

Income Strategies

Diagonal Spreads

Diagonal Spreads

- Buy a long dated option
- Sell a short dated option at a different strike
- **Theta Positive:** Generates passive income
- Flexible and versatile
- It can be a bullish, bearish or neutral trade
- Low cost debit spread & defined risk
- Provides downside protection
- Benefits from rising IV - best to enter when IV is low

Diagonal Mechanics

- This is my playbook for monthly income trades
- You can make shorter duration trades for faster results but at the cost of higher risk and volatility
- **Buy a longer-dated ATM or ITM option**
 - 3 to 4 months expiration
 - 50 to 70 Delta
- **Sell a short-term OTM option against it**
 - 1 Month before the the buy side
 - 30 to 50 Delta

Diagonal Examples

- **Bullish:** NVDA Call Diagonal
 - **BTO** NVDA **170C 4/17/26** at \$21.70
 - **STO** NVDA **180C 3/20/26** at \$14.50
- **Bearish:** NVDA Put Diagonal
 - **BTO** NVDA **180P 4/17/26** at \$19.13
 - **STO** NVDA **170P 3/20/26** at \$12.43

Inverse Diagonal Spread

- The strikes are inverted
- Buy a lower delta and sell a higher delta option
- **Bullish:** NVDA Put Diagonal
 - **BTO** NVDA **170P 4/17/26** at \$17.38
 - **STO** NVDA **180P 3/20/26** at \$14.13
- **Bearish:** NVDA Call Diagonal
 - **BTO** NVDA **180C 4/17/26**
 - **STO** NVDA **170C 3/20/26**

Underlying

QQQ

Dates:

from: May 16, 2022
to: December 12, 2025

Legs

S

B

C

P

1

QTY

50

Δ

7

DTE

S

B

C

P

1

QTY

-10

±

10

DTE

Entry

- Open trades at 1:30 PM
- Every Friday
- Use exact DTE
- Use exact strike offsets
- Allocate 10% of portfolio
- VIX: Min 16

Exit -

- Profit Target: \$1.5

Misc

- Cap Profits
- Require Two Prices PT

P/L

\$9,327

CAGR

20.2%

Max Drawdown

-11.7%

MAR Ratio

1.7

Win Percentage

88%

Total Premium

\$27,784

Capture Rate

33.6%

Starting Capital

\$10,000

Ending Capital

\$19,327

Avg Per Trade

\$86 / lot

Avg Winner

\$163 / lot

Avg Loser

-\$480 / lot

Max Winner

\$280 / lot

Max Loser

-\$688 / lot

Avg Days In Trade

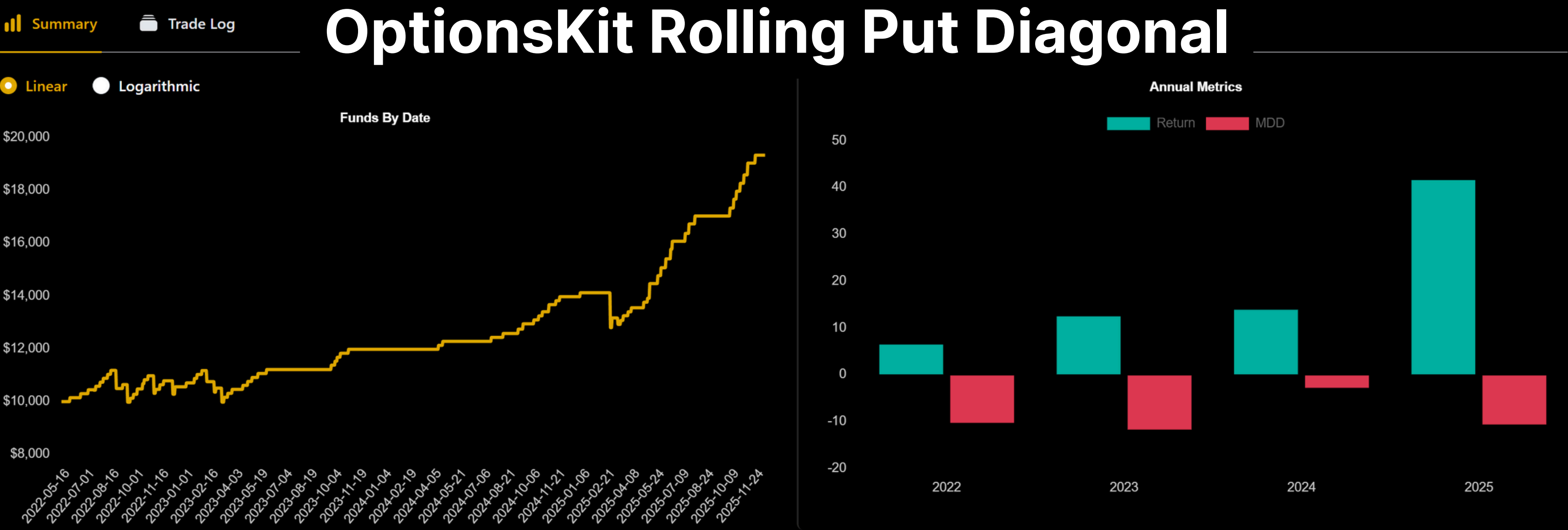
4.8

Trades

83

Winners

73



Calendar Spreads

- Buy a long dated option
- Sell a short dated option at the same strike
- **Theta Positive:** Generates passive income
- Great for neutral or directional trades
- Cheap and less volatile
- Can provide downside protection
- Benefits from rising IV - best to enter when IV is low
- A smaller gap between the expiration dates will

Calendar Mechanics

- This is my playbook for monthly income trades
- You can make shorter duration trades for faster results but at the cost of higher risk and volatility
- **Sell a short-term OTM option**
 - 1 to 3 Months expiration
 - 20 to 35 Delta or at a technical price target
- **Buy a longer-dated OTM option to cover it**
 - 1 Month after the short expiration
 - Same strike

Calendar Examples

- **Bullish:** NVDA Call Calendar
 - **BTO** NVDA **200C 4/17/26**
 - **STO** NVDA **200C 3/20/26**
- **Bearish:** NVDA Put Calendar
 - **BTO** NVDA **200P 4/17/26**
 - **STO** NVDA **200P 3/20/26**
- **Neutral:** NVDA Call Calendar
 - **BTO** NVDA **175P 12/19/26**
 - **STO** NVDA **175P 12/26/26**

Underlying

SPX

Dates:

from: May 16, 2022
to: December 12, 2025

Legs

S

B

C

P

1

QTY

40

Δ

7

DTE

S

B

C

P

1

QTY

0

±

9

DTE

Entry

- Open trades at 3:00 PM
- Every Wednesday
- Use exact strike offsets
- Allocate 10% of portfolio

Exit -

- Profit Target: 30%

Misc

- Opening Fees: 1.25
- Closing Fees: 1.25
- Cap Profits
- Require Two Prices PT

P/L

\$50,716

CAGR

64%

Max Drawdown

-16.3%

MAR Ratio

3.9

Win Percentage

82.1%

Total Premium

\$403,410

Capture Rate

12.6%

Starting Capital

\$10,000

Ending Capital

\$60,716

Avg Per Trade

\$94 / lot

Avg Winner

\$259 / lot

Avg Loser

-\$660 / lot

Max Winner

\$820 / lot

Max Loser

-\$1,308 / lot

Avg Days In Trade

4.9

Trades

173

Winners

142

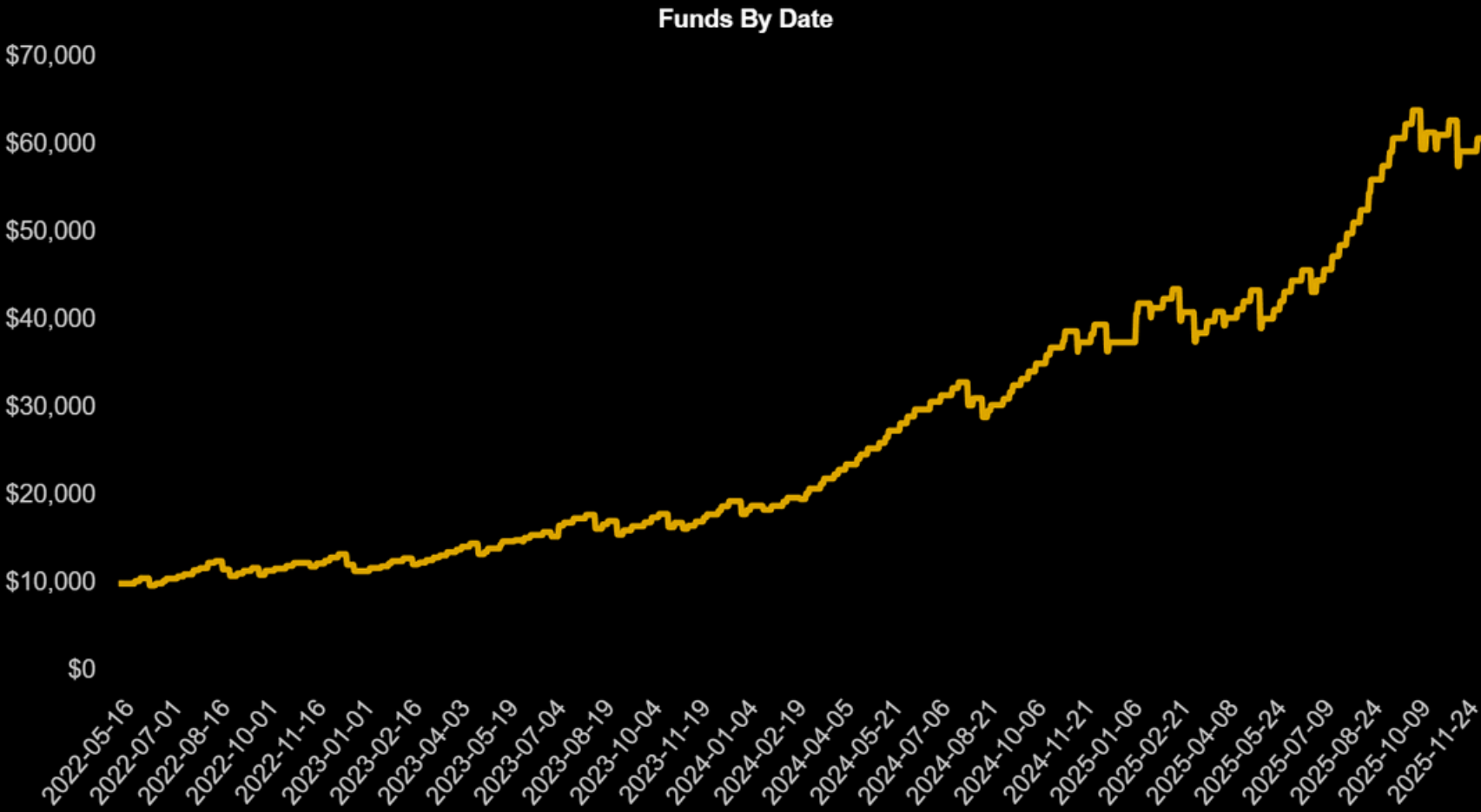
Summary

Trade Log

OptionsKit SPX 7/9 Call Calendar

Linear

Logarithmic



Underlying

SPX

Dates:

from: October 25, 2022
to: December 12, 2025

Legs

S

B

C

P

1

QTY

30

Δ

9

DTE

S

B

C

P

1

QTY

0

±

12

DTE

Entry

- Open trades at 2:00 PM
- Every Wednesday
- Use exact strike offsets
- Allocate 10% of portfolio
- Max allocation \$2,000

Exit -

- Profit Target: 50%
- Exit when call tested -20

Misc

- Opening Fees: 1.25
- Closing Fees: 1.25
- Cap Profits
- Require Two Prices PT

P/L

\$52,618

CAGR

50.8%

Max Drawdown

-17.7%

MAR Ratio

2.9

Win Percentage

79.6%

Total Premium

\$282,780

Capture Rate

18.6%

Starting Capital

\$20,000

Ending Capital

\$72,618

Avg Per Trade

\$48 / lot

Avg Winner

\$132 / lot

Avg Loser

-\$281 / lot

Max Winner

\$425 / lot

Max Loser

-\$513 / lot

Avg Days In Trade

5.7

Trades

152

Winners

121

Summary

Trade Log

OptionsKit SPX 7/9 Call Calendar

Linear

Logarithmic

