

Introduction to Intelligent Option Investing Udemey Course Syllabus

Introduction to Options

A gentle, informative overview of the birth and development of options as a financial instrument

What is an Option?	This lesson shows you the four characteristics all options share and offers a good working definition.
Options in Their Historical Context	Options are ancient financial instruments – this lesson gives historical perspective on why they are so important.
Options in Daily Life	Options are not mysterious – you deal with them naturally and intuitively every day of your modern life.
The Development of Derivatives	Options are a type of derivative instrument. In this lesson, you'll learn how derivatives developed over time.
The Development of the Listed Option Market	Listed option exchanges are a relatively new invention. This lesson shows you how option markets build safety and stability into the use of these financial tools.
Different Option Perspectives	Option gurus offer the impression that options are tools for day-trading and skimming. This lesson offers perspective on why this view of options is prevalent and introduces a more sophisticated perspective.

Option Basics

The information you need to understand how options function as financial tools

Ranges of Exposure	We think the easiest way to understand options is by looking at a simple, directional instrument like a stock from a new perspective. This lesson introduces the concept of a “range of exposure.”
Option Ranges of Exposure	Building on the first lesson, this lesson compares and contrasts options' ranges of exposure to those of stocks and introduces unavoidable option jargon.
Moneyness and Position Descriptions	This lesson introduces the concept of “moneyness” and shows the elements needed to specify an option transaction.
Complex Positions and Overlays	This lesson discusses investment structures that involve either multiple options (complex) or options on an underlying instrument (overlay).
Effective Buy / Effective Sell Prices	This lesson covers an important topic of how to conceptualize of the money spent to buy or received when selling options.
Hockey Stick Diagrams Part I	Most option gurus and option books represent option positions in terms of “hockey stick” diagrams. We introduce the topic here...
Hockey Stick Diagrams Part II	...and go into greater detail here.
Perspectives: Option Visualization	There is a good reason for long-term, directional investors to consider options using the range of exposure methodology. This lesson compares and contrasts the visualization methods of option traders and option investors.

Option Market Mechanics

Important information about how options are traded on public exchanges

Stock Option Expiration and Settlement	Options are like bonds in that they have a pre-defined term. This lesson walks through the expiration and settlement process for stock options.
Index Option Expiration and Settlement	This lesson walks through the expiration and settlement process for options on indices.
Strike Price Intervals	The value of options varies depending on the underlying financial instrument's relationship to a specific reference price called a "strike price". This lesson talks about how strike prices are determined.
Measuring Option Transaction Activity	Talking about option transaction volumes is very different from talking about other instruments' transaction volumes due to the large number of strike prices and expirations. This lesson clearly explains what can be a difficult topic.
Option Market Dynamics	This lesson introduces you to the relationship of market makers, individual investors, institutions like hedge funds, and high-frequency trading (HFT) firms as participants in exchange-traded and over-the-counter option markets.

Tailoring Risk and Reward

Capstone course showing how options can be used to tailor risk and reward in a portfolio

General Concept	Understanding how options work and how they can be overlain on other investments creates a new perspective on investing. You will never look at investing the same way!
Generating Income	Professionals use options to generate income. To do so they must agree to accept risk exposure. This lesson talks about why "accepting exposure to risk" is not as scary as it sounds.
Boosting Returns	Everyone likes the idea of boosting returns, but to do so with options, one must pay. This lesson talks about the consideration professionals must make when "gaining exposure to risk."
Protecting Gains	When one has made gains, one wants to keep them. Some option neophytes think they are protecting gains but are really exposed. This lesson shows how to protect oneself properly.
Next Steps	To be a true option expert, one must understand important topics about option pricing, leverage, and risk control. This lesson discusses why those issues are important in the context of generating income, boosting returns, and protecting gains.