**Increase in Volatility:** Hurts position  
**Time Decay:** Helps position

#### Short Butterfly

**Example:** Buy 2 Puts, Sell 1 Put at higher strike and Sell 1 Put at lower strike  
**Market Outlook:** Strong move in either direction  
**Risk:** Limited  
**Reward:** Limited  
**Increase in Volatility:** Typically helps position  
**Time Decay:** Typically hurts position

#### Long Straddle

**Example:** Buy 1 Call and Buy 1 Put at the same strike  
**Market Outlook:** Strong move in either direction  
**Risk:** Limited  
**Reward:** Unlimited  
**Increase in Volatility:** Helps position  
**Time Decay:** Hurts position

#### Short Call

**Example:** Sell 1 Call  
**Market Outlook:** Neutral to Slightly Bearish  
**Risk:** Unlimited  
**Reward:** Limited  
**Increase in Volatility:** Hurts position  
**Time Decay:** Helps position

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