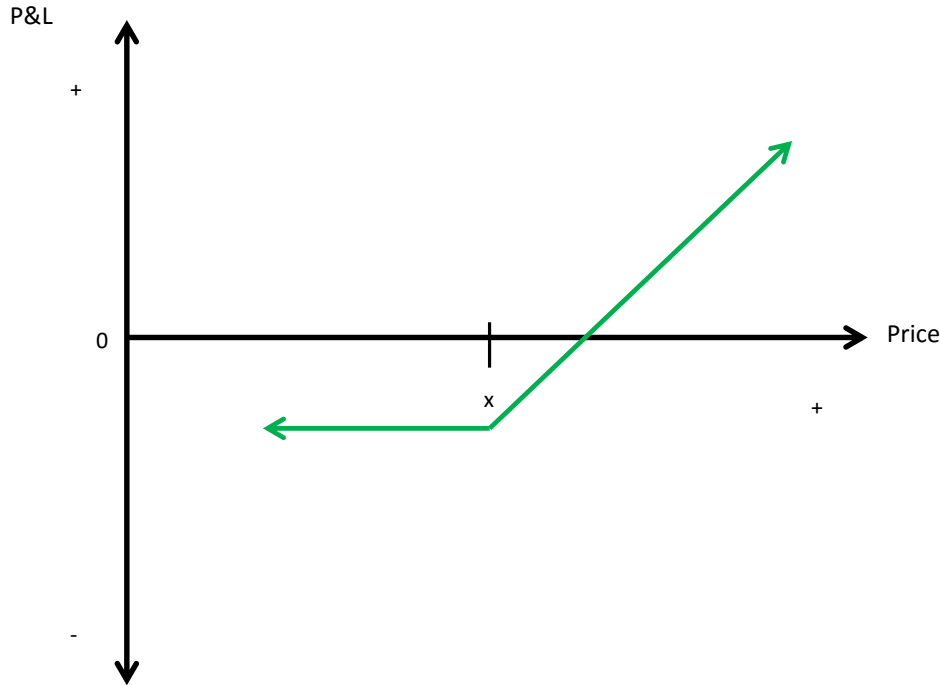


# Options Basics Call Options

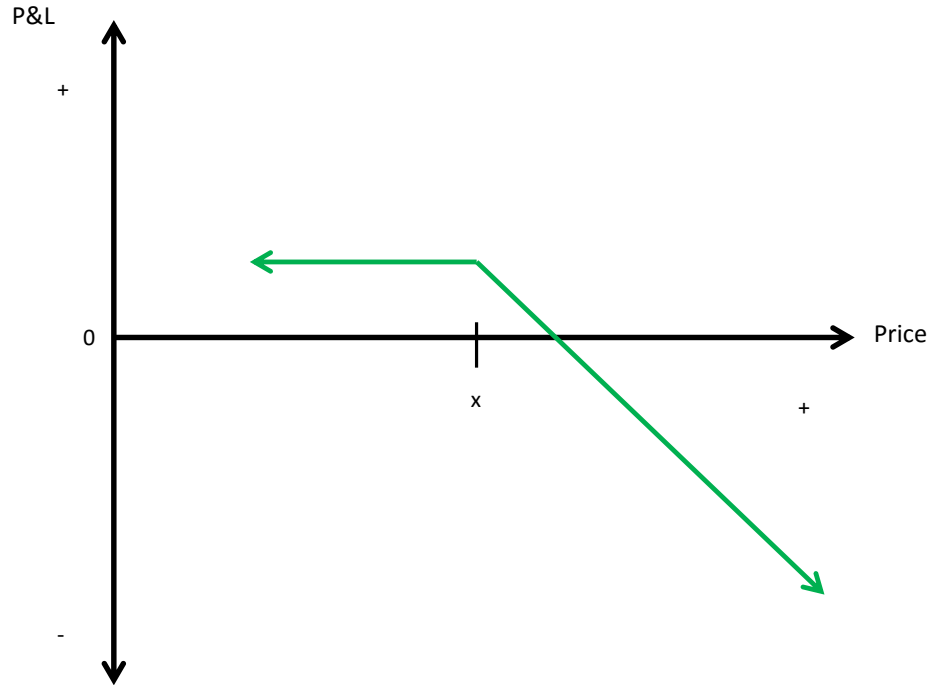
Call Options P&L Diagram

# P&L Diagram Call Buyer



- Long a Call Option
- Pay an amount to buy a right to:
  - ✓ Buy an instrument (stock)
  - ✓ At a specified price (strike)
  - ✓ Within a specified time frame
- Participate, even if you don't own the stock/underlying, in price increases
- Base price goes down, option loses value, max loss being option price (OTM)
- Base price increase (ITM), the price of the put option increases
- Max Win in this transaction is unlimited, should price exceed strike and your bullish expectations be met
- If the price of the underlying changes, you don't participate in a 1:1

# P&L Diagram Call Seller



- Short a Call Option
- Get paid to „assure“ option holder:
  - ✓ Sell an instrument (stock)
  - ✓ At a specified price (strike)
  - ✓ Within a specified time frame
- Bearish-neutral outlook
- Stock price increases - ITM – loss (U ltd)
- Stock price decreases - OTM – win (Ltd)
- Max Win is premium received should the option be worthless at expiration
- Max Loss is Unlimited. (naked Calls)