



Chapter 13, Stock or Option benefit Calculation

Ticker: _____

What are the fundamental principles that cause me to think that this is a "good price"?

What are the technical principles that cause me to think that this is a good time to transact (undervalued or overvalued)?

Bought positions cost \$_____

Sold positions premium \$_____

Net profit \$_____

What is my benefit to cost ratio? (benefit / cost) A higher score is better.

- Example: Potential profit or gain: \$8 per share. Cost of the stock or option. Stock price \$35. Option premium \$4. Stock benefit to cost ratio: 22.86%. Option benefit to cost ratio: 200%

What is my maximum risk? \$_____

NOTES FROM A PROFITABLE INVESTOR

What is my potential for gain? (*premium per contract*) \$ _____ x contracts _____ = \$ _____

What is my profit target? \$ _____, _____% per trade. Annualized _____%

What is my exit strategy? _____
