

OptionsWestPro

TradeView

Options Trading Software
for the
Professional Investor

Software Manual

January 2006

TRADING TOOLS

TRADE MANAGEMENT TOOLS:

- 1) COVERED CALLS - MASTER COVERED CALLS
- 2) CALENDAR LEAP SPREADS – MASTER LEAPS
- 3) COVERED CALL / CPR TECHNIQUE – MASTER CC CPR

Before we walk you through a detailed step by step checklist of exactly how to use these tools we are going to give you an over-all view and an explanation of each bit of information stored or calculated. These are Microsoft Excel based applications and therefore a good knowledge of Excel will help you immensely in navigating the screens. They were built with Microsoft Windows 2000 and Windows XP in mind and work well at 1024 x 728 screen resolution or better.

➤ COVERED CALL TOOL

NOTE: There is a concept that is helpful to understand with regard to how we perceive and account for options trades. When we place a “Covered Call Trade” we consider that specific trade complete at the end of the option expiration period, whether we are “Called Out” or not. If we are “Called Out”, the trade is obviously complete as we are cashed out and we record the resulting details. If we are not “Called Out”, we still consider the trade complete and we record the trade results. Since we still own the stock we treat this as a “new” trade with a new trade starting date. We then proceed with whatever management approach we deem needed to produce our goal of continued income from our stock asset on this “new” trade. We have found this approach to be very helpful in building a profitable trading account.

The Covered Call Calculator (shown below) is the first tool that you will use to help you select successful trades. This tool is embedded in the Covered Call details screen and calculates return percentages and profits based on net cashed invested. It also takes commissions into account to give you a near true ROI percentage.

Covered Call Calculator						
Starting Shares	Original Stock Price	Strike Price	Premium	Option Expiration Date	Days To Exp	Monthly
400	20.24	20.00	1.30	February 17, 2006	22	28
Investment	8,096.00	RETURN IF CALLED		388.00	5.12%	5.56%
Premium	520.00	RETURN IF NOT CALLED		484.00	6.39%	6.94%
Net Cash	7,576.00	STD COMMISSIONS	36.00	Call Option Symbol	.ABCDE	

TradeView version 2.4 Covered Call Calculator

The Covered Call Calculator has four data entry boxes and one date entry box on the option info line. ➤ These open data fields are:

STARTING SHARES	ORIGINAL STOCK PRICE	STRIKE PRICE	PREMIUM
400	20.24	20.00	1.30

OPTION EXPIRATION DATE
FEBRUARY 17, 2006

There are three other data boxes on the calculator itself that are open for accepting data once you have made this a “live” trade. Before you actually make this a “live” trade these fields are not available. The three fields are:

STANDARD COMMISSIONS **CALL OPTION SYMBOL** **MONTHLY**

Again, these three boxes are not available until you create a “NewTrade”.

The remaining data is displayed automatically and this displayed data cannot be accessed or changed. To determine the ROI of a particular trade you simply fill in the appropriate data and make sure the Option Expiration Date is for the month you are considering. The Option Expiration Date field requires the correct date for the third Friday of the option contract month and should be recorded in a 2-17-06 format.

All of the additional fields of data are not accessible on the MASTER screen, as the calculator tool is only for determining the viability of a trade. Once you have decided upon a trade and actually place the trade with your on-line broker you would then click the “NewTrade” button and all the fields you require would become available.

The large red arrow is pointing to the embedded Covered Call Calculator on the Covered Calls MASTER screen.

The screenshot shows the 'Covered Calls MASTER' interface. A red arrow points to the 'Covered Call Calculator' section. The interface includes several data tables and buttons.

Traded Stock		Symbol	Option Month	START DATE	TODAY'S DATE
COMPANY NAME		ABC	February-06		January 27, 2006

Opening Cash	CALL	Contracts	Net Invested	Profit	Percent	Days	Monthly %
\$10,000	\$600	10	\$9,400	(\$36)	-0.4%	38745	0.0%

Starting Shares	Original Stock Price	Strike Price	Premium	Option Expiration Date	Days To Exp
1,000	10.00	10.50	0.60	February 17, 2006	21
Investment	10,000.00	RETURN IF CALLED		1,064.00	11.32%
Premium	600.00	RETURN IF NOT CALLED		564.00	6.00%
Net Cash	9,400.00	STD COMMISSIONS	36.00	Call Option Symbol	.ABCDE

Commissions	Earnings Date	Average Down Details	Shares	Price Paid	Additional
36.00	January 1, 2005		0	0.00	\$0

Date	Action	GTC	5% Call Buy Back	Trade	Outflow	Inflow	%	Profits
1/0	BTO	4.8%	Stock Purchase Price	10.00	10,000.00			\$0.00
	STC	10.50	Current Stock Price	10.00		10,000.00	0.0%	\$0
1/0	STO	Feb-06	10.5	Call Purchase Price	0.60	600.00	6.0%	
	BTC	Feb-06	10.5	Current Call Price	0.60		0.0%	\$0

Buttons: Cash (\$50,000), Monthly (21, 16.39%, 8.69%), NewTrade, PRINT

The Covered Calls MASTER screen shown above is the screen you use to enter the basic initial data on a trade to determine the trade’s viability. You DO NOT enter any other trade data on the MASTER page. Once you have selected a good trade and placed this trade with your broker ... you then click on the “NEWTRADE” button.

Clicking on the “NEWTRADE” button will create a new Covered Call screen for the specific trade you have just made. This new page is where you fill in the appropriate data for the trade you have just put into play. Notice the difference in the two screens, one is the MASTER and one is for a specific trade. The MASTER screen has a few sections colored red, to help you recognize that this is not a live trade. Most of the data fields are not even accessible on the MASTER screen to prevent mistakes.

Covered Call Trade Screen – Showing a specific AMR trade

Johnny Trader

COVERED CALLS

Traded Stock	Symbol	Option Month	START DATE	TODAY'S DATE
AMERICAN AIRLINES	AMR	February-06	January 20, 2006	January 26, 2006

Cash: \$50,000

Opening Cash	CALL	Contracts	Net Invested	Profit	Percent	Days	Monthly %
\$8,096	\$520	4	\$8,016	\$292	3.9%	7	16.7%

Covered Call Calculator

Starting Shares	Original Stock Price	Strike Price	Premium	Option Expiration Date	Days To Exp
400	20.24	20.00	1.30	February 17, 2006	22

Investment: 8,096.00 RETURN IF CALLED: 388.00 5.12%

Premium: 520.00 RETURN IF NOT CALLED: 484.00 6.94%

Net Cash: 7,576.00 STD COMMISSIONS: 36.00 Call Option Symbol: .ABCDE

Monthly: 28

5.56%

6.94%

Commissions	Earnings Date	April 5, 2006	Average Down Details	Shares	Price Paid	Additional
36.00	5:00 pm After Close			0	0.00	\$0

Date	Action	6TC	5% Call Buy Back	0.29	Trade	Outflow	Inflow	%	Profits
1/20	BTO	4.8%	Stock Purchase Price	20.24	8,096.00		8,864.00	9.5%	\$328.00
	STC	21.25	Current Stock Price	22.16					\$768
1/20	STO	Feb-06	20.0	Call Purchase Price	1.30		520.00	6.4%	
	BTC	Feb-06	20.0	Current Call Price	2.40	960.00		-5.4%	-\$440

PRINT

When you click the “NewTrade” button from the Master Covered Call Screen and it creates your new trade screen, there are seven basic steps to save your new trade. In the first step you need to confirm the days until expiration by typing over the number in the field below the maroon colored Monthly button (See the arrow above). This locks in the number of days and the percentage monthly return figure. The new screen that is created has a tab that is named “NEWTRADE” (shown below). In step two, right-click on this tab, go to RENAME and type XXX-FEB... where XXX is the symbol designation for the stock followed by the option expiration month. Hit enter to save the tab name. The 7 steps are as follows:

- 1) Confirm the “Monthly days” number
- 2) Rename the new trade tab to reflect the stock and option month
- 3) Type in the stock name
- 4) Type in the symbol name
- 5) Type in the start date
- 6) Save the new configuration
- 7) Go to the red TOTALS tab and enter the trade (XXX-Feb) and investment dollar \$ amount in the Open Positions area ...and save.

Navigation Bar: TOTALS (red), TRADE LOG, NEWTRADE, CYBX, CVTX-FEB, AMR-FEB, RMBS-FEB, ADIC-FEB, FLSH-FEB, MASTER COVERED CALLS, MASTER LEAPS

You have now completed the setup of a new trade and are ready to track and manage the trade until the Options Expiration Date. Notice the graphic below ... it shows the tabs of an account that has five open active February Covered Call trades (CVTX-FEB, AMR-FEB, RMBS-FEB, ADIC-FEB, FLSH-FEB) and one open active position in CYBX that is a straight stock trade. This was the result of no being called out from a previous month.



Notice as well, the Open Positions from the TOTALS screen (below) that matches the list of live active trades currently in this account.

Open Positions										
CYBX	RMBS-FEB	CVTX-FEB	AMR-FEB	ADIC-FEB	FLSH-FEB					
\$6,652	\$5,752	\$6,909	\$5,478	\$5,766	\$5,670					

Let's look at one of these open active Covered Call trade screens and go through the detailed information presented.

Wellington Trust

COVERED CALLS								Cash
Traded Stock		Symbol	Option Month	START DATE	TODAY'S DATE			\$364
GENERAL MOTORS		GM	February-06	January 27, 2006	February 7, 2006			
Opening Cash	CALL	Contracts	Net Invested	Profit	Percent	Days	Monthly %	
\$9,116	\$500	4	\$8,616	\$284	3.3%	12	8.4%	

Covered Call Calculator						Monthly
Starting Shares	Original Stock Price	Strike Price	Premium	Option Expiration Date	Days To Exp	
400	22.79	22.50	1.25	February 17, 2006	10	21
Investment	9,116.00	RETURN IF CALLED		348.00	4.04%	5.85%
Premium	500.00	RETURN IF NOT CALLED		464.00	5.39%	7.80%
Net Cash	8,616.00	STD COMMISSIONS	36.00	Call Option Symbol	.ABCDE	

Commissions	Earnings Date	January 1, 2005	Average Down Details		Shares	Price Paid	Additional		
20.00	5:00 pm After Close				0	0.00	\$0		
Date	Action	GTC	5% Call Buy Back	0.11	Trade	Outflow	Inflow	%	Profits
1/27	BTO	4.8%	Stock Purchase Price		22.79	9,116.00			\$304.00
	STC	23.93	Current Stock Price		23.55		9,420.00	3.3%	\$304
1/27	STO	Feb-06	22.5	Call Purchase Price	1.25		500.00	5.5%	
	BTC	Feb-06	22.5	Current Call Price	1.25	500.00		0.0%	\$0

PRINT

