

# Strategy: Iron Condor

# DISCLAIMER

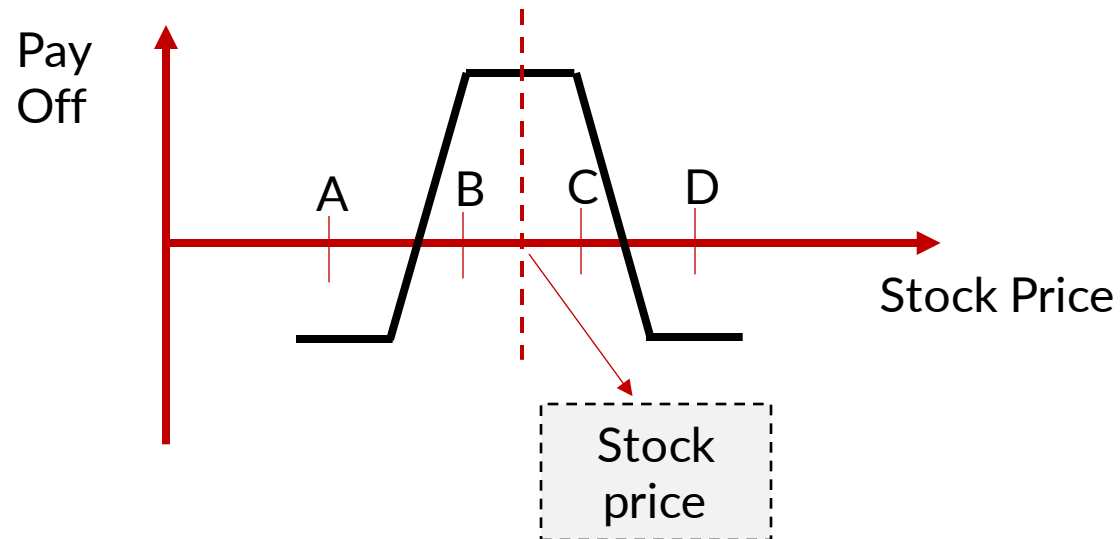
Tradingterminal.com employees, contractors, shareholders and affiliates, are **NOT an investment advisory service, a registered investment advisor or a broker-dealer** and does not undertake to advise clients on which securities they should buy or sell for themselves.

You understand that **NO content published as part of the Trading Terminal and its Website constitutes a recommendation** that any particular investment, security, portfolio of securities, transaction or investment strategy is suitable for any specific person.

You further understand that **none of the creators or providers of our Services or their affiliates will advise you personally** concerning the nature, potential, value or suitability of any particular investment, security, portfolio of securities, transaction, investment strategy or other matter.

# What is It?

- Great strategy with a **fixed risk** and **capped profit**
- This is a market neutral strategy, i.e. pays the most if the market is not moving as much!
- The strategy is simple: Buy **1 OTM put (A)**, sell **1 OTM put (B)**, sell **1 OTM call (C)**, and buy **1 OTM call (D)** with the **same expiry**



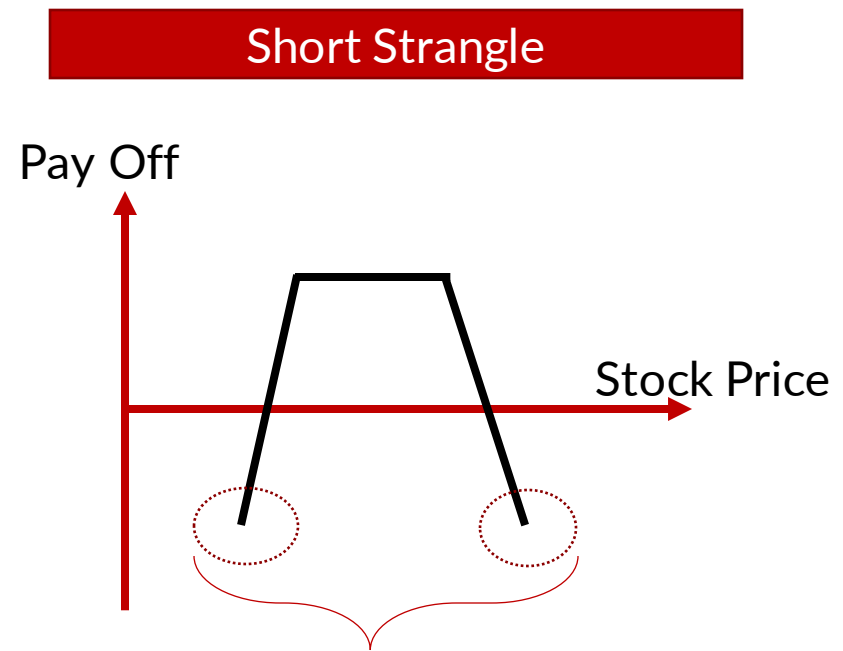
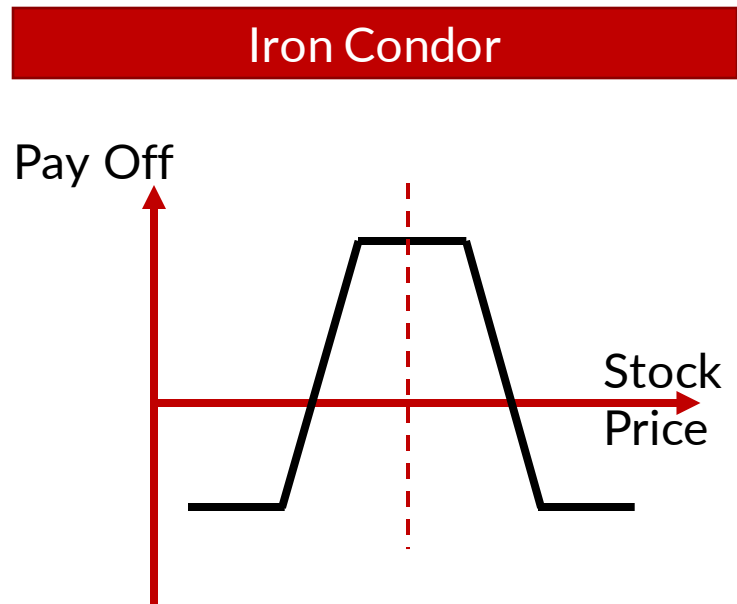
# Where to Use It

- You are short vol, so ideal for declining volatility markets.
- Neutral

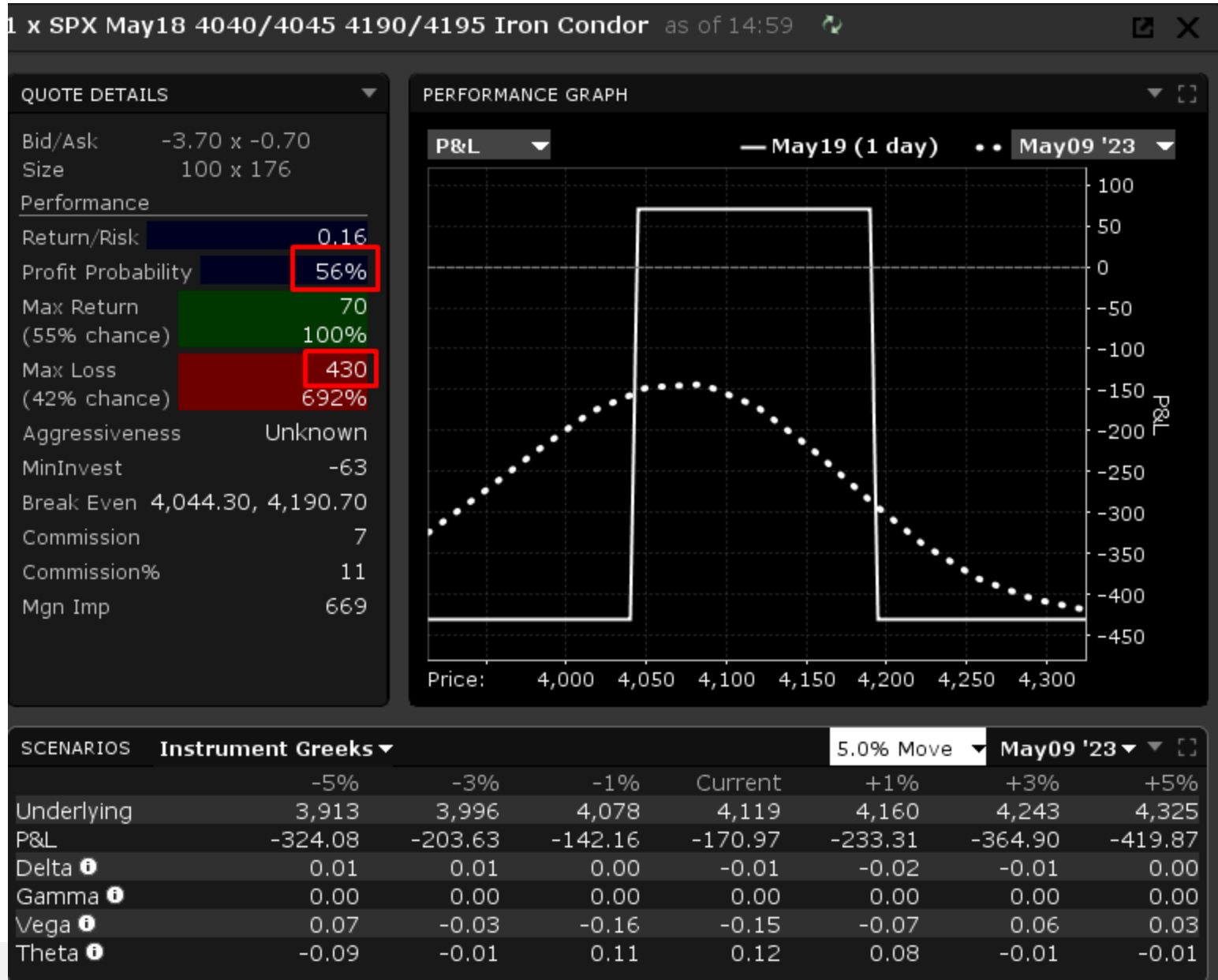
Max Loss	$(\text{Strike B} - \text{strike A} - \text{total premium collected}) * 100$
Max Upside	Total premium collected
Breakeven Up	Strike C + total premium collected
Breakeven Down	Strike B - total premium collected

# Condor Vs Strangle

- These two strategies are basically the same, except you are protecting your downside in the **condor**, for a small price.



# Risk Profile



- Short Vega
- Short Theta

# Pros & Cons

- Limited downside, limited upside.
- Time is working for you.
- Assignment risk exist, but minimal.