

Chapter 1 : Options as a Strategic Investment by Lawrence G. McMillan

Lawrence G. McMillan is a professional trader and the author of the bestselling Options as a Strategic Investment. He appears regularly on CNBC and Bloomberg TV, and is the recipient of the prestigious Sullivan Award due to his contribution to the growth and integrity of the US options markets.

This updated and revised Fifth Edition of the bestselling Options as a Strategic Investment gives you the latest market-tested tools for improving the earnings potential of your portfolio while reducing downside risk—no matter how the market is performing. Inside this revised edition are scores of proven techniques and business-tested tactics for investing in many of the innovative new options products available. Detailed examples, exhibits, and checklists show you the power of each strategy under carefully described market conditions. Customer Book Reviews A four-star book but a three-star update. Pflum on Feb 21, Several years ago my broker recommended the 4th edition of this book. Having read the 4th edition and two subsequent publications, I did not find any significantly new material in this 5th edition. The new material includes a chapter on mathematical applications pages - and an expanded discussion of volatility pages - If you want to learn how to calculate theoretical values, however, you should also read Options, Futures, and Other Derivatives 4th Edition Hull, Although new to this book, much of the information on volatility was previously published in McMillan pages and McMillan pages - For example, Figures p and p in this book are identical to Figures 9. Also, much of the volatility - related text and several of the tables in this book are similar to those in McMillan and While one might criticize McMillan for repackaging the same material in different books, on the positive side: If you buy this book, you do not need to buy the other two. I am disappointed that this 5th edition still uses hypothetical examples, rather than actual trades. Moreover, the hypothetical examples are mathematically rigged to give simple outcomes that do not occur in real trades. Throughout the book McMillan advises his readers to construct option positions that are insensitive or "delta-neutral" to changes in the price of the underlying stock e. Chapters 6, 11, 12 and In his example of a neutral calendar spread page he buys 7 April 45 calls and sells 8 July 45 calls. The ratio of calls bought to calls sold was calculated from an unrealistic delta ratio of. Actual delta values are expressed to at least four decimal places. A neutral position based on deltas rounded to the nearest tenth would be far from neutral. Chapter 40 explains how to create a position that is neutral with respect to both gamma and delta and would profit at a specific rate vega if implied volatility increases or decreases pages - The example trade sells volatility; i. To construct such a position for the hypothetical "XYZ" stock, one must buy April 50 calls, sell April 60 calls and short 1, shares of XYZ stock. In my opinion, this is an extremely large position just for the sake of making a profit when implied volatility drops. If anyone wants to see the specifics of these simulated trades, leave a comment or send me an email. Later page McMillan concedes that this is a "theoretical example", but in this book, McMillan appears to be advising his readers to actually make these large trades. I wonder who he had in mind? Perhaps the London Whale made these types of trades until Jamie Dimon fired him. The book exaggerates the potential profits and low cost of adding a collar to a long stock position. The text states, "Thus one should consider using 2. To break even, one would have to sell at least two calls for every put purchased. I stumbled on a few errors that while insignificant, should not exist after six editions: As long as I can remember, tax rates on long-term capital gains has been lower than on short-term. This long review focuses on a very small portion of this very long book. Generally, this is a good book and it is reasonably-priced. Just keep in mind that the book is not perfect and contains information that was previously published. It is thorough, and packed with lots of information about different ways of using Options, analyzing them, volatility, and every options-related topic you can possibly think of. They use XYZ stock in all their examples, but none of the discussions are based on anything you find in the real world. My main complaint about this book is that there is not one real-world case-study. Learning options is like trying to memorize a telephone book. Larry did it again!!! Elias on Aug 13, I got this book few days ago and I have not been able to take my mind off of reading it continuously. I have the old editions, but this one is totally revamped and has many chapters of new material, which I was interested in reading. I have already read most of the new material, and

I can say this: This is a book written for medium and advanced options traders. It is easy to read, but full of sophisticated information which are a result of theoretical and practical research, which are missing in many books. I highly recommend it to all options traders, and as a matter of fact, I just sent this book as a present to my son, who is still a junior options trader. The second best book on options out there in my opinion. By Trader Mike on Nov 28, this is a good book. I was disappointed on its coverage of certain strategies, like iron condors, for that read Benklifa, but overall this is a masterpiece. Another even better book is by Natenberg. With this book and the two others I mentioned, you will go a long way. I bought this new edition last year as soon as it appeared, and the updates are more than worth the price even if you have as I did a thoroughly-studied and much-annotated copy of the previous version. The sequence develops logically and helpfully; though I need continually to refer back to earlier sections, I find reviewing the prior material illuminating. After pages come other sections on arbitrage and mathematics Part IV, index options and futures Part V, and volatility Part VI, with more advanced mathematics, a brief treatment of tax questions, and a helpful section on assessing what strategies individuals might prefer. Six appendices include strategy summaries, equivalence, and portfolio margin, among others. After just over 1, pages come the glossary indispensable and the indices helpful, but noting your own cross-references as you go would be a good idea. The book could be somewhat shorter, and the style can be leaden for me "Please use active verbs" beats the heck out of "The passive verb structure, with an agent implied or buried in a prepositional phrase rather than stated as the subject, is to be eschewed when possible", while McMillan prefers the passive. But I would not advise anyone to move beyond covered calls without spending considerable time with this book. That said, McMillan says more than once that he is writing about investing, not trading. Nor could I get along without J. Whether you are a beginning trader or a Wall Street options professional, I suggest you keep this book nearby. One last complaint, for the publisher: Still the Go-To reference for most Option Traders By Gerald on Jan 13, My first introduction to this book was when the 4th edition just came out. I got the 5th edition because it has new material and given the low cost, it was a no-brainer. Seriously, this tome has about a pages chock full of relevant information and is more comprehensive than just about anything else. Authors like Natenberg, Augen and others write excellent books on some very specific areas of options and there are also highly specialized books covering a single strategy Benklifa on Iron Condors for example. None are perfect but that does not detract from their usefulness. When I am looking to read up on an option strategy, I usually do the convenient thing and search the Internet. Invariably, I need more detail and McMillan delivers. The reason I say this is the go-to for most options traders is that if you want a foundation in options theory delivered in plain language with an easy to understand discussion on just about every option strategy, this book is it. If you want to delve deep into theoretical models, probability distributions, and the financial theory of derivatives, there are other books. Most option traders want and need the former leaving the later to the academics. McMillan explains in detail the reasons to use or avoid certain options. I have read many books on options and they have left me guessing the pros and cons of each particular strategy. McMillan goes into detail which explains the pages and spells out the good, bad and ugly. He opened my eyes on a few strategies which I am now employing. Too soon to tell, but my confidence has increased many fold. Its a textbook of information that is sure to "theoretically" sharpen any individuals knowledge of options. I say theoretically, because that the book itself is written theoretically. The only thing hindering me from giving this book 5 stars is the lack of real life examples. Excellent Reference By Slipknot on May 27, This book very thoroughly covers all aspects of options trading. It is very well written, easy to understand, and contains many examples illustrating the concepts described. I highly recommend it as a reference for anyone interested in trading options. A must have reference book for options By Fx Trader on Sep 27, I borrowed and read the 4th edition, decided to buy one to keep as I am sure I will need to refer to it from time to time. This book goes through the most common options strategies in details, the must know and follow up, etc. Not repeating here as it is all in the 4th edition comments. Just 2 points why I am not rating it 5 stars. I would like to see a summary section to tell us what strategy is more suitable for which investment objective. This book is over pages, should be in 2 or 3 volumes for easier carrying and reading, and there is no ebook version. Encyclopedia of Options Strategies. By Fyers Securities on Jan 29, The world of derivatives can seem complicated for newbies, especially options. If there

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is a thorough way to learn about them, this is it! The book is pages and consists of 7 parts and 42 chapters. It starts off with basic definitions and determinants of options such as strike price, expiration, series, counterparties, dividends, interest rate etc. Then author has systematically simplified the various strategies of trading in different chapters, making it easy to refer and re-read. It includes everything about options; types, strategies, formulae, pricing, Greeks etc. Since, the details can seem overwhelming to some, he writes his perspective in simple language to make things easy.

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Options as a Strategic Investment / Edition 4 Lawrence G. McMillan, a recognized expert on options, builds from a solid foundation in the basic properties and advantages of options, listed and non-equity, to detail scores of proven techniques and tactics for a wide array of market scenarios.

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Since its original publication, Options as a Strategic Investment has answered many a question; and each succeeding edition has answered many more. It is the options reference in our office." John Bollinger - CFA, CMT, President Bollinger Capital Management, Manhattan Beach, California.

Chapter 4 : Options as a Strategic Investment: Fifth Edition by Lawrence G. McMillan ()

options as a strategic investment 4th edition | study guide for the 4th edition of options as a - Lawrence G. McMillan is the editor of The Option Strategist Options as a Strategic Investment, 4th Ed.

Chapter 5 : Options As a Strategic Investment (4th Edition Study Guide) BOOKS - Video Dailymotion

This is a review for the 4th edition. This edition is about 15 years old but much cheaper than the 5th edition. Reviews I read online indicated that the 5th edition did not contain a lot more material than the 4th edition.