

# THE WHEEL STRATEGY

## A STEP-BY-STEP INCOME GENERATION CYCLE

### REAL EXAMPLE: APPLE (AAPL)



1

### SELL A CASH-SECURED PUT (CSP)



Sell **CSP** on stock you want to own.



Set strike price **below** trading price.



If option expires worthless, **repeat**.

YOU RECEIVE PREMIUM AS INCOME

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### ASSIGNMENT



If **CC** is assigned, you **SELL** 100 shares of underlying at your strike price.

YOU NOW HAVE CASH. GO TO STEP 1

2

### ASSIGNMENT



If **CSP** is assigned, you **BUY** 100 shares of underlying at your strike price.

YOU NOW OWN THE STOCK

3

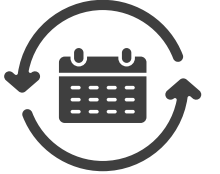
### SELL A COVERED CALL (CC)



Sell **CC** on stock that you own.



Set strike price **above** cost basis.



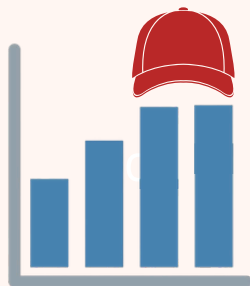
If option expires worthless, **repeat**.

YOU RECEIVE PREMIUM AS INCOME

### RISKS & STRATEGY



Large market drops can create unrealized losses.



Covered calls cap upside in a rally.



Managing cost basis & strike selection is essential.

### KEY TO SUCCESS



- Discipline & patience.
- Choose strikes carefully.
- Track trades in journal.
- Only sell puts on stocks you want to own.

Have you used this strategy? Share your results!



**barchart**

