

Nirvana's

# OptionTrader 2

**Unleash the  
Power of Options!**



**Crash-proof  
your Portfolio  
with Options**

See page 3

- **Increase Profits**
- **Generate Income**
- **Protect Against Market Risk**

Master the Trade with  
**Trade Master Series**  
for OptionTrader 2 p.12

# The Easiest AND Most Profitable Options Trading Program Ever Invented!



Ed Downs  
CEO and Founder,  
Nirvana Systems, Inc.

Since I founded Nirvana in 1987, we have primarily been focused on building trading tools for stocks and futures. But in seminars the past few years, I began hearing the same question from our customers, “When are you going to create an options program?”

In a poll taken last year, I discovered that over 50% of our customers now trade options—double the number from just a few years ago. After visiting with many of these traders and seeing how much money they were making, we set out to deliver our first option platform last year.

**OptionTrader 2 is going to make you feel like an options genius the first time you use it!**

As I researched the state of the art, I found a number of options programs and web sites, but they all seem to be tailored to those who understand option trading (I call them “geeks who love Greeks”). While these products hosted an impressive array of analysis and search tools, I kept asking myself, “Does option trading have to be this difficult?”

When I asked our option traders, “What is your primary means of entering an option trade?” the vast majority said, “A Trading Signal on the underlying stock!” That’s when I realized we already had the perfect options platform. We just needed an easy way for people to trade options on their Signals, and understand what they were doing! OptionTrader was born.

OptionTrader was initially released in April 2010. Since then, we have been listening to users and adding significant new features, including an Options Grid that makes it easier to adjust existing positions. We also added new Option indicators that can be used as filters in Option Strategies. Plus, we added Weekly Options and improved the Options Chain. The result of this is OptionTrader 2.

OptionTrader 2 is going to make you feel like an options genius the first time you use it. Given a Profit and Loss Target, the software will automatically evaluate every option method using current option pricing to show you which option trades will make the most money with the least risk. Then, you manage your trades right in the chart. What could be easier?

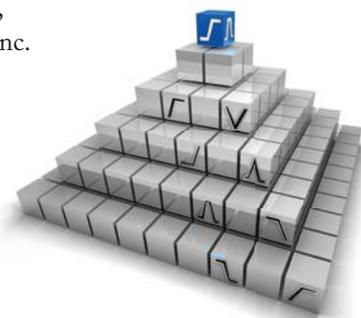
OptionTrader 2 is more than just an options trading platform. It’s the only software in the world that lets you automatically test trading Strategies on popular options methods over a portfolio of symbols. Test Diagonals on Darvas, Butterflies on Breakout, or any other options method on any OmniTrader Strategy.

We are also including our Trade Master Series education with OptionTrader 2. The education series includes a 2-Day LIVE webinar with yours truly and our options expert, Jeremy Williams. This webinar will empower you to win big in the options market. We’ve received sensational feedback on our prior Trade Master Series packages and are very excited to bring it to our customers again with OptionTrader 2.

If you are interested in trading options, you must try OptionTrader 2. If you are already trading options—you just need to order it. No other options program on the planet makes options trading this easy. OptionTrader 2 is awesome!

Sincerely,

Ed Downs  
CEO and Founder,  
Nirvana Systems, Inc.



# The Power of Options!

The recent explosive growth in options is largely due to the increased awareness among traders of the advantages options provide.

## Why trade options?

Options provide the best of all worlds. With options, you can:

- Increase Profits
- Generate Income
- Protect against Market Risk

We designed OptionTrader 2 to simplify the option trading process. Our goal was to make it as easy as possible to get started trading these powerful instruments.

## Crash-Proof Your Portfolio

In recent years, we have seen huge moves in the stock market due to underlying economic forces in the economy. A great use of options is to purchase insurance to protect an existing portfolio.

In most cases, you can protect a \$100 stock for 3 months against a decline of 10% or more by purchasing Puts for about \$1.50. In 2008 the market corrected more than 50%. If Puts had been purchased as the decline started, a portfolio could have been protected against all losses past 10% without liquidating positions.

In our *Trade Master Series for OptionTrader 2* we will show how to use OptionTrader 2 to generate passive income, improve the profits of any OmniTrader strategy, and reduce risk in your trading. Experience the power of options with OptionTrader 2!

## Bigger Profits. Same Risk.

An example of how trading options can be more profitable than trading equities—with similar risk exposure.



The Reversal Strategy generated these Signals on DuPont. The table compares trading the Stock vs. selling Puts and Calls. Profits were nearly three times higher trading options, while losses were about the same. This is just one of the “eye-opening” facts you’ll discover in OptionTrader 2.

## The OptionTrader Advantage

- Option Trading Made Easy** ..... 4  
Win in the Options Market with OptionTrader 2
- Option Strategy Testing** ..... 6  
Now it's Easy to Develop and Test any Option Strategy
- Success with Options** ..... 10  
Nirvana Option Traders share their Insights on Option Trading
- Trade Master Series for OptionTrader 2** ..... 12  
Live Instruction on Trading with OptionTrader 2

# Finally...

## 1 Establish a Target

Trading options is easy with OptionTrader 2. Just place a Target where you think the chart could go and set the Loss Level where you would get out of the trade. In this case, we feel Microsoft is oversold and has a good chance to rally. So, we placed our Profit Target at 26 and the Loss Level at recent Support.

We provide three different targets – Point, Range and Double Target. In our *Trade Master Series for OptionTrader 2*, we show you how to establish a Profit Target and Loss level for a variety of different chart situations.



Point Range Dbl Range



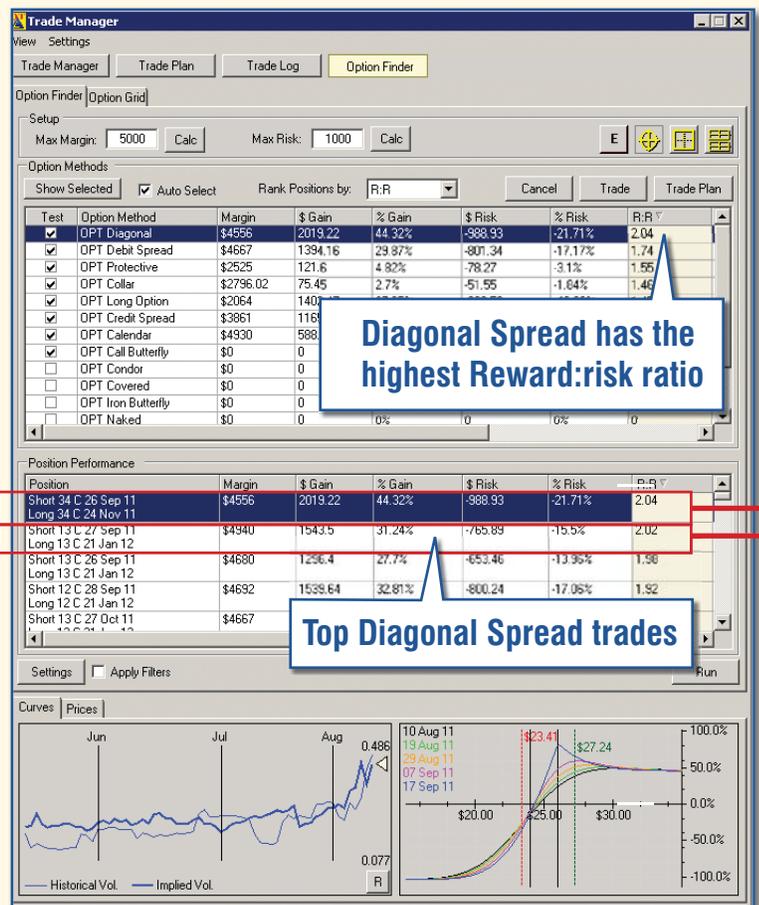
## 2 Select the Best Option

OptionFinder analyzes all the popular Option Methods using the Target and Loss levels established in Step 1.

The upper grid sorts the Option Methods based on profitability. The lower grid shows potential trades within a selected Method, also sorted on profitability.

In this example for Microsoft, OptionFinder is telling us that Diagonal Spreads have the highest Reward:Risk values over all other Option Methods we might use, based on the given Target and Loss levels we established in the chart.

Now, we can click specific Diagonal Spreads in the lower grid to see the Expiration Graphs and predicted Profit or Loss curves for any point in the future.



# Option Trading Made Easy!

## 3 Manage the Trade

Once you place the trade, you can use the Chart to establish Stop Loss, Profit Target, or Trailing Stop levels for the option position.

Stops can be based on Position Value or the value of the Underlying Symbol. And, if you use our integrated brokerage connections, execution of all orders is totally automatic.

It's also easy to "adjust" existing positions using the Option Grid shown on page 9.

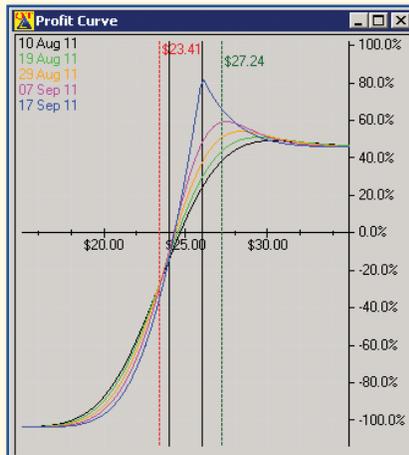


P&L Curves



Short Sep 26 Call, Long Nov 24 Call

Expiration Graphs

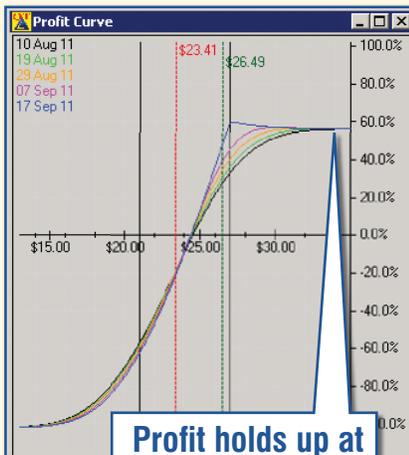


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We note from the R:R column that the top two trades have nearly the same Risk:Reward of about 2.0. However, by viewing the Expiration Curves we quickly see that the first trade's profit levels decline significantly at higher prices, while the second trade maintains its profit. This makes the **Short Sep 27 Call, Long Jan 21 Call** a better candidate.



Short Sep 27 Call, Long Jan 21 Call



**Profit holds up at higher prices**

In our *Trade Master Series on OptionTrader 2*, we go over many examples of using OptionFinder to select the best trades in the live market.

With OptionFinder it takes just seconds to find the best trade, within the best Option Method for any chart, while it educates you on the merits of each Method. No other option software makes it this easy to select the best Option Method to trade.

# Back Test Any Options Method on ANY OmniTrader Strategy!

OptionTrader 2 comes with special features that make it easy to create and test Option-based Strategies.

## NEW! Option Indicators

Option Indicators have been added that can be displayed in Charts or used as Filters in Strategies.

- Implied Volatility
- Historical Volatility
- Open Interest
- Put-Call Ratio
- Put and Call Volumes
- Theoretical Option Value
- Actual Option Value

## NEW! Dynamic Option Trade Plans

We provide 15 pre-defined Option Trade Plans, including Debit Spreads, Credit Spreads, Calendars, Condors, Butterflies and 10 more. Simply add an existing Option Trade Plan to any OmniTrader Strategy and Back Test it on your data. This can lead to dramatically higher profits, as shown on the next page.

And now, in OptionTrader 2, any Option Trade Plan can automatically use OptionFinder to search for the very best option combination to use at EACH Trading Signal!

Never before has this power been made available to Options Traders—at any price—anywhere.



Use Option Indicators to FILTER Signals. For example, we can require low Implied Volatility for Long Strategies and high Implied Volatility for Short Strategies. Option Trade Plans can be used to apply Option Methods at the Signals.

Step	Condition	Orders
1	Initial Order	Short 100% CALL 30 days out current DTM +1 Market GTC, Buy 100% CALL
2	100% Short LEG A, 100%	Cover 100% CALL 30 days out current DTM +1 Market GTC, Sell 100% CALL
	Position Expiration Exit	Cover 100% CALL 30 days out current DTM +1 Market GTC, Sell 100% CALL
	Fixed Loss Stop	Cover 100% CALL 30 days out current DTM +1 Market GTC, Sell 100% CALL

# Portfolio Simulator for Options Methods!



OptionTrader 2 was designed to make it easy to trade options by helping users select the best method and the best options within the method. But it was ALSO designed to help them validate their Strategies.

The Options Portfolio Simulator is the only product in the world that can simulate options trading on a list of symbols. The results of these simulations can be amazing, as shown in the example to the right.

Portfolio simulations on options trading are very important for many reasons. Options are dynamic assets—their values fluctuate continuously over time. And, when combined to create spreads, variations in price can be dramatic. As a result, gains and losses can vary a great deal from trade to trade.

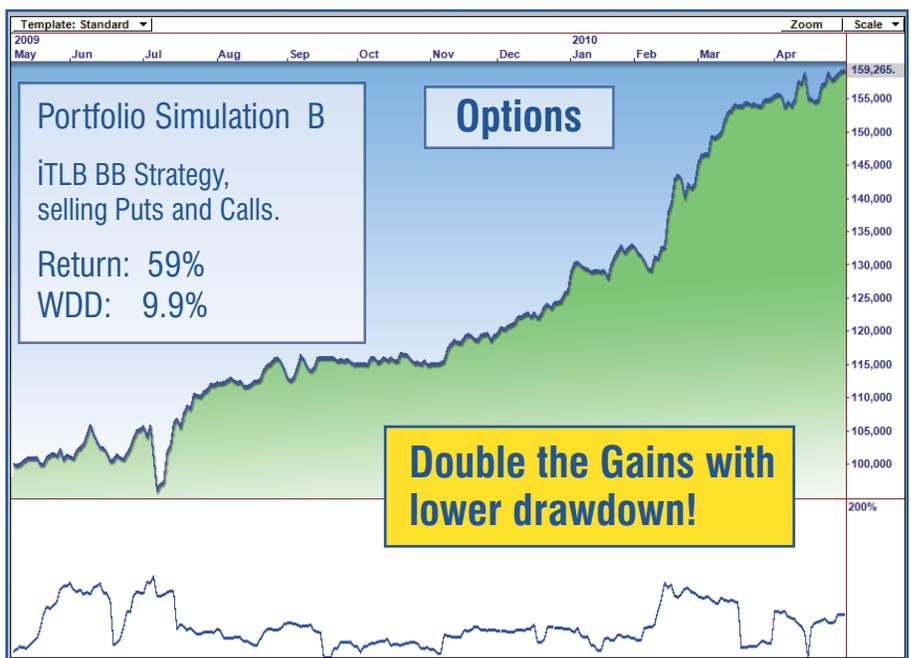
Using our accurate historical options pricing models, the Options Portfolio Simulator will give the trader a very good idea of how his or her Strategy would have performed in live trading on a portfolio of optionable stocks.

## Lab Mode, too.

Simulations are not limited to the Portfolio Simulator. Lab Mode also works on options, so you can practice using OptionTrader 2 in historical situations, just as if you were trading with the methods in the real market.

The educational power alone in this product is worth the purchase price, even if you never trade options. But once you see how much more profitable you could be—you're going to want to.

## Answering the Question, “How much better would I do if I traded options?”



The Power of Options is quickly evident in the Portfolio Simulator! By applying Naked Options to the iTLB Bull/Bear Strategy, the program generated TWO TIMES the profits with the same drawdown. After seeing results like this, it's hard to go back to trading just stocks!

# The OptionTrader 2 Advan

## Identify the Best Trade

OptionFinder analyzes each of the option spreads and quickly identifies the best options positions for your general outlook.

## Create your Own Spread

Customizable Trade Plans allow you to quickly and easily create your own options methods. These custom methods will then be searched alongside the default methods when you run OptionFinder.

## Master Volatility for Increased Profits

OptionTrader 2 has advanced volatility tools which allow you to model changes in volatility and the effect on option pricing.

## Back Test Options Strategies

Options Trade Plans can be added to any OmniTrader Strategy allowing you to see historical trades and test the performance of a method before you trade it. You can even see the simulated trading results in our powerful Portfolio Simulator.

Test	Option Method	Margin	\$ Gain	% Gain	\$ Risk	% Risk
<input checked="" type="checkbox"/>	OPT Straddle	\$11733.48	1631.28	13.9%	-708.24	-6.04%
<input checked="" type="checkbox"/>	OPI Strangle	\$11282.49	1629.15	14.44%	-796.27	-7.06%
<input checked="" type="checkbox"/>	OPT Naked	\$5564.15	869.11	15.62%	-1549.96	-27.86%
<input checked="" type="checkbox"/>	OPT Covered	\$20000.91	853.98	4.27%	-1417.96	-7.09%
<input checked="" type="checkbox"/>	OPT Diagonal	\$1692.77	344.62	20.36%	-495.58	-29.28%
<input checked="" type="checkbox"/>	OPT Calendar	\$1268.44	315.2	24.85%	-399.09	-31.46%
<input checked="" type="checkbox"/>	OPT Collar	\$21720.74	-76.66	-0.35%	-440.91	-2.03%
<input checked="" type="checkbox"/>	OPT Debit Spread	\$235.44	-126.26	-53.63%	-306.91	-130.36%
<input checked="" type="checkbox"/>	OPT Credit Spread	\$253.18	-218.61	-86.35%	-340.32	-134.42%
<input checked="" type="checkbox"/>	OPT Iron Butterfly	\$822.97	-276.81	-33.64%	-462.08	-56.15%
<input checked="" type="checkbox"/>	OPT Call Butterfly	\$520.4	-341.64	-65.65%	-358.27	-68.85%
<input checked="" type="checkbox"/>	OPT Protective	\$22880.38	-710.39	-3.1%	-1356.38	-5.93%
<input checked="" type="checkbox"/>	Custom Option Tradeplan	\$20608.2	-771.34	-3.74%	-3458.78	-16.78%
<input checked="" type="checkbox"/>	OPI Long Option	\$3474.44	-846.52	-24.36%	-2681.19	-77.17%

Position	Margin	\$ Gain	% Gain	\$ Risk	% Risk
Short 2 C 100 Jan 12	\$11733.48	1631.28	13.9%	-708.24	-6.04%
Short 2 P 100 Jan 12					
Short 2 C 97.5 Jan 12	\$11833.2	1547.41	13.08%	-963.4	-8.14%
Short 2 P 97.5 Jan 12					
Short 2 C 95 Jan 12	\$11342.1	1513.92	13.35%	-1134.19	-10%
Short 2 P 95 Jan 12					
Short 2 C 105 Jan 12	\$10910.58	1475.4	13.52%	-903.29	-8.28%
Short 2 P 105 Jan 12					
Short 2 C 92.5 Jan 12	\$10890.03	1471.75	13.51%	-1279.05	-11.75%
Short 2 P 92.5 Jan 12					

Systems: 9 Systems → Vote: 34 Percent Conflict <= 70 → Filter: 2 Filters → TradePlans: Based on: OPT Debit Spread

Performance Chart: Shows a simulated trading result with a green area representing profit and a blue area representing loss over time from 2009 to 2010. The y-axis ranges from 100,000 to 150,000.



## Trade Master Series Training

Our recorded seminar and live webinars teach you the skills you need to successfully trade options.

## Visualize Profits

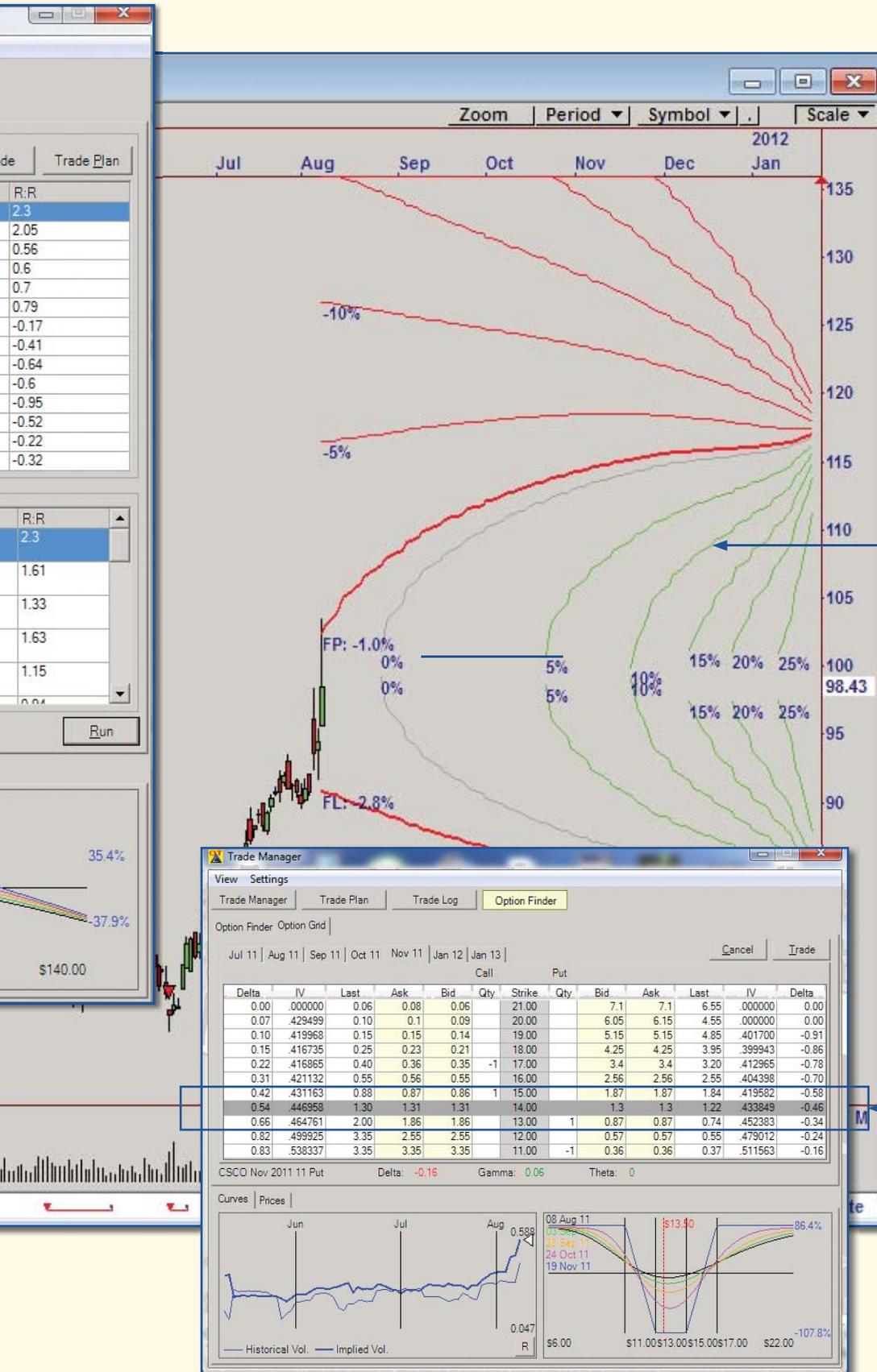
The profit curves in OptionTrader 2 allow you to truly understand the likely outcomes of an options trade by plotting profit and loss levels for the position directly in the chart.

## Sharpen Your Trading Skills

OptionTrader 2 works with OmniTrader's Lab Mode simulations, allowing you to practice trading options. You can step through the past data, day by day, while managing a virtual account.

## Easily Adjust Positions

Using the Option Grid, you can trade options directly from the chain. This allows you to quickly build and adjust options positions on the fly.



# Success with Options!

## Nirvana customers share their experiences and insights

According to recent surveys, about 50% of our customers are now trading options. Nearly all of those I have spoken with who have made the move to Options will never go back to trading just Stocks. I recently asked some of them to relate their experiences, perspectives, and insights, which I hope are as inspirational to you as they were to me. *-Ed Downs*

### An Option Trader's Comments

*Duane Heidel*

Investing in stocks looks attractive but the capital requirements are huge. Options, on the other hand, provide a low cost entry to the market and can provide diversity with hundreds of stocks, indexes and futures that offer options opportunities.



I believe the confusion for the aspiring option trader is the many combinations of calls, puts, long and short positions that can be derived. The inclusion of weekly options and LEAPs just compounds the decision in what to trade, when to trade, and what combination of strike price and time element.

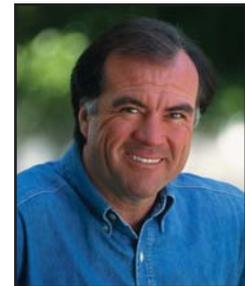
Nirvana's software integration with gxtreader will enable me to quickly set my buy/sell position, and instantly have my target price and stop/loss level confirmed. Plus, I do not want to be at my computer during the entire market trading day.

**Nirvana is key to my future with their existing platforms and expanded features in OptionTrader 2.**

### New OptionTrader "sees the light"

*Greg Henry*

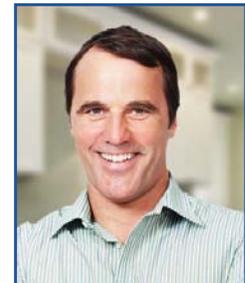
I just started trading options several months ago in order to make best use of my resources, and have suspended trading equities for now. I have not had a Return on Investment on my winning trades of less than 40% and I have only had ONE losing trade since starting!



### Unique Opportunities with Options

*Dan Lesley*

My favorite strategy is controlling a significant amount of stock with very little money—if any at all. A few years ago IBM was around \$90 per share, it would have been expensive to buy 1,000 shares, so I purchased 10 calls at the strike price nearest the price of IBM four months out, then I sold 10 puts at the same strike price four months out.



This actually put money into my pocket because the puts paid for the calls plus some. This also created a "synthetic long" position with Delta at about 100% (which means, for each point of movement in IBM, my position would move the same amount.) This was done on a Friday, On Saturday I left for Austin, Texas for the annual Nirvana Club Meeting.

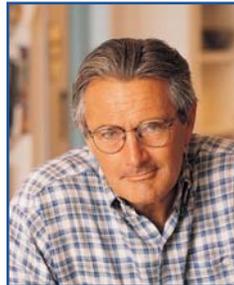
When I returned Monday evening the price of the stock increased \$6. Therefore, when I liquidated my positions Tuesday I had a profit of \$6,000.



## Trading Weekly Options

*Francis J. Crispi*

I presently trade a subset of the CBOE Weekly out-of-the money options, which have a much reduced Time-Value as a component of their pricing model and therefore are relatively inexpensive.



I only buy Calls and Puts. I do not require the Greeks, the Black-Sholes option valuation model, or any complex hedging models. The Strategy that I use is a fairly simple Momentum Strategy that has a Hit Rate that approaches 100% with a worst case downside risk limited to the amount that is invested in the option contracts. The potential ROI realized through this Strategy is 100% to more than 1000% Per Week!

## Selling Naked Puts

*Rick Silberman*

My favorite Strategy is selling naked puts. There seems to be a lot of fear surrounding the potential of naked options going against you and wiping out your trading account. In over fifteen years I personally have never experienced this phenomena. I have successfully used naked ITM or ATM Puts to buy a stock which I intended to buy anyway, and have it “discounted” to me as a result.

I routinely increase my profits by using covered “income generating strategies”, when holding equities that are trapped in a range during sideways markets, or writing Collars to protect my profits.

**I think that OptionTrader 2, especially with its upgraded features, will make option trading more accessible to the trader who understands that option trades have many permutations other than simply buying Puts or Calls.**

*Editor’s note: We agree that weekly options are a powerful tool; OptionTrader 2 does support them.*

## The Naked Put Advantage

*from The Trade Master Series for Options*

Many people believe that selling naked puts is riskier than buying stock, but the opposite is true – they are actually **LESS** risky because options usually decline in value due to time decay.

**If you own a stock, Profit and Loss are directly related to price movement. No matter how long you hold the stock, if price goes up 3% you make a 3% gain (or lose 3% if the stock declines 3%).**



**The Profit and Loss Curves shown here were generated by OptionTrader 2, and are based on selling the September 85 Put. Note that both curves DROP AWAY from price. Even if the stock drops \$1 by expiration of the options, we should still make about a 4% profit.**

**If the stock falls below Support to \$81 over the next few weeks, our loss should be less than if we owned the Stock because the Puts we sold will have declined in value based on changes in volatility (a topic we cover in depth in the webinar). If we are assigned the stock, i.e., forced to buy it because we sold the Put, we can often make a profit on the rebound from the oversold point. Or, we can just sell the stock to close the position.**

*This is just one of the many insightful topics we cover in our Trade Master for Options webinar, described on the next page.*



# TRADE MASTER

“If you want to make consistent profits with reduced risk, Options are way to go! I look forward to showing how OptionTrader 2 is going to simplify and accelerate your option trading into a profitability zone that you have previously only dreamed about.” - Ed Downs

## DEMYSTIFYING OPTIONS

### Day One



Option trading can be **VERY profitable**—you just need to know how to evaluate the opportunities.

That’s why we are presenting this LIVE webinar—to help our customers succeed with OptionTrader 2.

This webinar is designed to open your eyes to the incredible profit potential of options and especially—how to trade them profitably with OptionTrader 2.

The LIVE event will be hosted by yours truly and accompanied by our options expert, Jeremy Williams. We are going to record the webinar so attendees and other customers can watch it later, but the benefits of being live are significant: You can ask questions. We will have generous Q&A sessions and will make sure EVERYONE’s questions are answered.

We will demonstrate current examples in the LIVE market, showing not only how to trade the options, but how to identify the candidates to trade using OmniTrader and VisualTrader.

## DEMYSTIFYING OPTIONS LIVE Webinar Day One

with Ed Downs

### Part 1: Forget the Rocket Science

Here’s what you really need to know about options if you have OptionTrader 2.

### Part 2: Assessing Opportunities

How to Place Targets and Select Positions.

This is the “meat” of the course, covering everything related to running OptionTrader 2 and trading options.



## Schedule

The webinar schedule is posted at <http://www.nirvsys.com/optionswebinar>. The webinar will be repeated at different times of the day, so everyone has a chance to attend the LIVE session. Naturally, we will also record each segment for later viewing by all attendees. Come back and take a refresher course any time you like.

# Series for OptionTrader 2

## DEMYSTIFYING OPTIONS

### Day Two



Our primary objective in hosting this webinar is to truly empower our customers to win and WIN BIG in the options market.

Let's face it—even if you understand why options provide an advantage, most of us still feel a bit intimidated by all the jargon and *Rocket Science* stigma surrounding them. I

can assure you that most of that is going to melt away with OptionTrader 2, because it shows you WHY a given option approach can work. What we are providing in this webinar is the EXCITEMENT to trade options and the CONFIDENCE to go forward and do it!

Many people also think option trading is risky. We are going to demonstrate, categorically, how OptionTrader 2 identifies option methods that reduce risk over trading the underlying Stock, Futures contract, or ETF. In the webinar, we will show you very clear examples of this. Once you see the light, you will never go back to trading pure equities again.

### Absolutely Guaranteed

We recently performed a search on YouTube to see who was out there teaching option methods. There is a LOT of noise out there! **Our promise is to demystify options for you with this software.** If we can't do that, we will absolutely refund your webinar purchase, software purchase, or both. We are VERY confident we can turn anyone into an options trader (or a BETTER options trader) with this product. In fact, we are quite sure we will graduate hundreds of confident **Option Traders** by the end of the course.

## DEMYSTIFYING OPTIONS LIVE Webinar Day Two

with Jeremy Williams

### Part 3: Strategy Testing

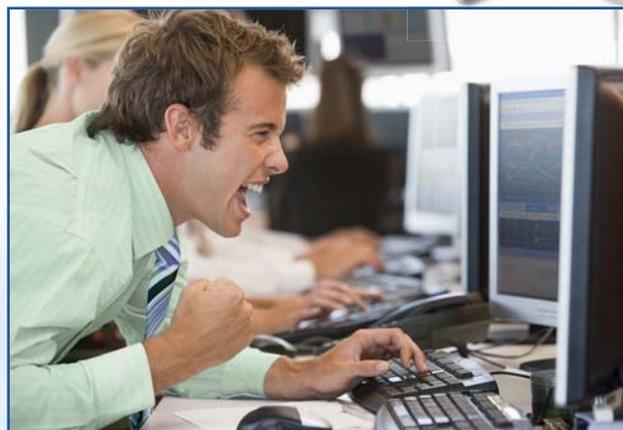
"Juice" any OmniTrader Strategy—just add options! You won't believe how easy it is to improve existing Strategies with Option Trade Plans.

### Part 4: Adjusting Positions

Watch us totally demystify a topic that seems to confound even the most savvy options gurus when they try to explain it.

### Part 5: Option Strategy Development

We want to show our System Developers how to create and test their own Option Strategies.





# Getting Started with Options

## Using OptionTrader 2

OptionTrader's beauty is in its elegant combination of simplicity and power. This CD seminar, included FREE with the software, covers the entire spectrum of product usage and option trading for those who are new to the art.

Part I provides an options primer—a quick overview of the options trading methods we've provided in our Options Trade Plans. Because we use simulations in OptionTrader 2 to demonstrate the concepts, they are much easier to understand than if we used "expiration curves."

Part II goes over every aspect of using the software, from setting up your data account to placing and managing option trades in the Visual Brokerage feature of OmniTrader and VisualTrader.

We cover the usage of every trading feature, including the Trade Manager, OptionFinder and the Options Grid.

In Part III, we go "under the hood" to demonstrate how to add Option Trade Plans to Strategies, and how the Option Search Engine works. This feature allows OptionTrader 2 to seek out the very best options to trade. We also cover Option Strategy testing in the Portfolio Simulator.

The seminar is short and concise, providing the perfect primer for our *Trade Master Series* for OptionTrader Webinar.

**SEMINAR INCLUDED FREE!**

### Seminar Agenda

#### I. An Options Primer

- Options as an Investment
- Why Some Traders Lose Money Trading Options, and How to Avoid it!
- Options Method Overview

#### II. Using OptionTrader

- Setting Up the Software
- Activating in a Chart
- Setting Targets
- Identifying and Trading Option Positions

#### III. Options Trade Plans

- How Options Plans Work
- Defining a Trade Plan
- Adding Options Plans to a Strategy
- Testing the Strategy
- Portfolio Simulations



## Nirvana's Options Service

**FREE for 3 Months**

Base Service Includes  
**Delayed** Options Data

- Daily Quotes
- Daily History
- Option Chains
- Open Interest
- Greeks

(Subscribe for just \$15 per month.)

Low-Cost  
**Real Time** Options Data

**REAL TIME OPTIONS TRADERS**

Get Real Time Bid/Ask/Last quotes  
**plus Nirvana's Base Options Service**  
for just \$35 per month  
(plus exchange fees).

**Already have Real Time Options Data?**  
Subscribe to Nirvana's Option Service  
for just \$15 per month.

A subscription to Nirvana's Base Options Service is required to use OptionTrader 2.

 **Nirvana**Systems

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*Nirvana's*

# *Option Trader 2*

*Unleash the  
Power of Options!*

