



Directional Butterflies: AKA “The Time Bomb Butterfly”

Class #1 – 7/27/2022

With: Dan Sheridan & Mark Fenton

The views of speakers and their materials are their own and do not necessarily represent the views of Sheridan Options Mentoring Inc.

Options involve risk and are not suitable for all investors. Prior to buying or selling an option, a person must receive a copy of Characteristics and Risks of Standardized Options (ODD). Copies of the ODD are available from your broker, by calling 1-888-OPTIONS, or from The Options Clearing Corporation, One North Wacker Drive, Suite 500, Chicago, Illinois 60606. The information in this presentation is provided solely for general education and information purposes. Any strategies discussed, including examples using actual securities and price data, are strictly for illustrative and educational purposes. Investors should consult their tax advisor about any potential tax consequences. No statement within the presentation should be construed as a recommendation to buy or sell a security or to provide investment advice.

Multiple leg strategies involve multiple commissions charges. Brokerage firms may require customers to post higher margins than the minimum margins specified in this presentation.

The course offering can change at any time at Sheridan Options Mentoring's discretion. Any changes to this educational program will be posted on the web site, which will serve as notification of any changes. Dan Sheridan's classes are for educational purposes only. We are not an advisory service, nor do we guarantee any kind of return on investment. Sheridan Mentoring does not offer refunds on online class purchases.

Things to Discuss

- Time Bomb? Where I learned this?
- What is it? Discuss Big Picture and where this fits in?
- Why do this?
- “The Greeks of the Time Bomb Butterfly”?
- Contrast the “Time Bomb” versus Long Options or Long Verticals?
- What vehicles to do this in?
- Ideal Market conditions for this strategy?
- 2 Keys to this Strategy? Picking the right Short Strike and Duration
- Proper Width of the Directional Butterfly?
- How to determine proper Size?

Things to discuss?

- Concepts to Know : Expected Returns, Standard deviation, Probability of Touching.
- Risk Management? Profit target and Maximum Loss
- Adjustments?
- When to exit? How Long to stay in this trade?
- When to do a single Time Bomb or a Double?
- Volatilities effect on this Strategy?
- Can you be right with Direction and still not make much Money?
- Double Time Bomb more Delta Neutral?

Things to Discuss

- Time Bombs in AMZN and AAPL
- Time Bomb in SPX for Fed and GDP announcements this week?
- When to do Time Bombs 10 days out versus 20 Days out versus 30 Days Out.
- How to use Technical Analysis with Time Bomb Butterflies?
- How to Leg into Time Bomb Butterflies?
- How to Scale into Time Bomb Butterflies?
- How to get good execution with Directional Butterflies?

Today

- Time Bombs in AMZN and AAPL
- Time Bomb in SPX for Fed and GDP announcements this week?

White Board: