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How to Develop a Trading Plan for a Small Account?

Dan Sheridan
Sheridan Risk Management

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As with all investments, your capital is at risk sheridan

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How to Develop a Trading Plan for a Small Account

Dan Sheridan
sheridanriskmanagement.com

Big Picture Perspective

- **Long Portfolio**: Long Stock or ETF's, Long Leaps, Covered Writes, Cash Secured Puts, Long Diagonals (Poor Man's Covered Writes), Put Credit Spreads
- **Range Bound Portfolio**: Calendars, Iron Condors, Butterflies (Balanced and Broken Wing), Double Diagonals, Double Calendars
- **Speculative Portfolio**: Long Puts, Long Calls, Reverse Iron Condor, Vertical Debit Spreads, Directional Calendars and Butterflies, Credit Spreads

Multiple leg strategies, including spreads, will incur multiple transaction costs.

Sample $5,000 Beginner Portfolio

- **Long Portfolio**: Long Diagonal (Poor Man's Covered Write) Put Credit Spread (Alternative to Cash Secured Put)Allocation $1000
- **Range Bound Portfolio**: Calendar and Iron Condor OR Calendar and Butterfly. Allocation $2000 ($1000 each strategy)
- **Speculative Portfolio**: Directional Call Credit Spread or Reverse Iron Condor. Allocation $500
- Total Allocation: $3500

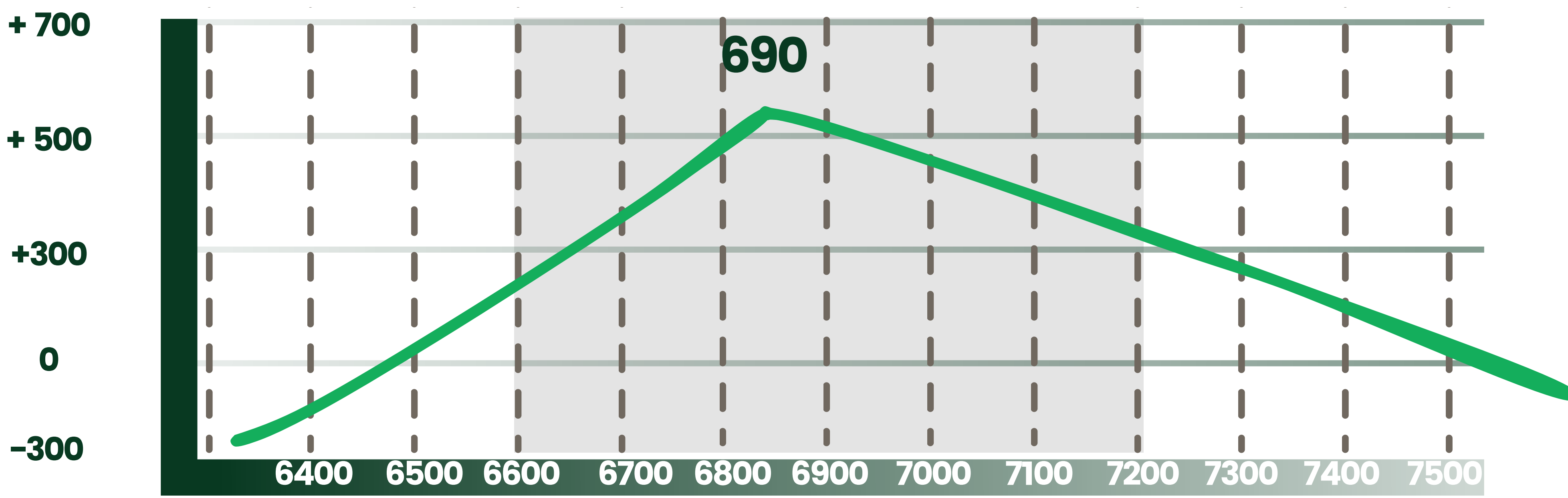
Multiple leg strategies, including spreads, will incur multiple transaction costs.

Long Portfolio: Long Diagonal (Poor Man's Covered Write)

Example in SPY

- Buy 1 April 17, 685 Call
- Sell 1 Mar 13, 690 Call
- $11.77 Debit
- Risk or Margin $1177

Greeks:
Date: Mar 4
SPY 686.5
Deltas 11
Gamma -1.24
Theta 21
Vega 51



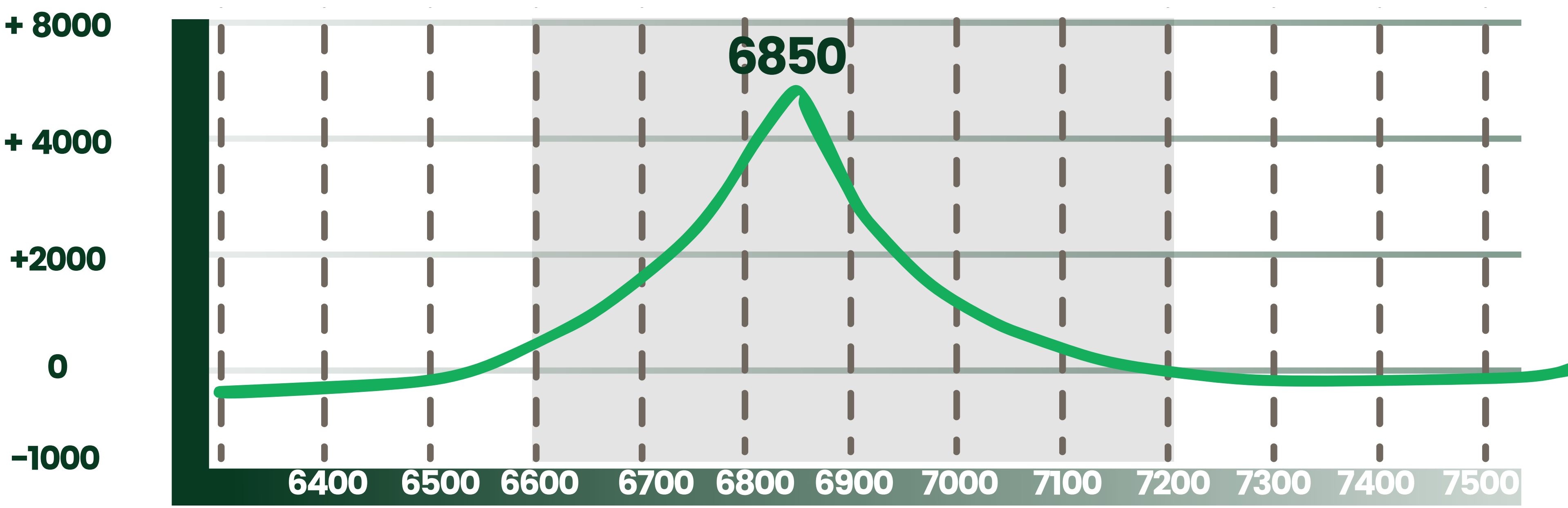
Multiple leg strategies, including spreads, will incur multiple transaction costs.

Range Bound Portfolio

Calendar Example in SPX

- Buy 1 Mar 31, 6850 Put
- Sell 1 Mar 27, 6850 Put
- 6.65 Debit

Greeks:
Date: Mar 4
SPX 6880
Deltas .03
Gamma -.01
Theta 24
Vega 56



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