



The Wheel Options Trading Strategy

The wheel is my single most favorite and profitable options strategy. I built up the first 6 modules to get to this point. The wheel may not be rocket science or specifically complex. But it is advanced in that you now have a full toolkit of selling options and now combining them. Now you can profit from all sorts of market environments. The wheel also automates your trading a bit. You know how a systematic strategy to enter and exit trades, while making money on both sides!

Again, the wheel involves selling puts to get in and selling calls to get out.

Selling Puts until assignment → Selling Calls until assignment → Repeat!

The more times you collect premium on the put side the better! That's because you collect premium more times. When you eventually get put (assigned) the shares your cost basis for the stock is technically the strike price minus all the premium you collected. You could theoretically get your price of a stock down to zero!

This strategy is great for multiple market environments. Especially when **stock trades flat**! This strategy works well in lower volatility markets. Even in high volatility markets it will perform well. The only time it significantly under performs is in very big bull markets. It's easy to be in a bull market. You could have zero experience, know nothing and just buy calls. Unfortunately many new investors think they are geniuses in an up market but I'm here to make you money in all markets!!!

One of The Wheel's biggest strengths is its strong profit potential while the stock is trading flat.

- A put will expire worthless if the stock price expires above the strike price.
- A call will expire worthless if the stock price expires below the strike price.

Since the Wheel only interacts with short options, then if a stock trades flat, you will be earning consistent weekly income. If a stock falls slightly but not enough to reach your strike – great you just made money while everyone else lost money. Vice-versa when the stock goes up slightly but less than the premium you collected. Regardless the wheel is my favorite income producing strategy!