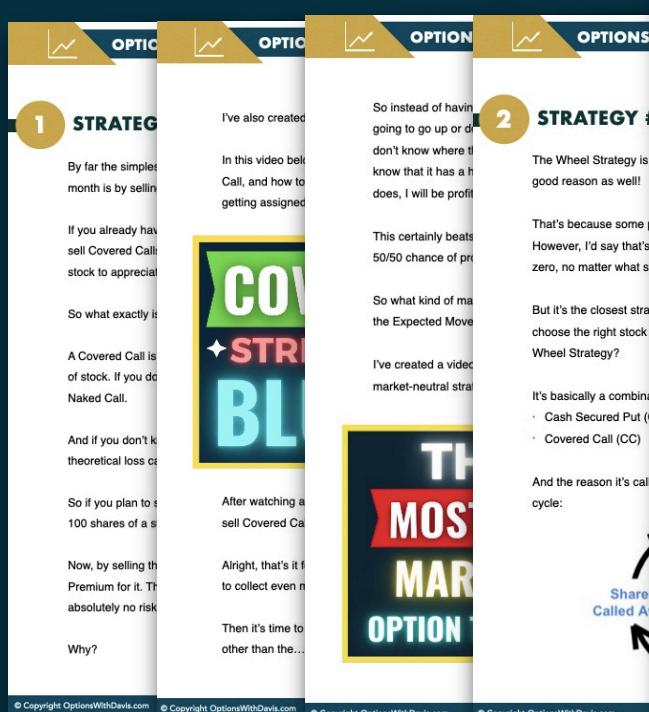


# THE OPTIONS INCOME BLUEPRINT

THE TOP 3 OPTION STRATEGIES TO GENERATE A  
CONSISTENT INCOME EVERY SINGLE MONTH  
TRADING JUST 1 - 2 HOURS A DAY



**THE OPTIONS INCOME BLUEPRINT**

THE TOP 3 OPTION STRATEGIES TO GENERATE A CONSISTENT INCOME EVERY SINGLE MONTH TRADING JUST 1 - 2 HOURS A DAY

By OptionsWithDavis.com

The booklet cover features the title "THE OPTIONS INCOME BLUEPRINT" at the top, followed by a subtitle "THE TOP 3 OPTION STRATEGIES TO GENERATE A CONSISTENT INCOME EVERY SINGLE MONTH TRADING JUST 1 - 2 HOURS A DAY". Below the title, there's a small image of the three booklet pages shown above, and the author's name "By OptionsWithDavis.com" at the bottom.

By OptionsWithDavis.com



## 1 STRATEGY #1: COVERED CALL

By far the simplest and easiest way to generate an income every month is by selling Covered Calls.

If you already have at least 100 shares of a stock, you'd be able to sell Covered Calls to generate an income while waiting for your stock to appreciate in the long run!

So what exactly is a Covered Call?

A Covered Call is basically selling a Call Option against 100 shares of stock. If you do not have 100 shares, then it would be called a Naked Call.

And if you don't know how to manage a Naked Call trade, then the theoretical loss can be unlimited!

So if you plan to sell a Covered Call, always ensure you have at least 100 shares of a stock before doing so.

Now, by selling the Covered Call, you'd receive what's called a Premium for it.

This Premium is your "income". And there is absolutely no risk for you to sell Covered Calls. Why?



Well, let's consider two different scenarios.

## Scenario 1: Stock Goes Down

First of all, you already have the stock.

You probably bought the stock because your plan is to hold it for the long-term in hopes it appreciates in price over the long run.

Even if you didn't sell a Covered Call, you'd still be holding on to the stock.

But by selling a Covered Call, you now received the Premium that helped to offset some of the drawdown in your stock position.

For example, let's say you had bought 100 shares of XYZ stock at \$20.

So your total cash outlay for this position is  $100 \text{ shares} \times \$20 = \$2,000$ .

Now, let's say the stock dropped to \$18.

That means the total value of your stock is now worth \$1,800 and you're sitting on a drawdown of -\$200.



But what if you had sold a Covered Call at the strike price of \$23 and received a Premium of \$1.00?

That would mean that you have received \$100 in Premium (because each stock option controls 100 shares).

So although the stock value may have gone down \$1,800, you have received \$100 in Premium. So instead of having a drawdown of -\$200, your drawdown is now only -\$100!

That means the effective cost price of your stock is actually \$19, instead of \$20 because of the \$1.00 Premium you received from selling the Covered Call. This is called Cost Basis Reduction.

Now, imagine if you can continue to collect \$100 every month for selling the Covered Call.

This way, even if the stock went back to the original price you bought it for, you would already be in profit because of all the Premiums you collected from selling your Covered Calls!

## Scenario 2: Stock Goes Up

But what if the stock goes up instead and went above your Covered Call strike at \$23?

Well, first of all, this is good news because you've just made money on your stock position.



Many people get confused about this because they see a loss on their Covered Call Option and think they are in a loss.

That's not true! Don't forget, a Covered Call position is 100 shares PLUS a Short Call. That means the overall position is in a profit.

Now, what happens if the stock goes above your Covered Call strike price?

One of the biggest fear that many people have when it comes to selling Covered Calls is having their shares called away if the stock is above their strike price.

But what many people don't know is that there is actually very little chance of getting your shares called away if your Covered Call still has some Extrinsic Value. I explain it in detail in this video:

# COVERED CALL ASSIGNMENT

## HOW TO AVOID GETTING YOUR SHARES CALLED AWAY



But what if your shares do get called away and you still want to resume your original stock position after having your shares called away?

I've created a video just for you on this:

# COVERED CALL ASSIGNED? DO THIS...

Remember, it's not the end of the world even if your shares are called away!

But what if you don't even want to be put in a position where your stock could potentially get called away?

Then this is where you want to "roll" your Covered Call.

But what exactly does rolling mean?



Not to worry, I got you covered on this as well as I've created not one, but TWO videos on this!

# ULTIMATE GUIDE TO **ROLLING** **COVERED CALLS**

**THE SIMPLEST METHOD**  
..... **TO ROLL** .....

# **COVERED CALLS**



Hopefully by now you can see the potential of selling Covered Calls on your existing shares because it can truly generate a risk-free consistent income for you every single month.

Now, I know one of your biggest concern still is to avoid having your shares getting called away.

Ideally, you want your Covered Call to expire worthless every month so you can just keep collecting the Premiums over and over again while holding on to your stock.

I hear you. But one thing to understand is that if you sell Covered Calls long enough, eventually you will have a few of them that gets assigned.

That's just part and parcel of trading.

And that's not necessarily a bad thing because you are making money after all!

With that said, there are definitely ways to reduce the chances of your Covered Calls getting breached in the first place.

And that's by being strategic and selective when you first put on the Covered Call.

How do you do that?



I've also created a video specifically on this :)

In this video below, I share with you exactly when to sell a Covered Call, and how to select the best strike that will reduce the chances of getting assigned.



After watching all these videos, you should be more than equipped to sell Covered Calls.

Alright, that's it for Option Income Strategy #1. Now, what if you want to collect even more premium and generate more income?

Then it's time to reveal Option Income Strategy #2, and that is none other than the...



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## STRATEGY #2: WHEEL STRATEGY

The Wheel Strategy is a pretty popular Option trading strategy. And for good reason as well!

That's because it's pretty simple, straightforward, and some people consider it a "No Loss" Strategy. However, I'd say that's not exactly true because if the stock goes to zero, no matter what strategy you have on, you will still lose money.

But it's the closest strategy to a "No Loss" Strategy for sure, IF you choose the right stock for using this strategy.

So what exactly is the Wheel Strategy? It's basically a combination of two Options:

- Cash Secured Put (CSP)
- Covered Call (CC)

And the reason it's called the Wheel Strategy is because of this cycle:





So how does it work? There are basically just 3 steps...

**Step 1:** You start off by selling a CSP. The idea here is to collect the Premium and you wouldn't mind getting assigned (and getting a Long stock position) because you already have the cash to buy 100 shares of the stock.

**Step 2:** If you get assigned on your CSP, sell a CC. If the CSP expire worthless, then you go back to Step 1 and sell another CSP.

**Step 3:** If your CC gets assigned, then you start the whole cycle all over again and go back to step 1 and sell another CSP. But if your CC expired worthless, then simply sell another CC.

Essentially, you will be doing these three steps over and over again. Here's a more detailed explanation of the Wheel Strategy:

# THE ULTIMATE PASSIVE INCOME MACHINE



But there's also a variation of the Wheel Strategy and I call it the Enhanced Wheel Strategy.

This is where you use Ratio Spreads instead of the traditional CSP and CC. This can generate more profits if you do get assigned each step of the way.

# THE ENHANCED WHEEL STRATEGY

Now, I know what you might be thinking...

The Wheel Strategy sounds just too good to be true. Is there any risk to the Wheel Strategy?

And the answer is yes.

The risk lies AFTER you get assigned on your CSP.



For example, let's say you sold a CSP on XYZ stock at the strike price of \$20 and you get assigned. That means you would now be Long 100 shares at \$20.

But what if the stock then crashes to \$10?

At this point, you most likely wouldn't be able to sell a CC because your entry price is too far away for the CC to get any decent Premium.

And you don't want to risk selling a CC below your entry price because if the stock were to suddenly rally past your CC and you aren't able to roll your CC anymore, then you would have just locked yourself in a loss. Definitely not a situation you want to be in.

So what's the solution? It's called the Income Grid Wheel Strategy...

# THE "INCOME GRID" WHEEL STRATEGY

**Consistently Sell Premium Regardless  
If The Market Goes Up Or Down**



I've also taken the liberty to create two further videos to show you exactly how I implement the Income Grid Wheel Strategy and show you my actual trades:

# THE "INCOME GRID" WHEEL STRATEGY



# NEVER LOSE MONEY AGAIN USING THE "INCOME GRID" WHEEL STRATEGY



So I hope after watching these videos, you now are able to have a better idea of how to implement the Wheel Strategy in your own trading. Now, one thing you might have realised is how capital intensive trading the Wheel Strategy can be.

That's because the way I trade the Wheel Strategy is to choose fundamentally good stocks. This ensures that I will always have a very good chance of making money trading the Wheel Strategy.

The issue is that most fundamentally good stocks are expensive! And the reason they are expensive is because they have survived crashes and emerged with a higher price years after.

Now, if you have a trading account size that is at least \$50,000 - \$100,000, then you'd have no problem trading the Wheel Strategy on these fundamentally good stocks.

But what if your account size is less than \$50,000? Then the compromise would be to find stocks that are lower priced (less than \$50). However, finding strong fundamentally good stocks under \$50 can be challenging.

And I'd caution against trading the Wheel Strategy on low-priced stocks that have weak fundamentals and very high implied volatility (that gives you juicy Premiums).

A better alternative would be to use Options Income Strategy #3, and that is...



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### STRATEGY #3: EXPECTED MOVE OPTION STRATEGIES

Now, if you're somewhat new to Options trading, then you might be wondering what on earth is "Expected Move"!

Good question.

I explain it all in this video...

**THE NO.1 SECRET  
TO BECOMING  
CONSISTENTLY PROFITABLE  
TRADING OPTIONS**

So why trade Expected Move Option strategies?

That's because these are high-probability strategies where the win rate can be anywhere from 70% - 90%.



And when you want to generate a consistent income each month, it's important to trade these high-probability strategies so that you keep seeing the income come in.

If you were to suffer losses after losses, while it can be overall a profitable trading strategy, you can start losing confidence along the way and avoid putting on trades when you should.

The best part about Expected Move strategies are that they are market-neutral.

That means you do not have to pick a direction!

One of the toughest things to do when trading the markets is picking a direction. Many people often have analysis paralysis when doing so!

You see, in the short-term, the market pretty much has a 50/50 chance of either going up or down.

No one can truly predict if the market will go up or down in the next 30 days, 60 days, or even a year from now. And if anyone says they can, be very wary!

So choosing a strategy that is based off choosing a direction in the short-term usually have a low win-rate.

But with a market-neutral strategy, it takes the pressure off you having to pick a direction.



So instead of having to come up with an opinion that the market is going to go up or down, you can simply have an opinion that is, “I don’t know where the market is headed and I don’t really care. But I do know that there is a high-probability of the market staying in a given range that is backed by mathematical probabilities, and if it does, I will be profitable”.

This certainly beats having to pick a direction and only have at best a 50/50 chance of profit!

So what kind of market-neutral strategies can you trade that utilizes the Expected Move?

I’ve created a video where I share three of the most profitable market-neutral strategies that you can get started with:

# THE TOP 3 MOST PROFITABLE MARKET-NEUTRAL OPTION TRADING STRATEGIES



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## CONCLUSION

Congrats on getting all the way end to this Blueprint!

I hope you've found a lot of value in this Blueprint that I've put together for you, and more importantly, learned how powerful Options can be to create a consistent income for you.

Now, this isn't the end, but rather just the beginning of your journey.

There's so much more to Options trading than what I've shared in this Blueprint.

I strongly suggest to check out all my videos on my YouTube channel (<https://www.youtube.com/@OptionswithDavis>) as I regularly upload videos there, and I know it will greatly help you in your journey to trade Options.

Last but not least...

May the Options favor you! :)

Best Regards,  
Davis