
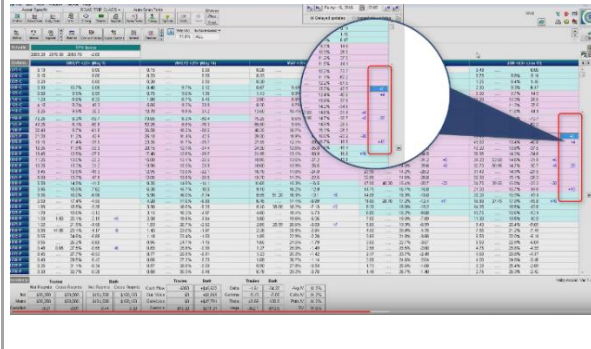
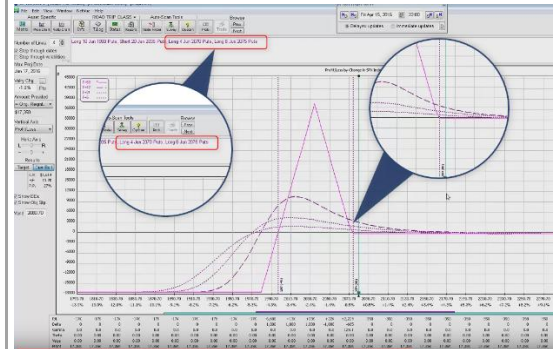
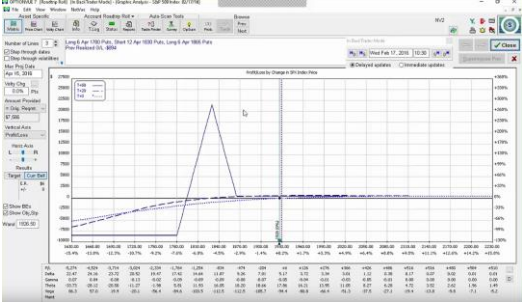
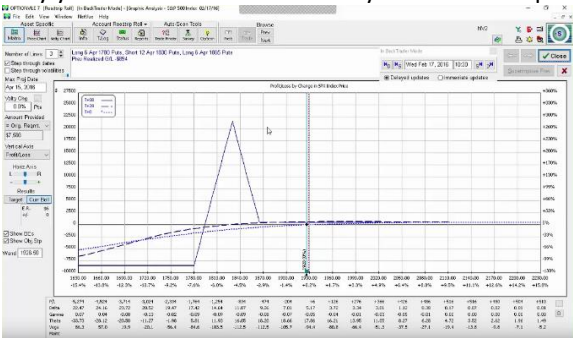


Strategy	The Road Trip BF - (SPX / RUT Butterfly)	
Trade Goals	<p>Normal exit 10 - 14DTE</p> <p>Few & simple adjustments</p> <p>Timing of entry & adjustments are not critical</p> <p>Monitoring once a day</p> <p>Profit Target: +10 - + 20% yield on margin</p> <p>Enter a new trade every two weeks</p> <p>Can safely overlap multiple trades</p>	 <p>March 4th - Trade Entry</p>
Entry	<p>Put BWB</p> <p>In the first 30 Days of trade:</p> <ul style="list-style-type: none"> • Leave the trade alone unless he moves to the lower 1/3 of the tent • If the trade is at the lower 1/3 of tent, add a put debit spread or a teeny to lift the down side 	
Entry Price	<p>Price:</p> <ul style="list-style-type: none"> • Around ~ 1.00\$ <ul style="list-style-type: none"> • Usually the price is cheaper (around: 0.60\$) • If the market price to high, use the Reverse Harvey process (Fill Problem) • MAX: 1.25\$ (SPX & RUT) <p>If the price is to high:</p> <ul style="list-style-type: none"> ○ open only a part of the contracts ○ open the other contract a few days later with a cheaper price <p>Optional: Add a teeny (negativ theta) at trade entry. Usually a 1 or 2 delta Put under 2.00\$.</p>	
Fill Problem	<p>Start the trade with a Reverse Harvey on the upper long puts.</p> <ul style="list-style-type: none"> • Sample: Position Contracts: 10/-20/4/6 • Sample: Position Contracts: 10/-20/1/9 <div data-bbox="268 1243 861 1590">  </div> <div data-bbox="869 1243 1428 1590">  </div>	
Margin	<p>SPX & RUT:</p> <ul style="list-style-type: none"> • 8500\$ for a 6/-12/6 BWB (Initial Margin: 6500 plus 2000\$ reserve for put debit spread) 	
Profit Target	<p>Profit Target: +10 - + 20% yield on margin</p> <p>SPX & RUT: 1200\$ per 6/-12/6 BWB</p> <p>Use the profit adjustments -> Description in Adjustment part.</p> <p>DTE < 21 -> Reduce profit target.</p>	

Delta	<p>Normal market:</p> <ul style="list-style-type: none"> Long Puts: - Delta: -0.40 to -0.50 Short Puts: - Delta: -0.30 to -0.35 Long Puts: - Delta: -0.20 to -0.25 <p>On market fast down move or on low volatility:</p> <ul style="list-style-type: none"> Renew the total position with lower strikes. Jon Harvey starts the SPX Roadtrip for example with a 60/50 Point BF 
Strikes	<p>The Strikes typically depend on Delta values. The following Strikes are not fix values.</p> <p>RUT: BWB 40/30 Points</p> <ul style="list-style-type: none"> upper long strike within 5-10 Points of current price short strike 30 Points below upper long strike lower long strike is 40 Points below short strike upper Wing expire P&L / Lower Wing expire P&L $\leq 1/10$ <p>SPX: BWB 50/40 Points</p> <ul style="list-style-type: none"> 25 strikes have a good fill chance upper long strike within 5-10 Points of current price short strike 40 Points below upper long strike lower long strike is 50 Points below short strike upper Wing expire P&L / Lower Wing expire P&L $\leq 1/10$
Runtime (DTE)	60-75 DTE
IVR	<p>Best: On high IVR -> negative vega trade</p> <p>On low IVR:</p> <ul style="list-style-type: none"> Open the tent on lower strikes. All other rules (Price / Margin / etc.) are the same. May you can use a Reverse Harvey to reduce the price. 
Futures	Skew problem --> no futures
Shares	RUT, SPX
Money Mgmt	<p>5-10% from Depot of the max loss chance. Max loss chance is the low expire line value.</p> <p>Depends on the number of running Road Trips and other positions on this or correlated underlying's.</p>
Close	<p>Exit:</p> <ul style="list-style-type: none"> DTE ≤ 10-14 DTE if SPX near the tent. If the SPX is 30 Points or more above the upper long put, you can let the position expire.

Adjustment

Within the first 30 days, monitor only for large move down.

Profit Adjustment:

- **IMPORTANT:** Once the trade has approximately a **+10% profit**, **begin the Reverse Harvey process** to capture more profit with minimum risk and reduce vulnerability to whipsaws.
- 1. **Reverse Harvey**
- 2. If market is far over BF, close partial upper debit put spread
 - a. First start is usually on half DTE

Up Move:

- Market more than 30 Points above upper long Put:
 - **Reverse Harvey** by rolling down the upper long Put to lift the upper line above the zero line
 - Leave the trade in play as market frequently pulls back gives you an opportunity to exit with a good profit

Round Table with Tom Nunemaker and Dan Harvey - January 6, 2016

What Kind of Reverse Harvey?

- If SPX is well above the tent, Reverse Harvey the upper long put
- If SPX is in the tent, Reverse Harvey both long puts
 - Normally Reverse Harvey both puts the same amount
 - Optionally create a symmetric butterfly. Reverse Harvey the lower put to match the same distance from the short strike as the upper long put.

Adjustment

Strikes

Graph

Action:
Move long strikes in the tent.

Target:
Upper expire line over zero line.

Reverse Harvey The Same Strike Distance

Date: 4/2/2015

Price: \$2066.40

MAY<43>(May 15)									
Options	Price	Entry Pr	IV	Delta	Ex Pos	Trade	New		
2100 Puts	\$55.80	\$51.90	12.6%	-59.9	+6	-6	+6		
2090 Puts	\$50.35		12.9%	-55.4			+6		+6
2060 Puts	\$37.50	\$38.85	14.2%	-43.0	-12		-12		
2020 Puts	\$25.10		14.6%	-29.0			+6		+6
2010 Puts	\$22.80	\$27.00	16.2%	-27.4	+6	-6			

Before Adjusting					After Adjusting				
Delta	-7.5				Delta	-4.7			
Gamma	-0.3				Gamma	-0.2			
Theta	49.2				Theta	36.0			
Vega	-312.0				Vega	-254.5			
Profit/Loss	1,440				Profit/Loss	1,440			
Profit/Loss	+21.4%				Profit/Loss	+21.4%			
Margin	6,720				Margin	5,010			

NOTE: Profit % is based on maximum margin

Mar 10th After The Reverse Harvey

Action:
Move upper long strike in the tent.

Target:
Upper expire line over zero line.

Reverse Harvey Upper Puts

Date: 10/29/2015

Price: \$2087.40

DEC<50>(Dec 18)									
Options	Price	Entry Pr	IV	Delta	Ex Pos	Trade	New		
1990 Puts	\$18.25	\$67.95	16.9%	-19.6	+6	-3	+3		
1970 Puts	\$15.20		17.6%	-16.5	+3		+3		
1950 Puts	\$12.95	\$52.75	18.5%	-13.9	-12		-12		
1900 Puts	\$8.20	\$38.25	20.2%	-9.2	+6	+6	+6		

Before Adjusting					After Adjusting				
Delta	-5.6				Delta	3.7			
Gamma	0.1				Gamma	0.0			
Theta	14.3				Theta	21.4			
Vega	-28.8				Vega	-95.6			
Profit/Loss	-90				Profit/Loss	-90			
Profit/Loss	-1.4%				Profit/Loss	-0.8%			
Margin	6,420				Margin	11,505			

Adjust Trade

Action:
Again - Move long strikes in the tent.

Target:
Upper expire line more over zero line.

Good Profit - Reverse Harvey Again

Date: 4/16/2015

Price: \$2106.00

MAY<29>(May 15)									
Options	Price	Entry Pr	IV	Delta	Ex Pos	Trade	New		
2090 Puts	\$22.05	\$50.34	12.2%	-36.3	+6	-6			
2080 Puts	\$14.10		13.4%	-23.9	+6	+6	+6		
2060 Puts	\$14.10	\$38.85	13.4%	-23.9	-12		-12		
2030 Puts	\$14.10		13.4%	-23.9	+6	+6	+6		
2020 Puts	\$7.90	\$25.10	15.1%	-13.6	+6	-6			

Before Adjusting					After Adjusting				
Delta	-12.4				Delta	3.3			
Gamma	0.0				Gamma	-0.1			
Theta	35.8				Theta	23.3			
Vega	-133.5				Vega	-103.8			
Profit/Loss	2,640				Profit/Loss	2,640			
Profit/Loss	+38.4%				Profit/Loss	+30.4%			
Margin	6,720				Margin	3,480			

NOTE: Profit % is based on maximum margin

Mar 10th After The Reverse Harvey

Down Move:

Adjustment

SPX is 15 Points under Short Strike

- depends on the actual profit
- especially in the first 30 days

Graph

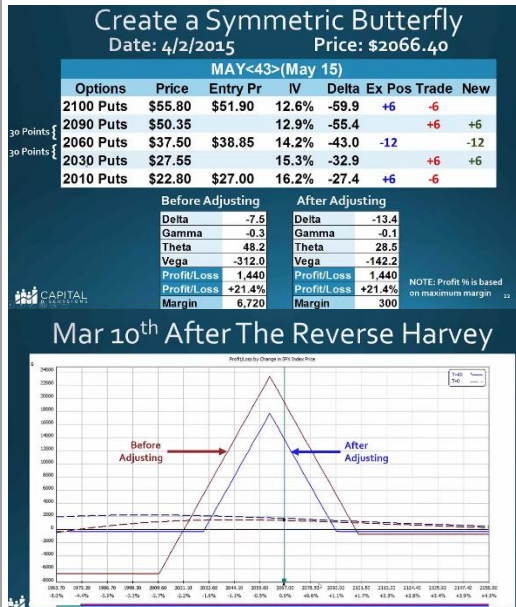


If the position delta reaches 15-20, **add** put debit spreads.

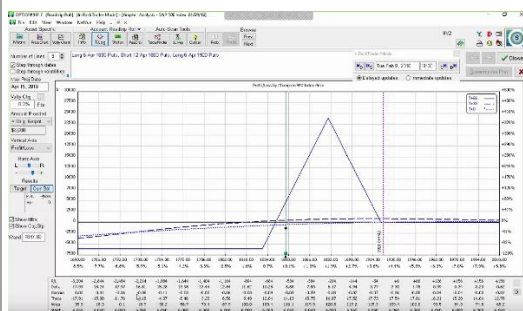
- This usually occurs near the down side expiration BreakEven point.
- Remove Put debit spread** if SPX rallies to the short strike of the trade

Adjustment above

On a normal down move after min. 10 days:

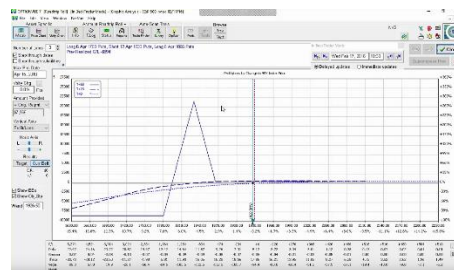
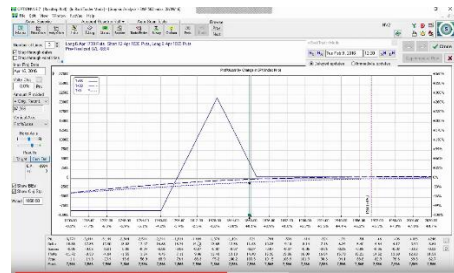


On a fast down move after opening the position:



Roll the BWB down. There are two ways

- Roll that you get a new RoadTrip
- Roll down that you get a RoadTrip with Reverse Harvey (Upper line over zero line)



Roll down and add a teeny

- Strong Down move: Add a teeny (delta: 2)
- If the price lower than 1/3 of tent

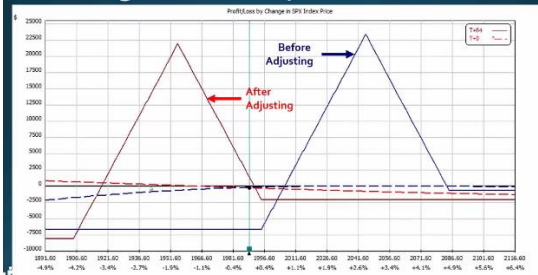
Option 2: Reposition Trade With a Teeny
Date: 8/21/2015 Price: \$1989.30

WKLY4<64>(Oct 24)							
Options	Price	Entry Pr	IV	Delta	Ex Pos	Trade	New
2085 Puts	\$117.30	\$55.00	15.0%	-74.3	+6	-6	
2045 Puts	\$92.70	\$40.95	16.6%	-61.9	-12	+12	
1995 Puts	\$68.70	\$28.05	18.6%	-47.8	+6		+6
1955 Puts	\$54.00		20.2%	-38.2		-12	-12
1905 Puts	\$40.10		22.2%	-29.1	+6		+6
1715 Puts	\$13.45		29.5%	-10.2	+1		+1

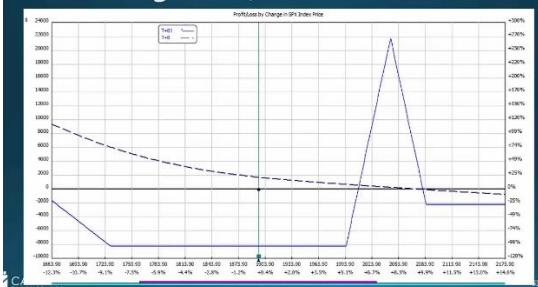
VIX: 25.20

Before Adjusting		After Adjusting	
Delta	8.4	Delta	-10.5
Gamma	-0.2	Gamma	0.0
Theta	14.6	Theta	-17.2
Vega	-198.9	Vega	26.7
Profit/Loss	-354	Profit/Loss	-354
Profit/Loss	-5.3%	Profit/Loss	-4.4%
Margin	6,690	Margin	8,065

August 21 – Reposition Trade



August 24 – After Crash



Sources

https://www.youtube.com/watch?v=o7Vs-pa_yus
<https://www.youtube.com/watch?v=Z67vvn4Lc0M>
<http://roadtriptrade.com/>
<https://www.youtube.com/watch?v=KEF89nsIPRY>