



Andreas Krause

Investment strategies with options

Combining options

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- ▶ We combine **put and call options**

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- ▶ We combine put and call options, **long and short options**

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- ▶ We can combine options and generate different payoff profiles at maturity of the option
- ▶ We combine put and call options, long and short options, and options with **different strike prices**

Combining options

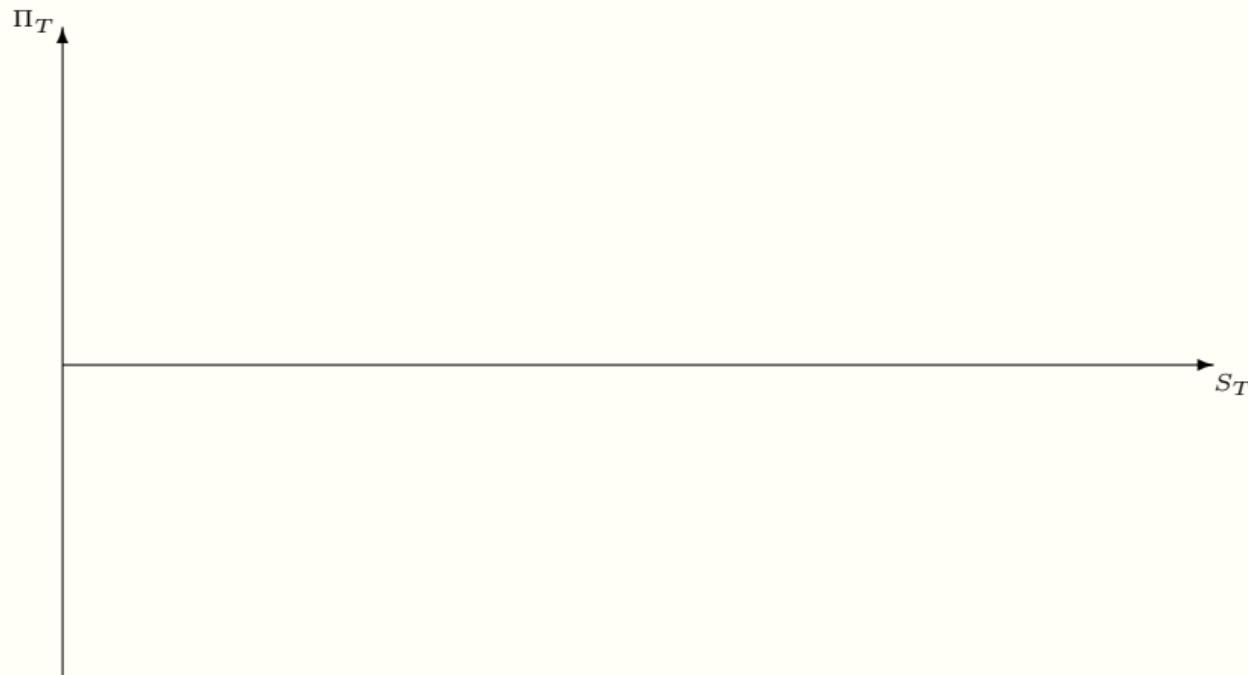
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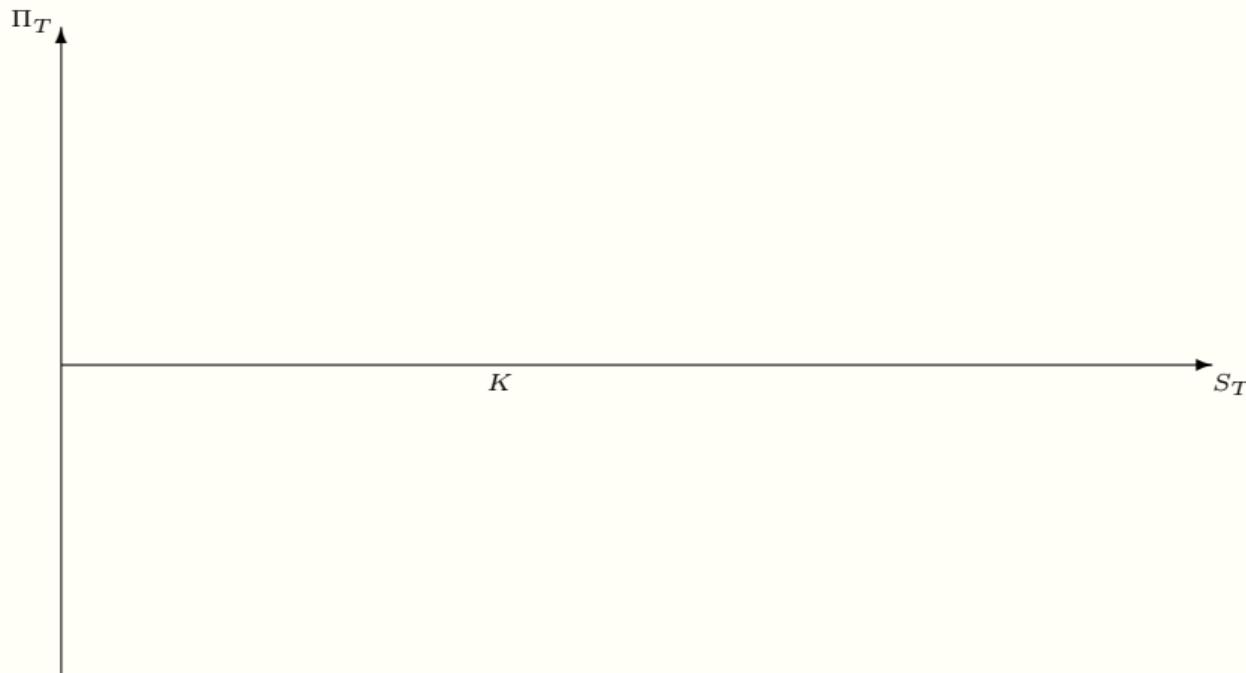
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Synthetic asset

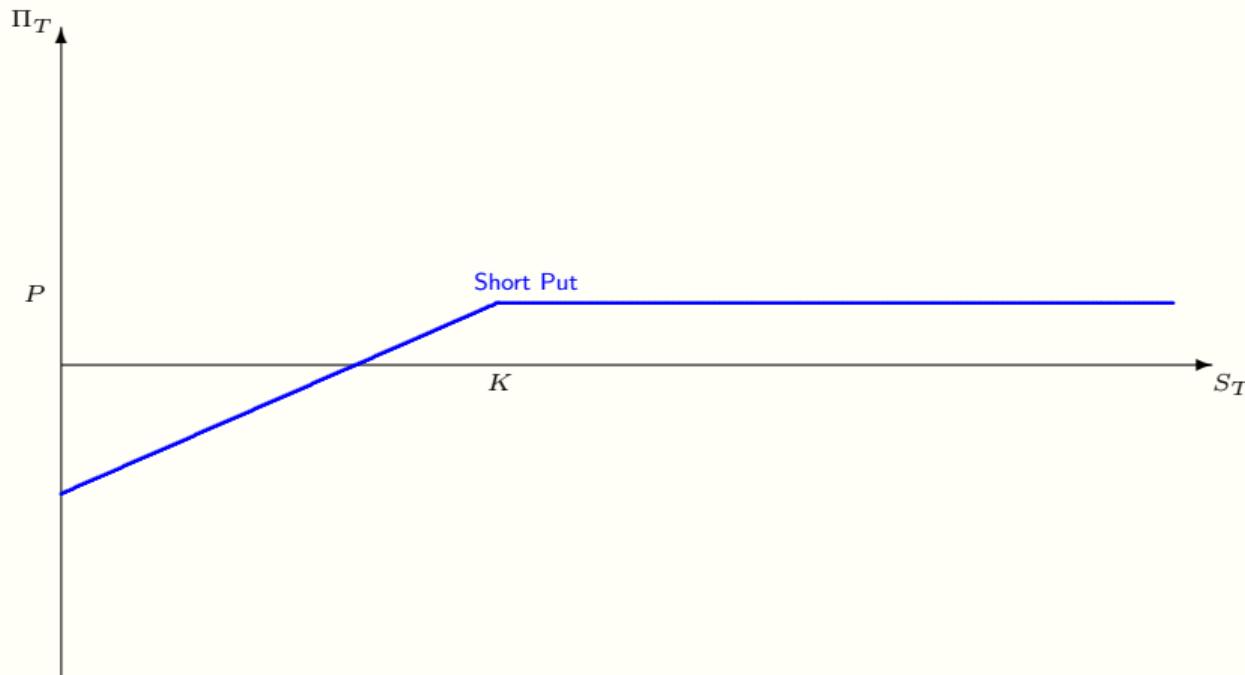
Synthetic asset



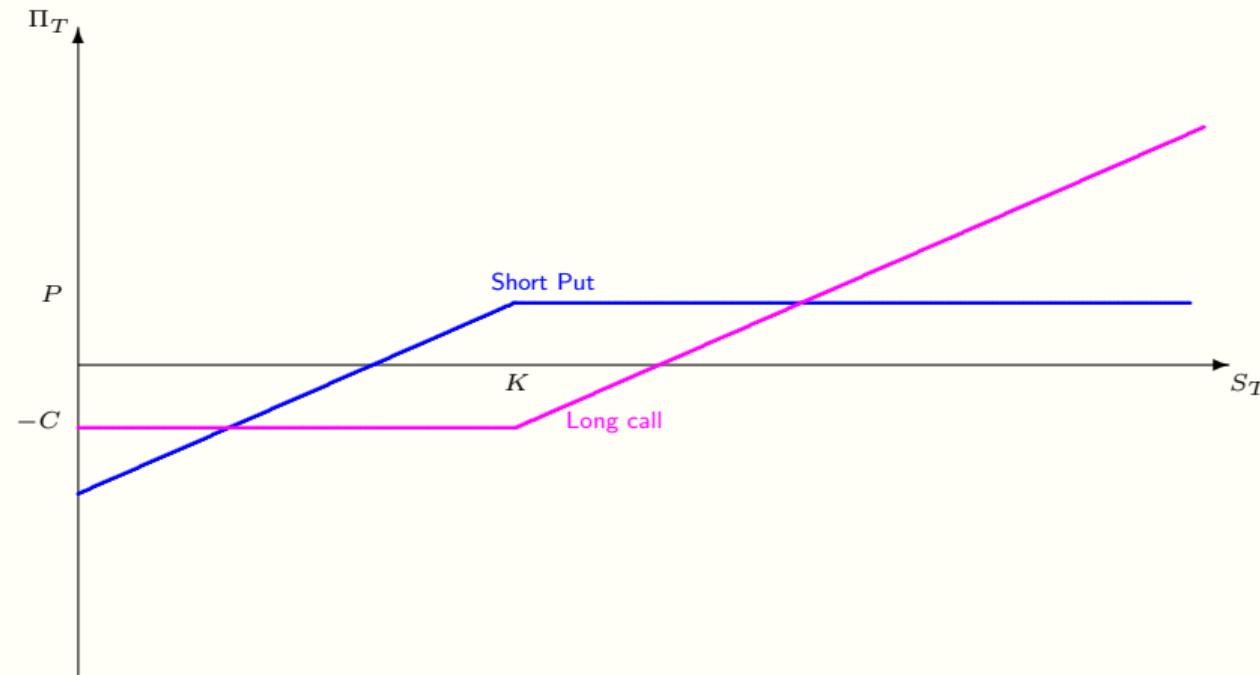
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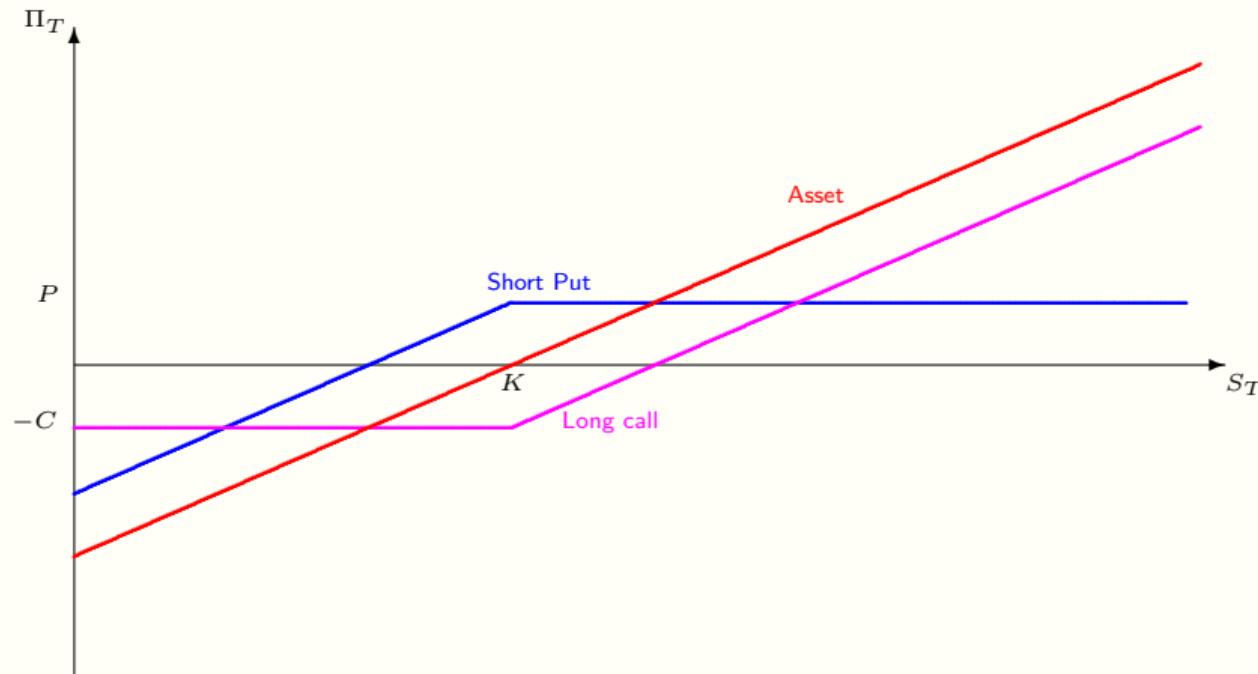
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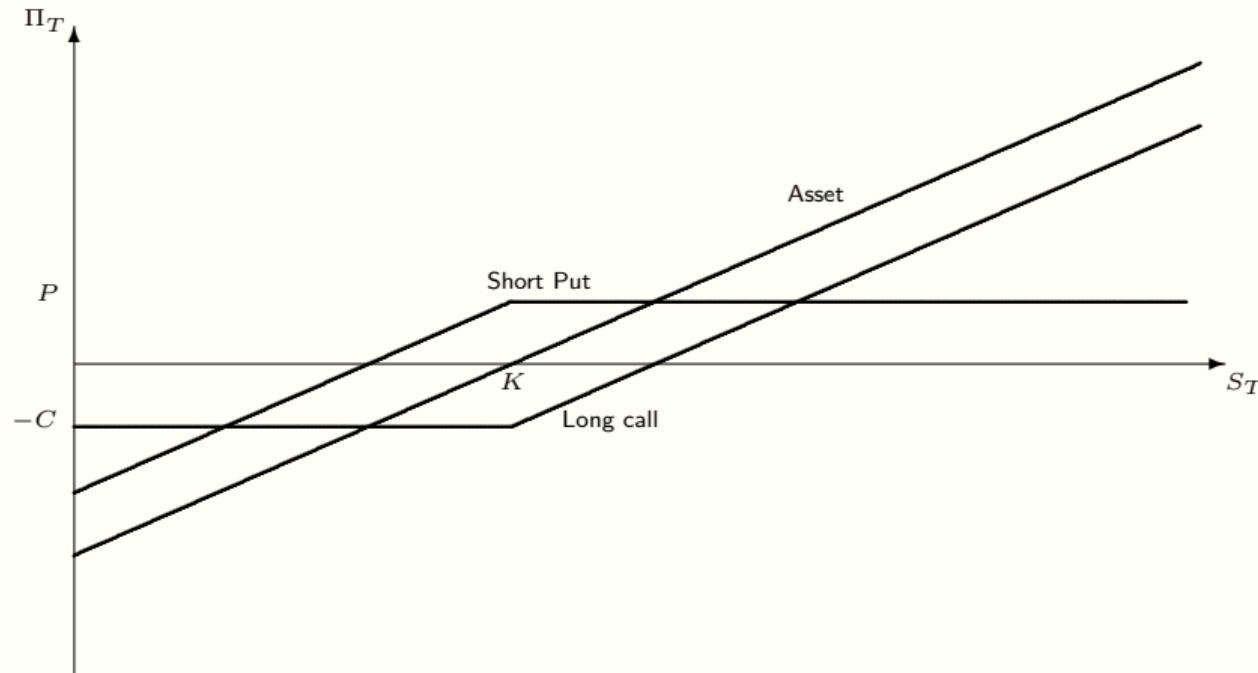
Synthetic asset



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Reason to re-create the underlying asset

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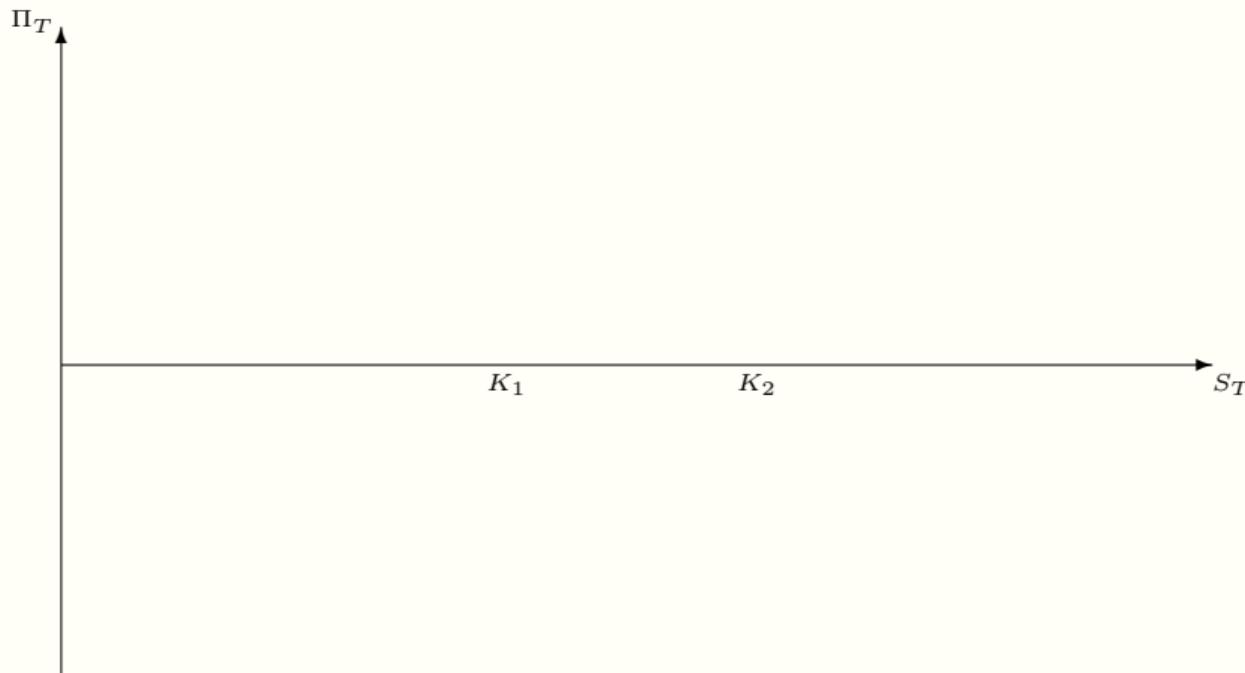
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Bull spread

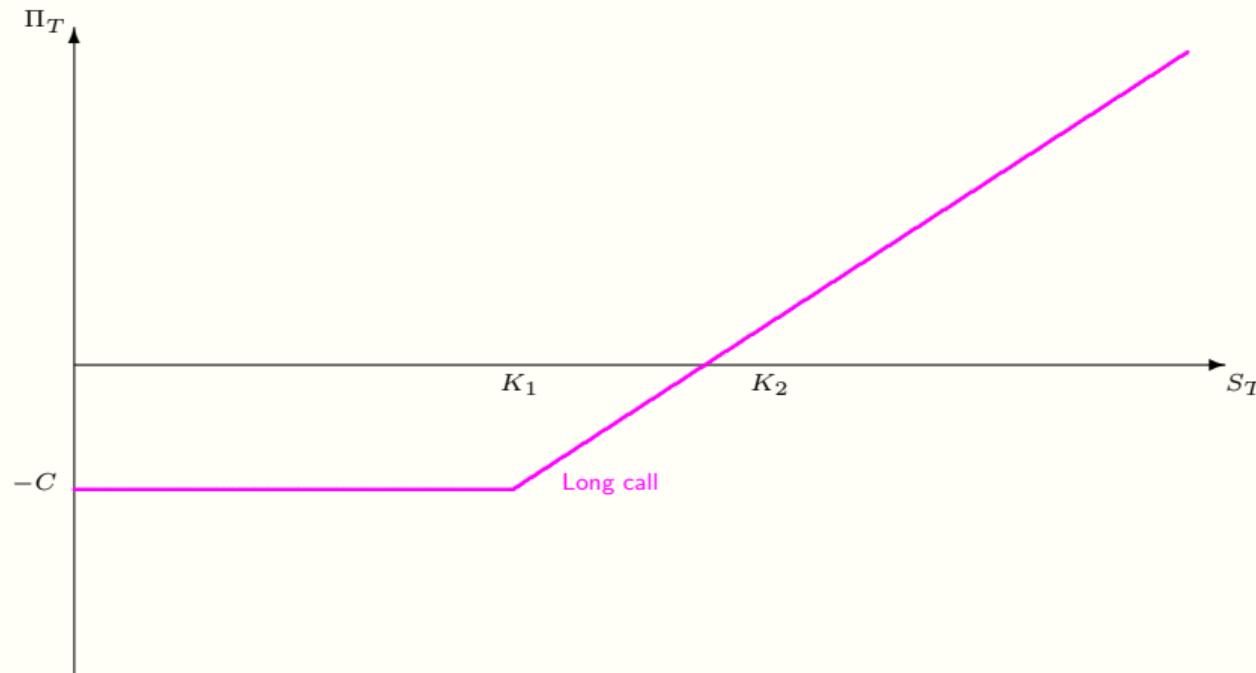
Bull spread



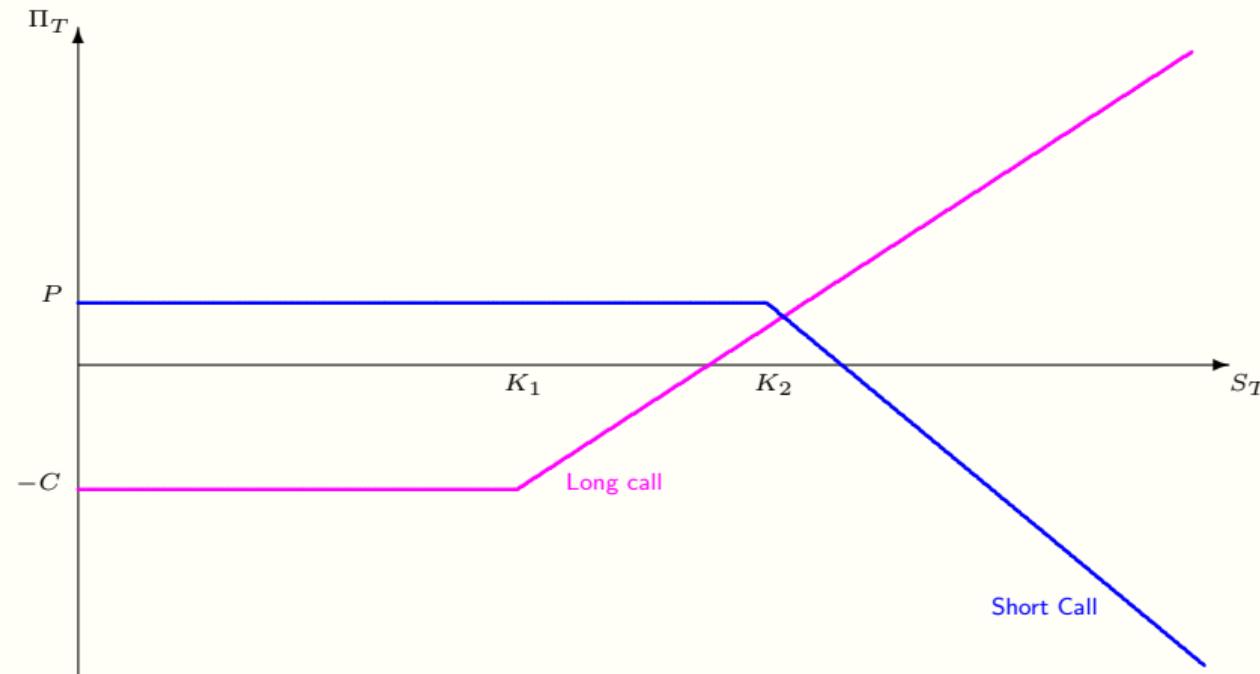
Bull spread



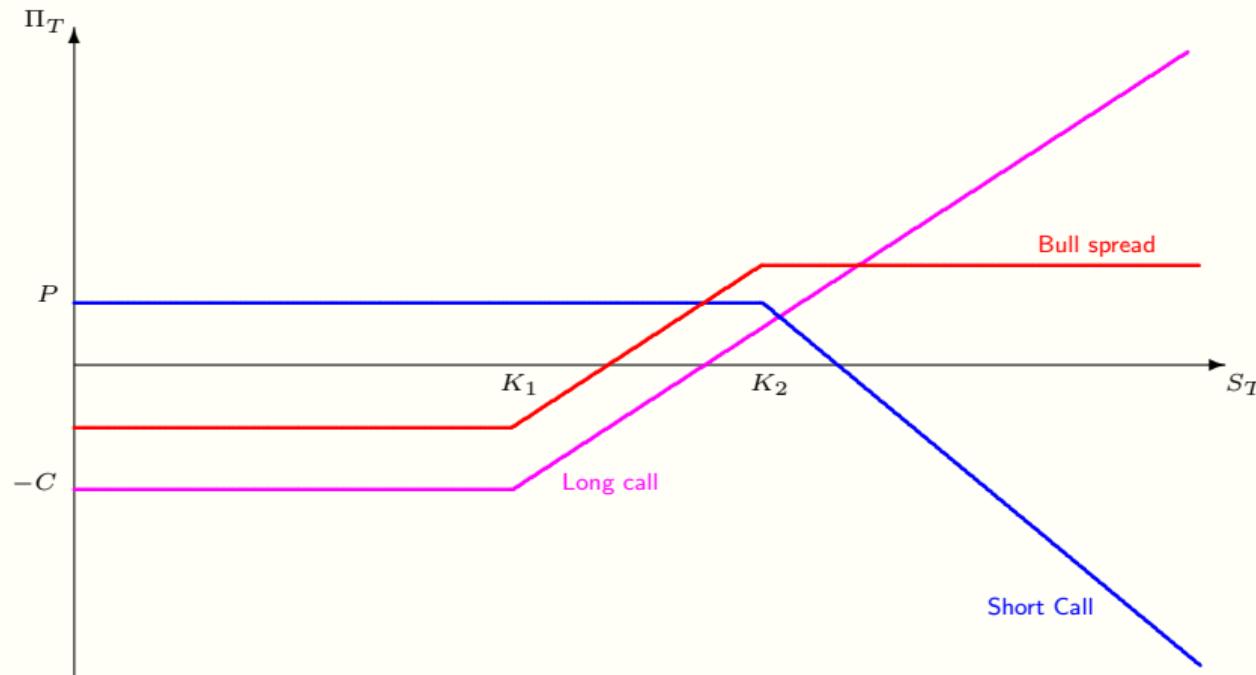
Bull spread



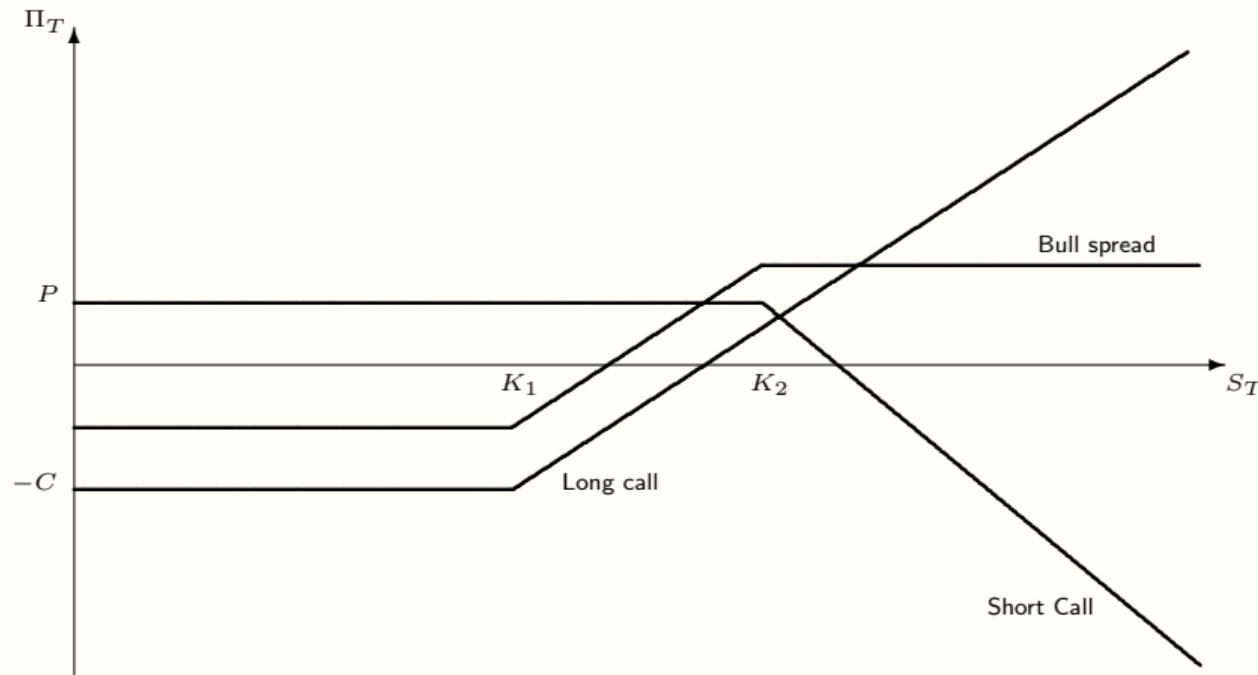
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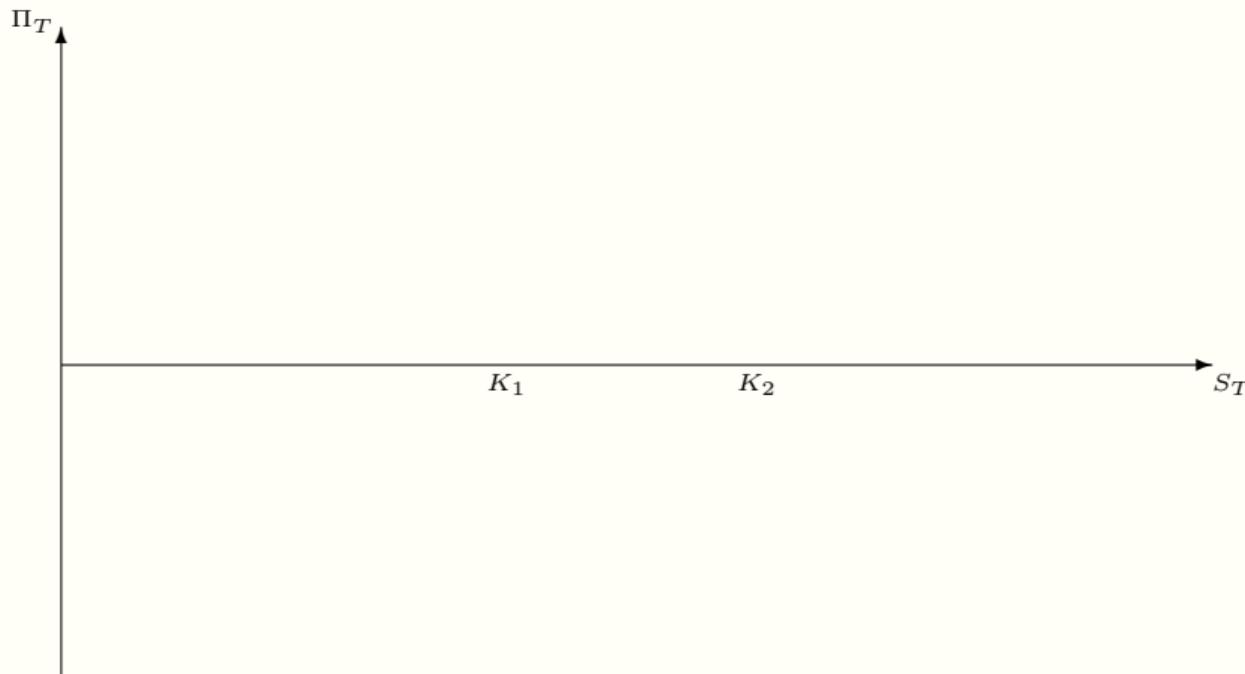
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Bear spread

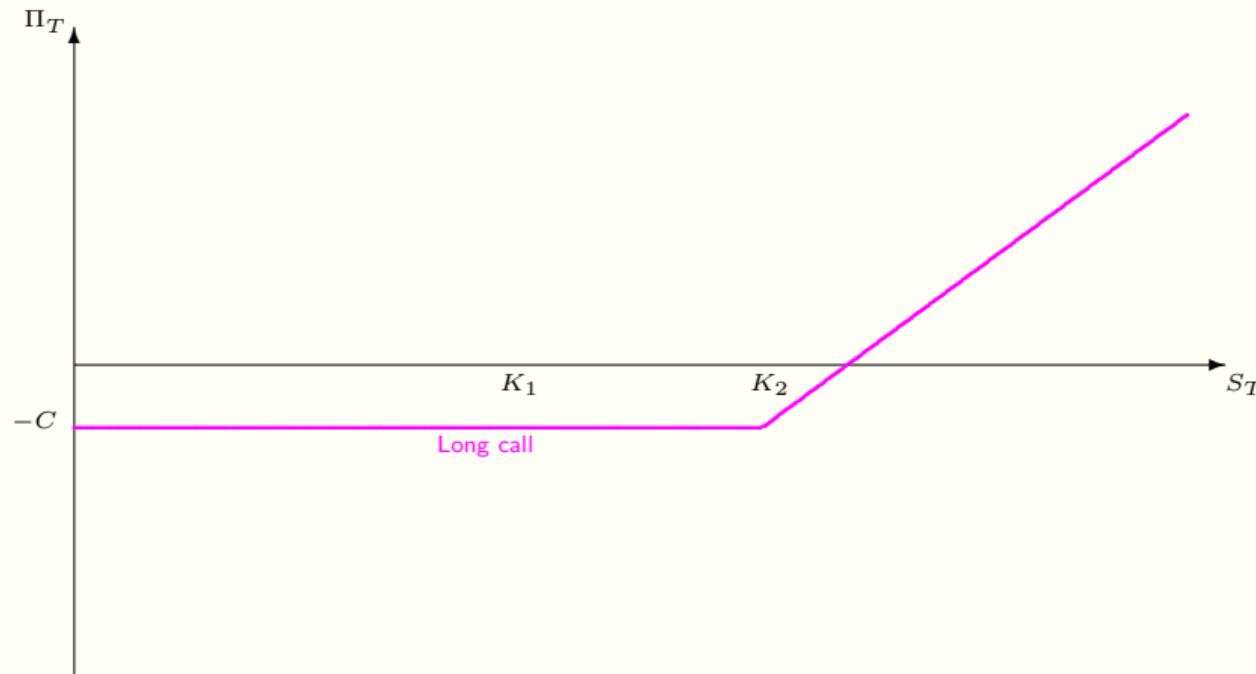
Bear spread



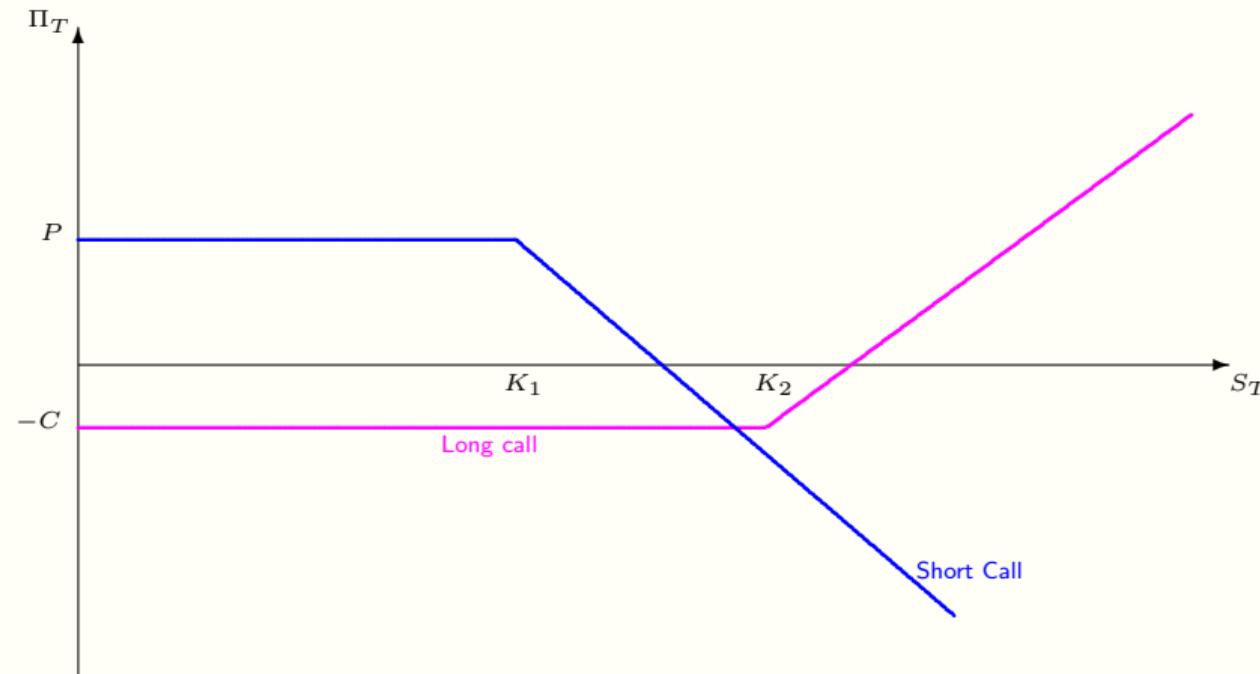
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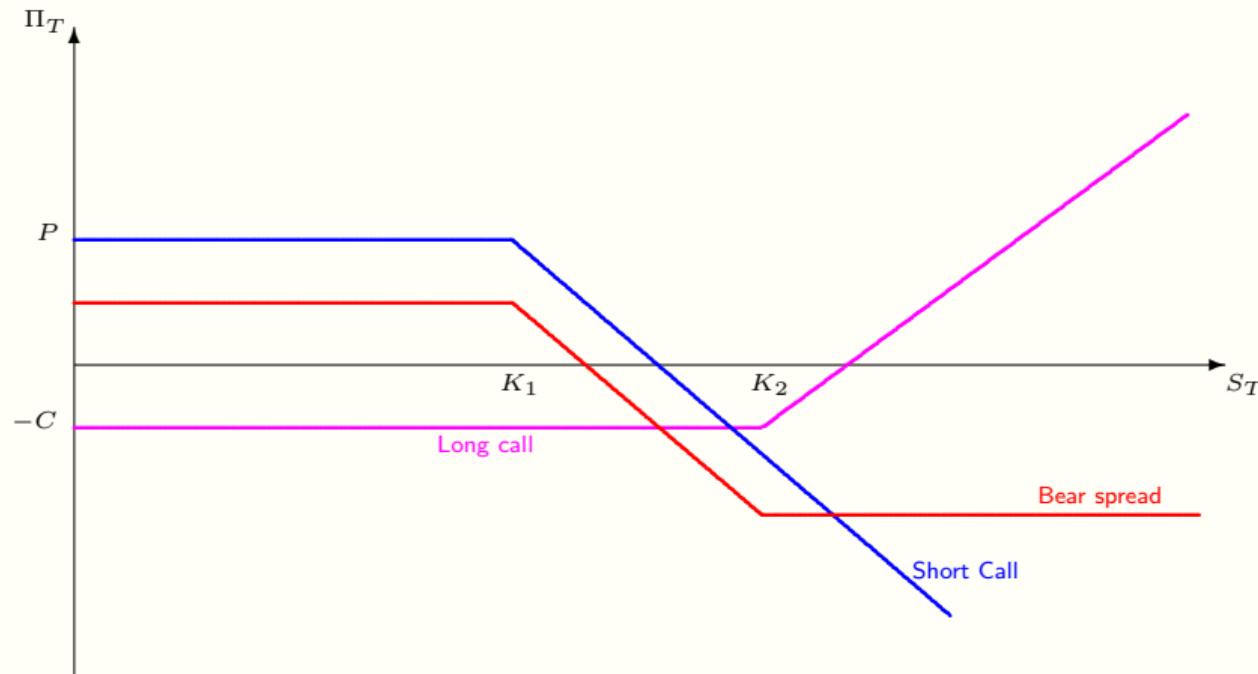
Bear spread



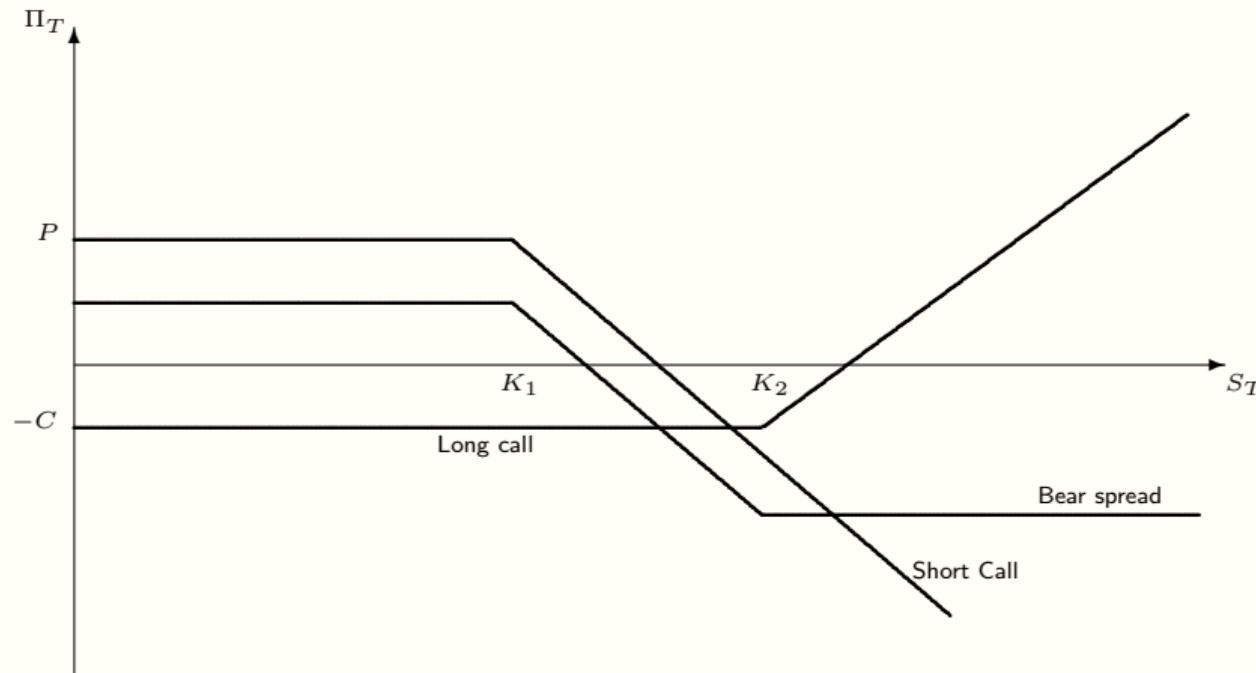
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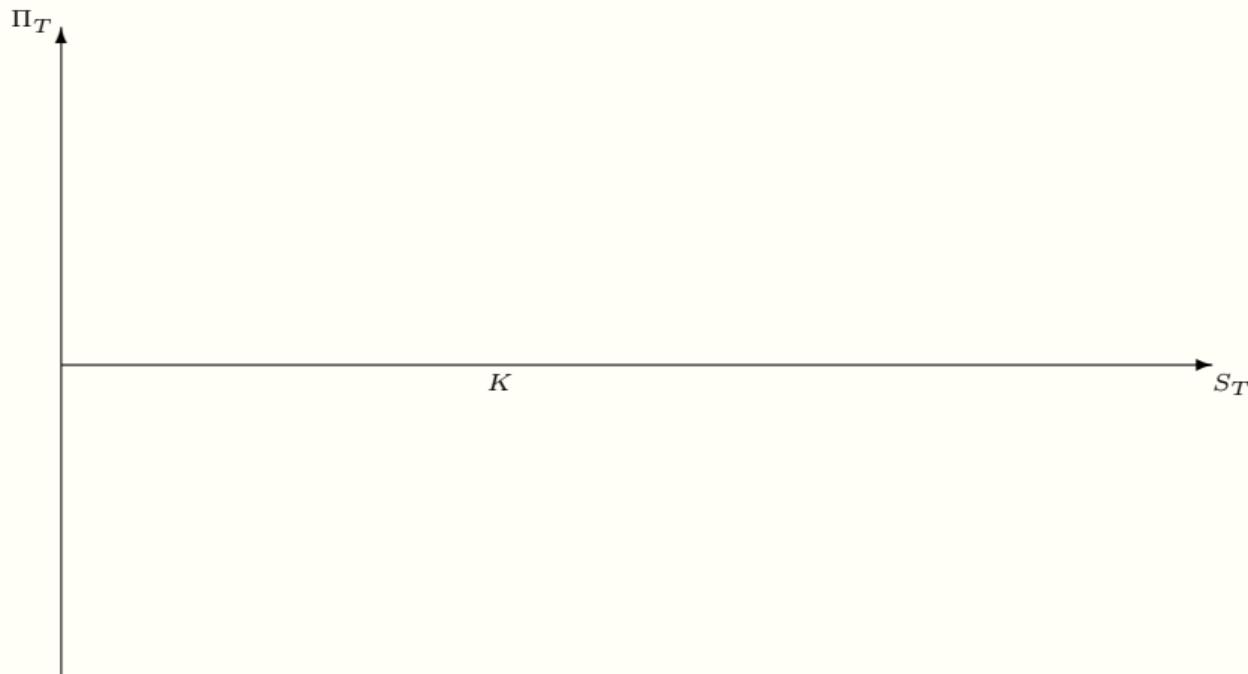
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Straddle

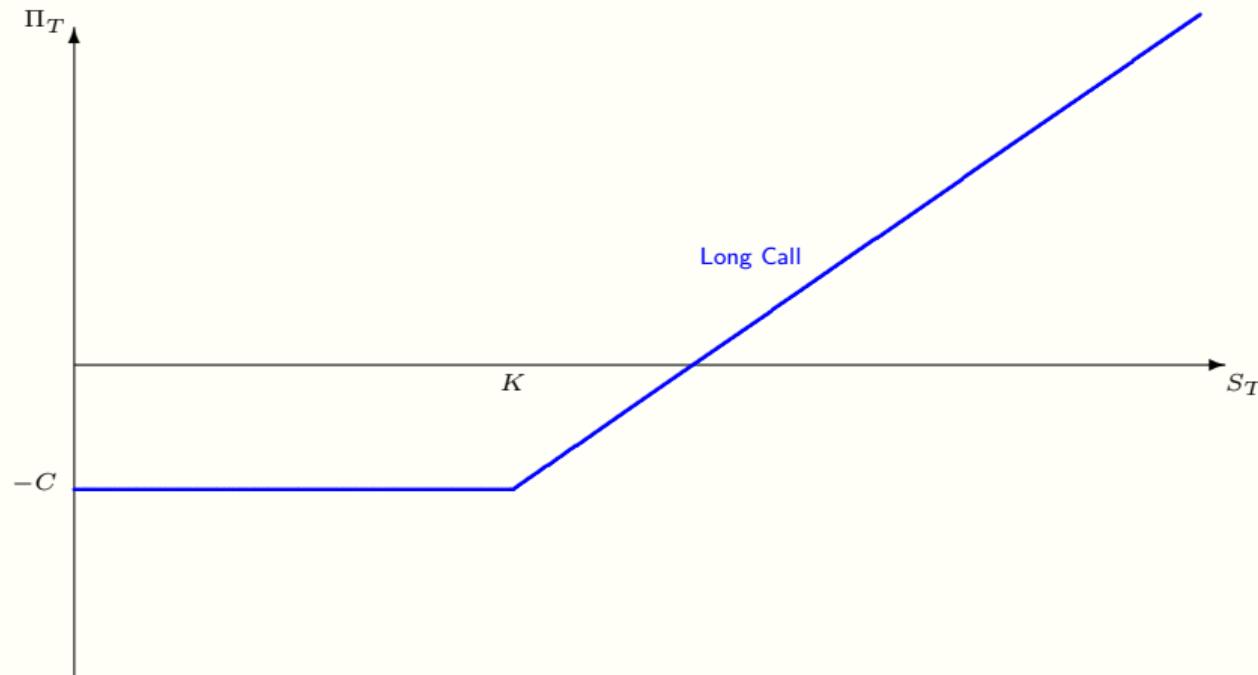
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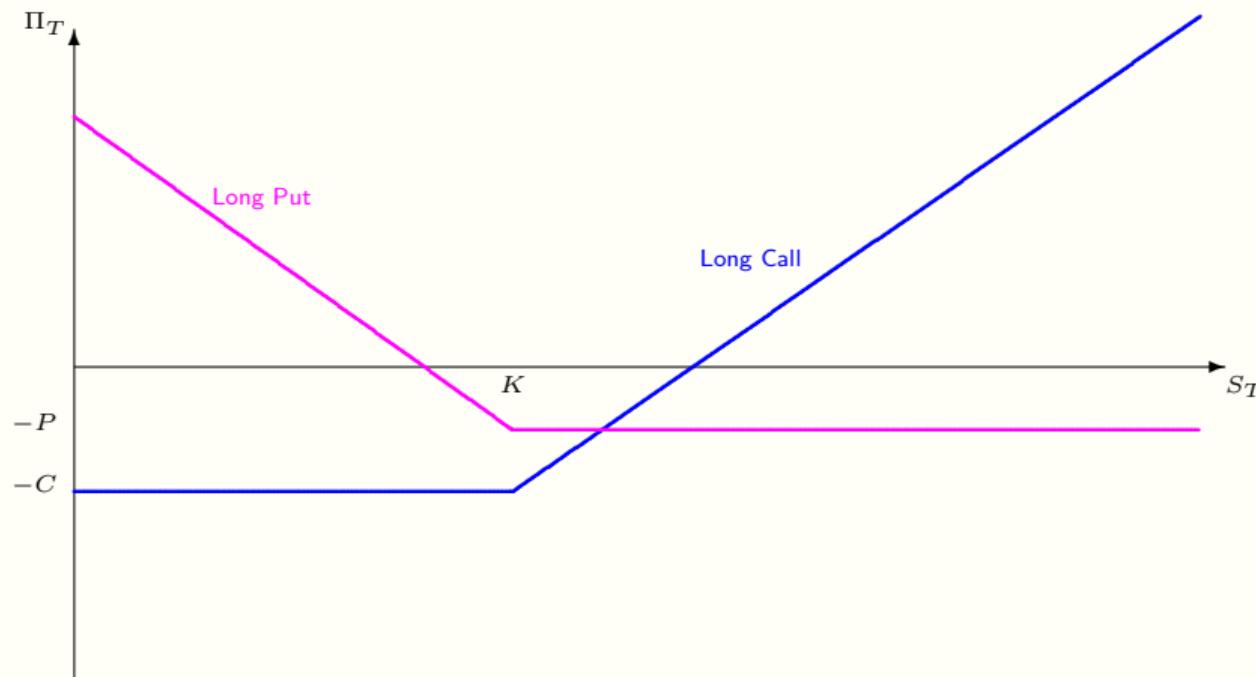
Straddle



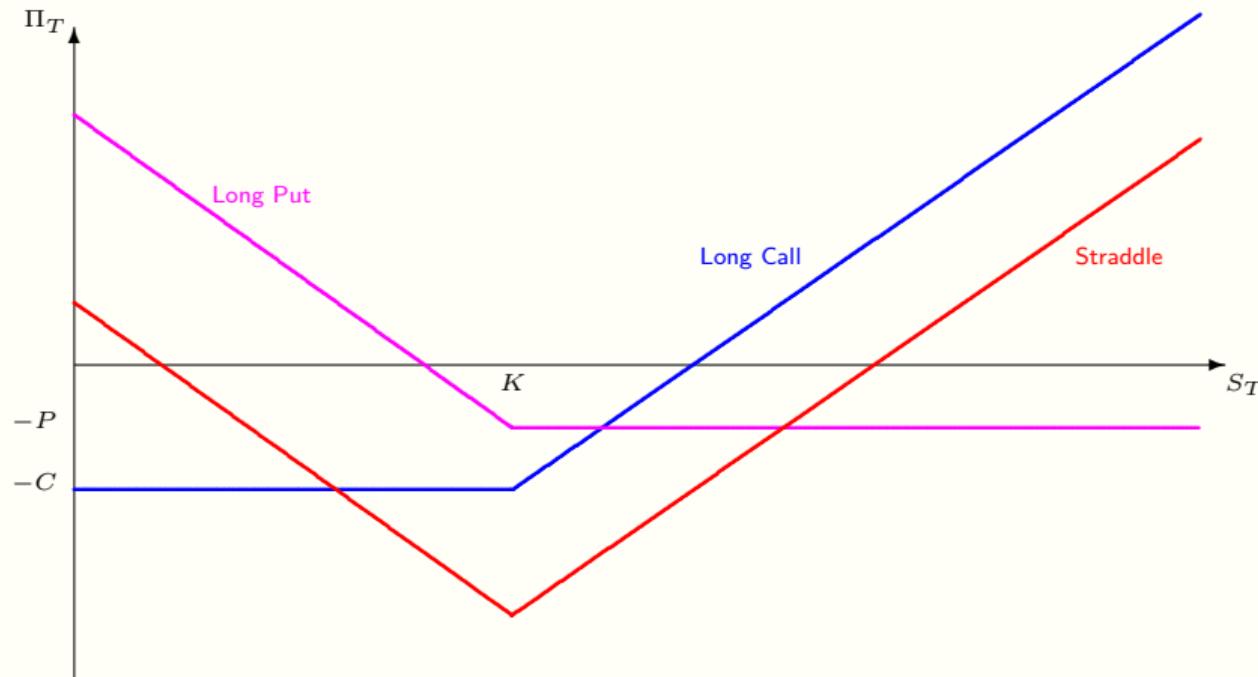
Straddle



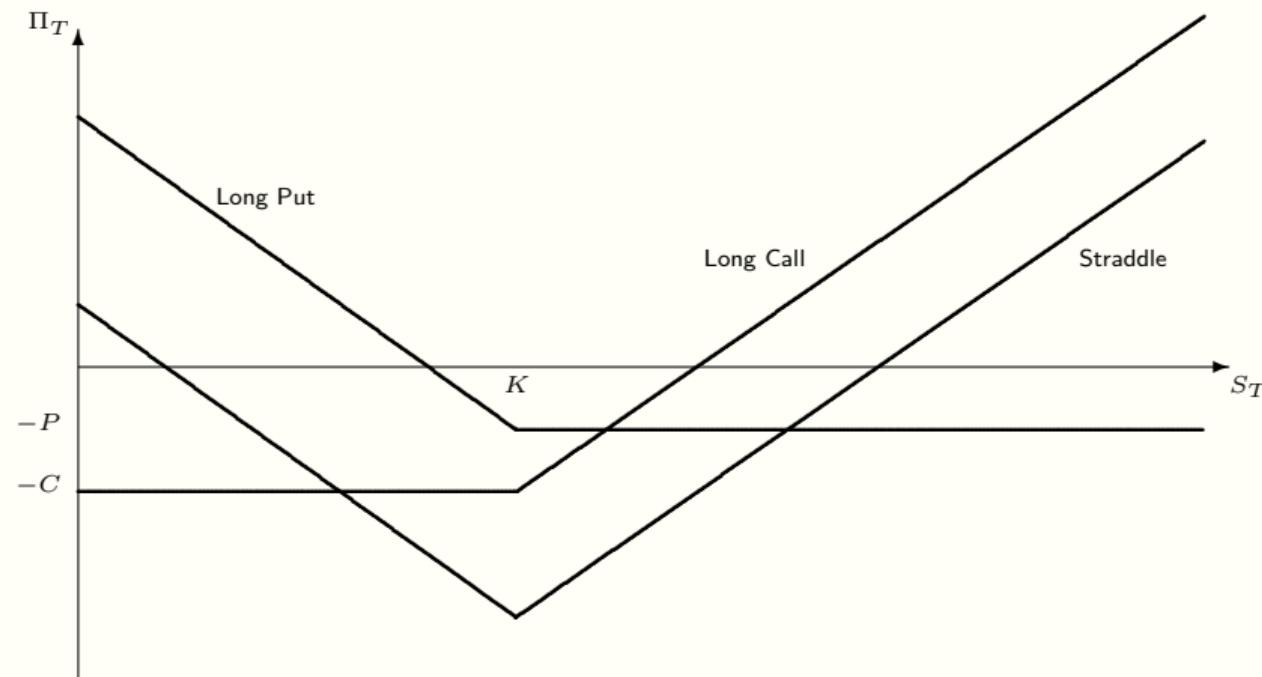
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Investing at times of high volatility

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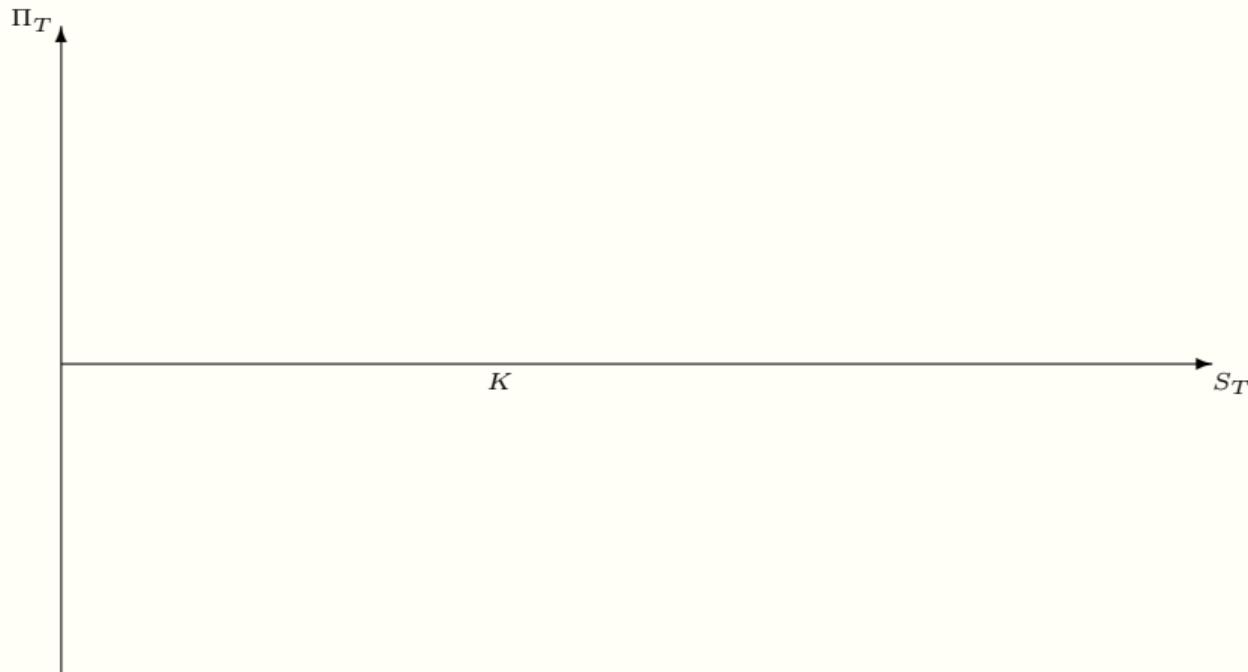
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Short Straddle

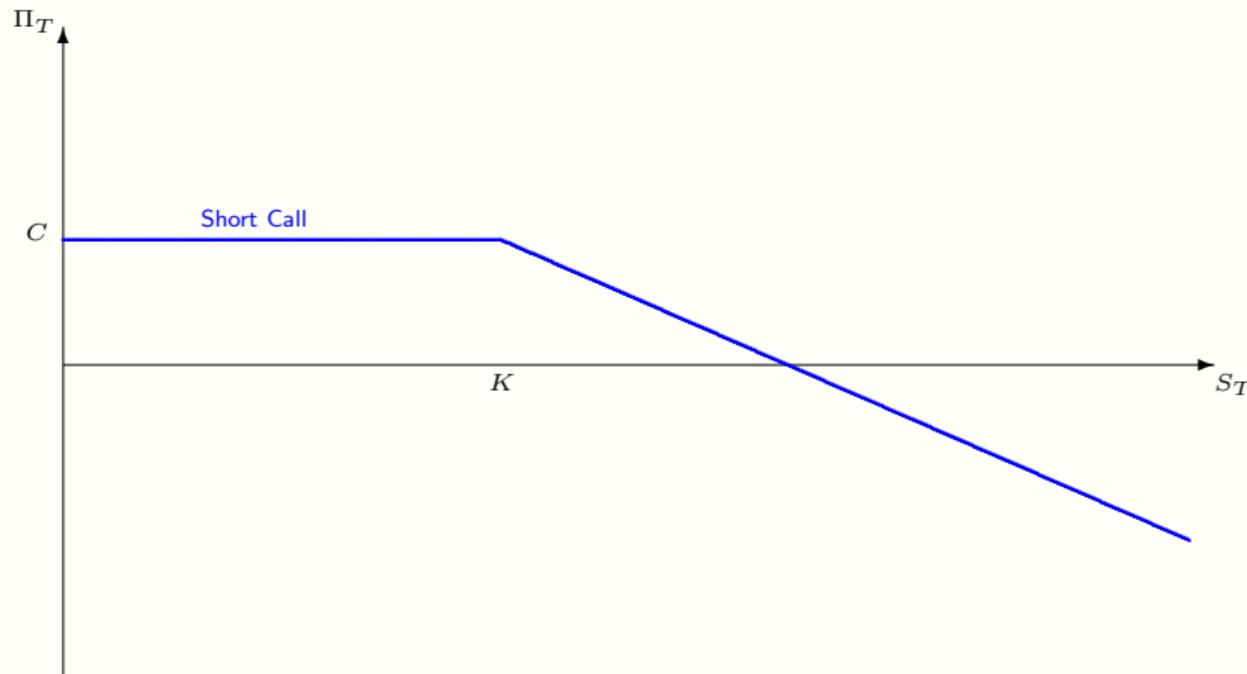
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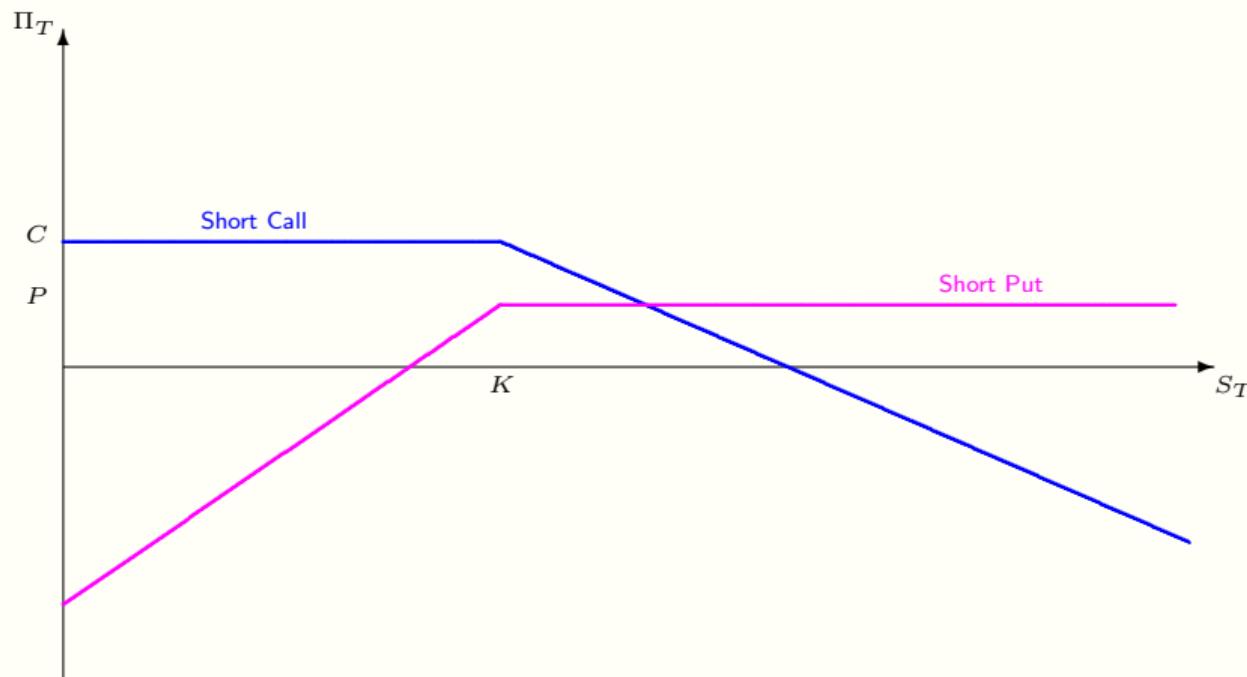
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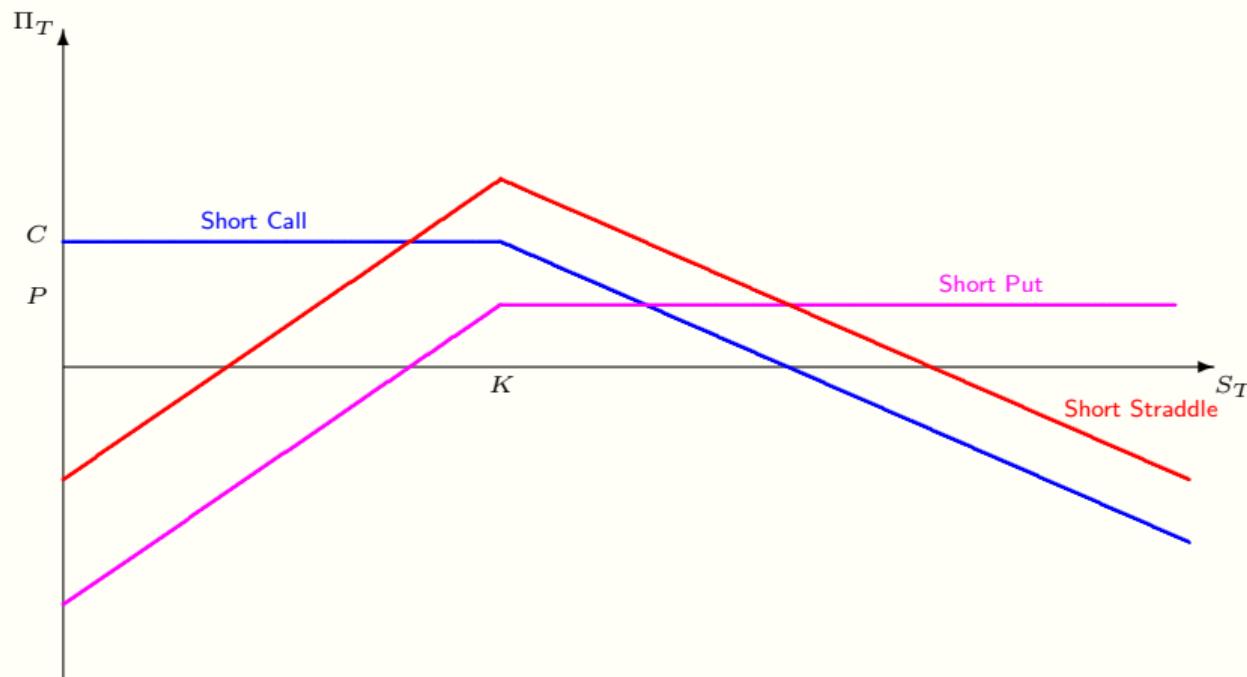
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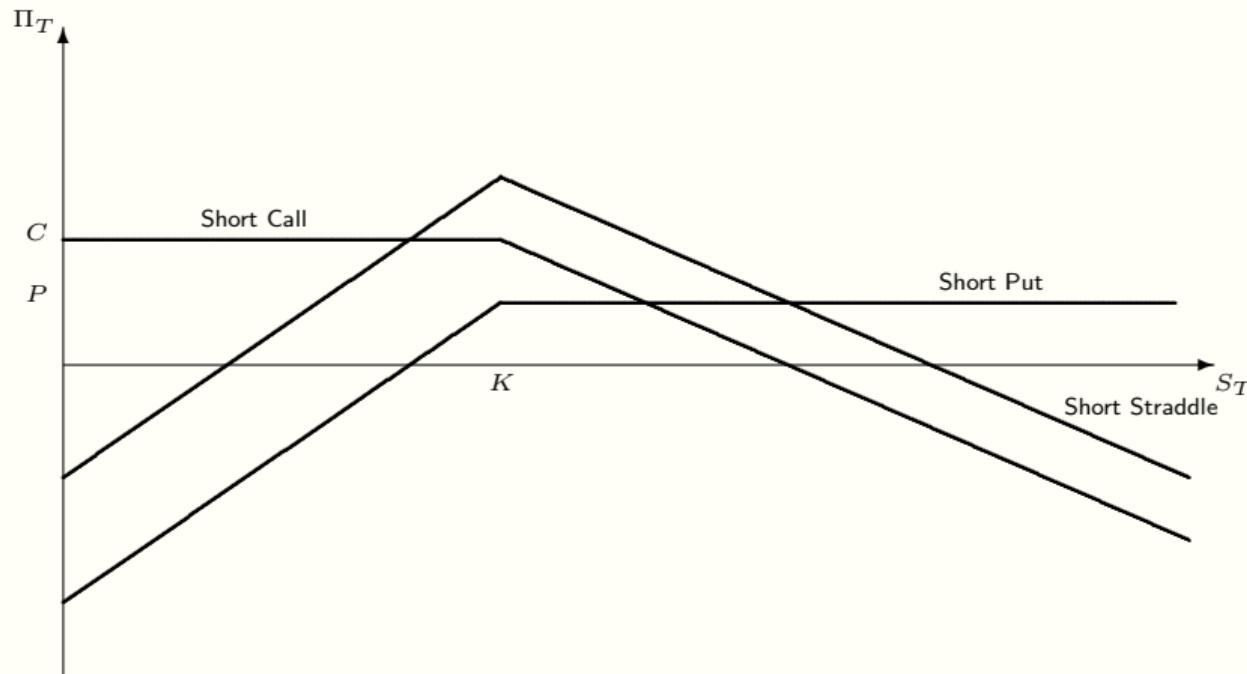
Short Straddle



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Investing at times of low volatility

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- If volatility is **low**, prices are moving less widely

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