utterfly

Strangle

Iron Condor

an

e Plateau

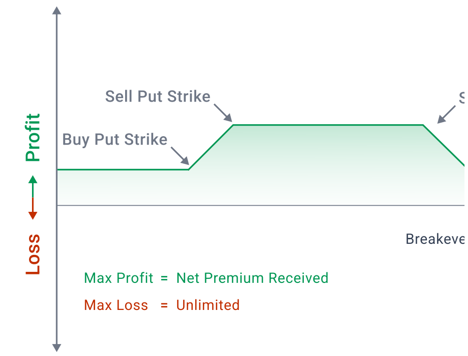
Lizard

Neutral

Example:

Instrument	Qty	Price
SELL NIFTY 07th Oct 25100 CE	75	20.85
SELL NIFTY 07th Oct 24300 PE	75	5.85
BUY NIFTY 07th Oct 24100 PE	75	3.75

See Example | Open in Builder



Strategy Summary

Market View

Neutral to Moderately Bearish

Premium

Receive

Max Profit

Net Premium Received

Max Loss

Unlimited

Margin

Required

Effect of Time

Profit increases with time if the stock stays in range

Effect of Volatility

Loses if volatility increases

Market View

Nuetral to Moderately Bearish. Trade this strategy when you expect the stock/index to move slightly downward but not fal below the sold put strike.

The Trade

Sell a call with strike above the current stock price.
Sell a Put with strike below the current stock price.
Buy a Put with strike lower than the sold put to cap potential downside loss.

Breakeven

Two Breakeven points

- Upper Breakeven: Sold Call Strike Price + Net Premium Received

Max Profit

Net Premium Received

Max Loss

Unlimited

Premium

Receive

Margin

Required

Effect of Time

Time Decay works in favor of the strategy, as sold options lose value over time.

Effect of Volatility

If IV goes up, you make losses as it increases the price of your sold options.

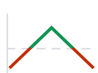
Pros

- No loss on the downside if structured correctly.
- Can generate consistent premium income.
- Profits from a neutral to slightly bearish market movement.

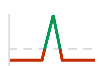
Cons

- Large upside risk if the stock rallies significantly.

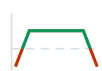
More Neutral Strategies:



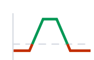
Short Straddle



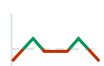
Iron Butterfly



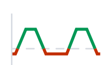
Short Strangle



Short Iron Condor



Batman



Double Plateau