

“DERIVATIVES MADE EASY”

Bright Future with Unlimited Options..

By

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Author, Trader, Trainer



“DERIVATIVES MADE EASY”

Bright Future with Unlimited Options..

DERIVATIVES MADE EASY:



**Should I trade in EQUITIES
or FUTURES & OPTIONS for
higher Profits?**

DERIVATIVES MADE EASY:



What is the right **Time to
buy and what are the right
Shares?**



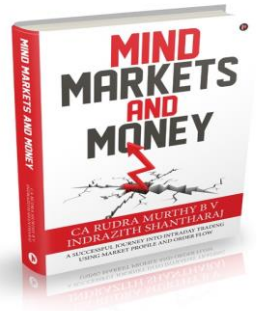
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"MIND MARKETS AND MONEY".

Top 5 Worlds Best, Trader Trainers by OTS-2019.

Guest Speaker: CNBC TV18, ETNOW, TV9, PUBLIC TV etc.



My MISSION STATEMENT!



“To assist All
Committed Traders
& Investors to
become Multi
Millionaires in life”

What do YOU get from this Webinar?



**WHAT
DO YOU
GET?**

DERIVATIVES MADE EASY



Buying vs. Selling Options
What To Consider?

1. **Futures Trading.**
2. **Options Trading.**
3. **Equity Investing.**

“DERIVATIVES TRADING”

What are Derivatives?



- Derivatives are Financial Instruments whose value is derived from the **UNDERLYING ASSET.**

Derivative Products?



- Futures Buying.
- Futures Selling.
- Options Buying.
- Options Selling.

“FUTURES TRADING”

What are Futures?



- A Futures is a derivative product which has RIGHT & an OBLIGATION to Buy or Sell an underlying asset at a specific price and time.

Futures Terminologies?



- Lot Size.
- Expiry.
- Margin.
- Leverage.
- Marked to Market.

Futures Trading Strategy:



- Bullish on Underlying Asset:

“BUY FUTURES”

- Bearish on Underlying Asset:

“SELL FUTURES”

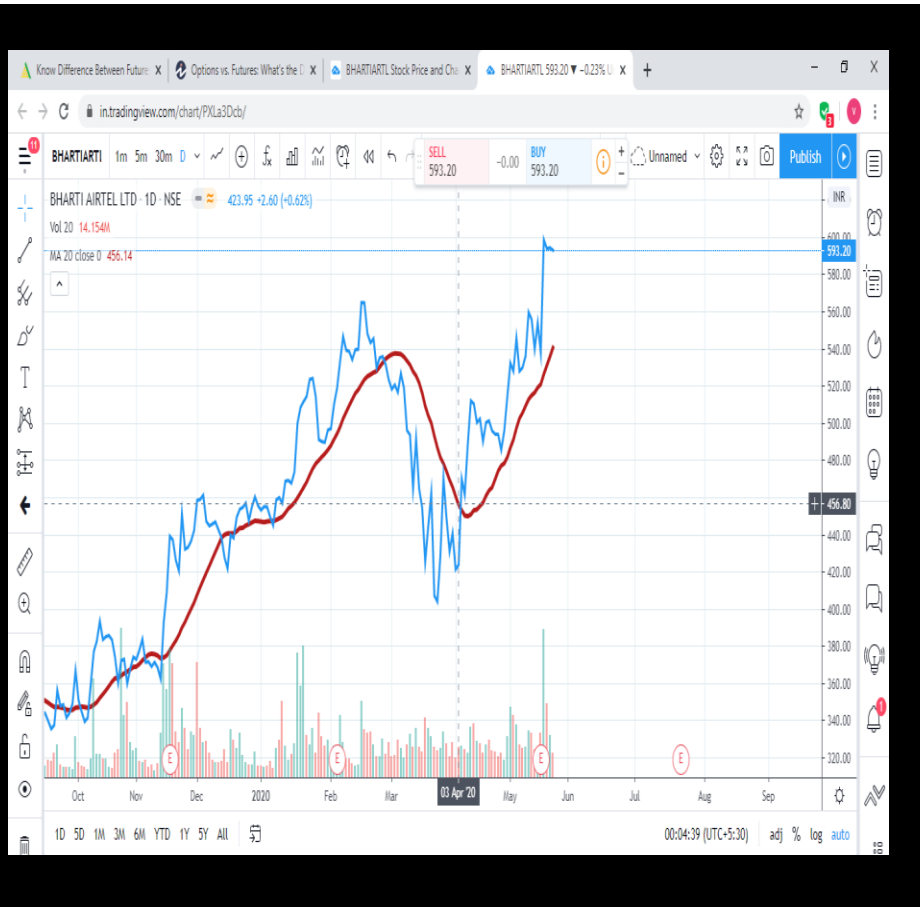
Equity Vs Futures?



- Ownership.**
- Leverage.**
- Expiry.**
- Conviction of Trades.**
- Positional Shorting.**

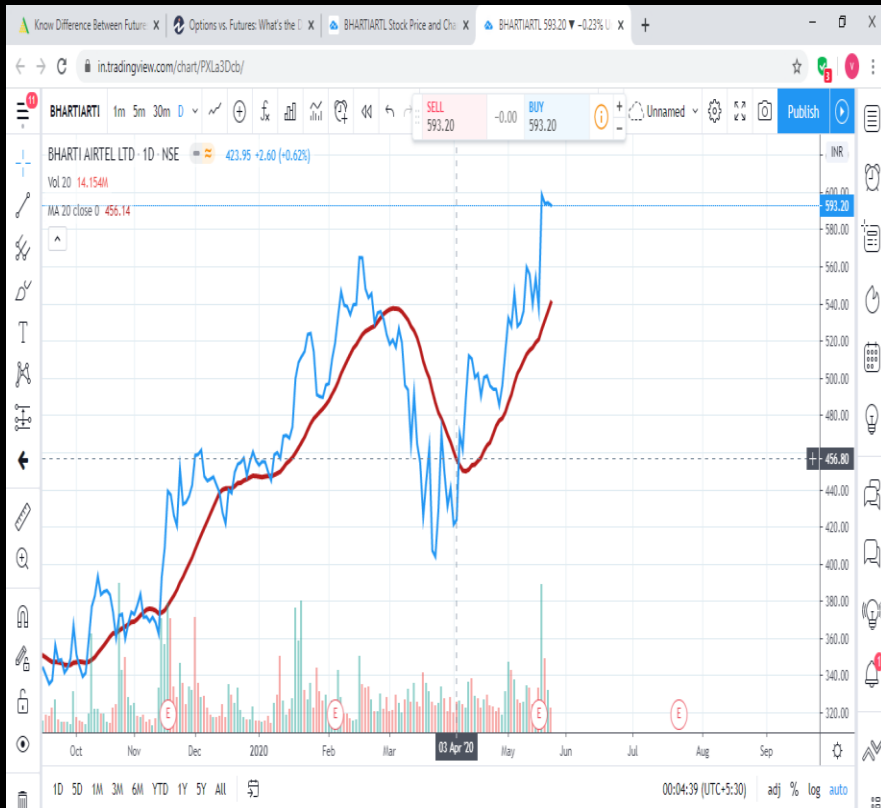


Equity Vs Futures!



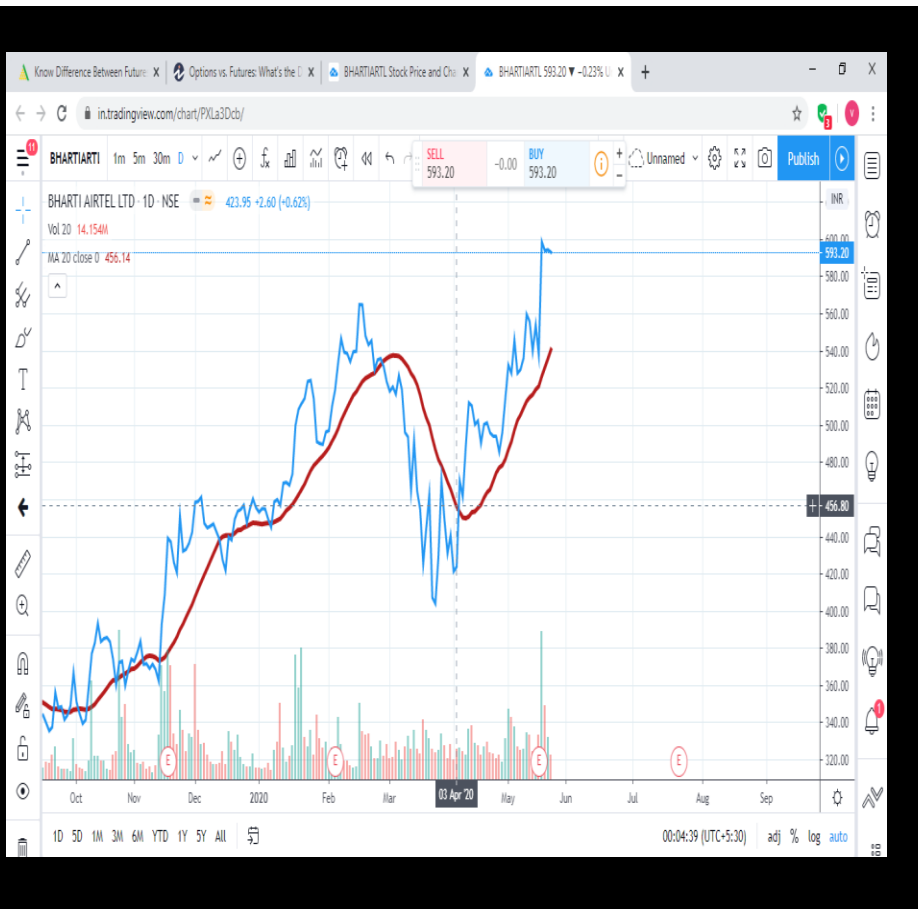
- Buy Bharti Airtel
- Entry: Rs.455
- Target: Rs.600
- Profits: 145 points
- Timeframe: 2months

Equity Returns!



- Capital Rs.3,00,000
- Equity: $300000/455$
- No of Shares: 659
- Profit: 95,555
- ROI = 31.85%

Futures Returns!



- Capital Rs.3,00,000
- No of Lots: 1
- No of Shares: 1851
- Profit: 2,60,000
- ROI = 86.67%

“OPTIONS”

What are Options?



- An Option Contract is similar to that of an Insurance Contract wherein one party takes the position of a **“HOLDER”** on payment of Premium and the other party takes the position of a **“WRITER”** on receipt of premium.

Holder Vs Writer?



- Holder has **RIGHT** but no Obligation.
- Writer has **NO RIGHT** but **only OBLIGATION.**
- Holder Pays Premium.
- Writer Receives Premium.

Holder Vs Writer?



- Holder has **limited losses** and Unlimited Profits.
- Writer has **limited Profits** and Unlimited Losses.

Strike Price?



- Strike Price or Exercise Price is the agreed price at which contract can be exercised by the holder and the agreed date in the contract is called as Expiration date or Maturity date.

Call Vs Put?



- **CALL OPTION** gives the **HOLDER** the **Right to BUY** but **NO** Obligation to Buy.
- **PUT OPTION** gives the **HOLDER** the **Right to SELL** but **NO** Obligation to Sell.

Participants in Options Market:



- **HOLDER Of CALL.**
- **HOLDER OF PUT.**
- **WRITER OF CALL.**
- **WRITER OF PUT.**

Option Trading Strategies:



- Bullish on Underlying Asset:
“BUY CALL OR SELL PUT”
- Bearish on Underlying Asset:
“BUY PUT OR SELL CALL”

Derivative Trading Strategies



Bullish on Underlying Asset:

- **BUY FUTURES OR**
- **BUY CALL OR**
- **SELL PUT.**

Derivative Trading Strategies



Bearish on Underlying Asset:

- **SELL FUTURES OR**
- **BUY PUT OR**
- **SELL CALL.**

Option Buying Vs Selling?




- Trending Vs Sideways Markets.
- Expected Volatility - Vega.
- Time Decay - Theta.
- Capital Size.
- Probability of Winning.
- Risk Reward.

Option Buy – Cheat Code!



- Trending Markets.
- Expect Increase in Volatility.
- Lower Time Decay.
- Small Capital.
- Lower Probability of Winning.
- Higher Risk.

Option Sell – Cheat Code!



- Sideway Markets.
- Expect Decrease in Volatility.
- Higher Time Decay.
- Bigger Capital.
- Higher Probability of Winning.
- Lower Risk.

OPEN INTEREST ANALYSIS?



PRICE	OI	RESULT
↑	↑	BULLISH
↑	↓	EXIT LONG
↓	↑	BEARISH
↓	↓	EXIT SHORT

Why People Don't Become Rich?



❖ **No One wants to Become**

Rich SLOWLY.



❖ **No One wants to become**

Rich by Putting the WORK.



“EQUITY INVESTING DURING CHALLENGING TIMES”

Should we **Invest** or **Stay**
Away from Equities during
these **Challenging Times**?

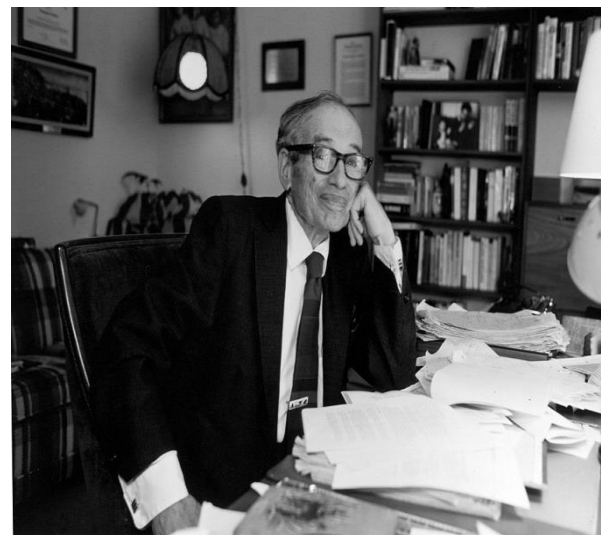


**“Be Greedy when
others are Fearful
and Be Fearful when
others are Greedy”**





**“The Intelligent
Investor is a Realist
who Sells to an
Optimist and Buys
from a Pessimist”**





**“Buy Quality over
Quantity at
Reasonable Prices
during Crises”**



“EQUITY INVESTING DURING CHALLENGING TIMES”

What is the **Get Rich Quick**
Adventure Scheme in
Equity Investing?



MASTERY TIP

**Compounding is the 8th
WONDER OF WORLD!**



Market Behavior!



- ❖ Today's market price is a reflexion of future expectation of Market Participants.
- ❖ Stock Prices behavior depends on Macro Economic Factor, Industry and Company Specific Factors.
- ❖ Why a Loss making Co is traded with Positive Share Price?



Intelligent Person Vs Wealthy Investor

Sir Isaac Newton:



The most INTELLIGENT PERSON
ever born in the history of MANKIND!

Sir Isaac Newton:



- Back in the spring of 1720, Sir Isaac Newton owned shares in South Sea Company, the traders favorite stock of England.

Sir Isaac Newton:



- Sensing that the markets was getting out of hand, he dumped his SOUTH SEA shares with 100% profits and pocketed 7000 Pounds.

Sir Isaac Newton:

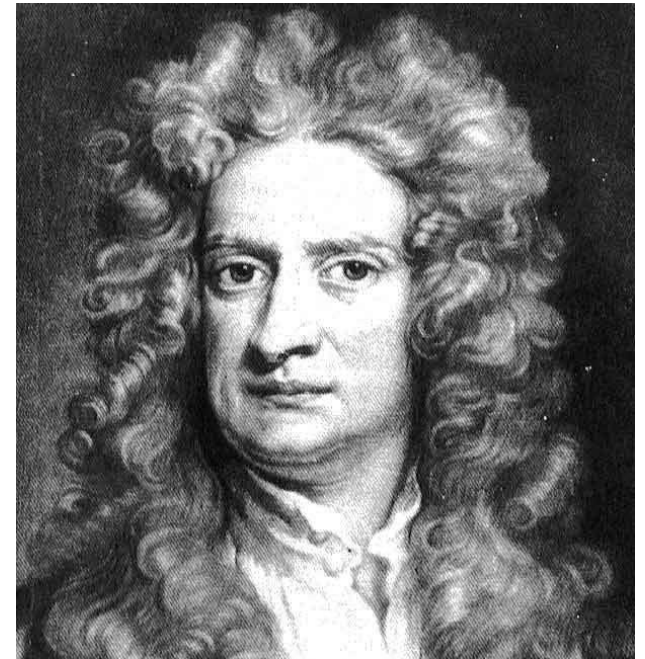


- Just few months later swept in the wild enthusiasm of markets, he jumped back to buy South Sea at a much higher price and lost 20,000 Pounds in all. For the rest of his life, he forebode anyone to speak the words SOUTH SEA in his presence.

Sir Isaac Newton:



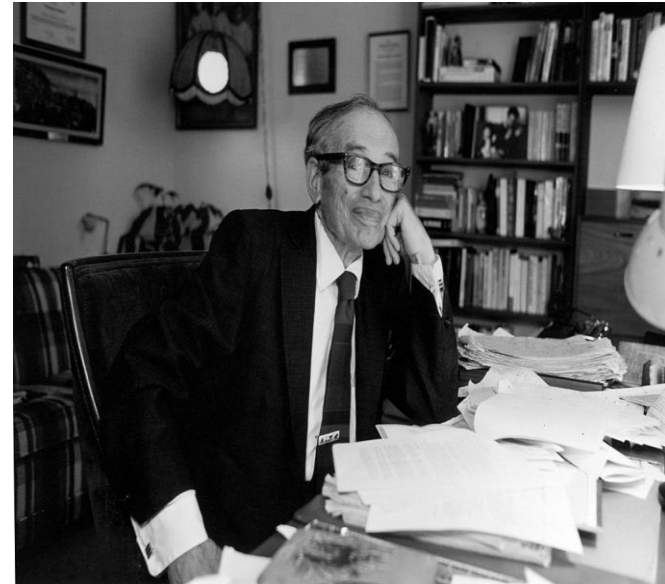
“I could calculate the motions of the heavenly body, but not the madness of people in Stock Markets.”



BENJAMIN GRAHAM:



**“By letting the crowd
override his own
judgement, the worlds
most Intelligent Person
acted like a FOOL”**



RUDRA MURTHY:



“Sir Isaac Newton was an intelligent person but was far from an Intelligent Investor or a trader. By letting his emotional imbalance overrule his intelligence, he failed miserably in stock markets.



RICK GUERIN:



“[Warren said] Charlie and I always knew that we would become Incredibly Wealthy... We were not in a hurry to get Wealthy; we knew it would happen... Rick was just as smart as us, but he was in a hurry...



RICK GUERIN:



In the 1973-74 downturn, Rick was **Levered** with margin loans. And the stock market went down almost 70% in those two years, and so he got margin calls... and he sold his Berkshire stock to me.



RICK GUERIN:



I bought Rick's Berkshire
stock at under \$40 a piece
which is now over
\$3,23,275 without
counting for dividends. A
Return of whopping
8,08,187.5% ”



RICK GUERIN:



RICK was more Intelligent & Shrewd than Buffet and Munger. But did not become more Wealthy because he wanted to become RICH QUICKLY.



LEARN TO EARN!



LEARN OR BURN

**“The Illiterates of 21st
Century will not be
the ones who cannot
read and write but
those who cannot
Learn, Unlearn and
Relearn”**

QUESTIONS?



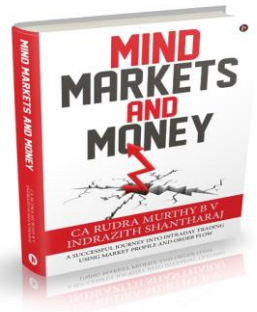
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