

The Reverse Harvey

By Tom Nunamaker



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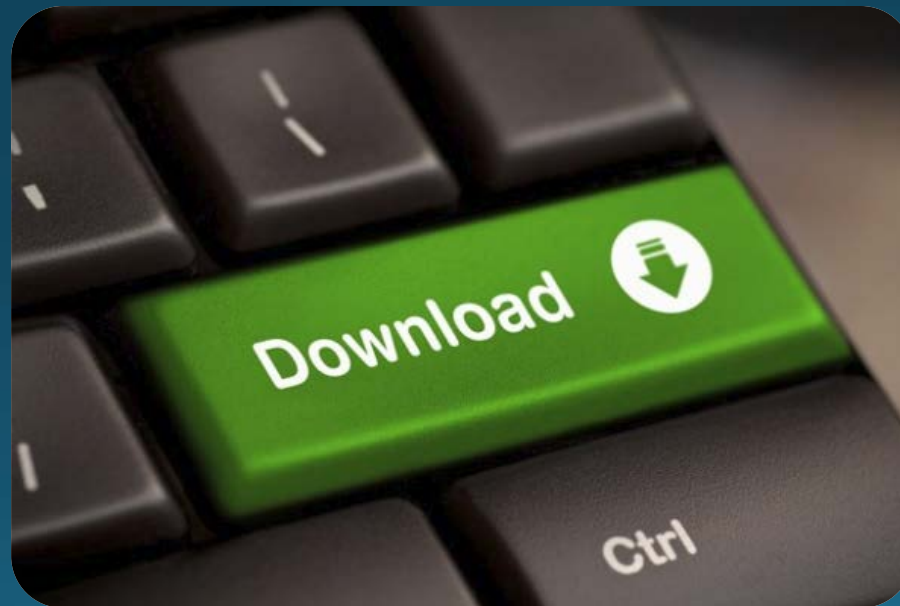
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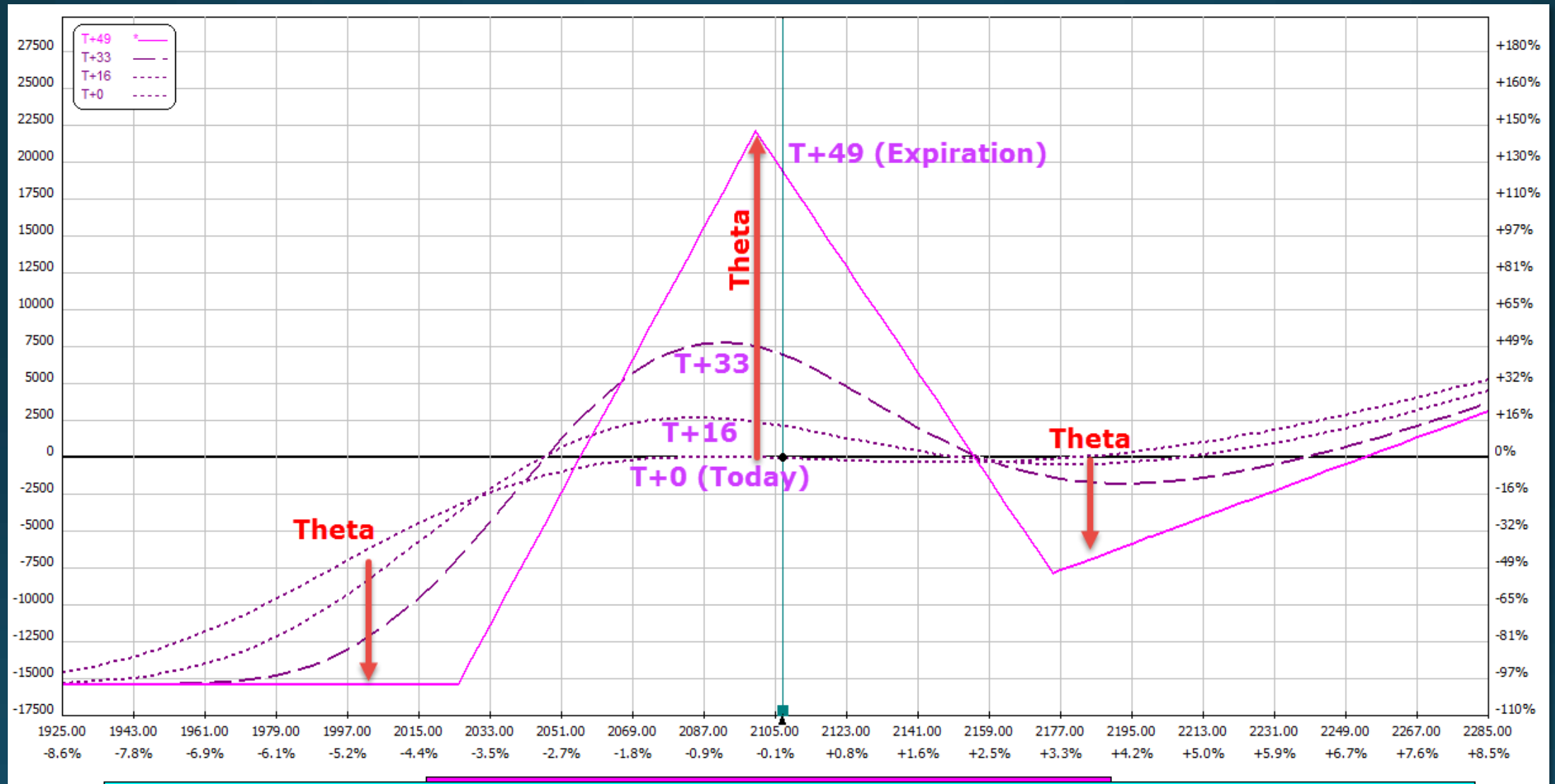


The Problem with Butterflies

- As time passes for a profitable butterfly it becomes more sensitive to large price changes
- Doing nothing with a profitable butterfly has risks
 - Gamma increases exponentially over time
 - Delta is less reliable due to Gamma.



P/L Line Becomes Less Flat Over Time

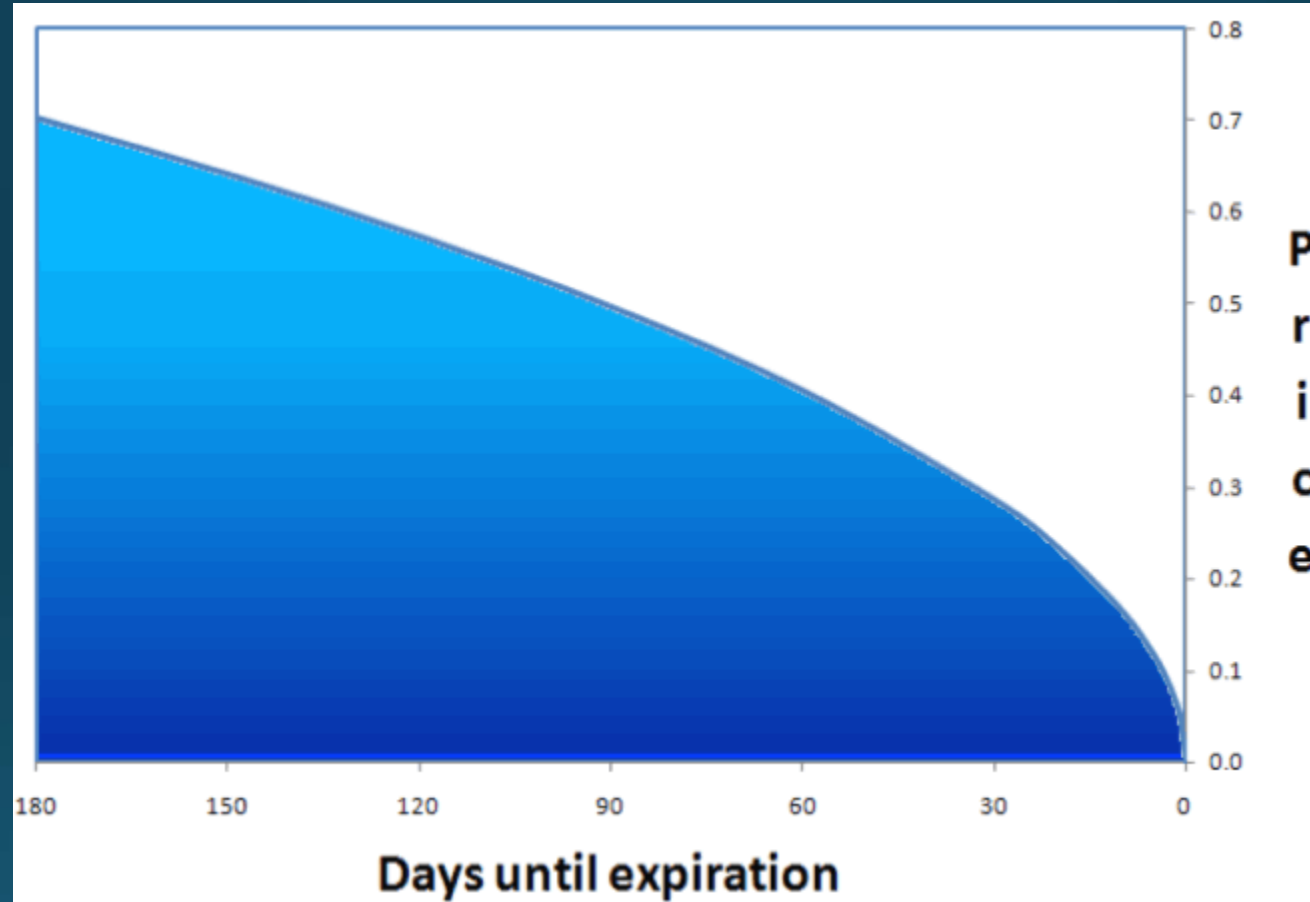


What is the Solution?

- While there are no perfect adjustments, there are some things you can do
- Before you can understand how to adjust, you must know how time decay behaves



Have You Seen This Chart?

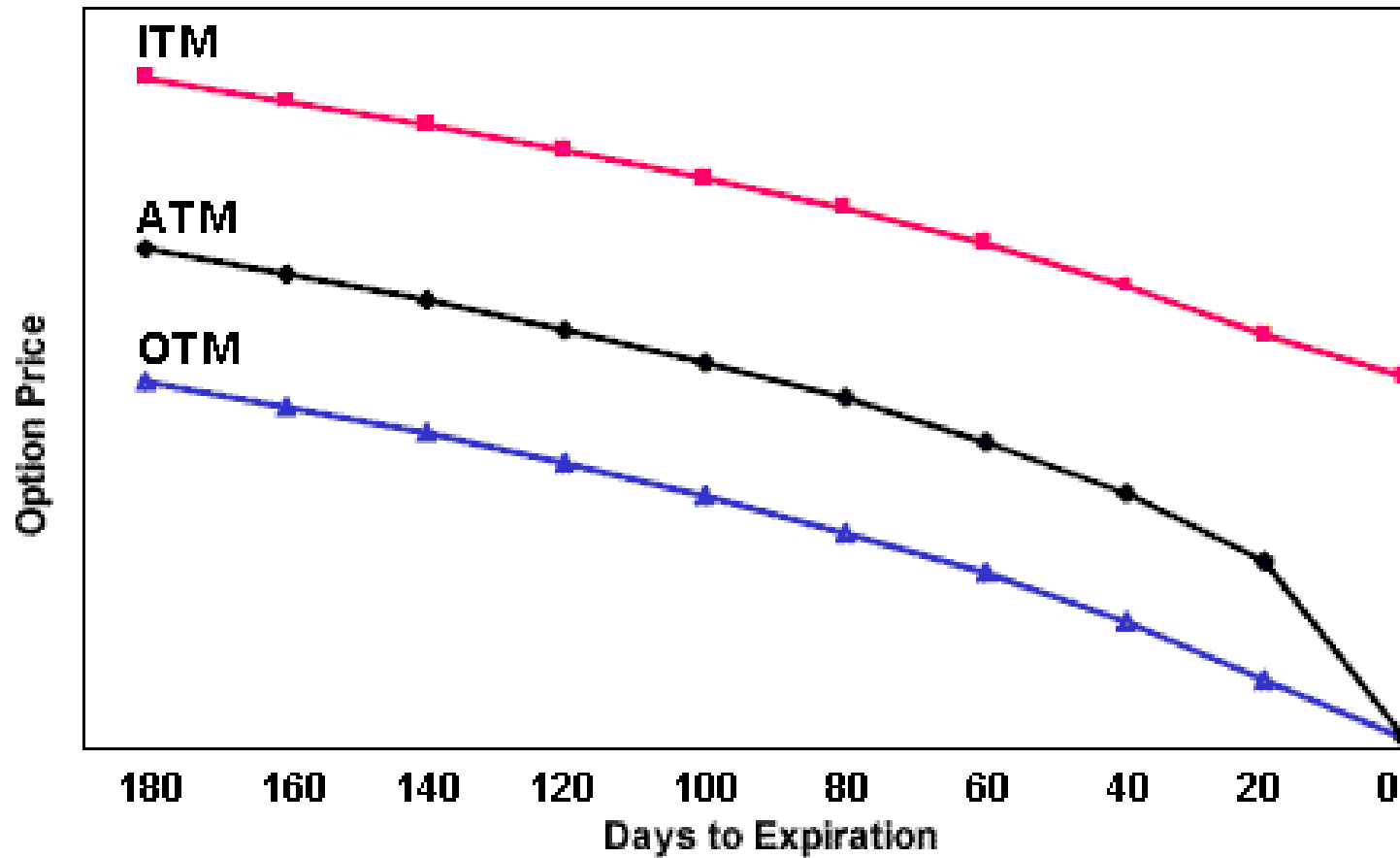


That Chart is Misleading

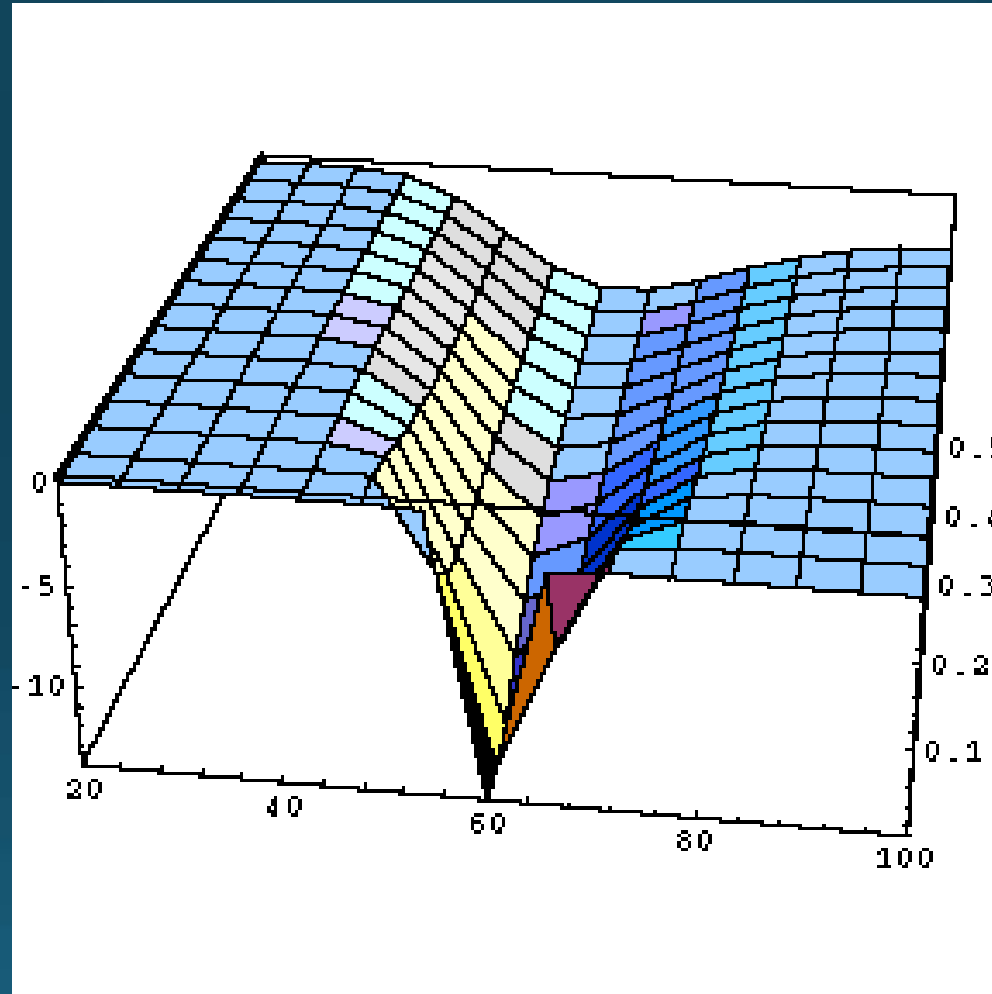
- The chart is the time decay for the at-the-money option.
- Out-of-the-money options have a different time decay chart.



Time Decay is More Linear for OTM and ITM Options



Option Time Decay in 3D



Time Decay

- Time decay is more linear for OTM and ITM options
- The farther ITM or OTM an option is, the more time decay happens farther from expiration. As you approach expiration, these options have little time decay

What Happens to a Butterfly As It Makes Money?

- The wings are losing value quickly.
 - Once the wings decay to a very low price, they are not hedging the butterfly
- The positive gamma from the wings is reduced, causing the T+0 line to start becoming more curved

What Can We Do?

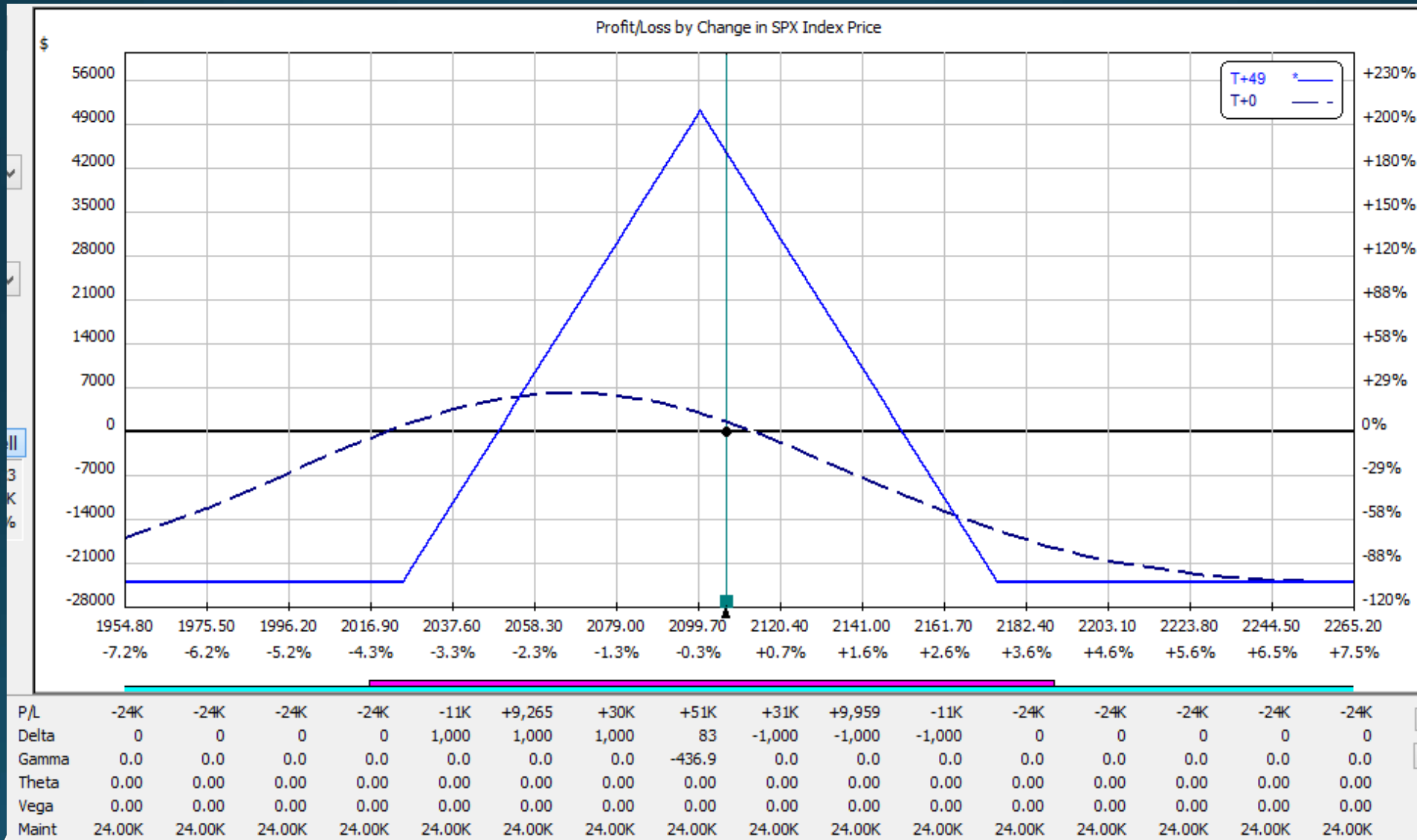
- How can you capture profit, reduce risk and still retain the potential for increasing your existing profit?

Example

SPX Butterfly Entry on Jul 31st

Actuals	SPX Index						Legend					
	2114.20	2103.70	2106.60	-1.90			High	Low	Last	Chg	Ex.Pos	Trade
Futures	SEP <49>						DEC <140>					
	2109.25	2096.50	2099.50	-4.25			High	Low	Last	Chg	Ex.Pos	Trade
Options	SEP <49> (Sep 18)						OCT <77> (Oct 16)					
2250 C	MktPr	OrigPr	MIV	Delta	Ex.Pos	Trade	MktPr	OrigPr	MIV	Delta	Ex.Pos	Trade
2225 C	0.82	.....	8.6%	2.64			2.71	.....	8.9%	8.96		
2200 C	1.80	.....	8.5%	6.74			5.70	.....	9.3%	16.5		
2175 C	4.60	4.62	8.8%	14.8	+10		11.75	.....	10.1%	26.1		
2150 C	11.30	.....	9.8%	27.2			20.55	.....	10.9%	36.6		
2125 C	21.90	.....	10.9%	42.5			32.65	.....	11.9%	47.0		
2100 C >	35.55	35.54	11.9%	57.7	-10		46.85	.....	12.9%	56.6		
2075 C	51.70	.....	12.7%	70.6			63.25	.....	13.8%	64.8		
2050 C	70.30	.....	13.8%	80.4			80.85	.....	14.5%	71.7		
2025 C	90.20	.....	14.7%	87.0			100.00	.....	15.4%	77.2		
2125 P	47.35	.....	10.5%	-55.3			61.05	.....	11.6%	-51.4		
2100 P >	36.40	36.35	11.6%	-43.4	-10		49.55	.....	12.3%	-42.7		
2075 P	27.90	.....	12.6%	-33.7			40.65	.....	13.2%	-35.4		
2050 P	21.35	.....	13.5%	-26.1			33.75	.....	14.0%	-29.5		
2025 P	16.25	16.27	14.5%	-20.2	+10		27.80	.....	14.8%	-24.6		
2000 P	12.70	.....	15.4%	-15.8			22.85	.....	15.6%	-20.6		
1975 P	9.70	.....	16.2%	-12.3			18.80	.....	16.4%	-17.3		
Summary												
	Net Reqmts		Gross Reqmts		Cash Flow	+51,000	Delta	-198.0	Avg.IV	10.7%		
Init	\$24,000		\$75,000		Cur. Value	-\$51,100	Gamma	-4.11	Calls.IV	10.9%		
Maint	\$24,000		\$75,000		Gain/Loss	-\$100	Theta	231.4	Puts.IV	10.5%		
Cash/Init	2.12		0.68		Commis	\$0.00	Vega	-1,940	SV	11.2%		

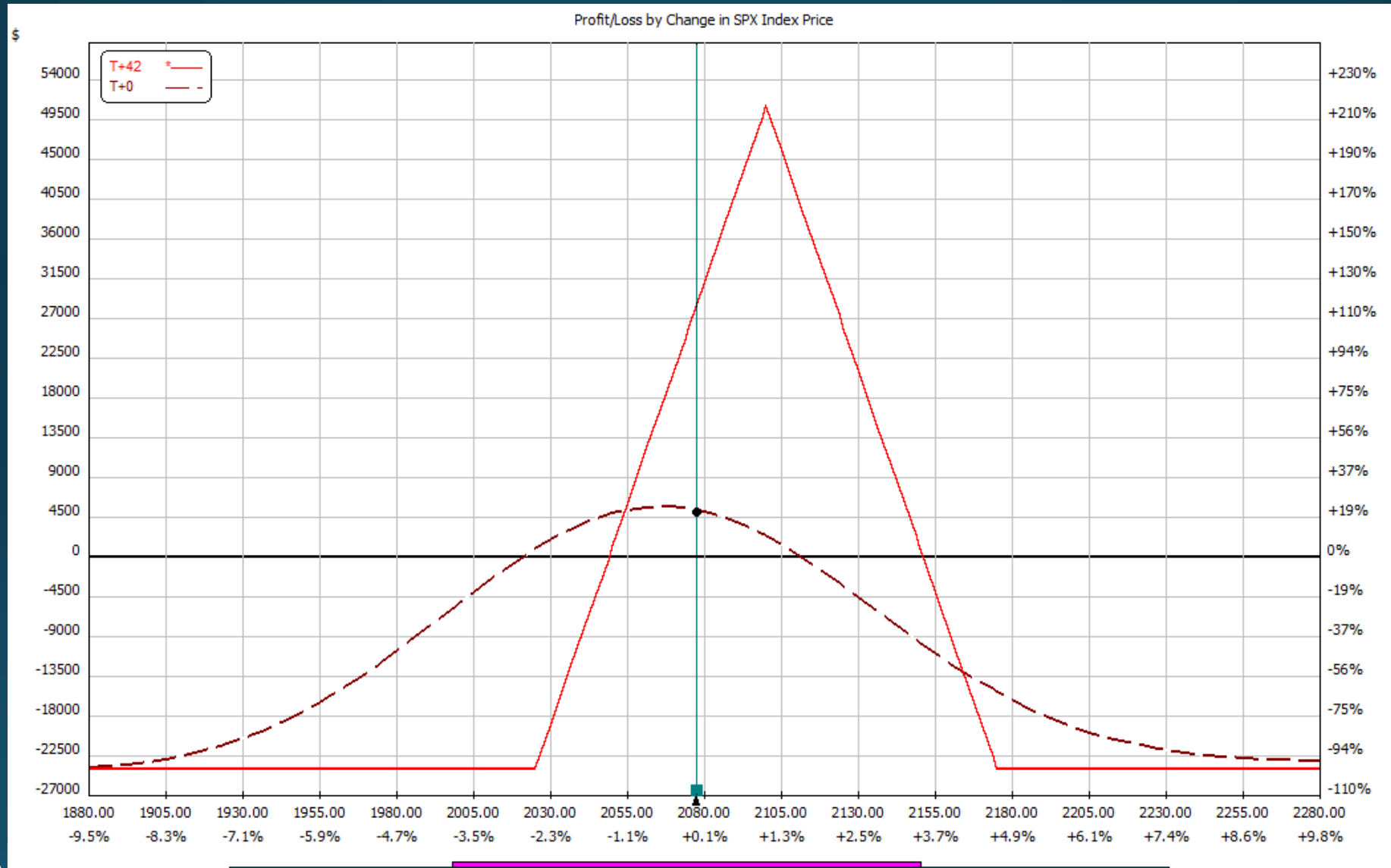
SPX Butterfly Entry on Jul 31st



Profitable One Week Later on Aug 7th

Actuals	SPX Index						Legend			
	2082.60	2067.90	2077.30	-6.10			High	Low	Last	Chg
Futures	SEP <42>						DEC <133>			
	2082.75	2062.00	2072.00	-7.50			2074.50	2054.50	2063.25	-8.50
Options	SEP <42> (Sep 18)						OCT <70> (Oct 16)			
2275 C	MktPr	OrigPr	MIV	Delta	Ex.Pos	Trade	MktPr	OrigPr	MIV	Delta
2250 C	0.18	.....	10.0%	0.21			0.45	.....	8.9%	1.33
2225 C	0.25	.....	9.2%	0.75			0.98	.....	8.9%	3.64
2200 C	0.80	.....	9.4%	2.40			2.53	.....	9.4%	8.10
2175 C	1.65	4.62	9.2%	6.48	+10		5.70	.....	10.0%	15.1
2150 C	4.30	.....	9.6%	14.5			11.10	.....	10.6%	24.4
2125 C	10.30	.....	10.5%	26.6			20.05	.....	11.7%	35.0
2100 C	20.35	35.54	11.7%	41.4	-10		31.50	.....	12.6%	45.8
2075 C >	34.20	.....	12.9%	56.0			44.75	.....	13.3%	55.8
2050 C	50.05	.....	13.8%	68.4			61.40	.....	14.4%	64.6
2025 C	68.05	.....	14.8%	78.0			78.60	.....	15.2%	72.0
2000 C	87.65	.....	15.7%	84.7			97.15	.....	16.0%	77.7
2150 P	82.95	.....	9.5%	-83.3			91.50	.....	10.0%	-73.6
2125 P	64.00	.....	10.4%	-70.4			75.50	.....	11.1%	-62.6
2100 P	49.15	36.35	11.6%	-57.2	-10		61.90	.....	12.1%	-52.8
2075 P >	37.85	.....	12.8%	-45.5			51.95	.....	13.4%	-44.3
2050 P	28.95	.....	13.8%	-35.7			41.75	.....	14.0%	-37.2
2025 P	21.90	16.27	14.7%	-27.8	+10		34.05	.....	14.7%	-31.3
2000 P	16.50	.....	15.6%	-21.7			29.40	.....	16.0%	-26.4
1975 P	12.50	.....	16.5%	-16.9			23.00	.....	16.5%	-22.3
1950 P	9.45	.....	17.3%	-13.2			18.30	.....	17.0%	-18.8
1925 P	7.30	.....	18.3%	-10.2			14.75	.....	17.6%	-15.9
1900 P	5.45	.....	19.1%	-7.89			12.10	.....	18.4%	-13.3
Summary										
	Net Reqmts		Gross Reqmts		Cash Flow			Delta		-54.78
Init	\$24,000		\$75,000		Cur. Value			Gamma		-5.93
Maint	\$24,000		\$75,000		Gain/Loss			Theta		207.2
Cash/Init	2.12		0.68		Commis			Vega		-1,867
										Avg.IV
										12.5%
										Calls.IV
										12.6%
										Puts.IV
										12.5%
										SV
										10.8%

Profitable One Week Later on Aug 7th



The Story

- Dan Harvey and Mark Sebastian were talking one day



The Story

- Over time, as the butterfly became profitable, Dan Harvey would buy in the short strikes of the butterfly and sell them farther from the market price.
- Mark called this a “Standard Harvey”

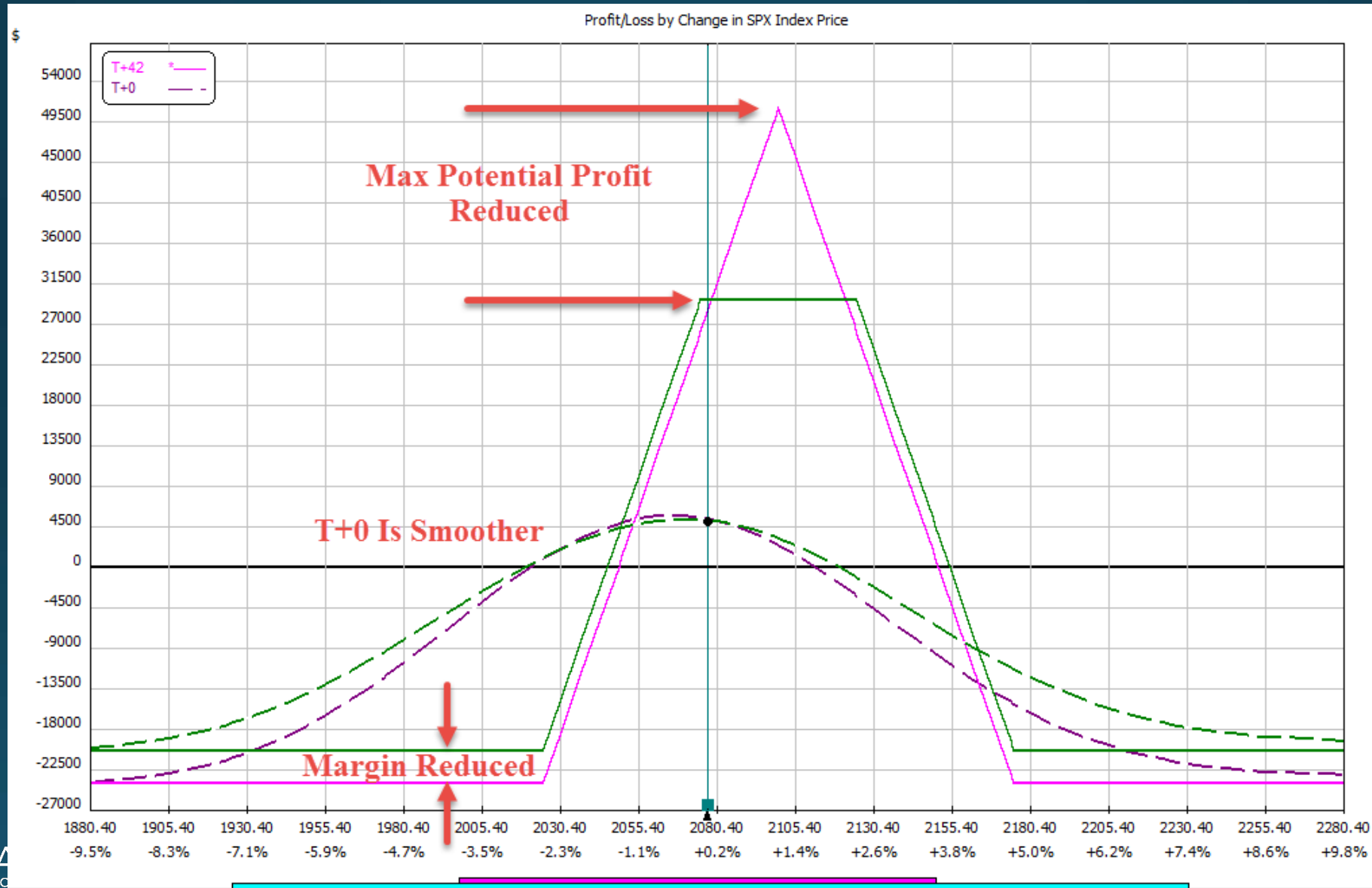
The Standard Harvey



The Standard Harvey

Options	SEP <42> (Sep 18)						OCT <70> (Oct 16)									
	MktPr	OrigPr	MIV	Delta	Ex.Pos	Trade	MktPr	OrigPr	MIV	Delta	Ex.Pos	Trade	MktPr	OrigPr		
2275 C																
2250 C	0.18	.....	10.0%	0.21			0.45	.....	8.9%	1.31			1.55	.....	
2225 C	0.25	.....	9.2%	0.76			0.98	.....	8.9%	3.56			3.55	.....	
2200 C	0.80	.....	9.5%	2.41			2.53	.....	9.4%	7.96			7.10	.....	
2175 C	1.65	4.62	9.2%	6.49	+10		5.70	.....	10.0%	15.0			12.45	.....	
2150 C	4.30	.....	9.6%	14.5			11.10	.....	10.7%	24.4			20.40	.....	
2125 C	10.30	.....	10.5%	26.6		-10	20.05	.....	11.6%	35.2			30.15	.....	
2100 C	20.35	35.54	11.7%	41.3	-10	+10	31.50	.....	12.6%	46.2			42.60	.....	
2075 C >	34.20	.....	12.9%	55.9			44.75	.....	13.3%	56.5			56.50	.....	
2050 C	50.05	.....	13.8%	68.3			61.40	.....	14.5%	65.5			72.05	.....	
2025 C	68.05	.....	14.9%	77.9			78.00	.....	15.5%	75.5			87.60	.....	
2000 C	87.65	.....	15.7%	84.6			97.00	.....	16.5%	84.6			107.15	.....	
Dan Harvey rolled the short strikes towards the long strikes																
2150 P	82.95	.....	9.4%	-83.4			91.50	.....	10.1%	-73.5			106.10	.....	
2125 P	64.00	.....	10.4%	-70.3			75.50	.....	11.2%	-62.4			89.65	.....	
2100 P	49.15	36.35	11.6%	-57.2	-10	+10	61.90	.....	12.1%	-52.5			76.45	.....	
2075 P >	37.85	.....	12.8%	-45.4		-10	51.95	.....	13.3%	-44.1			66.10	.....	
2050 P	28.95	.....	13.8%	-35.6			41.75	.....	14.0%	-37.0			56.50	.....	
2025 P	21.90	16.27	14.7%	-27.8	+10		34.05	.....	14.7%	-31.2			50.10	.....	
2000 P	16.50	.....	15.6%	-21.7			29.40	.....	16.0%	-26.4			41.40	.....	
1975 P	12.50	.....	16.5%	-16.9			23.00	.....	16.4%	-22.4			35.35	.....	
1950 P	9.45	.....	17.3%	-13.2			18.30	.....	17.0%	-18.9			31.70	.....	
1925 P	7.30	.....	18.4%	-10.3			14.75	.....	17.6%	-16.0			26.10	.....	
1900 P	5.45	.....					12.10	.....	18.4%	-13.4				.....	
Margin is reduced																
Greeks are reduced																
Summary	Existing		Both				Existing		Both				Existing		Both	
	Net Reqmts	Gross Reqmts	Net Reqmts	Gross Reqmts			Cash Flow	+\$51,000	+\$29,650			Delta	-55.14	-25.88		
Init	\$24,000	\$75,000	\$20,350	\$50,000			Cur. Value	-\$45,950	-\$45,950			Gamma	-5.93	-4.69		
Maint	\$24,000	\$75,000	\$20,350	\$50,000			Gain/Loss	+\$5,050	+\$5,050			Theta	206.6	174.8		
Cash/Init	2.12	0.68	1.46	0.59			Commis	\$0.00	\$0.00			Vega	-1,866	-1,572		

The Standard Harvey



The Standard Harvey Benefits

- The margin is reduced
- The option Greeks are reduced
- The T+0 line is smoothed
 - This widens the T+0 break even prices letting the position absorb slightly larger moves.
- Mark suggested moving the longs in versus the shorts out...or the reverse of what Dan Harvey was doing.
The “Reverse Harvey” was born

The Reverse Harvey



How Does a Reverse Harvey Work?

- Wait until your Butterfly is profitable. The Reverse Harvey is a money capturing adjustment, not a money saving adjustment
- As the butterfly makes money, the wings are losing value quickly.
 - Once the wings decay to a very low price, they are not hedging the butterfly
 - Moving the wings in towards the center strike adds more gamma while the shorts near the money are maintaining most of their decay

Reverse Harvey Steps

Step 1: Get profitable. Typically at least +5%

Step 2: Sell wings and buy new wings closer to the market price

Step 3: Stay in the trade if the new trade is still in the “tent”

Step 4: If the trade leaves the “tent”, it is normally wise to exit the trade.

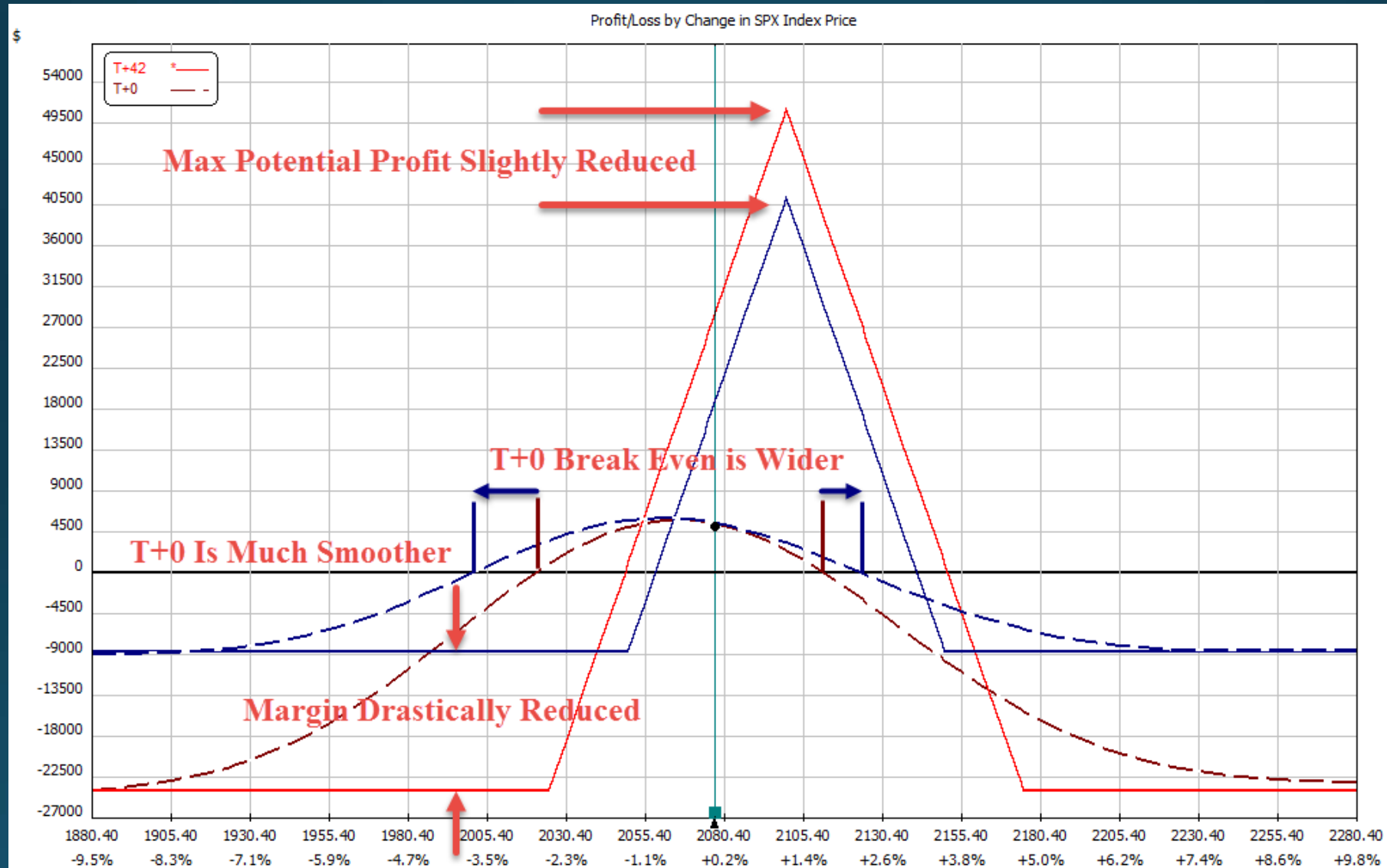
Step 5: When your profit target is reached, either exit the trade or make the trade super tight



The Reverse Harvey

Options	SEP <42> (Sep 18)						OCT <70> (Oct 16)							
	MktPr	OrigPr	MIV	Delta	Ex.Pos	Trade	MktPr	OrigPr	MIV	Delta	Ex.Pos	Trade	MktPr	OrigPr
2275 C														
2250 C	0.18	.....	10.0%	0.21			0.45	.....	8.9%	1.27			1.55	.....
2225 C	0.25	.....	9.2%	0.76			0.98	.....	8.9%	3.42			3.55	.....
2200 C	0.80	.....	9.4%	2.42			2.53	.....	9.3%	7.71			7.10	.....
2175 C	1.65	4.62	9.2%	6.51	+10	-10	5.70	.....	10.0%	14.7			12.45	.....
2150 C	4.30	.....	9.6%	14.5		+10	11.10	.....	10.6%	24.2			20.40	.....
2125 C	10.30	.....	10.6%	26.7			20.05	.....	11.7%	35.3			30.15	.....
2100 C	20.35	35.54	11.6%	41.3	-10		31.50	.....	12.6%	46.7			42.60	.....
2075 C >	34.20	.....	12.9%	55.9			44.75	.....	13.3%	57.4			56.50	.....
2050 C	50.05	.....	13.8%	68.3			61.10	.....	14.1%	66.5			72.05	.....
2025 C	68.05	.....	14.9%	77.9			78.10	.....					87.60	.....
2000 C	87.65	.....	15.7%	84.5			97.10	.....					107.15	.....
2150 P	82.95	.....	9.4%	-83.4			91.10	.....					106.10	.....
2125 P	64.00	.....	10.3%	-70.4			75.50	.....	11.1%	-62.3			89.65	.....
2100 P	49.15	36.35	11.5%	-57.1	-10		61.90	.....	12.1%	-52.4			76.45	.....
2075 P >	37.85	.....	12.8%	-45.3			51.95	.....	13.3%	-44.0			66.10	.....
2050 P	28.95	.....	13.8%	-35.5		+10	41.75	.....	14.0%	-37.0			56.50	.....
2025 P	21.90	16.27	14.7%	-27.7	+10	-10	34.05	.....	14.7%	-31.2			50.10	.....
2000 P	16.50	.....	15.6%	-21.6			29.40	.....	16.1%	-26.4			41.40	.....
1975 P	12.50	.....	16.5%	-16.9			23.00	.....	16.4%	-22.4			35.35	.....
1950 P	9.45	.....	17.4%	-13.2			18.30	.....	17.0%	-19.0			31.70	.....
1925 P	7.30	.....	18.3%	-10.3			14.75	.....	17.7%	-16.1			26.10	.....
1900 P							12.10	.....	18.5%	-13.5				
<div>The Reverse Harvey rolls the long strikes towards the short strikes</div>														
<div>Margin is drastically reduced</div> <div>Greeks are reduced</div>														
Summary	Existing		Both		Existing		Both		Existing		Both			
	Net Reqmts	Gross Reqmts	Net Reqmts	Gross Reqmts	Cash Flow	+51,000	+41,300		Delta	-54.44	-52.53			
Init	\$24,000	\$75,000	\$8,700	\$50,000	Cur. Value	-\$45,950	-\$45,950		Gamma	-5.94	-3.54			
Maint	\$24,000	\$75,000	\$8,700	\$50,000	Gain/Loss	+\$5,050	+\$5,050		Theta	202.4	114.0			
Cash/Init	2.12	0.68	4.75	0.83	Commis	\$0.00	\$0.00		Vega	-1,865	-1,016			

The Reverse Harvey



What Happened?

- The margin was reduced over 50%
- The option Greeks are reduced
- The T+0 line is flattened and smoothed
 - This widens the T+0 break even prices letting the position absorb slightly larger moves.
- Most of the profit potential is retained
- **DOWNSIDE:** Theta is temporarily reduced

Where Else Can You Use A Reverse Harvey?

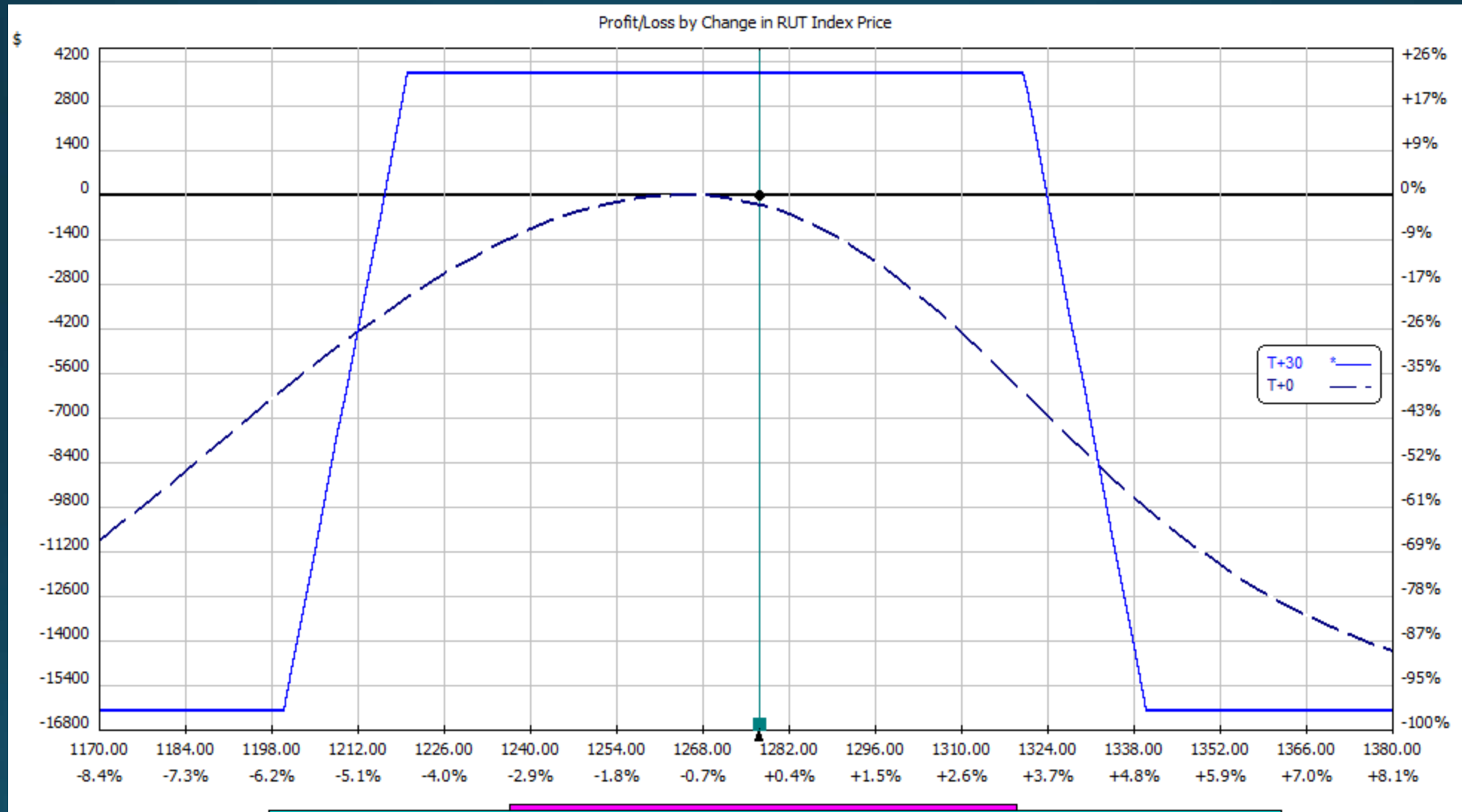
- Any Butterfly variation
 - Broken Wing Butterfly
 - M₃
 - Kevlar
 - Bearish Butterfly
- Iron Condors and Weirdors
- Vertical Spreads
- Can reduce whip saw effects by adjusting the threatened side

Iron Condor Example

A RUT Iron Condor

Actuals	RUT Index							
	1278.60	1268.80	1277.10	+11.70			High	Low
Options	MAY <30> (May 15)							
	MktPr	OrigPr	MIV	Delta	Ex.Pos	Trade	MktPr	OrigPr
1360 C	0.53	.....	10.6%	3.23			3.90	.....
1350 C	0.88	0.88	10.4%	5.91	+10		5.60	.....
1340 C	1.45	.....	10.2%	10.1			8.05	.....
1330 C	2.75	2.75	10.6%	16.0	-10		11.00	.....
1320 C	4.80	.....	10.9%	23.5			14.55	.....
1310 C	7.95	.....	11.6%	32.4			18.85	.....
1290 C	12.20	.....	12.2%	42.0			23.80	.....
1280 C >	17.40	.....	12.9%	51.6			29.25	.....
1280 P >	20.85	.....	13.2%	-46.6			34.40	.....
1270 P	16.80	.....	13.9%	-38.7			30.30	.....
1260 P	13.60	.....	14.5%	-31.8			26.65	.....
1250 P	10.95	.....	15.1%	-25.9			23.55	.....
1240 P	8.90	.....	15.9%	-21.0			20.70	.....
1230 P	7.25	.....	16.6%	-17.0			18.30	.....
1220 P	6.00	6.00	17.4%	-13.8	-10		16.10	.....
1210 P	4.90	.....	18.1%	-11.1			14.15	.....
1200 P	4.05	4.05	18.8%	-9.02	+10		12.50	.....
1190 P	3.35	.....	19.4%	-7.34			11.00	.....
1180 P	2.85	.....	20.2%	-6.01			9.65	.....
Summary								
	Net Reqmts		Gross Reqmts		Cash Flow		Delta	-53.14
Init	\$16,180		\$20,000		+\$3,820			
Maint	\$16,180		\$20,000		-\$3,820		Gamma	-4.46
Cash/Init	0.24		0.19		\$0		Theta	121.3
					\$0.00		Vega	-643.0

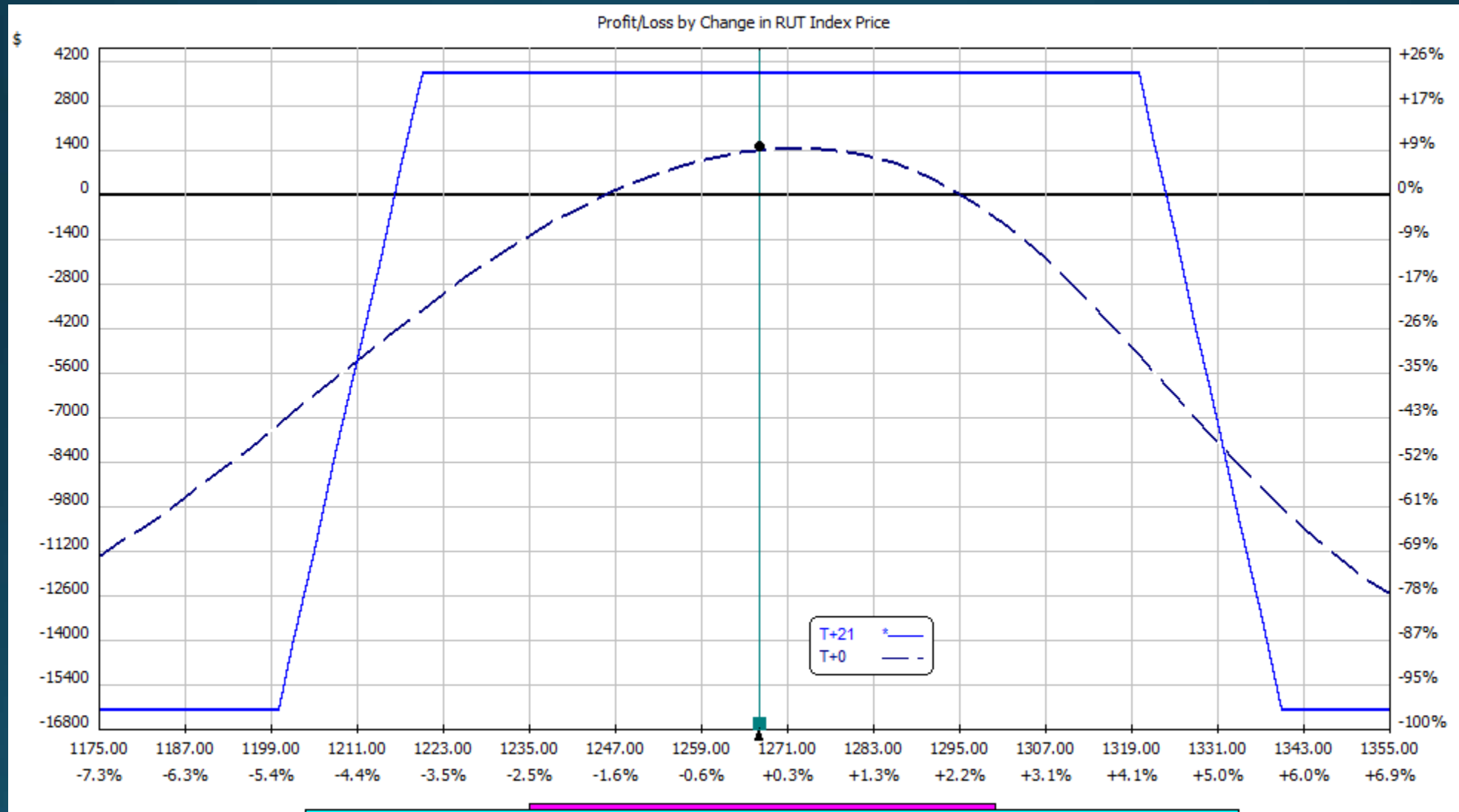
A RUT Iron Condor



Nine Days Later – RUT Down 10 Points

Actuals	RUT Index							
	1273.10	1267.10	1267.10	-4.30			High	Low
Options	MAY <21> (May 15)							
	MktPr	OrigPr	MIV	Delta	Ex.Pos	Trade	MktPr	OrigPr
1360 C	0.20	.....	12.1%	0.61			1.95	.....
1350 C	0.28	0.88	11.4%	1.31	+10		2.88	.....
1340 C	0.33	.....	10.4%	2.74			4.25	.....
1330 C	0.63	2.75	10.2%	5.46	-10		6.15	.....
1320 C	1.27	.....	10.3%	10.1			8.80	.....
1310 C	2.75	.....	10.7%	17.2			12.10	.....
1300 C	5.10	.....	11.1%	26.7			16.00	.....
1290 C	8.65	.....	11.6%	37.9			20.80	.....
1280 C	13.65	.....	12.4%	49.9			26.10	.....
1270 C >	17.85	.....	13.5%	-51.3			32.35	.....
1270 P >	13.95	.....	14.3%	-41.5			28.25	.....
1260 P	10.80	.....	15.1%	-32.7			24.65	.....
1250 P	8.35	.....	15.7%	-25.2			21.45	.....
1240 P	6.30	.....	16.3%	-19.0			18.70	.....
1230 P	4.85	6.00	17.0%	-14.2	-10		16.20	.....
1220 P	3.75	.....	17.8%	-10.6			14.10	.....
1210 P	2.90	4.05	18.5%	-7.85	+10		12.20	.....
1190 P	2.17	.....	19.1%	-5.95			10.65	.....
1180 P	1.75	.....	19.9%	-4.64			9.20	.....
Summary								
	Net Reqmts	Gross Reqmts	Cash Flow	+\$3,820		Delta	22.11	
Init	\$16,180	\$20,000	Cur. Value	-\$2,300		Gamma	-4.36	
Maint	\$16,180	\$20,000	Gain/Loss	+\$1,520		Theta	102.5	
Cash/Init	0.24	0.19	Commis	\$0.00		Vega	-443.8	

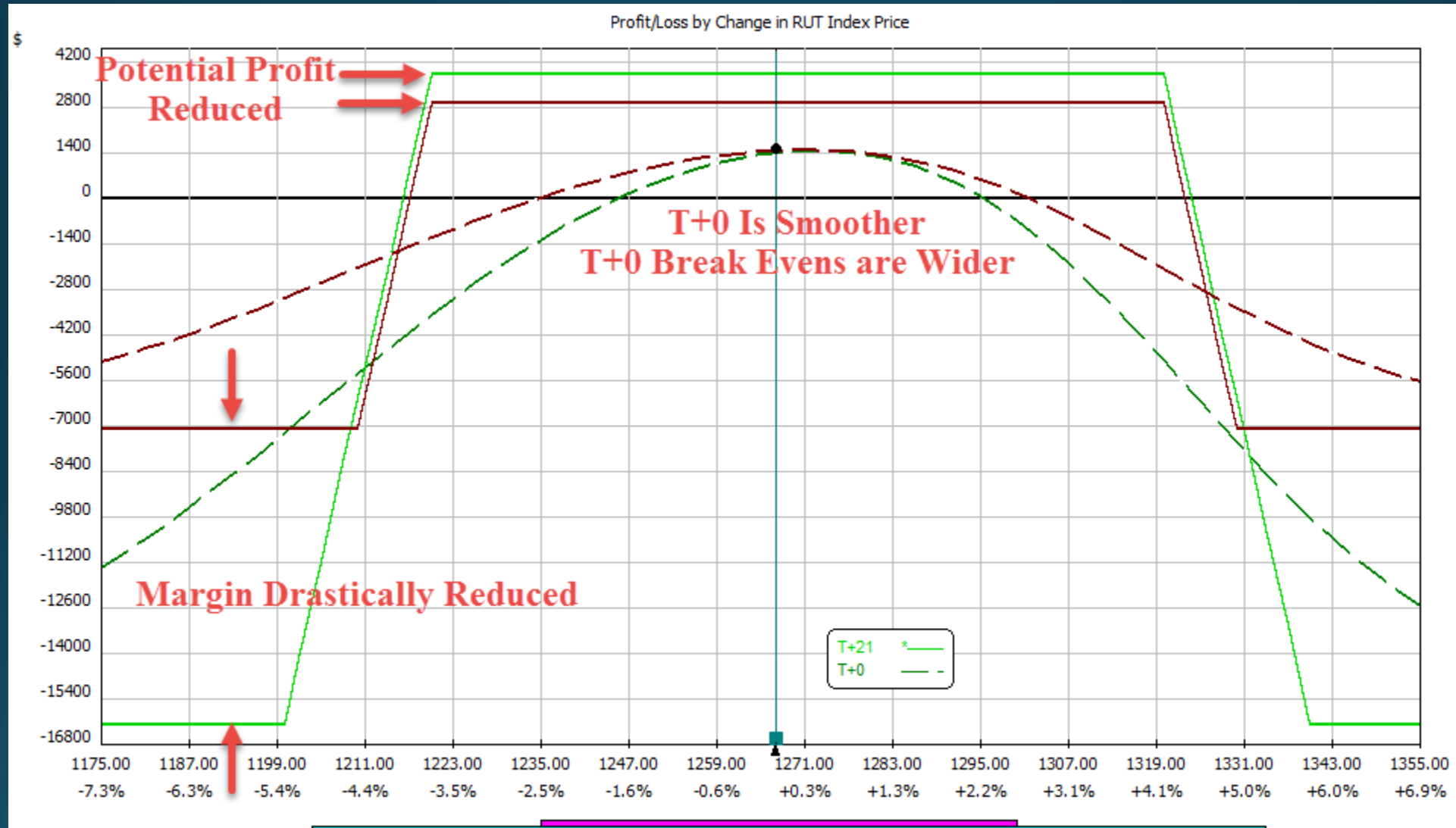
Nine Days Later – RUT Down 10 Points



Reverse Harvey the Wings

Actuals	RUT Index						Legend					
	1273.10	1267.10	1267.10	-4.30			High	Low	Last	Chg	Ex.Pos	Trade
Options	MAY <21> (May 15)						JUN <56> (Jun 19)					
	MktPr	OrigPr	MIV	Delta	Ex.Pos	Trade	MktPr	OrigPr	MIV	Delta	Ex.Pos	Trade
1360 C												
1350 C	0.20	.....	12.1%	0.61			1.95	.....	11.3%	7.62		
1340 C	0.28	0.88	11.4%	1.31	+10	-10	2.88	.....	11.4%	10.9		
1330 C	0.33	.....	10.4%	2.74		+10	4.25	.....	11.5%	15.1		
1320 C	0.63	2.75	10.2%	5.46	-10		6.15	.....	11.8%	20.2		
1310 C	1.27	.....	10.3%	10.1			8.80	.....	12.1%	26.1		
1300 C	2.75	.....	10.7%	17.2			12.10	.....	12.5%	32.6		
1290 C	5.10	.....	11.1%	26.7			16.10	.....	12.8%	38.1		
1280 C	8.65	.....	11.6%	37.9			20.10	.....	13.1%	43.6		
1270 C >	13.65	.....	12.4%	49.9			26.10	.....	13.9%	53.2		
1270 P >	17.85	.....	13.5%	-51.3			32.35	.....	15.5%	-47.3		
1260 P	13.95	.....	14.3%	-41.5			28.25	.....	16.1%	-42.2		
1250 P	10.80	.....	15.1%	-32.7			24.65	.....	16.5%	-37.5		
1240 P	8.35	.....	15.7%	-25.2			21.45	.....	17.0%	-33.1		
1230 P	6.30	.....	16.3%	-19.0			18.70	.....	17.5%	-29.2		
1220 P	4.85	6.00	17.0%	-14.2	-10		16.20	.....	18.0%	-25.6		
1210 P	3.75	.....	17.8%	-10.6		+10	14.10	.....	18.4%	-22.4		
1200 P	2.90	4.05	18.5%	-7.85	+10	-10	12.20	.....	18.9%	-19.5		
1190 P	2.17	.....	19.1%	-5.95			10.65	.....	19.4%	-17.0		
1180 P	1.75	.....	19.8%	-4.8			9.20	.....	19.8%	-14.8		
Let's Reverse Harvey the Longs and roll them in												
Margin is reduced												
Greeks are reduced												
Summary	Existing		Both		Existing		Both		Existing		Both	
	Net Reqmts	Gross Reqmts	Net Reqmts	Gross Reqmts	Cash Flow	+\$3,820	+\$2,920	Delta	22.11	9.38		
Init	\$16,180	\$20,000	\$7,080	\$10,000	Cur. Value	-\$2,300	-\$2,300	Gamma	-4.36	-2.58		
Maint	\$16,180	\$20,000	\$7,080	\$10,000	Gain/Loss	+\$1,520	+\$1,520	Theta	102.5	62.44		
Cash/Init	0.24	0.19	0.41	0.29	Commis	\$0.00	\$0.00	Vega	-443.8	-253.5		

Reverse Harvey the Wings

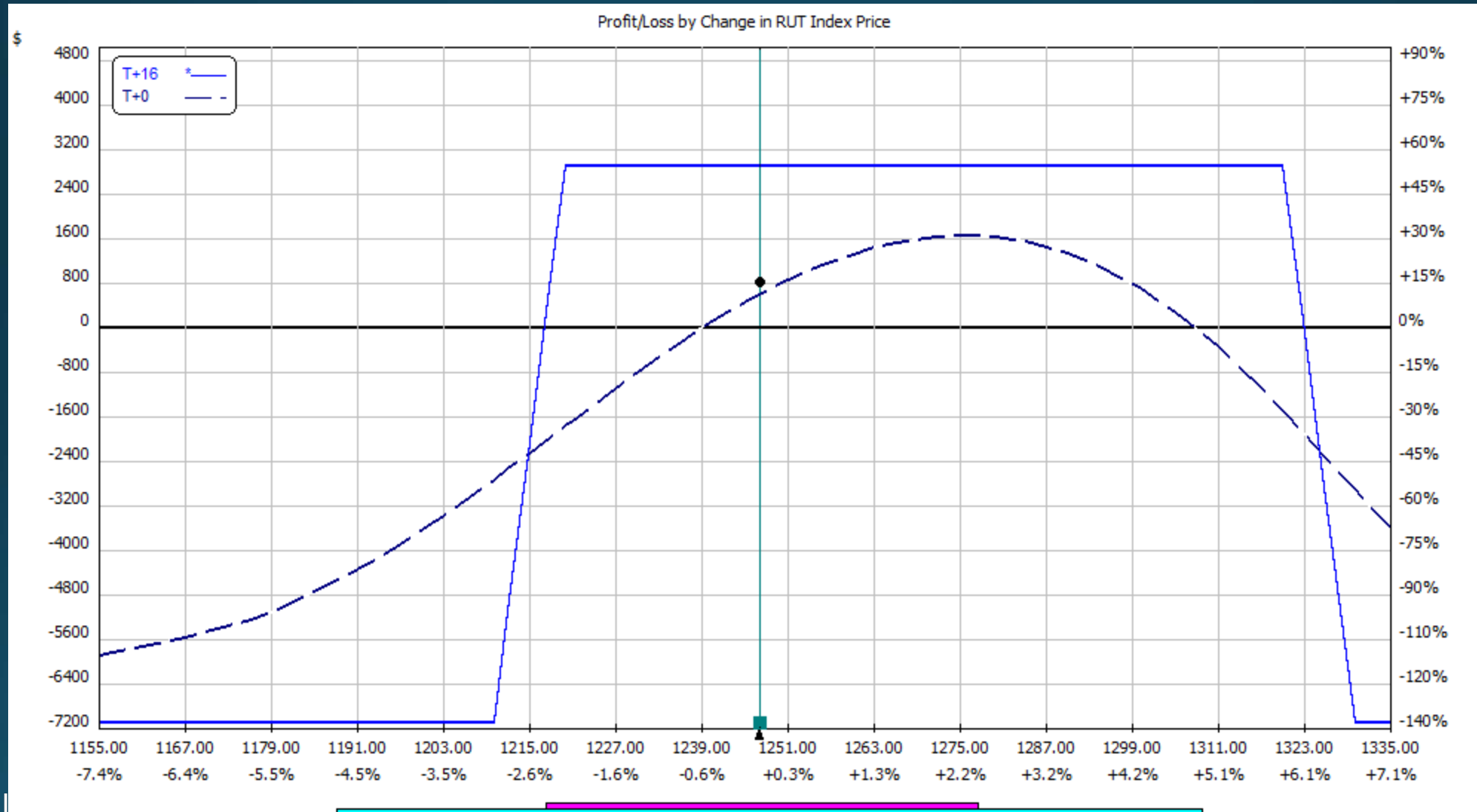


Five Days Later with the Reverse Harvey

RUT is Down Another 20 Points

Actuals		RUT Index						
		1255.80	1245.50	1247.00	-12.30		High	Low
Options		MAY <16> (May 15)						
		MktPr	OrigPr	MIV	Delta	Ex.Pos	Trade	
1340 C								
1330 C		0.20	0.33	14.2%	0.92	+10		2.03
1320 C		0.28	2.75	13.4%	1.57	-10		3.00
1310 C		0.28	.....	11.9%	2.75			4.40
1300 C		0.63	.....	11.9%	4.84			6.30
1290 C		1.15	.....	11.7%	8.34			8.80
1280 C		2.50	.....	12.1%	13.8			12.15
1250 P >		19.70	.....	17.4%	-57.1			35.10
1240 P		15.20	.....	17.9%	-47.0			30.70
1230 P		11.70	.....	18.4%	-37.2			27.10
1220 P		8.85	6.00	18.9%	-28.4	-10		23.60
1210 P		6.85	3.75	19.7%	-21.0	+10		20.75
1200 P		5.20	.....	20.3%	-15.2			18.20
1190 P		3.85	.....	20.9%	-10.8			15.90
1180 P		2.95	.....	21.6%	-7.94			13.85
<div>Still Profitable but Delta is High!</div>								
Summary								
	Net Reqmts	Gross Reqmts	Cash Flow	+\$4,670	Delta	67.48		
Init	\$5,330	\$10,000	Cur. Value	-\$2,080	Gamma	-1.89		
Maint	\$5,330	\$10,000	Gain/Loss	+\$840 *	Theta	51.75		
Cash/Init	0.88	0.47	Commis	\$0.00	Vega	-161.6		

Five Days Later with the Reverse Harvey RUT is Down Another 20 Points

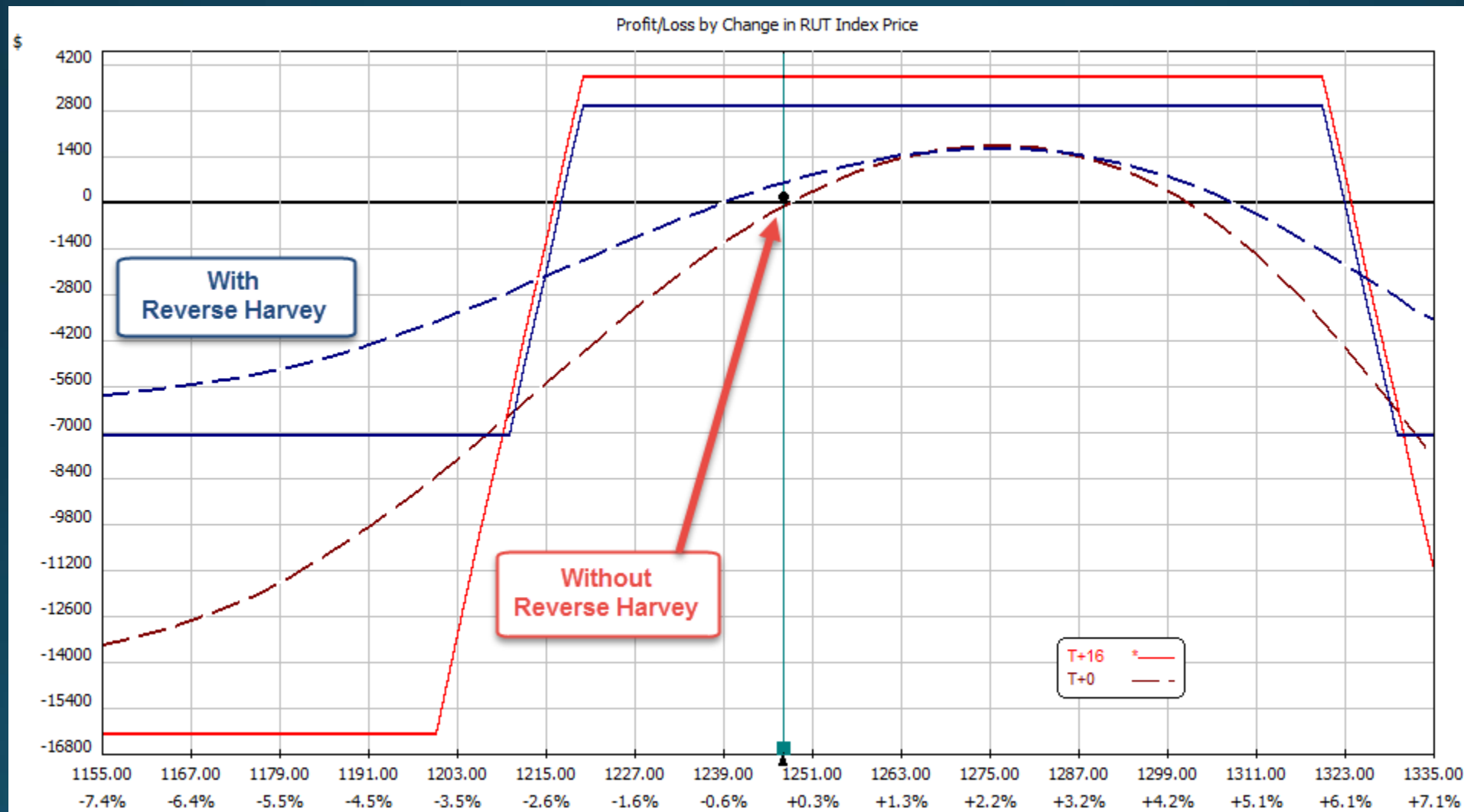


Five Days Later without the Reverse Harvey

Actuals	RUT Index							
	1255.80	1245.50	1247.00	-12.30			High	Low
Options	MAY <16> (May 15)							
1350 C	MktPr	OrigPr	MIV	Delta	Ex.Pos	Trade	MktPr	OrigPr
1340 C	0.28	0.88	16.2%	0.54	+10		1.05	.....
1330 C	0.20	.....	14.1%	0.92			2.03	.....
1320 C	0.28	2.75	13.4%	1.57	-10		3.00	.....
1310 C	0.28	.....	11.9%	2.75			4.40	.....
1300 C	0.63	.....	11.9%	4.83			6.30	.....
1290 C	1.15	.....	11.7%	8.33			8.80	.....
1280 C	2.50	.....	12.1%	13.8			12.15	.....
1270 C	4.45	.....	12.1%	21.6			15.90	.....
1260 C	7.80	.....	12.7%	31.9			20.55	.....
1250 P >	19.70	.....	17.4%	-57.1			35.10	.....
1240 P	15.20	.....	17.9%	-47.0			30.70	.....
1230 P	11.70	.....	18.4%	-37.2			27.10	.....
1220 P	8.85	6.00	18.8%	-28.4	-10		23.60	.....
1210 P	6.85	.....	19.6%	-21.0			20.75	.....
1200 P	5.20	4.05	20.3%	-15.2	+10		18.20	.....
1190 P	3.85	.....	20.9%	-10.8			15.90	.....
1180 P	2.95	.....	21.6%				13.85	.....
<div>Barely Profitable Delta is Very High!</div>								
Summary								
	Net Reqmts		Gross Reqmts		Cash Flow	+\$3,820		
Init	\$16,180		\$20,000		Cur. Value	-\$3,650		
Maint	\$16,180		\$20,000		Gain/Loss	+\$170		
Cash/Init	0.24		0.19		Commis	\$0.00		
					Delta	121.9		
					Gamma	-3.64		
					Theta	92.00		
					Vega	-307.2		

**Barely Profitable
Delta is Very High!**

Five Days Later Comparison



Comparison



With the Reverse Harvey

	Net Reqmts	Gross Reqmts	Cash Flow	+\$4,670	Delta	67.48
Init	\$5,330	\$10,000	Cur. Value	-\$2,080	Gamma	-1.89
Maint	\$5,330	\$10,000	Gain/Loss	+\$840	* Theta	51.75
Cash/Init	0.88	0.47	Commis	\$0.00	Vega	-161.6

Without the Reverse Harvey

	Net Reqmts	Gross Reqmts	Cash Flow	+\$3,820	Delta	121.9
Init	\$16,180	\$20,000	Cur. Value	-\$3,650	Gamma	-3.64
Maint	\$16,180	\$20,000	Gain/Loss	+\$170	Theta	92.00
Cash/Init	0.24	0.19	Commis	\$0.00	Vega	-307.2

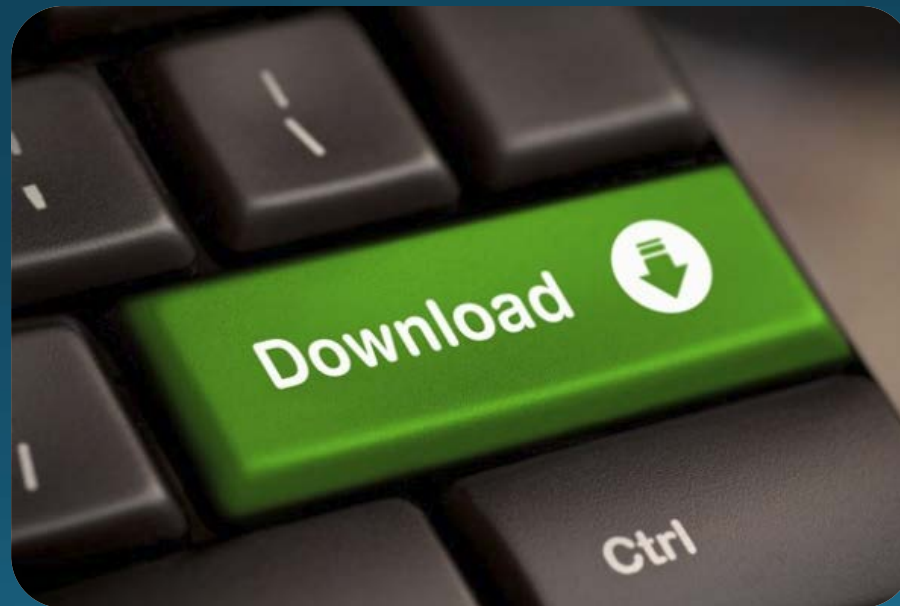
Summary



- Use ATM theta decay to your advantage
- Reverse Harvey is a great tool to use for adjusting, but not the only tool
- Reverse Harvey's are not restricted to butterfly trades
- Reverse Harvey's can help retain profit and reduce whip saw effects

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Questions??



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