

# OptionsWest Covered Call Calculator

Covered Call Calculator								Stock
Starting Shares	Original Stock Price	Strike	ITM%	Premium	Option Expiration Date	Days To Exp	Risk Level	AAL
800	34.28	32.00	7%	3.25	July 30, 2015	30	30	Annual
Investment	27,424.00	Breakeven	%	Called Out Return	745.00	3.00%	3.04%	36.51%
Premium	2,600.00	31.07	9%				Delta Out	d▲Spread
Net Cash	24,824.00	Commissions		31.00	Dividend Amount	0.00	32.00	31.03

The OptionsWest Covered Call Calculator that you received with your membership is at the heart of finding trades for the EquiFund. Our goal is to achieve approximately 3% on each monthly trade we place and we look for five trades per month. We use the calculator to determine a potential trade. We require a minimum 5% ITM strike price; 6% - 12% is better, and more than 14% is a possible red flag. We place the trade as a "debit spread" allowing us the flexibility that this type of order placement provides. The Risk Level column gives us the risk we are taking. With less than 30 days, we use the Risk column to determine our risk level from 2.5% - 3.5%. With more than 30 days we use the actual return to determine our 2.5%-3.5% risk level goal. We also place a credit spread order on filled CC trades to get us out of the trade early should the price jump and afford us that opportunity. We highly recommend learning how to utilize the CC calculator and its power.

- The basic fields to fill in are the ... # of Shares, Stock Price, Strike Price and the Option Premium.
- ITM% (In-The-Money) field shows how Deep ITM the strike price you have chosen sits. Minimum 5% ITM is the rule.
- The Option Expiration Date is now open to accept any monthly or weekly options expiration date.
- The Days to Expiration relate to the current options expiration date chosen.
- The green "Called Out Return" percentage is your key to risk management .... 3% is your goal, 4% is too risky.
- Risk Level column shows % as if you had a month ... again 3% per month is your risk level.
- Breakeven price level shows up with its % ITM. ( Your stock can lose this % before you are in the red at all )

- Commissions field is a text field allowing you to put in appropriate commissions amount.
- Dividend Amount field allows you to put the dollar amount. ( Example  $.65 \text{ Dividend} \times 800 \text{ shares} = \$520$  )
- $d\Delta$ Spread refers to the 'Debit Spread' number to use when placing the spread Covered Call order with the broker.
- 'Delta Out' ... refers to the 'Credit Spread' number that should be used placing a GTC order that will automatically buy back the call and sell the stock if your maximum return for the trade has been reached prior to options expiration.