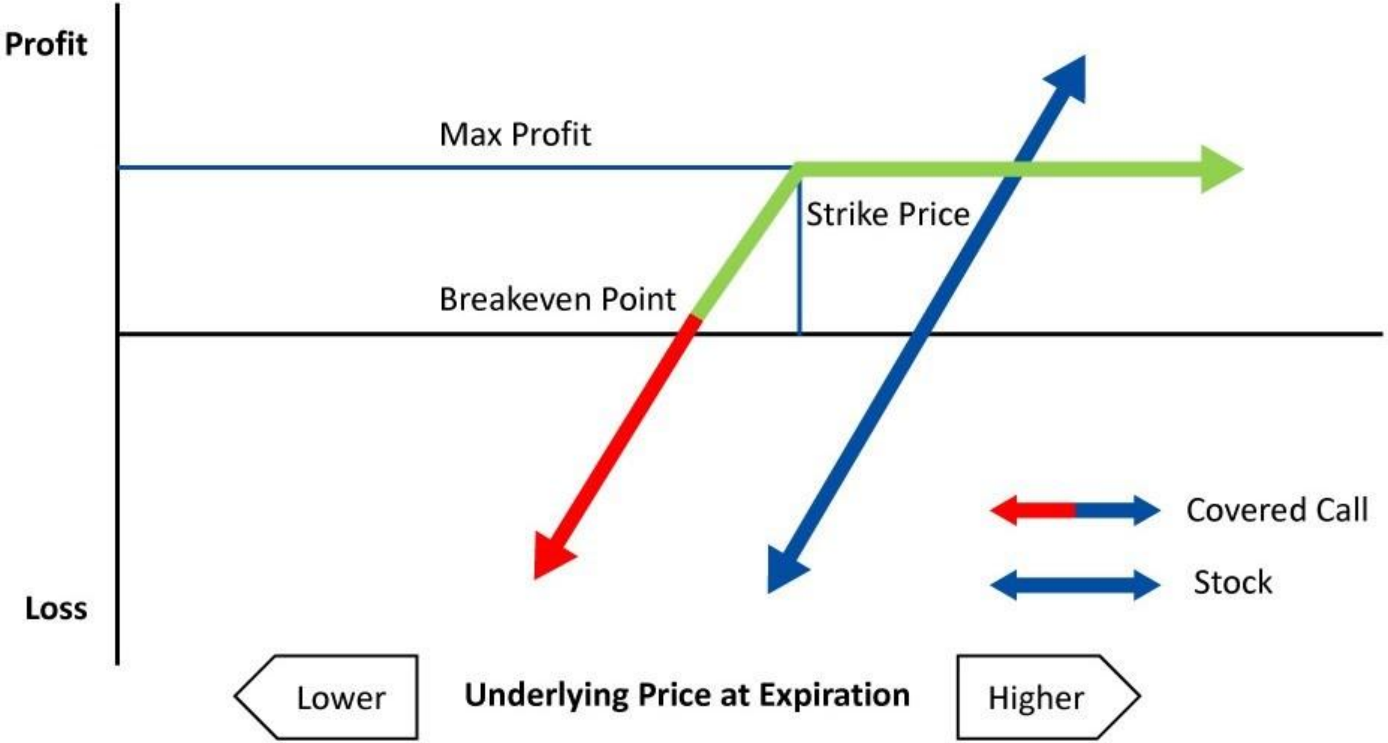
Smart covered call

Covered call payoff

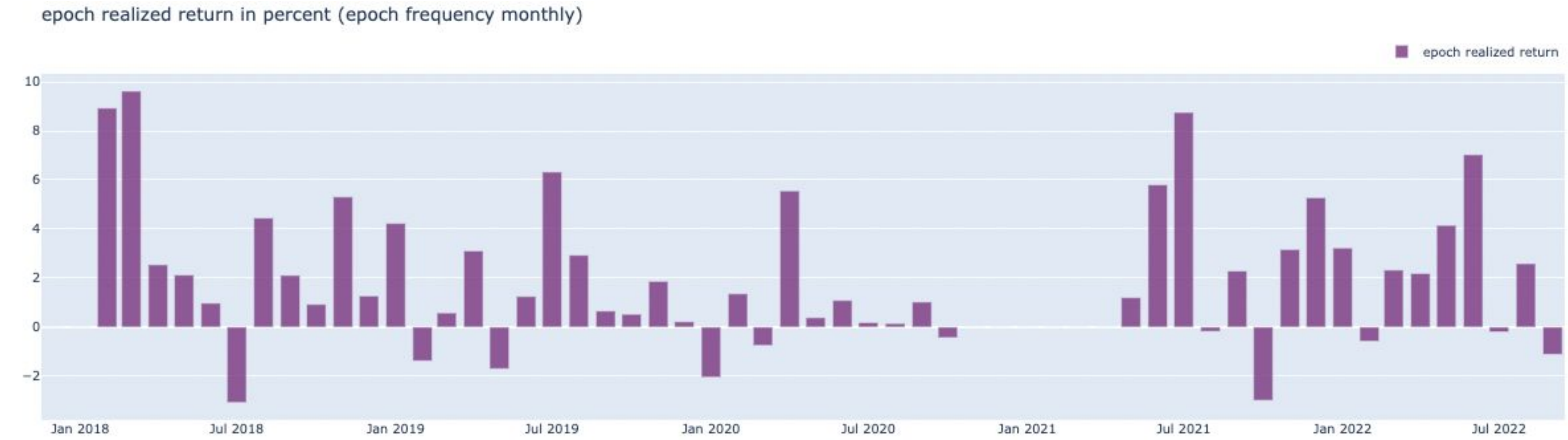


Smart covered call

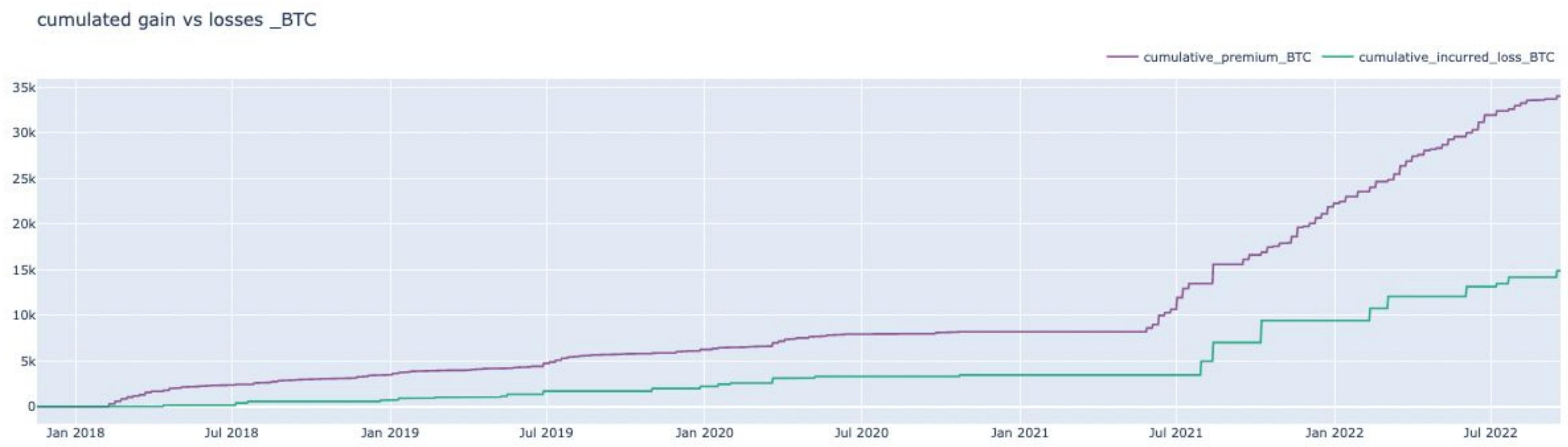
The strike price distance setting from the spot is optimized by statistically analyzing the market over a lookback window and setting the strike price as close as possible to the spot in favorable market conditions. In rangy markets, our algorithm will favor close strike prices and therefore optimize the received premiums.
Two mechanisms ensure the safety of our strategy : an early stop loss where we exit the option as soon as the strike price is hit : we therefore incur smaller losses but more frequent. Backtests showcase the relevance of that approach as losses incurred when the call options are exercised are huge and can ruin the yearly API in one epoch. The second mechanism is a bull market detection where we simply exit the strategy, as we would incur losses over many periods.
The combination of those signals give us a safe and performing covered call strategy.
We highlight here under the key performance indicators of our strategy.

Weekly rolling covered call strategy

Drawdown chart
Bitcoin smart covered call drawdown
0.0%
−1.0%
−2.0%
−3.0%
−4.0%
−5.0%
Jan 2018
Jul 2018
Jan 2019
Jul 2019
Jan 2020
Jul 2020
Jan 2021
Jul 2021
Jan 2022
Jul 2022



epoch realized return in percent (epoch frequency monthly)
epoch realized return
10
8
6
4
2
0
−2
Jan 2018
Jul 2018
Jan 2019
Jul 2019
Jan 2020
Jul 2020
Jan 2021
Jul 2021
Jan 2022
Jul 2022


cumulated gain vs losses _BTC
cumulative_premium_BTC
cumulative_incurred_loss_BTC
35k
30k
25k
20k
15k
10k
5k
0
Jan 2018
Jul 2018
Jan 2019
Jul 2019
Jan 2020
Jul 2020
Jan 2021
Jul 2021
Jan 2022
Jul 2022


smart strike price from the spot in %
rolling_historical_gain_BTC
0.3
0.25
0.2
0.15
0.1
0.05
0
2018
2019
2020
2021
2022