

Module 14 · Printable reference

Advanced Options Strategies

Key concepts, worked examples and risk reminders. Use alongside the full free course.

165 Covered call

Holding an underlying and writing a call exchanges upside above strike for premium.

Example: Stock cost 100, short strike 110 premium 3 caps expiry profit at 13 per unit.

Check: Stock cost 100, strike 110, premium 3, expiry spot 80: net?

Answer: −17 per unit before costs.

Caution: Underlying downside remains substantial.

166 Protective put

A long put can provide downside protection for an underlying holding.

Example: Stock cost 100 plus strike 95 put costing 2 gives expiry floor loss 7.

Check: Cost 100, put strike 95, premium 2, spot 80: net?

Answer: −7 per unit before costs.

Caution: Protection costs premium and expires.

167 Bull call spread

Buy lower-strike call and sell higher-strike call with same expiry and quantity.

Example: Strikes 100 and 110 net debit 4 give max expiry profit 6 and loss 4.

Check: Strikes 100/110, debit 4, spot 106: net?

Answer: 2 per unit before costs.

Caution: Early exercise, assignment and settlement can add risk.

168 Bear put spread

Buy higher-strike put and sell lower-strike put with matched terms.

Example: Strikes 110 and 100 debit 4 give max expiry profit 6.

Check: Strikes 110/100, debit 4, spot 105: net?

Answer: 1 per unit before costs.

Caution: Payoff is capped and costs reduce returns.

169 Bull put spread

Sell higher-strike put and buy lower-strike put with same expiry.

Example: Strikes 100 and 90 net credit 3 give max expiry loss 7.

Check: Short 100, long 90, credit 3, spot 95: net?

Answer: −2 per unit before costs.

Caution: Margin and assignment or settlement risks remain.

© 2026 TradeViora Academy | Learn. Analyze. Practice. Trade Smarter.
Educational only · Hypothetical examples · Independent review pending

170 Bear call spread

Sell lower-strike call and buy higher-strike call with same expiry.

Example: Strikes 100 and 110 credit 3 give max expiry loss 7.

Check: Short 100, long 110, credit 3, spot 105: net?

Answer: −2 per unit before costs.

Caution: Legging into spreads can create temporary exposure.

171 Long straddle

Buy call and put at same strike and expiry.

Example: Strike 100 total premium 8 gives expiry break-evens 92 and 108.

Check: Strike 100, total premium 8, spot 105: net?

Answer: −3 per unit before costs.

Caution: Small moves can lose both premiums.

172 Long strangle

Buy out-of-money put and call with different strikes.

Example: Put 95 call 105 total debit 4 give expiry break-evens 91 and 109.

Check: Put 95, call 105, debit 4, spot 100: net?

Answer: −4 per unit before costs.

Caution: Requires a sufficiently large move to profit at expiry.

173 Iron condor

Combine a short put spread and short call spread with separated short strikes.

Example: Long put 90 short put 95 short call 105 long call 110 credit 2 gives max loss 3.

Check: Wings 90/95 and 105/110, credit 2, spot 94: net?

Answer: 1 per unit before costs.

Caution: Defined expiry payoff does not remove execution risk.

174 Butterfly spread

A symmetric call butterfly buys outer strikes and sells two middle calls.

Example: Buy 90 and 110 calls, sell two 100 calls, debit 2 gives max expiry profit 8.

Check: Strikes 90/100/110, debit 2, spot 105: net?

Answer: 3 per unit before costs.

Caution: Profit region is narrow and costs matter.

175 Calendar spread

A calendar uses different expiries at a common or comparable strike.

Example: Buy next-month call and sell near-month call at strike 100.

Check: Why is a simple same-expiry payoff diagram insufficient?

Answer: The far-dated leg is not expired when the near leg settles.

Caution: Different expiries prevent a simple single-expiry fixed payoff.

© 2026 TradeViora Academy | Learn. Analyze. Practice. Trade Smarter.
Educational only · Hypothetical examples · Independent review pending

176 Volatility and expiry risk

Option portfolios respond to spot, time and volatility simultaneously.

Example: A long option can lose despite a favorable spot move if IV falls sharply.

Check: Can a call lose value while the underlying rises?

Answer: Yes, if time decay or IV decline outweighs the directional gain.

Caution: Stress-test multiple scenarios rather than relying on delta alone.

Further reading

SEBI investor education: investor.sebi.gov.in · NSE: nseindia.com. References for background only; no endorsement or independent validation is implied.