



IRON CONDOR TRADING PLAN

Overview

This trading plan is made as of (Insert date) and is designed to help improve my overall trading results by setting rules and guidelines to follow at all times.

Objectives

- Annual - between +15% and 25% total return on capital
- Monthly – To be profitable in 10 out of every 12 months and 80% of all trades.
- To keep a trading diary and review it weekly
- To avoid large losses

Selecting a Market

I will trade the following instruments:

- RUT, SPX, NDX, OIH, AAPL, GOOG

Selecting a Timeframe

I will trade based on the following timeframes:

- Daily
- 30min, in addition to daily when legging in

Selecting a Trading Style

My trading will focus on monthly Iron Condor trades with between 20 and 45 days left to expiry, with an aim of generating consistent monthly income while minimizing losses.

Entry Guidelines

- Delta of short strikes around 10 (small account size - 15)
- Open the position on a down day (higher VIX)
- Aim to enter sold strikes below recent support and above recent resistance
- Aim to generate a minimum of 10% income per trade
- VIX above 20. Preferred entry on a down day when VIX spikes.

Exit Guidelines

- Exit once 80-90% of the potential profit has been made (small account hold to expiry)

Adjustment Guidelines

- Adjust once the credit for one side of the trade has risen by 200%. I.e. if \$100 in premium income was received on one side, adjust once that side of the spread rises to \$300 (a \$200 loss). Adjustment choices include:
 - Roll bad side up (down). Easiest to do.
 - Roll bad side up (down) AND out. e.g. Roll out if only 1 week to expiry
 - Roll both sides up (down)
 - Hedge
 - Cut losses and close the trade – e.g. Major market move and at adjustment point. Major support or resistance broken
- OR, adjust if delta of short option increases by 10.
- OR, adjust if underlying gets within 3% of your short strike
- If adjustment point is hit due to a period of extreme market volatility, the trade will be closed. Examples of extreme volatility include a 4-5% down day on the S&P500.

Risk Management Rules

- During times of market dislocation or potential market moving news, I will trade half my normal position size.
- If I lose more than 8% in one week, I will close all my positions and take a 2 week break from trading.
- If I lose more than 15% in one month, I will close all my positions and take a 6 week break from trading.

Money Management Rules

| | VIX 15-23 | VIX 23-35 | VIX 35+ |
|---------------------------|-----------|-----------|---------|
| Iron Condors & C. Spreads | 30.00% | 40.00% | 55.00% |
| Cash | 70.00% | 60.00% | 45.00% |
| | 100.00% | 100.00% | 100.00% |

| | |
|----------------------|--------------------|
| TOTAL CAPITAL | \$ 5,000.00 |
|----------------------|--------------------|

| | VIX 15-23 | VIX 23-35 | VIX 35+ |
|---------------------------|-------------|-------------|-------------|
| Iron Condors & C. Spreads | \$ 1,500.00 | \$ 2,000.00 | \$ 2,750.00 |
| Cash | \$ 3,500.00 | \$ 3,000.00 | \$ 2,250.00 |
| | 5,000.00 | 5,000.00 | 5,000.00 |

Rules for Legging in (Advanced Traders Only)

- Enter first side on an overbought (call side) oversold (put side) reading on a daily AND 30min time frame.
- Enter the second side on a pullback / rally on 30min time frame.

Other Rules

- I will paper trade for between 3 and 6 months before going live
- I will allow legging into trades, but only once I have more experience
- I will limit the number of trades I make before I go on vacation as I will not be able to monitor the positions
- I will not trade when I feel tired or sick

Pre-Trade Checklist

- Good entry point?
- Support / resistance checked?
- Time to expiry within 20-45 days?
- Where is the VIX?
- Risk return % looks good? Minimum 10%, preferable not less than 15%
- Position size appropriate?
- Adjustment / stop loss point set?