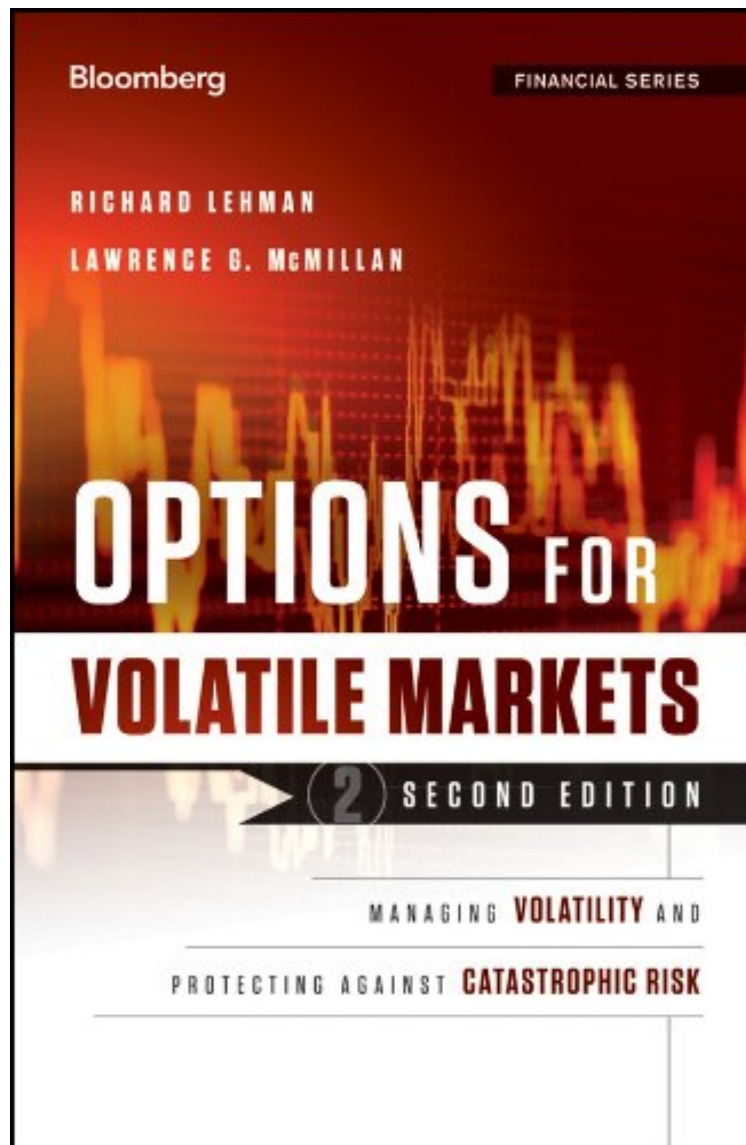


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Options for Volatile Markets: Managing Volatility and Protecting Against Catastrophic Risk (Bloomberg Financial)

Richard Lehman, Lawrence G. McMillan
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expected more information on what to do and good examples. It dwelled on definitions and listed advantages and disadvantages for example of puts and covered calls. Most options traders already know this. The book is pretty short, only 200 pages and the last part dwelled on volatility with more definitions and advantages and disadvantages etc. It seems geared to newbies. I would stick with the McMillan Strategies book volumes. This book is not nearly as good. It seems he is trying to just churn out books. 10 of 3 people found the following review helpful. XLNT VIX INFO! By DoMeNiQuE CoEgreat info on ETF especially the elusive VIX... have lost mega bux in the market and of course had very few positions to take advantage of the past few years explosion so I guess my relationship with the market is too volatile to venture anything comparable within this venue... have better luck in Vegas and if one were capable to "predict the prediction" with success and adroitness then this is your vehicle! 40 of 40 people found the following review helpful. another McMillan masterpiece By Alex Martelli I was surprised, when I got the book, that the first edition's title had actually been "New Insights on Covered Call Writing" -- a more accurate title, since about half the book is about covered calls. Did I, an experienced options investor, need a refresher on the simplest, most conservative strategy, covered writing? Turns out, when the author sharing insights is McMillan, that, yep, I do (his co-author, Lehman, must be about as good a writer, analyst, and money manager -- that's high praise). I've learned a lot from this book; the excellent writing made it a real pleasure to go through the studying (shouldn't take long -- it's a short 200-pages book). The book is suitable for beginners, starting with summaries of option basics, pricing, covered writing -- experts should not skip these early chapters, which offer many insightful observations. It gets even better when implementation details are dissected, then advanced variations (put writing, ratio writing, diagonals, ...). The short coverage of put-call parity (titled "option-stock arbitrage") is the best concise treatment I've seen. The book moves on to hedging (put buying, follow-ups, spreads, collars, ...), including a superb concise treatment of the psychological side of various forms of hedging; optionable ETFs; and, finally, VIX derivatives, in a 30-page final chapter which, again, is the best concise treatment of the subject I've ever seen -- full, like the rest of the book, of tips, insights, real-life examples well presented with tables and graphs and masterfully discussed, actionable advice on VIX futures and options (only one related ETN, VXX -- such ETNs are exploding in numbers and varieties, a detailed analysis would take another book this size). In short, I can't recommend this book highly enough to anybody -- beginner, intermediate, or expert -- with any interest in options, or, indeed, in the stock market.

Practical option strategies for the new post-crisis financial market Traditional buy-and-hold investing has been seriously challenged in the wake of the recent financial crisis. With economic and market uncertainty at a very high level, options are still the most effective tool available for managing volatility and downside risk, yet they remain widely underutilized by individuals and investment managers. In *Options for Volatile Markets*, Richard Lehman and Lawrence McMillan provide you with specific strategies to lower portfolio volatility, bulletproof your portfolio against any catastrophe, and tailor your investments to the precise level of risk you are comfortable with. While the core strategy of this new edition remains covered call writing, the authors expand into more comprehensive option strategies that offer deeper downside protection or even allow investors to capitalize on market or individual stock volatility. In addition, they discuss new offerings like weekly expirations and options on ETFs. For investors who are looking to capitalize on global investment opportunities but are fearful of lurking "black swans", this book shows how ETFs and options can be utilized to construct portfolios that are continuously protected against unforeseen calamities. A complete guide to the increased control and lowered risk covered call writing offers active investors and traders Addresses the changing investment environment and how to use options to succeed within it Explains how to use options with exchange-traded funds Understanding options is now more important than ever, and with *Options for Volatile Markets* as your guide, you'll quickly learn how to use them to protect your portfolio as well as improve its overall performance.

From the Inside Flap Today's financial markets harbor risk and uncertainties far beyond historically accepted norms; especially when it comes to the "new normal" of equity investing, which presents new challenges in managing these risks. Nobody understands this better than authors Richard Lehman and Lawrence G. McMillan, and now, with the Second Edition of *Options for Volatile Markets*, they share their extensive experience in this evolving field with you. With economic and market uncertainty at a very high level, options are still the most effective tool available for managing volatility and downside risk, yet they remain widely underutilized by individuals and investment managers. In the Second Edition of *Options for Volatile Markets*, you'll discover specific strategies to lower portfolio volatility, protect your portfolio against any catastrophe, and tailor your investments to the precise level of risk you are comfortable with. Engaging and informative, this new edition remains true to the core strategy of covered call writing, but also expands into more comprehensive option strategies that offer deeper downside protection or even allow you to capitalize on market or individual stock volatility. It opens with a quick refresher on options, from how they're traded to the factors that affect their price, then moves on to reveal the most effective covered call writing techniques currently available. While basic covered call writing is thoroughly explained, you'll also gain valuable insights into more sophisticated implementations of call writing, including the use of margin, employing underlying

securities other than stocks, and partial or ratio writing. Lehman and McMillan also examine other important, but often underutilized option strategies—such as put hedging and spreading—discuss follow-up actions that stem from basic put hedging, and explore using combined put-call strategies as a continuous portfolio management approach for dealing with volatility and reducing downside risk. Along the way, you'll even become familiar with the rapidly growing practice of using options with exchange-traded funds (ETFs), learn how to actually trade volatility by itself through recently introduced vehicles like VIX and VXX, and employ volatility strategies to hedge an equity portfolio. Understanding options is now more important than ever. With the Second Edition of *Options for Volatile Markets* as your guide, you'll quickly learn how to use them to protect your portfolio as well as improve its overall performance.

From the Back Cover
Praise for *Options FOR Volatile Markets*, Second Edition
"Once again, McMillan and Lehman have created new and insightful updates into the world of derivatives trading. Every time you think you've mastered the game, these two industry titans prove you wrong. It's uncanny. In fact, let me put it this way: If you think you know options markets, think again."
—Richard Besignor, President and Chief Strategist at Besignor Strategies, Inc.; Editor of *New Thinking in Technical Analysis*
"Highly recommended for serious investors aiming to protect their portfolios from the next 'black swan' event. It's not a question of 'if' but 'when.' Be prepared with the tactics in this book."
—Donato A. Montanaro, Jr., Chairman and CEO, TradeKing
"Options for Volatile Markets provides the reader with time-tested option strategies for capital appreciation, income generation, and limiting losses. As discovered during the financial hurricane of 2008, asset diversification is not enough. Properly implemented, option strategies can be the difference between financial success and failure during volatile times."
—Kenneth G. Winans, CMT, MBA, President and Founder, Winans International; award-winning author and Forbes.com columnist
"The 'new normal' post-2008 world involves more than just lower returns, it comes with an overhang of serious risk to boot. This book provides clear strategies to both boost returns and protect against 'fat-tail' risks that can destroy capital."
—Stephen Savage, Managing Partner, Litman/Gregory Asset Management
"Successful investment management over time is not driven by how much one makes, but rather by how much one consistently does not lose. The best investors and traders of which I know focus first on risk management and secondly on profit maximization. After witnessing the financial market volatility of the last decade, absolute returns and consistency of those returns should be a key objective of institutional as well as retail investors going forward. Lehman and McMillan provide a roadmap of creative, intelligent, and purposeful options strategies for achieving exactly this."
—Brian Pretti, CFA, CFP, Chief Investment Officer, Mechanics Bank

About the Author
RICHARD LEHMAN is the founder of RHL Capital, a registered investment advisor, and a part-time instructor of behavioral finance and options at UC Berkeley Extension. He is also the author of *Far From Random*, and publishes an investment newsletter called the Channelist. Lehman's financial career spans more than thirty years in product management, marketing, sales, and investment management beginning with an eleven-year stint on Wall Street with E.F. Hutton Co., Thomson McKinnon Inc., and the New York Stock Exchange.
LAWRENCE G. McMILLAN is the founder and President of McMillan Analysis Corporation. He authors the Daily Volume Alerts, a unique daily service that selects short-term stock trades by looking for unusual increases in equity option volume. McMillan manages option-oriented accounts for individual investors and also publishes the *Option Strategist*, a derivative products newsletter covering equity, index, and futures options. McMillan's web site, www.optionstrategist.com, twice received a "Best of the Web" award from Forbes magazine. He is the coauthor, with Richard Lehman, of the first edition of this book and the author of *McMillan on Options* (Wiley) and *Options as a Strategic Investment*.