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Mastering the A14:
Advanced Concepts and Tactics
2023 Workshop

Presented by

Amy Meissner

Mastering the A14: Advanced Concepts and Tactics 2023 Workshop - Class 1

- Mastering A14 2023 Workshop - What's included
- Class Schedule
- Tour of the Class subscriber page
- The A14 Weekly BWB Strategy
  - Deep dive into the Core Concepts
  - Cover the A14 Strategy rules and guidelines for the rules based trading of the strategy
- Next class…

Please note that any prices and other statistics on this page are hypothetical, and do not reflect the impact, if any, of certain market factors such as liquidity, slippage and commissions.

Mastering the A14: Advanced Concepts and Tactics 2023 Workshop

What's Included

- Detailed analysis of the A14 Weekly Strategy concepts.
- Recap of the Rules and Guidelines for the Rules based A14 Weekly strategy (including: Entry, Adjustments, and Exit).
- Advanced Concepts and Tactics with Detailed Analysis
  - Entering the Trade
  - Trade Adjustments
  - Exit Strategies
  - Other considerations (Holidays, Announcements, News)
- Compounding profits session with downloadable compound calculations spreadsheet
- Two group mentoring sessions scheduled after the class sessions are completed
- Private Forum for A14 Subscribers
- All classes were recorded and available for playback.

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Mastering the A14: Advanced Concepts and Tactics 2023 Workshop

What's Included

Entering the Trade

- Days to Expiration
- Day and Time of Entry
- Strike Selection and Wing Width
- Placement of position (neutral, bullish, bearish)
- Volatility - Effect on Price and Time
- Hedging at entry

- Detailed analysis of the A14 Weekly Strategy concepts.
- Recap ... A14 Weekly ... Exit).
- Advan...
  - Enter...
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Trade Adjustments

- When to Adjust - Timing
- Why - Flatten Delta, Hedge for big move, Directional Bias, Adding Theta, Combination
- What - Adjustment types
- Time Decay Effect
- Volatility Effect

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Exit Strategies

- Profit Targets
- When to take a loss / loss targets
- How to close the trade
- Free Lottery Tickets :)

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Mastering the A14: Advanced Concepts and Tactics 2023 Workshop

- Class 1 - Thursday June 8th, 2023 at 4:15pm EST
- Class 2 - Friday June 9th, 2023 at 4:15pm EST
- Class 3 - Monday June 12th, 2023 at 4:15pm EST
- Additional Classes will be scheduled as needed
- Bonus Group Mentoring Sessions - Will be scheduled for later this summer

Mastering the A14: Advanced Concepts and Tactics 2023 Workshop

Let's take a tour of the Class Page

What is the A14 Weekly Option Strategy

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The A14 Weekly Option Strategy

- High probability market neutral strategy
- Suitable for small or large accounts
- As little as $5-$8K margin needed (SPX) for 2 lots and easily scalable for large accounts (Note: advanced tactics may increase margin)
- Simple - Much simpler than many of my other strategies
  - simple entry
  - simple adjustments
  - only need to check once a day
- Short term weekly trades
- This strategy was created for the SPX and this will be the index used throughout the workshop. The concepts and tactics can be used in other indices, etf's, stocks.

Advantages

- Weekly trade with High win rate
- Ability for quick account growth
- No need to pick direction. Don't have to be a technical analysis guru.
- Single order at entry (no need for multiple pieces)
- No need to sit in front of the computer all day.
- Adjustments are simple and only need to be checked once a day
- Adjustment tactics can be used with other strategies

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Understanding the A14 Weekly Option Strategy

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Core Concepts

The Rules based A14 utilizes two basic strategies:

- Broken Wing Butterfly
- Calendar / Time Spread

The key to the A14 strategy is how each of these responds in the very short term to:

- Volatility
- Time Decay
- Both Separately and Together

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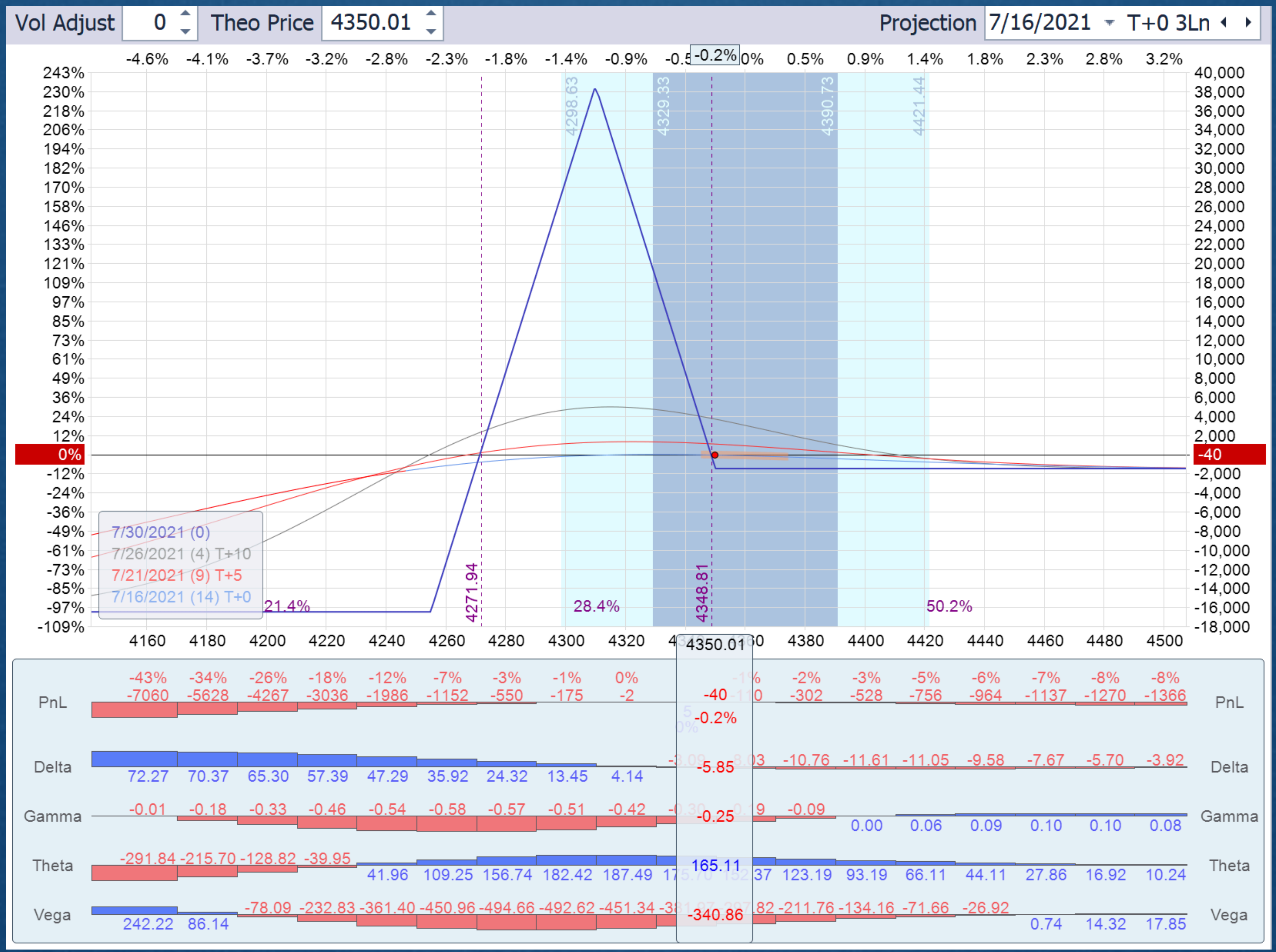
Core Concepts
The Broken Wing Butterfly
(abbreviation of Broken Wing Butterfly = BWB)



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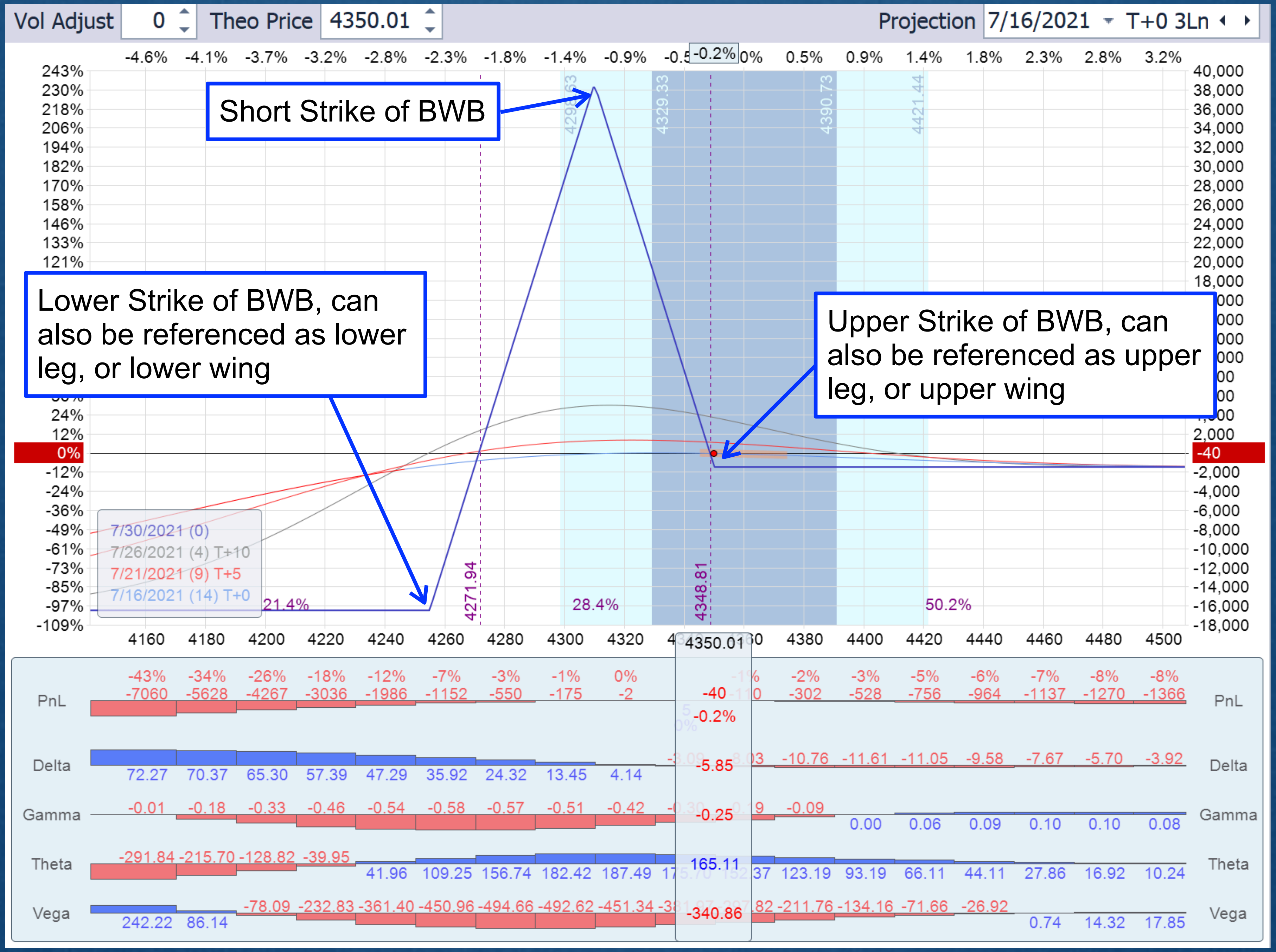

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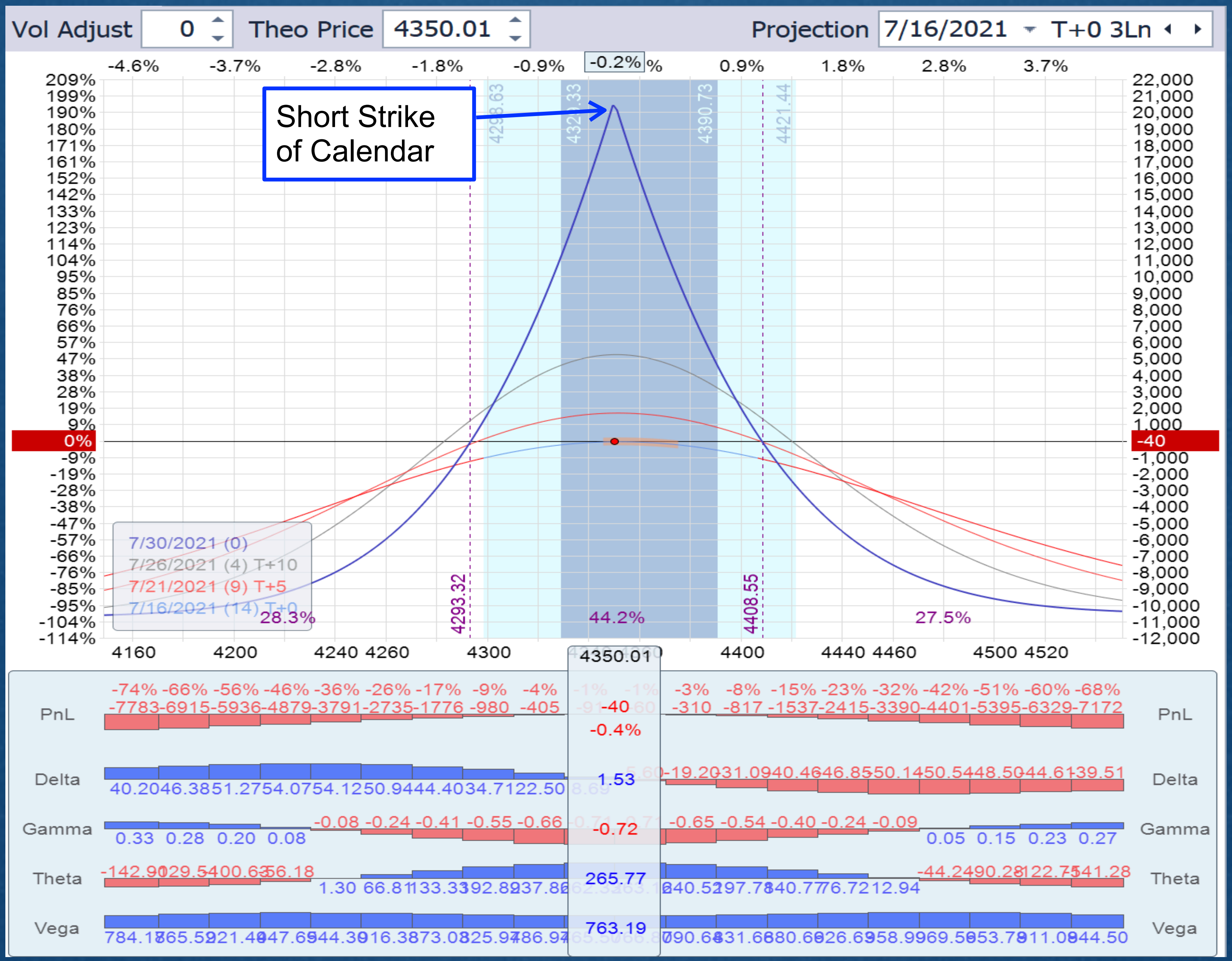
Core Concepts
The Calendar / Time Spread



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A14 Weekly Option Strategy

- This workshop will focus on trading and settings of the A14 for the SPX
- Minimum Planned Capital *- $5,000 - $8,000 (2 lot trade)
- Minimum Account Size *- $9,000 - $10,000 (2 lot trade) (note: will need ~$25K account size if you need to avoid PDT (pattern day trader) at your brokerage. Check with your brokerage)
- Profit Target - 5% or more (2021 average 6.5%)
- Losses - average around 6% generally under 10% with occasional larger loss outlier
- Win / Loss Expectancy – 9 / 1

NOTES: Percentages are based on margin used. *Advanced Tactics may increase Margin and Capital Required

A14 Weekly Option Strategy Entry Guidelines

- Enter trades 14 DTE on Friday mornings (generally about 1 hour after market open)

- <u>All trades and adjustments are done using put options</u>

- Start with 1 lot 40/60 BWB as follows:
  - Choose atm strike for the upper long strike (preferably the 10 point strike closest to atm)
  - Short strike of the BWB is 40 points below the upper long strike
  - Start with lower long strike 60 points below short strike
  - Raise or lower the lower strike in order to make a 1 lot bwb delta slightly flat to slightly negative (I prefer a little negative).
  - NOTE: if a 1 lot 40/60 bwb produces a very negative position delta (can happen in a very low volatility environment) then start with a 30/40 bwb. In addition you can also adjust some of the short strikes up as well as the lower strike down to help flatten. If can't find a good setting then can skip that week.

- Increase contract size to 2 lot or higher. For this workshop I will be using 10 lots.

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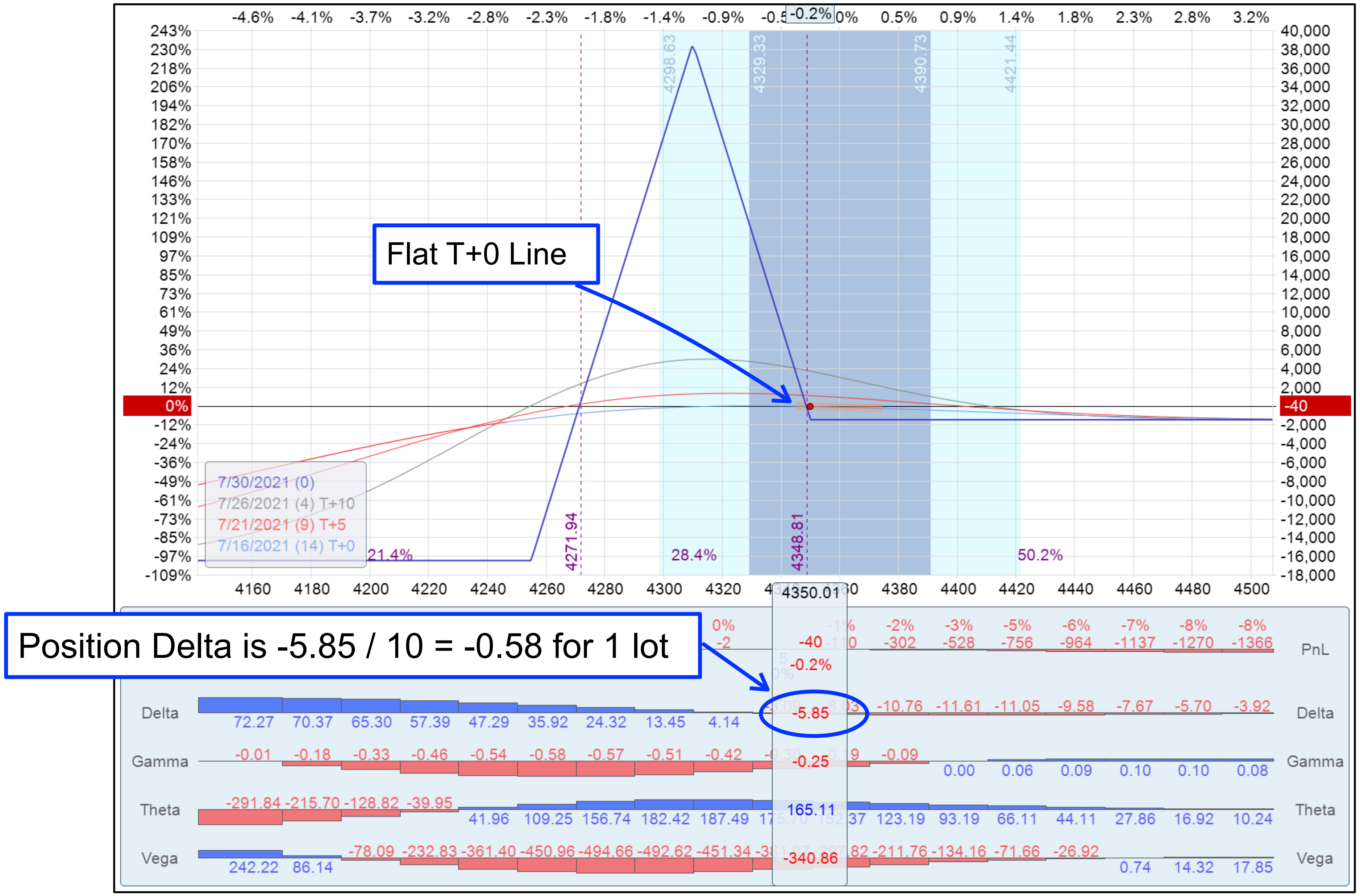
Typical Position at Entry



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A14 Weekly Option Strategy Upside Adjustments

- Check SPX level each day about 30 minutes before market close (3:30 EST.) and write down this level.

- For new trades that do not already have a calendar adjustment: If noted level of the SPX is above the upper long strike a calendar about 20 points above that level with the front cycle in same exp cycle as BWB and back cycle 7 days out. (Sell the front cycle and buy the back cycle) I choose half the number of contracts as the bwb. So if you are trading a 10 lot bwb then add a 5 lot calendar.

- For existing trades that already have a calendar adjustment: If noted level of the SPX is at or above the calendar strike then roll the existing calendar up with new strikes about 20 points above the noted SPX level with front cycle in same exp cycle as BWB and back cycle 7 days out. Use the same number of contacts as the calendar you are rolling. (Rolling means to close the original calendar and add a new calendar. You are basically rolling the calendar up in the case to a higher strike.)

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A14 Weekly Option Strategy Upside Adjustments

- If large gap appears below break even between the bwb and the calendar and future t+ lines are below break even, then can take some contracts of the upper long strike of the bwb and roll them out in time by 7 days. If the gap continues to get bigger and future t+ lines go below break as time decays or after an adjustment then can move the remaining contracts of the upper long strike of the bwb another 7 days out.

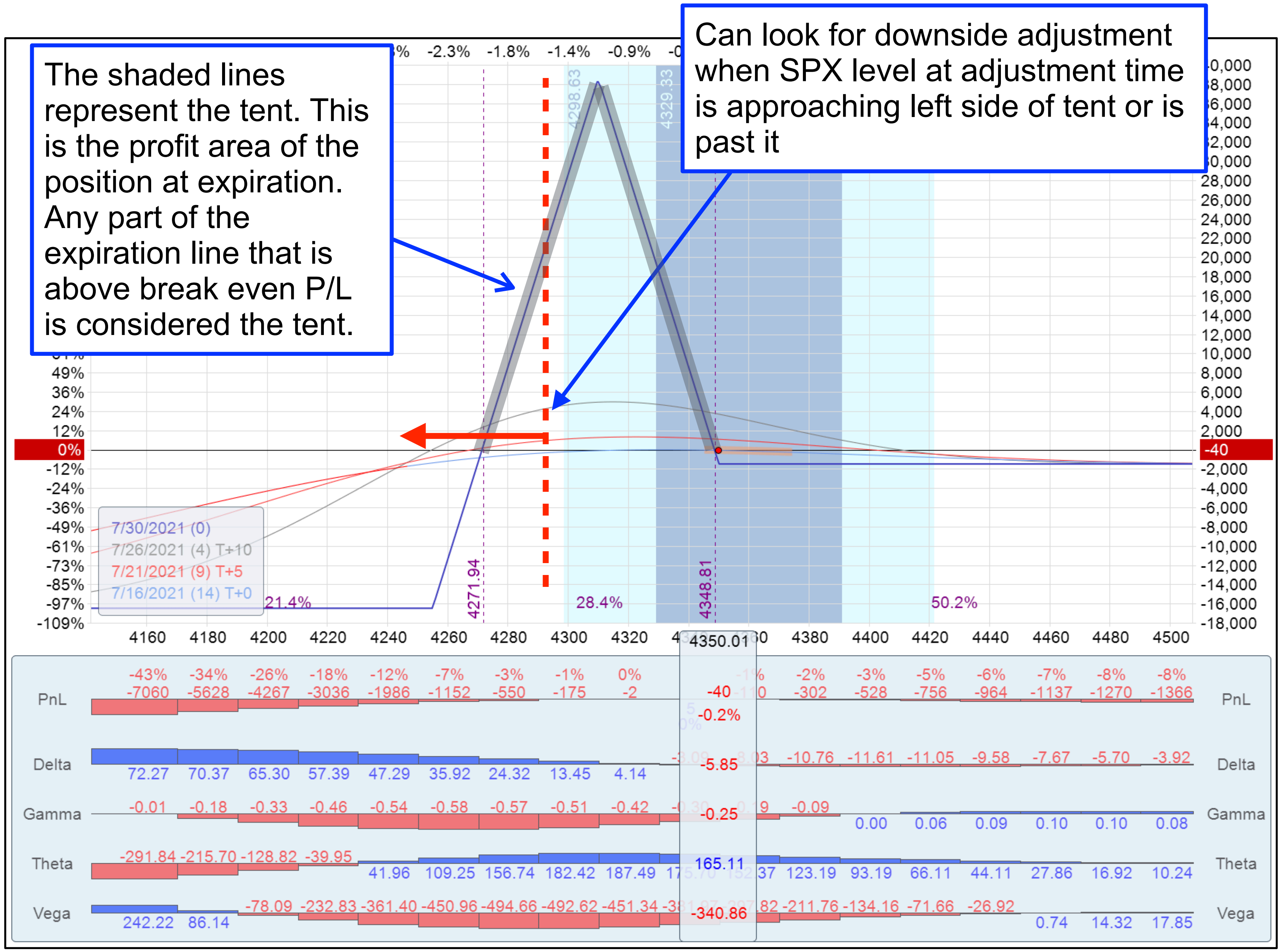
- Optional upside adjustment: If a calendar adjustment looks too directional (too much downside bias) then can choose a lower strike for the back cycle (diagonal) as an option. This can happen during especially low volatility after a large up move.

A14 Weekly Option Strategy Downside Adjustments

- Check SPX level each day about 30 minutes before market close (3:30 EST.) and write down this level.

- If noted level of the SPX is approaching left side of tent (expiration graph) or past the left side of tent then make adjustments as follows:
  - Close any upside calendars that you may have entered previously
  - Create calendar by:
    - Adding a calendar below the noted level (can be 5-20 pts below that level)
    - **OR** move some (generally half) of the lower bwb strike out in time by 7 days.
    - Note: both options can also be combined.
    - If market continues down then can do above adjustment options one more time to look for bounce

- Optional intraday downside adjustment: Can roll lower BWB strike up if SPX goes below the short strike of the BWB. Do this as an intraday adjustment. Can use an alert or conditional order.



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A14 Weekly Option Strategy Exit Criteria

- Exit anytime 5% target profit is hit even if intraday. (Can lower target if market turmoil caused a particularly difficult trade. Percentage is based on margin.)

- Exit for loss if market doesn't bounce after max two downside adjustment attempts. (Recommend only One downside adjustment for more conservative method)

- Exit if an adjustment is triggered but adjustment options don't look like they will help the trade.

- Exit before expiration. Prefer not to go in past 2 DTE (if going in 1 dte then recommend morning exit)

Next class…

Next class is scheduled for: Friday June 9th, 2023 at 4:15pm EST

We will start to dive into the Advanced Tactics

Some terms and definitions used in this presentation

- **BWB** - abbreviation for Broken Wing Butterfly
- **Leg or Wing** - upper and lower strikes in a butterfly may also be referred to as upper or lower legs or wings
- **P/L** - profit / loss
- **T+0, T+1, T+2, etc…** - When analyzing an option position on a graph the T+ lines refer to the theoretical P/L of the trade at different levels of the underlying asset for today or a future date in time. So T+0 = today, T+1 equals tomorrow, T+5 = 5 days from now, etc… (the SPX is the underlying asset of the A14 strategy)
- **Under the tent** - When analyzing an option position on a graph the tent represents the profit area or zone of the position at expiration. Any part of the expiration line that is above the break even P/L line is considered the tent, and being under the tent is to say the trade is in the profit area or zone.

Questions