Creating wealth is about working smarter, not harder!

PLUS
ProWriter
Professional Covered Call
Trading Software

**AUSTRALIAN STOCKMARKET DATA
PROFESSIONAL COVERED CALL OPTIONS
TRADING PLAN SYSTEM**

Release 1.3.x

This Software has been purpose designed to connect to the internet, download Australian Stockmarket Data, provide factual analysis of that data producing Call and Put Option Yield Reports and share price Trend Graphs; and create a sophisticated Trading Plan for viewing, printing or export to MS Excel or as an email attachment to say an Advisor, for trading instructions.

It is assumed that users of the Prowriter Plus software are familiar with buy-write or covered call option trading.

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<u>GOVERNING LAW AND JURISDICTION</u>

The law of Queensland, Australia governs this agreement.

CONTENTS

Description

INTRODUCTION

The successful outcome of just about anything requires a sound approach to planning. The Prowriter Plus application's outcome is to create an efficient and factual **Trading Plan** for Covered Call Option trading.

Prowriter Plus is a PC based software that uses stock option data via the internet to automate the Buy-Write / Covered Call trading system, as used by MyCC.

Prowriter Plus Users can quickly create a report showing all available Options [both Call and Put] and the Yields In, At and Out of the Money for Exercised and Not Exercised outcomes. Prowriter Plus also displays the respective underlying share(s) price Trend from six months to 5 years, in the reports.

Using Prowriter Plus, the User can then compile a Short List from the report, add Dividends due if appropriate, and select options from the short list which are then added to a Trading Plan.

The Trading Plan which shows the share buy price, option Strike price, option Premium and all outcomes; is then printed or exported to MS Excel, and executed on-line or via broker.

Prowriter Plus is only available from My Covered Calls or its authorised re-sellers.

PROWRITER PLUS VERSION 1.3

ProWriter V1.2 was released on 1 July 08 and V1.3.x in 2010. This User Guide covers both versions. To obtain the latest Prowriter version, Members may go to the Member's area of the www.mycc.com.au web page and download the software.

Installation of the new version is easy. There is no need to delete the old version as ProWriter V1.3.x will install its self over the old one, retaining current settings and existing Trading Plans.

Please let us know if there are any corrections required to this User Guide, to support@mycc.com.au

ProWriter V1.3.x is still easy to use and has a new features including: simplified log-in, colour scheme editing, Short List retention and inclusion of dates and a "C" or a "P" in the Trading Plan. If you have any questions please email support on support@mycc.com.au
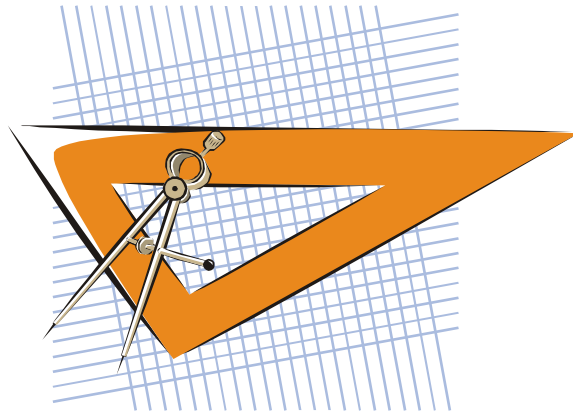
CHAPTER 1

The Covered Call Process

- The Methodology

- My Covered Calls Strategy (The Five Steps) Explained
    1. *Yield – find the highest option yields available*
    2. *Trend – note the underlying company's share price trend*
    3. *Plan – do a trading plan, every time*
    4. *Diary – use a trading diary*
    5. *Trade – trade on-line or personal advisor*

- *MyCC Responsible Advisor*

- *What You Need To Trade Covered Calls*

WRITING COVERED CALL OPTIONS - METHODOLOGY

Introduction

Covered Call Writers Buy Shares, Sell Options on those shares, and Earn Income. A Covered Call Writer or "Call Writer", is someone who sells an *option* to someone else to buy their shares. Selling a call option gives someone else the right to buy from you at a given price. If that price is reached you can expect to be exercised at expiry, requiring you to sell the stock at the agreed price.

How does this work? If you own shares, the share price can only go up, down or sideways. Others may believe the share price will go up, however, they may not have the funds to buy and hold the shares and then wait for the share price to go up to take a profit; so they may pay you a **Premium**, say 2% to 5% of the share price, to buy your shares at a future date, at a price you both agree. If the share price does go up the option buyer may then **Exercise** the option; that is, buy your shares and choose to sell them at market and take a profit. You get your money back for the shares and keep the **Premium**. You always keep the premium, whether exercised or not. The reasonable risk you take is that the option buyer may not exercise the option (because the share price went down or sideways) and you keep the shares; to sell another option against. ~80% of the time you will not be exercised, which means you can sell again next month.

If this sounds simple? It is. If it sounds manageable risk? It is. Will you make huge profits overnight? Probably not. Will you return 30% a year?

Covered Call Writing is considered a low-risk trading instrument because you already own the shares and are merely selling options on those shares. Writing covered calls is an option related strategy you may consider for Self Managed Super Funds.

ETO's

ETO's or Exchange Traded Options are traded on a screen based trading system called the Derivatives Trading Platform (DTP). ETO orders are created on ASX Participant's DTO computers and sent to all ASX Participant's screens via the ASX's host computer. The trading data is managed by the ASX host computer and is distributed to brokers, information vendors etc. Information can be real time, 20 minute delayed, end-of-day or other variants.

Trading Data

Trading can be achieved by using data obtained from newspapers or some trading platforms, or conveniently read from the *ProWriter Plus Smart Reports* which can be viewed on-line and downloaded, and printed.

For this example I will assume we are using *My Covered Calls ProWriter* and the *Smart Reports.*

Successful Call Writing

Successful call writing can be measured by getting consistent monthly cash flow from high returns. How is this achieved? By knowing which "blue chip" shares have the highest option *Yield*, knowing these companies share price *Trend*, and making a simple yet effective *Plan* before entering the market. Then, <u>*Trade the Plan*</u>. If you chase the highest "instant" yields during the market, you will not have time to plan your trades effectively. Remember, people don't plan to fail they fail to plan.

My Covered Calls uses ASX derived data which is fed to the ProWriter Plus software to create *smart reports* that show the highest *Yields* and let you quickly compare deals <u>in</u>, <u>out</u> and <u>at</u> the money. Share price *Trends* can be instantly viewed from within the reports, by clicking the respective company name.

We also use the Trend Chart to look for companies with a relatively low share price. To be clear on this point…if a share price has traded from say $3 to $4 and back to $3, then around $3 would be the LOW end of its range and around $4 would be its HIGH end. See example below. <u>**We always prefer to buy in at the low end**</u> or consider an 'insurance' Put option.

See example:

MY COVERED CALLS STRATEGY (THE FIVE STEPS) EXPLAINED

Introduction   *My Covered Calls* consistent success comes from using the *Yield* and *Trend* and *planning* all trades, every time; and **trading the plan**. Once you enter the market you can follow the live movement of the companies you have selected in the plan, and buy shares and sell options as close to the plan as possible.

This strategy can consistently averaged results above 2.5% per month as shown in the Smart Reports[1]. Consistent monthly returns demonstrate success in writing call options.

In This Part   **There are many systems** you can follow to write covered calls. *MyCC* follows a strategy which has been around since 2005 and is covered by the following topics, namely:

Topic	See Page
Yield – find the highest option yield available	9
Trend – note the underlying company's share price trend and share price	10
Plan – do a trading plan, every time	11
Diary – use a trading diary	12
Trade – trade on-line or personal broker	14

<u>1. Yield:</u>   **REVIEW ASX DATA TO FIND HIGH YIELD OPTIONS**

<u>2. Trend:</u>   **TECHNICAL ANALYSIS TO SEE SHARE PRICE TREND NOTE VOLITILITY**

<u>3. Plan:</u>   **WRITE A [TABULATED] TRADING PLAN**

<u>4. Diary:</u>   **WRITE DOWN HOW TO TRADE THE PLAN, CONSIDER FUNDEMENTALS AND RECORD EVERYTHING**

<u>5. Trade:</u>   **TRADE THE PLAN RECORD DAILY RESULTS**

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[1] *The Smart Reports show the highest options Yields available on the ASX*

YIELD - FIND THE HIGHEST OPTION YIELDS AVAILABLE

Smart Reports

Determine the best call option deals available on the ASX by reviewing the current top option yields. This can be done by logging into *MyCC* and selecting the Top 10 by Yield report. Another smart report to look at is the All Options by Company report (select current month), which shows all yields for all companies for this month and automatically calculates the % return for at, in and out of the money. You can quickly scroll through the report to see the high yield company options in, out and at the money. The *Yield* is shown under the *Not Exercised* and *Exercised* % return column.

The Smart Reports show a yellow strip as close to *at-the-money* as mathematically possible. At the money is when the Strike price is at or near the underlying company's share price. The blue shading allows you to quickly compare *Exercised* or *Not Exercised* profits.

Look for a return above say 2.5%, per month (~30% annually). For example shown below is an extract of the Top 10 by Yield report showing the % return for Fortescue (FMG), for Mar 14. @ 4.2% not exercised and 4.8% exercised.

ProWriter Plus - [Call Report]

File   Edit   Yield   Dividends   Trend   Short List   Trading Plan   Calculator   Window   Help

Company Name	Last Sale	$ +/-	Bid	Offer	Open	High	Low	Volume	P/E
FMG - Fortescue Metals Group	4.97	0.14	4.97	4.98	4.86	4.99	4.85	35946049	4.64

Company Code	Last Trade	Expiry Month	Strike Price	ASX Fair Price	Contract Size	Open Interest	Not exercised Profit	Not exercised % Return	Exercised Profit	Exercised % Return	BEP
FMGJM9	2014-03-12 14:25:15	27-Mar-2014	$4.41	$0.625	100	1000	$62.5	12.58%	$6.5	1.31%	$4.345
FMGC59	2014-03-10 10:45:03	27-Mar-2014	$4.51	$0.25	100	3010	$25	5.03%	$-21	-4.23%	$4.72
FMGQX9	2014-03-10 11:47:59	27-Mar-2014	$4.6	$0.46	100	100	$46	9.26%	$9	1.81%	$4.51
FMGMX8	2014-03-10 11:23:30	27-Mar-2014	$4.7	$0.385	100	200	$38.5	7.75%	$11.5	2.31%	$4.585
FMGZQ9	2014-03-11 09:26:43	27-Mar-2014	$4.71	$0.38	100	100	$38	7.65%	$12	2.41%	$4.59
FMGQZ9	2014-03-11 09:37:24	27-Mar-2014	$4.8	$0.315	100	600	$31.5	6.34%	$14.5	2.92%	$4.655
FMGMR9	2014-03-12 09:21:26	27-Mar-2014	$4.9	$0.26	100	707	$26	5.23%	$19	3.82%	$4.71
FMGZT9	2014-03-11 14:29:59	27-Mar-2014	$4.91	$0.255	100	100	$25.5	5.13%	$19.5	3.92%	$4.715
FMGQV9	2014-03-12 14:57:53	27-Mar-2014	$5	$0.21	100	10484	$21	4.23%	$24	4.83%	At the Money
FMGLZ9	2014-03-12 13:14:19	27-Mar-2014	$5.01	$0.205	100	2701	$20.5	4.12%	$24.5	4.93%	$4.765
FMGNX8	2014-03-12 14:28:15	27-Mar-2014	$5.25	$0.11	100	19719	$11	2.21%	$39	7.85%	$4.86
FMGM69	2014-03-12 13:58:46	27-Mar-2014	$5.26	$0.105	100	3036	$10.5	2.11%	$39.5	7.95%	$4.865
FMGR89	2014-03-12 10:18:22	27-Mar-2014	$5.5	$0.05	100	29899	$5	1.01%	$58	11.67%	$4.92

F1 for Help   Connected | Latest data received: 12-Mar-2014 19:00

TREND - NOTE THE UNDERLYING COMPANY'S SHARE PRICE TREND

Share Price Direction

We need to determine the Trend of the underlying stock's share price as writing covered calls appears optimal in a gentle bullish market to sideways market. A quick look at the underlying company's share price history, can give us a sound indication of the stock's price movement; up, down or sideways. Share price history can be displayed graphically using its recent price history charts. *ProWriter* has included price history charts in the smart reports. When you are reviewing the Top 10 by Yield report, or any of the *MyCC* reports, just click on the Company Name, in the report, and the chart shown below will appear.

The chart is a six month share price history "candlestick" graph, including Volume and MACD (Moving Average Convergence Divergence).

The chart below shows that BSL share price has *trended* upward from Oct to Mar; then appears to move sideways.

PLAN – DO A TRADING PLAN, EVERY TIME

Trading Plan   Having reviewed the *Yield* and noted the *Trend* of a few likely companies; next you should create a *Trading Plan*. This can be done in tabulated form using a spreadsheet or automatically created using ProWriter Plus. The plan shows you the various choices you can make regarding [share] entry point, *Strike* and *Premium*, and shows you the profit *Exercised* or *Not Exercised*. Here is where you make an informed decision about the share(s) you are happy to hold and the call(s) you may write.

Print the plan and consider your choices, reviewing the *Trend* and any other [fundamental] information such as company announcements, news items, reports, world events like oil prices etc.

An example Trading Plan is shown below. Please note the *Premium* shown is the result of the premium price, which is shown in dollars, multiplied by number of shares. Note: Option contracts in Australia are usually made up of 100 shares. They can vary so always check the contract size before buying the underlying shares.

The Trading Plan was created with ProWriter Plus. It can be printed, exported to Excel; or emailed as an attachment to say an Advisor, for further action

ProWriter Plus - [Trading Plan]

File   Edit   Yield   Dividends   Trend   Short List   Trading Plan   Calculator   Window   Help

Type	Company Code	Record Date Expiry Date	Shares	Option Contract	Share Price	Cost	Equity Brokerage	Strike price	ASX Fair Price Premium	Option Brokerage	Not exercised		Exercised			Dividends		BEP	Close All
											Net Profit	% Return	Exercise Brokerage	Net Profit	% Return	Value	Date		
BHP																			
C (Sell)	BHPVQ8	13-Mar-2014 23-Apr-2014	1000	10	$35.99	$35990	$19	$36	$1.08	$32	$1024	2.85%	$19	$1015	2.82%			$34.91	☐
BSL																			
C (Sell)	BSLLT9	13-Mar-2014 23-Apr-2014	5000	50	$6.19	$30950	$19	$6.25	$0.25	$32	$1199	3.87%	$19	$1480	4.78%			$5.94	☐
DJS																			
C (Sell)	DJSXP7	13-Mar-2014 23-Apr-2014	10000	100	$3.3	$33000	$19	$3.3	$0.11	$32	$999	3.03%	$19	$980	2.97%			$3.19	☐
NCM																			
C (Sell)	NCMVU8	13-Mar-2014 23-Apr-2014	2500	25	$11.98	$29950	$19	$12	$0.71	$32	$1736.5	5.8%	$19	$1767.5	5.9%			$11.27	☐
RIO																			
C (Sell)	RIOQ79	13-Mar-2014 23-Apr-2014	500	5	$61.39	$30695	$19	$61	$2.48	$32	$1189	3.87%	$19	$975	3.18%			$58.91	☐
Totals																			
					$160585	$95				$160	$6147.5	3.83%	$95	$6217.5	3.87%				

Trading Plan Generated at 2014-03-13 09:45:40

F1 for Help   Connected | Latest data received: 12-Mar-2014 final

DIARY – USE A TRADING DIARY

Trading Diary   **A trading diary** can be used to keep a record of your investment capital, share purchases, call option sales, other trading information and anything else you think appropriate. You can use your *Diary* to document your thinking or to do what-if scenarios. Successful trading may rely on an accurate Trading Diary to measure your return on your investment.

Trading Platform   **If you use an on-line trading platform**, you can go on-line and review live prices to buy the shares and sell the options as detailed in your plan. It's a good idea to print out your *trading plan* a place it in plain view, next to your keyboard or on a copy holder (works well).

Live Share and Option Prices   **Current share and option prices** can also been seen on the ASX's web pages. See www.asx.com.au/asx/markets/equityPrices.do for shares and www.asx.com.au/asx/markets/optionPrices.do for option prices. These pages are very good and display ~20 minute delayed data. Use the live prices to determine what prices you purchase the underlying shares at.

Record the share purchase prices in your *Diary,* which can include a spread sheet for recording data. Note the *Strike* you plan to sell the call at and record the current *Premium,* you received at that *Strike*.

Linked Account   **Consider a linked account** to your trading platform where you have visibility of your working capital. As you buy and sell shares and options you can review the debits and credits against this account. There is an old saying that "if you don't know how much money you have made, you have probably lost it". Keeping an accurate account, as part of your trading diary, is an excellent metric to use to measure your success at trading. Keeping accurate records may be mandatory, for tax records etc. Share traders may link a cash management account to their brokering account.

Higher Risk   **If you wish to trade more aggressively** and are happy to accept greater risk, then note the strike price you are happy to sell a call at and consider the premium *spread.* That is the range between the lowest premium *bid* and the highest premium *offer*. Decide on the premium you want to achieve and how long you are prepared to wait for it (before accepting a lower bid). Write these variables down in your diary.

Watch or review the premium prices at the strike you have selected and write down when you achieve it. Add this amount to your bank account. Please note; while you hold the underlying shares their price may go up, down or sideways which will be reflected in the premium price. The above strategy may be based on your assessment the underlying stock price is in an upward *Trend*.

Time Efficient   **Writing covered calls** is very time efficient. You don't need to watch the market for eight hours a day; not take a day off because of open positions, or have updates sent to your mobile phone. In fact using *Prowriter Plus Reports* you can quickly scan all options available for the best deal, review the underlying company's share price trend, create a trading plan, and buy the underlying shares and write a call option(s); in minutes. Then monitor your open positions until the end of the contract period and see if you were exercised or not exercised. Only two outcomes

It may be considered good practice to allow a couple minutes each day or so to go through the *ProWriter Plus* reports and note which companies regularly have the highest *yields* and best *trends*. It takes about ½ a minute to log in to *ProWriter Plus*, and about 1 ½ minutes to scroll through the All Options By Company Current Month *Smart Report*. Do this while you are checking your emails or taking a coffee break. Make a note of companies you would like to keep your eye on. This quickly builds your experience.

Follow the Market   **You can now follow the market** until the option expires (*call day)* and see what profit you have made.

It is good practice to use the *Prowriter Plus Report* View Selected Stocks Current Month and select the companies you are trading options in and record the daily last share price, strike you sold at, and the premium. Do this each day (or at least every couple of days). This habit makes trading, in particular, very effective as you see two very relevant things:

1. how the underlying share price influences the premium, and
2. how time works in your favour after you have written the call

Record the movements (price, strike and premium) in your *diary* or under your *trading plan* and look for price trends. This is a bit hands on, but it is what builds your experience. Any business, no matter what business it is must be concerned with getting a return on investment or value for money. Follow the market as often as you can, without letting it overwhelm you, and you will get your capital investment working for you as you write covered calls.

TRADE – TRADE ON-LINE OR PERSONAL BROKER

Trade On-Line

Use an Online Trading Platform to trade on-line. You can use your Advisor (see below) and still trade like the professionals on line with appropriate software, which may be free to register and use?
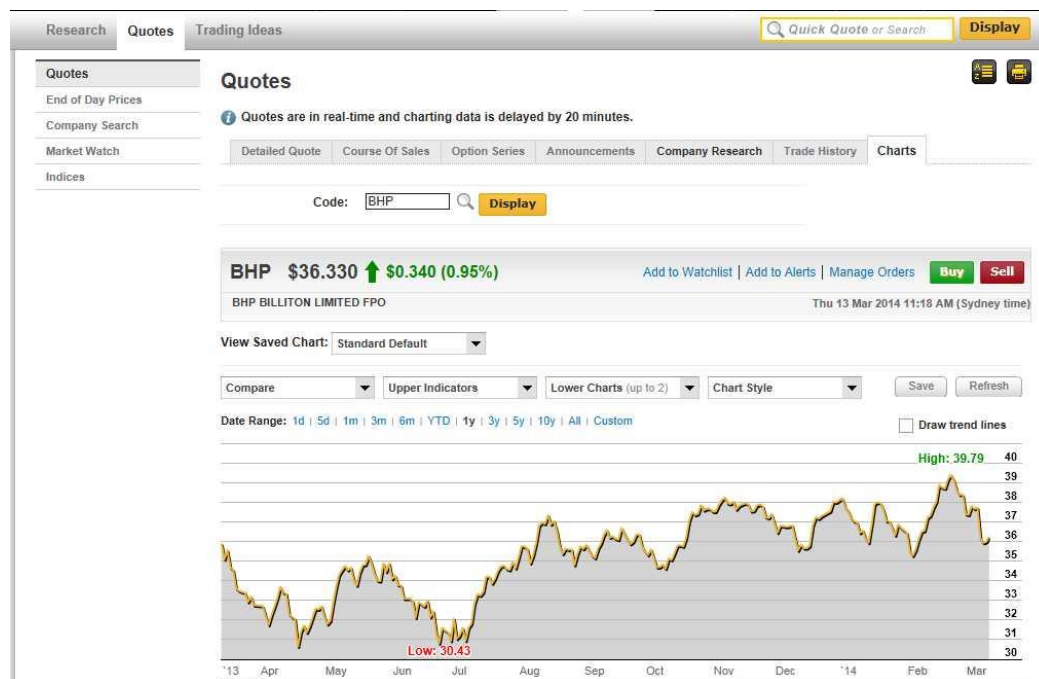
Advisor

Use your Advisor and/or trading platform to buy shares and write calls.

Obviously there is a lot more to trading than stated above. To learn more see the various online platforms.

Using a Personal Adviser is a sound way to go. The broker has the knowledge of the share market and the companies to be used for the underlying shares. This makes the all important selection of the underlying shares that much more objective.

MyCC and ProWriter also helps in this decision by presenting the companies with the highest **Yield** and showing the **Trend**; and then the Adviser applies their experience in support of the choices made.

The Adviser can do the trading and can advise you of potential trades.

MY COVERED CALLS PREFFERED STOCK BROKER

MyCC Preferred Broker

MyCC uses Comsec [Commonwealth Bank] as its preferred online Broker. Comsec is National.

Comsec has competitive brokerage rates and allows buy-writes

Comsec specialize in covered call option trading. See details at www.comsec.com.au

WHAT YOU NEED TO TRADE COVERED CALLS

Prerequisites to Trade Calls

Arguably, you need three things to trade Covered Call Options:

1. The right Psychology
2. Knowledge, and
3. Investment Capital (or accessible Assets)

You supply the psychology and investment capital, and use My Covered Calls and ProWriter to develop your Trading Plans

The My Covered Calls Support Team is also happy to help at any time.

CHAPTER 2

Using ProWriter Plus Software

- About ProWriter Plus

- Installation

- Launching ProWriter Plus

- Welcome Screen

- Menu Bar

- Using the ProWriter Plus Screen

About ProWriter Plus
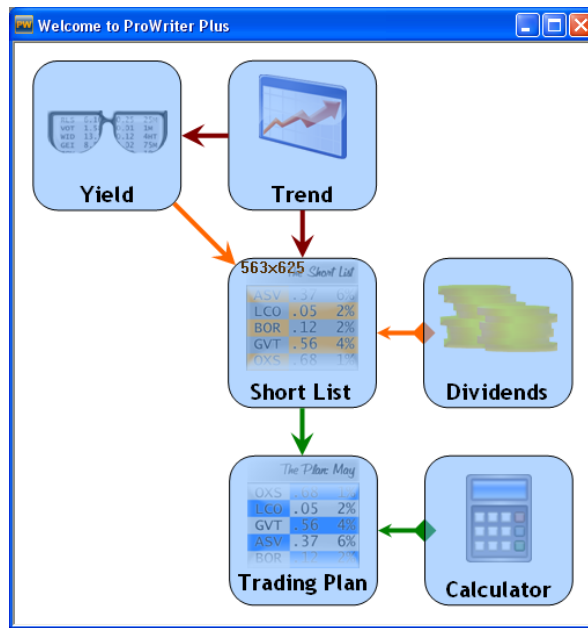
ProWriter Plus is a PC based software that uses stock option data downloaded ~hourly via the internet to automate the Covered Call trading system, as used by MyCC. ProWriter Plus Users can quickly create a report showing all available Options [both Call and Put] and the **Yields** In, At and Out of the Money for Exercised and Not Exercised outcomes.

ProWriter Plus also displays the respective underlying share(s) price **Trend,** as a candle chart, selecting from six months to 5 years, in the reports.   Using **ProWriter Plus**, the User can then compile a Short List from the report, add Dividends due if appropriate, and select options series from the short list, which are then added to a Trading Plan.

The Trading Plan which shows the share buy price, option **Strike** price, option **Premium** and all outcomes; is then printed or exported to MS Excel, and executed on-line or via broker.

ProWriter Plus is only available from My Covered Calls or its distribuitors.

Installation

ProWriter Plus is installed by first downloading and running the install wizard. It is available on CD if requested. Follow the Wizard and install the software.

When using a CD, if the auto start does not happen within a few seconds, then navigate to the CD drive and double click 'ProWriterPlusSetup.exe'

Launching ProWriter Plus

The computer must be connected to the internet to allow ProWriter Plus to authenticate Users and download option stack data
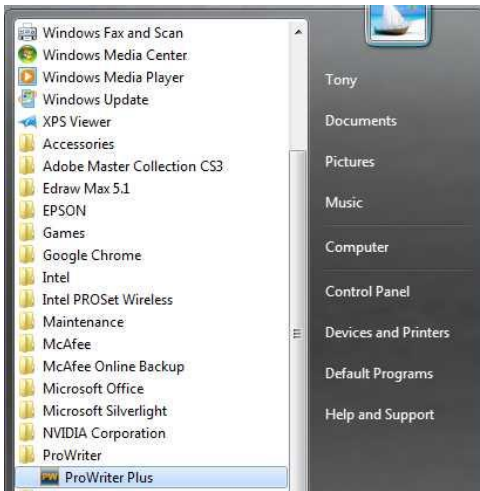
A simple method of launching ProWriter Plus is to:

1. Click on the "Start" Button

2. Scroll up and/or across to "Programs"

3. Scroll across and/or up/down to "ProWriter"

Scroll across to "ProWriter Plus" and make a Single Click

ProWriter Plus has been designed as a simple executable program. It creates a few working files written to your computer, however, has no need for a backend database. All data is downloaded via the internet

ProWriter Plus will open, displaying the **Login** box. Type in your Username and Tab or click to the next field and enter your password. Provided ProWriter Plus is connected to the internet, it will verify your details and if you are authorised, activate the application:

If ProWriter Plus is unable to connect to the Internet it will return "Login failed". Click OK, connect to the Internet and try again.
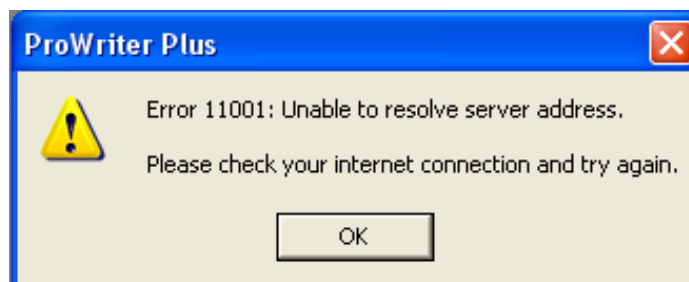
Welcome to ProWriter Plus

Following Login authentication, ProWriter Plus activates the Menu and opens the Welcome screen.

You can navigate using either the **Menu bar** or the **Icons** on the Welcome screen.
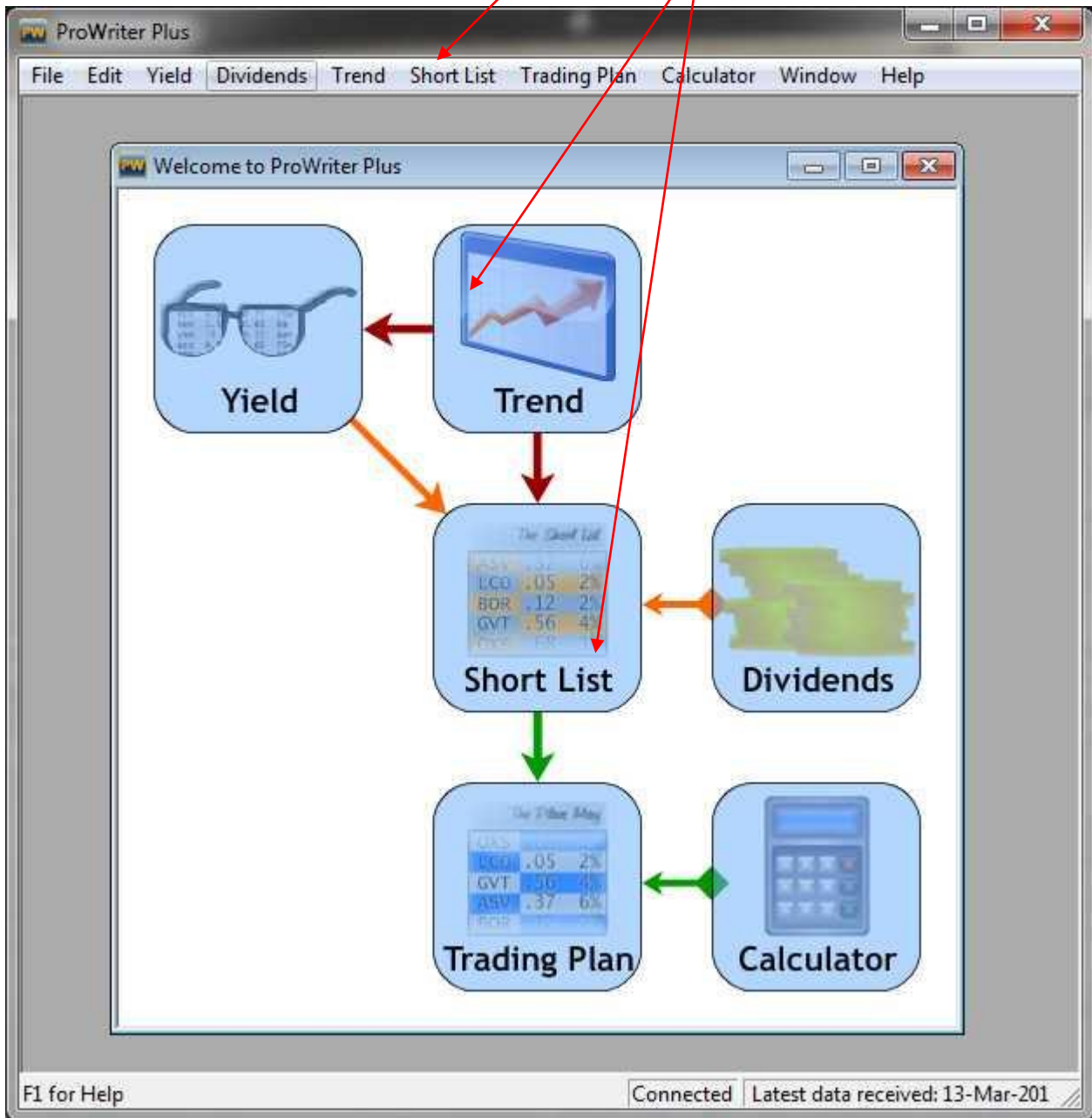
Menu Bar

The Menu Bar has the following selections:
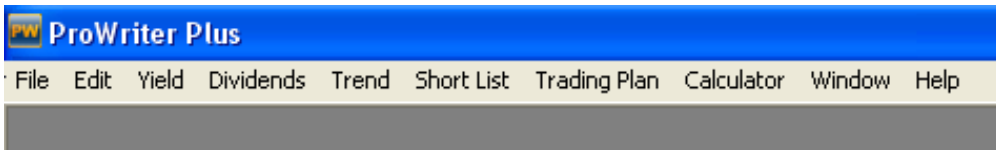
File: menu has Download, Export & Print functions…
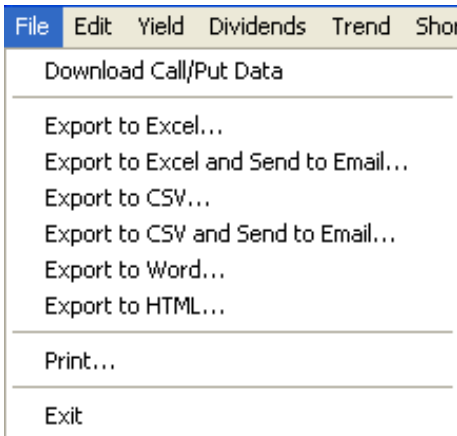
Edit: sets Call & Put Report Settings, Colour Scheme, Leverage Bar and Short List

The Colour Scheme Settings can be used to vary the global colour settings. Use 'Restore Default" to return to the original colour scheme:
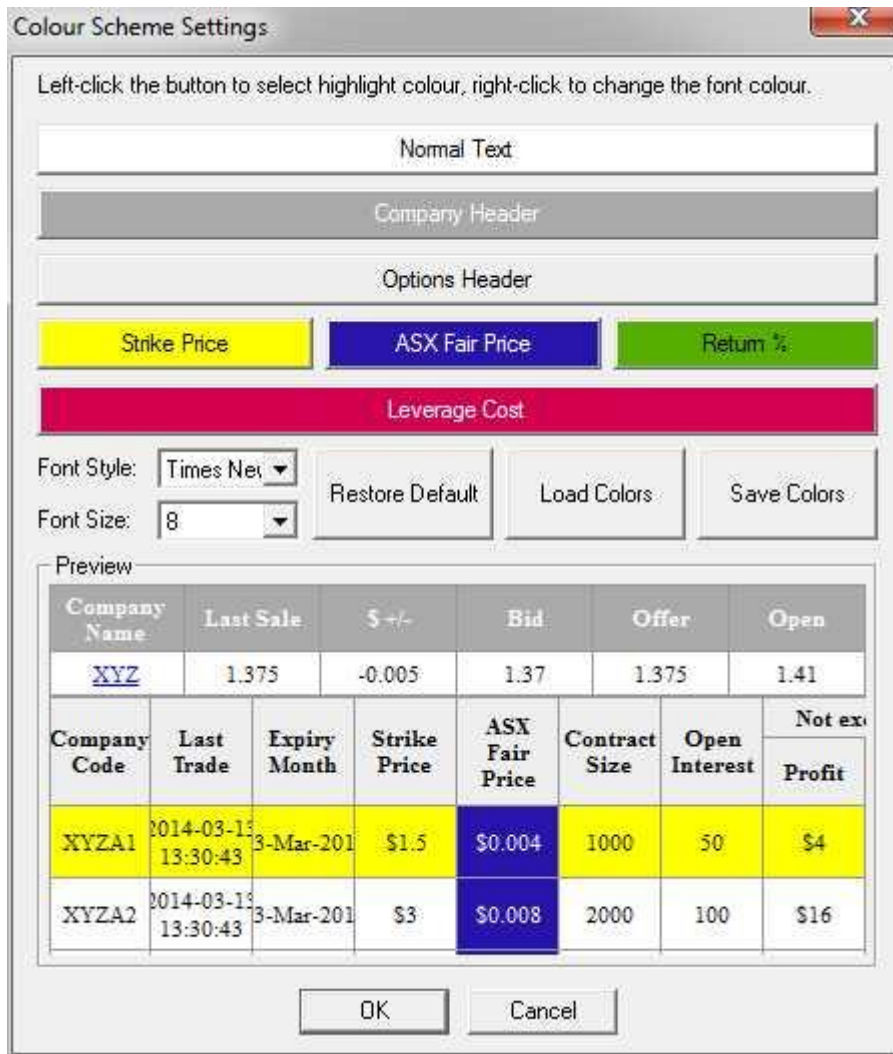
Yield: menu opens the Call & Put Reports

Dividends: menu opens the Dividends screens displaying any future dividends that have been announced. The Dividends are automatically entered into the Trading Plan (See Trading Plan)
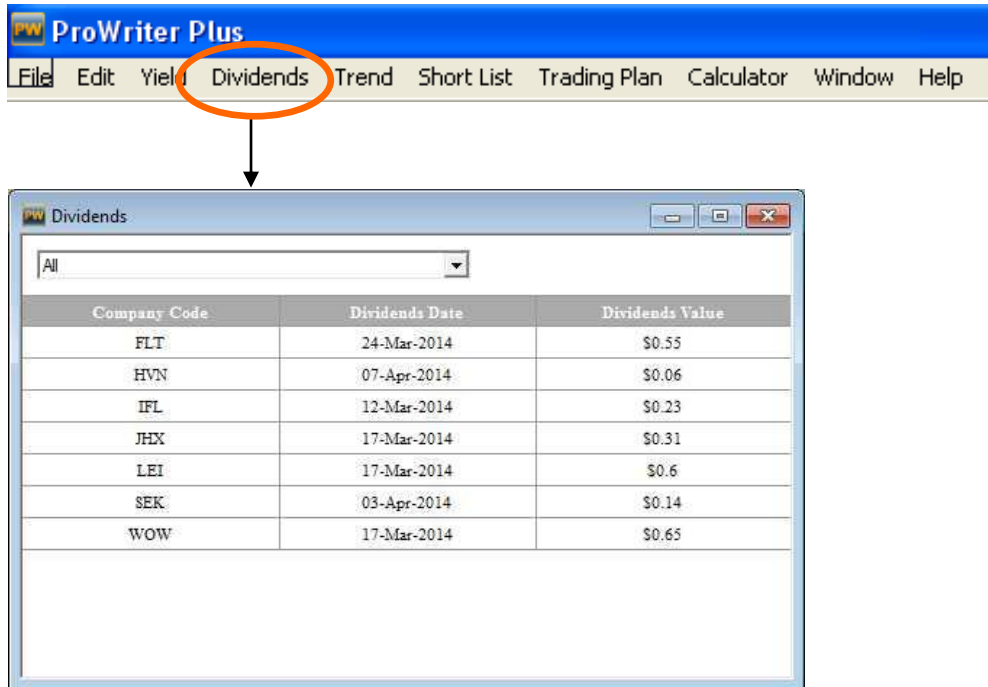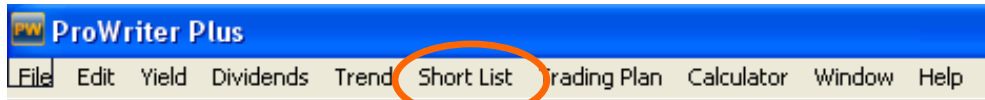

Trend: menu opens the Trend Chart select menu. The company three letter code can be typed in or the company selected from the pull down menu
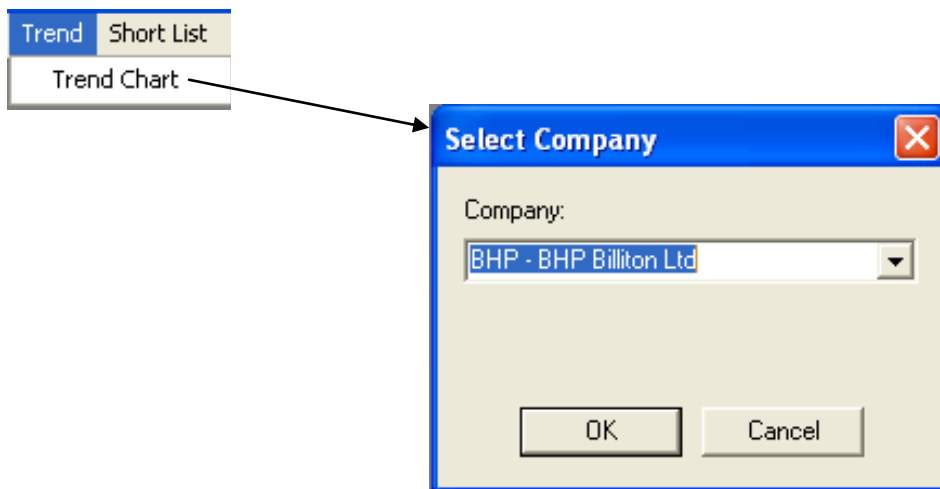
Short List: menu opens the Short List

Short List window:

CALL options	Company Name	Last Sale	$ +/-	Bid	Offer	Open	High	Low	Volume	P/E	Close
	BSL - Bluescope Steel Ltd	6.27	0.08	6.27	6.28	6.19	6.31	6.19	1022645	-51.22549	☐

Trading Plan	Company Code	Last Trade	Expiry Month	Strike Price	ASX Fair Price	Contract Size	Open Interest	Not exercised Profit	Not exercised % Return	Exercised Profit	Exercised % Return	Dividends Value	Dividends Date	BEP
☐	BSLLT9	2014-03-12 14:56:29	23-Apr-2014	$6.25	$0.29	100	795	$29.5	4.7%	$27.5	4.39%			$5.97

CALL options	Company Name	Last Sale	$ +/-	Bid	Offer	Open	High	Low	Volume	P/E	Close
	NCM - Newcrest Mining Ltd	12.345	0.365	12.34	12.35	12.15	12.355	12.12	3108355	-1.56049	☐

Trading Plan	Company Code	Last Trade	Expiry Month	Strike Price	ASX Fair Price	Contract Size	Open Interest	Not exercised Profit	Not exercised % Return	Exercised Profit	Exercised % Return	Dividends Value	Dividends Date	BEP
☐	NCMVM8	2014-03-13 10:49:52	23-Apr-2014	$9.5	$2.75	100	912	$275.5	22.32%	$-9	-0.73%			$9.59
☐	NCMVI8	2014-03-13 11:36:44	23-Apr-2014	$9.75	$2.69	100	197	$269.5	21.83%	$10	0.81%			$9.65
☐	NCMVG8	2014-03-12 14:51:17	23-Apr-2014	$10.5	$2.02	100	472	$202.5	16.4%	$18	1.46%			$10.32
☐	NCMW18	2014-03-12 13:01:55	23-Apr-2014	$11.25	$1.41	100	162	$141	11.42%	$31.5	2.55%			$10.94
☐	NCMVE8	2014-03-12 12:36:42	23-Apr-2014	$11.5	$1.23	100	3873	$123.4	10%	$38.9	3.15%			$11.11
☐	NCMVC8	2014-03-12 14:33:23	23-Apr-2014	$11.75	$1.07	100	317	$106.7	8.64%	$47.2	3.82%			$11.28
☐	NCMVU8	2014-03-13 11:55:12	23-Apr-2014	$12	$0.92	100	2330	$91.7	7.43%	$57.2	4.63%			$11.43
☐	NCMVK8	2014-03-13 11:20:07	23-Apr-2014	$12.25	$0.78	100	1232	$78.2	6.33%	$68.7	5.57%			$11.56
☐	NCMV88	2014-03-13 10:47:16	23-Apr-2014	$12.5	$0.66	100	3293	$66	5.35%	$81.5	6.6%			$11.69
☐	NCMVO8	2014-03-13 10:47:43	23-Apr-2014	$12.75	$0.55	100	1121	$55.2	4.47%	$95.7	7.75%			$11.79

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Trading Plan: menu opens the Trading Plan


Type	Company Code	Record Date Expiry Date	Shares	Option Contract	Share Price	Cost	Equity Brokerage	Strike price	ASX Fair Price Premium	Option Brokerage	Not exercised Net Profit	Not exercised % Return	Exercise Brokerage	Exercised Net Profit	Exercised % Return	Dividends Value	Dividends Date	BEP
BHP																		
C (Sell)	BHPVQ8	13-Mar-2014 23-Apr-2014	1000	10	$35.99	$35990	$19	$36	$1.08	$32	$1024	2.85%	$19	$1015	2.82%			$34.91
BSL																		
C (Sell)	BSLLT9	13-Mar-2014 23-Apr-2014	5000	50	$6.19	$30950	$19	$6.25	$0.25	$32	$1199	3.87%	$19	$1480	4.78%			$5.94
DJS																		
C (Sell)	DJSXP7	13-Mar-2014 23-Apr-2014	10000	100	$3.3	$33000	$19	$3.3	$0.11	$32	$999	3.03%	$19	$980	2.97%			$3.19
NCM																		
C (Sell)	NCMVU8	13-Mar-2014 23-Apr-2014	2500	25	$11.98	$29950	$9	$12	$0.71	$32	$1736.5	5.8%	$19	$1767.5	5.9%			$11.27
RIO																		
C (Sell)	RIOQ79	13-Mar-2014 23-Apr-2014	500	5	$61.39	$30695	$19	$61	$2.48	$32	$1189	3.87%	$19	$975	3.18%			$58.91
Totals						$160585	$95			$160	$6147.5	3.83%	$95	$6217.5	3.87%			

Trading Plan Generated at 2014-03-13 09:45:40

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Calculator: menu opens the Margin Loan [Leverage] Calculator. The Margin Loan Calculator is used to determine the cost of leverage @ at Loan Value Ratio (LVR) of 50%, for the remaining period of an option contract
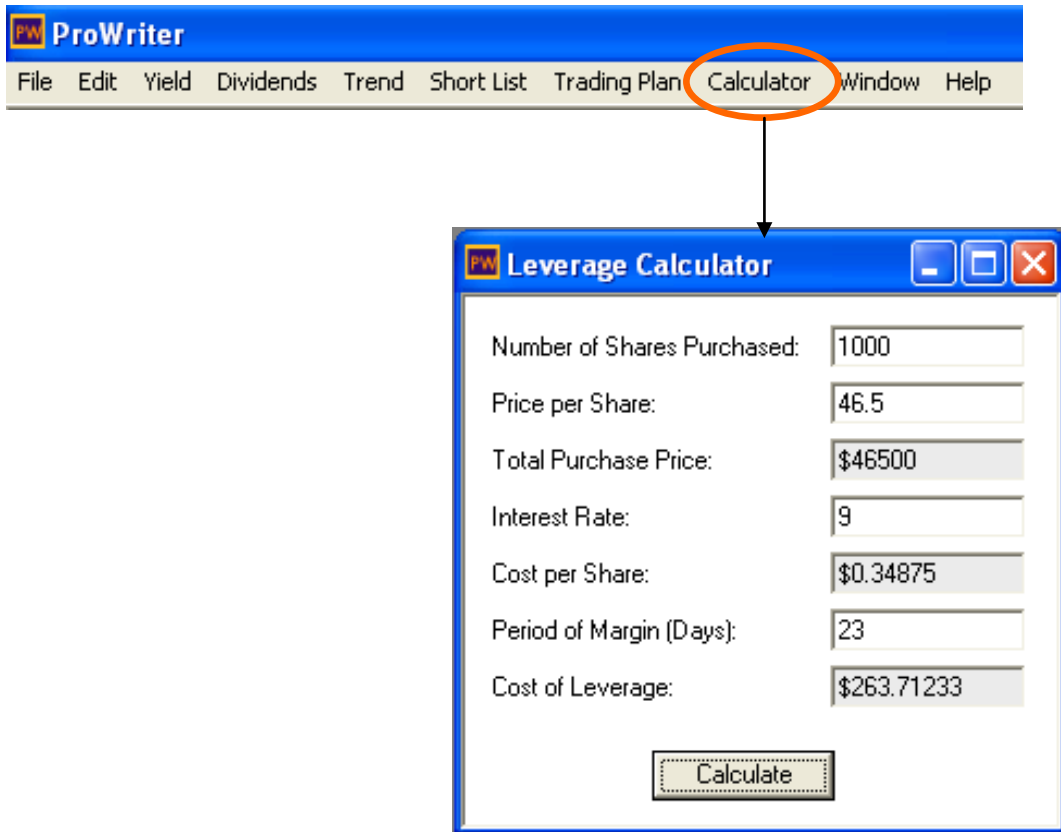
Window: menu opens the "Window" navigation list. Open windows can be Cascaded, Tiled or Closed. Open windows can be selected from the list
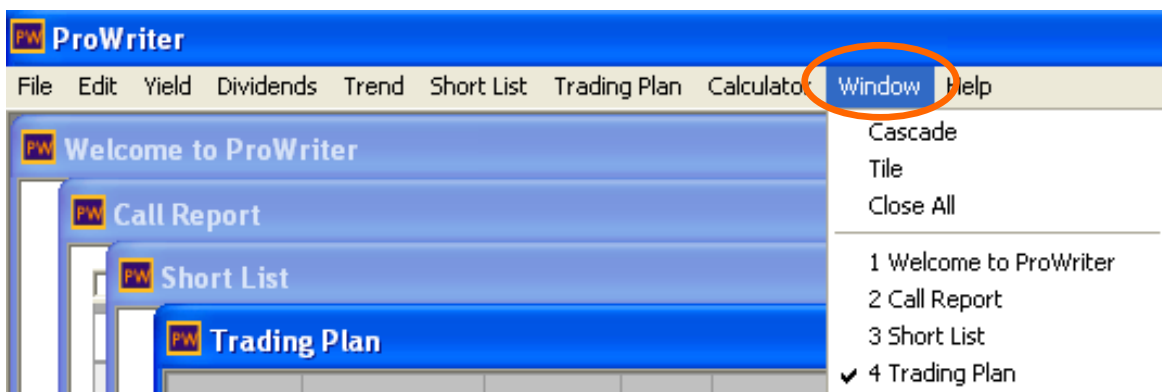
Help: menu opens the About Box displaying links to the ProWriter Plus web site and email link to ProWriter Plus Support. Please email support@mycc.com.au for help with ProWriter Plus software.

Phone support is available on the Member's hotline displayed on the web site home page

Support for Covered Call Options should start with your Advisor, then if you wish further help please contact My Covered Calls friendly staff @ support@mycc.com.au

We will bend over backward to help you with how to trade covered calls and in particular, developing your trading plan.
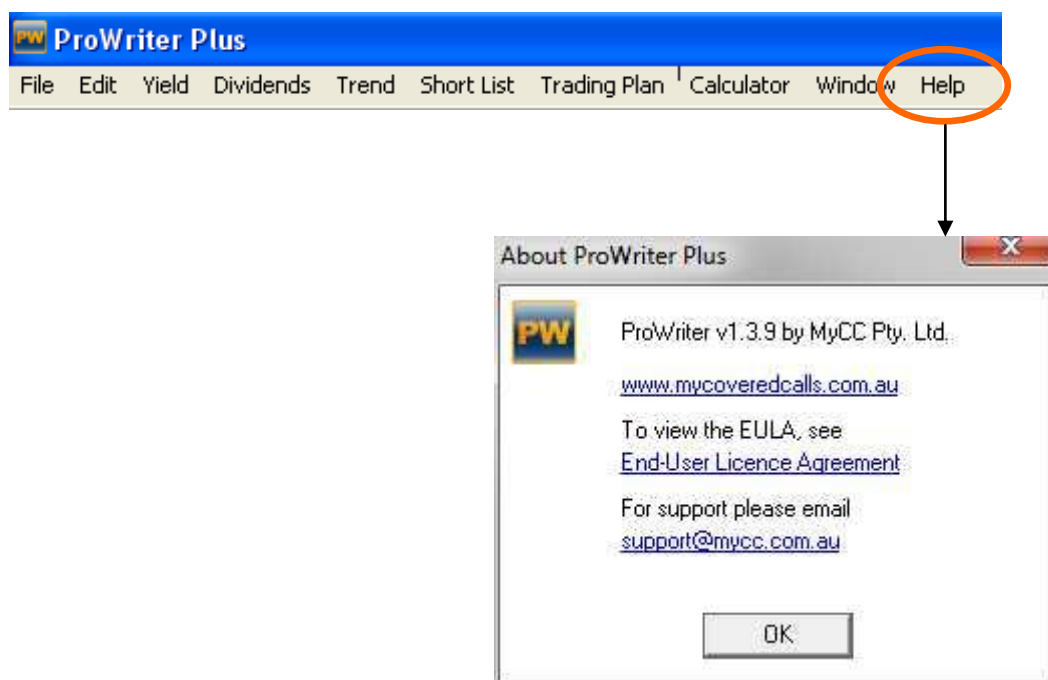
Welcome Screen Icons: link to the same functions found on the Menu Bar selections.

The **Yield** icon opens the Call Option Report. To open the Put Options Report please use the "View Put Reports" under the Yield Menu
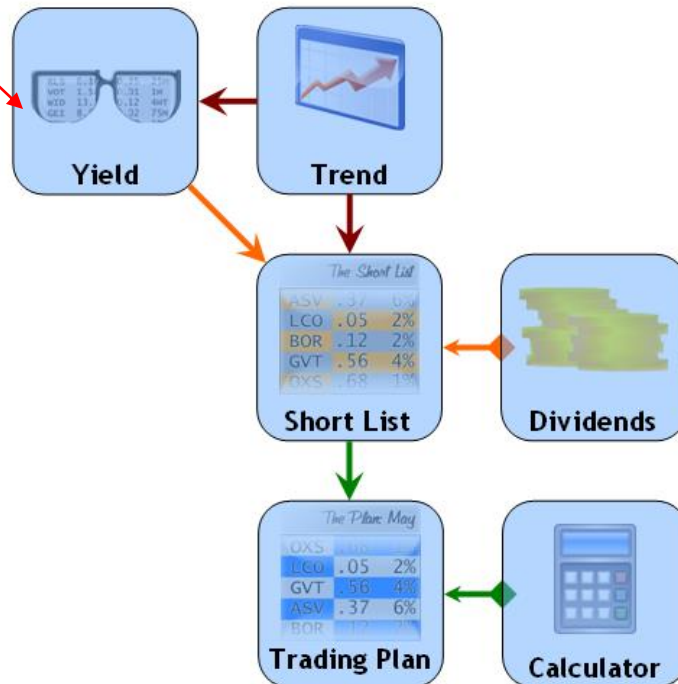
The above icons can be used to create a Trading Plan following the My Covered Calls option trading system.

Use the **Edit** menu to enter your Call and/or Report settings then click *"Yield"* to view the Call Reports.

The Trend charts can be opened by clicking the *"Trend"* icon and entering the Company three letter share code. You can also open the Trend charts by clicking on the Company Name in the Call [& Put] Reports.

The Short List is automatically created and opened by checking a company box shown in the Call [& Put] Reports. The *"Short List"* icon takes you to the Short List after it has been created. The Short List is deleted each time the Short List screen is closed.

The *"Dividends"* icon opens the Dividends window displaying the dates of all current [future] Dividends.

The *"Calculator"* icon opens the Calculator screen.

The Trading Plan screen is opened by clicking the *"Trading Plan"* icon. The Trading Plan is retained for ongoing use, even after the ProWriter Plus application is closed. You can open ProWriter Plus anytime its connected to the internet, then click on the trading plan icon and your current Trading Plan will appear, which can be amended, printed, emailed etc.

Using the ProWriter Plus Screens

ProWriter Plus, by design, is simple in its operation. You use the following main screens to derive your Trading Plan:

1. Yield [Call & Put] Report screen
2. Trend Chart(s)
3. Short List screen
4. Trading Plan screen

Yield Report Screen: The Yield report screen, labelled the "Call report" or "Put Report", depending on which report you have opened; displays the company intra day trading details and its option series sorted by Strike Price. The respective Yields are shown for At, In and Out of the money for each Strike, and the outcome if Exercised or Not-exercised. The Yield is expressed as a % return for the period of the option contract, and in $ terms as a profit.

A check box is show adjacent to the Company Name. This box is to be checked [clicked using your mouse] if you wish to include this company on your Short List for further consideration.

The Trend Charts can be opened from the Yield report by clicking on the Company Name.

ProWriter Plus - [Call Report]

File   Edit   Yield   Dividends   Trend   Short List   Trading Plan   Calculator   Window   Help

Company Name	Last Sale	$ +/-	Bid	Offer	Open	High	Low	Volume	P/E
BSL - Bluescope Steel Ltd	6.27	0.08	6.27	6.28	6.19	6.31	6.19	1022645	-51.23

Company Code	Last Trade	Expiry Month	Strike Price	ASX Fair Price	Contract Size	Open Interest	Not exercised Profit	Not exercised % Return	Exercised Profit	Exercised % Return	BEP
BSLLT9	2014-03-12 14:56:29	23-Apr-2014	$6.25	$0.295	100	795	$29.5	4.7%	$27.5	4.39%	$5.975

Company Name	Last Sale	$ +/-	Bid	Offer	Open	High	Low	Volume	P/E
NCM - Newcrest Mining Ltd	12.345	0.365	12.34	12.35	12.15	12.355	12.12	3108355	-1.56

Company Code	Last Trade	Expiry Month	Strike Price	ASX Fair Price	Contract Size	Open Interest	Not exercised Profit	Not exercised % Return	Exercised Profit	Exercised % Return	BEP
NCMVM8	2014-03-13 10:49:52	23-Apr-2014	$9.5	$2.755	100	912	$275.5	22.32%	$-9	-0.73%	$9.59
NCMVI8	2014-03-13 11:36:44	23-Apr-2014	$9.75	$2.695	100	197	$269.5	21.83%	$10	0.81%	$9.65
NCMVG8	2014-03-12 14:51:17	23-Apr-2014	$10.5	$2.025	100	472	$202.5	16.4%	$18	1.46%	$10.32
NCMW18	2014-03-12 13:01:55	23-Apr-2014	$11.25	$1.41	100	162	$141	11.42%	$31.5	2.55%	$10.935
NCMVE8	2014-03-12 12:36:42	23-Apr-2014	$11.5	$1.234	100	3873	$123.4	10%	$38.9	3.15%	$11.111
NCMVC8	2014-03-12 14:33:23	23-Apr-2014	$11.75	$1.067	100	317	$106.7	8.64%	$47.2	3.82%	$11.278
NCMVU8	2014-03-13 11:55:12	23-Apr-2014	$12	$0.917	100	2330	$91.7	7.43%	$57.2	4.63%	$11.428
NCMVK8	2014-03-13 11:20:07	23-Apr-2014	$12.25	$0.782	100	1232	$78.2	6.33%	$68.7	5.57%	$11.563
	2014-03-13				100						

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Trend Chart: The Trend Chart is opened by clicking the **Trend** icon, as described previously, or by clicking the Company Name in the Yield Report or Short List. The Trend Chart displays end of day candle chart selected for 6 Months, 1, 2 or 5 years; share price volume and moving averages (MACD).

6 Months   1 Year   2 Years   5 Years

Short List: The Short List is used to review your selection of companies that have an acceptable **Yield** and share price **Trend**. You can open the **Trend Chart** by clicking on the Company Name. You should also note the **share price value**, looking for companies whose share price is trading in **bottom half to bottom quarter** of its overall range*.

A feature of the Short List is the automatic inclusion of company **Dividends**, if they are available. The Dividend value and date are shown in the columns on the right.

You can select the options series you would like to be included in your trading Plan by clicking on the check box adjacent to each option. You may select as many or as few as desired. Example shown is selecting "At the Money" options; shown by the yellow row:

* Selecting companies with a low share price relative to their overall performance may reduce the risk of downward movement of the stock value, during the option contract period.

Trading Plan: ProWriter's outcome is to create a Trading Plan using **Yield** and **Trend** information, quickly and accurately. **Dividend** information is also displayed in the trading plan, as this is also a consideration when selecting the underlying shares to buy. The Trading Plan is an electronic spreadsheet which can be saved, printed and exported.

The Trading Plan is created automatically from your selections in the Short List. Data from the Short List is copied into the Trading Plan in the related 'cells'.

You then enter the number of shares to be purchased for each company into the "**Shares**" cell; and the brokerage costs into the "**Brokerage**" cells. ProWriter will calculate the option contracts, total share costs, profits Exercised and Not Exercised and % Return Exercised and Not Exercised.

You may edit the [number of] Shares, Share Price, Brokerage, the ASX Fair Price (Premium) and Dividend cells by **double clicking** each respective cell. You may also change the background colour of each cell by **selecting the cell and clicking** on the small triangle in the bottom right corner. You may choose from White, Green, Yellow, Red and Light Blue colours. The ASX Fair Price default colour is Light Blue.

Executing the Trading Plan

The completed Trading Plan may executed a couple of ways. DIY, or by instructing your Adviser to carry out a "buy-write" order.

Type	Company Code	Record Date Expiry Date	Shares	Option ontrac	Share Price	Cost	Equity Brokerage	Strike price	ASX Fair Price (Premium)	Option Brokerage	Not exercised Net Profit	Not exercised % Return	Exercised Exercise Brokerage	Exercised Net Profit	Exercised % Return	Dividends Value	Dividends Date	BEP	Close All
BHP																			
C (Sell)	BHPVQ8	13-Mar-2014 23-Apr-2014	1000	10	$35.99	$35990	$19	$36	$1.08	$32	$1024	2.85%	$19	$1015	2.82%			$34.91	
BSL																			
C (Sell)	BSLLT9	13-Mar-2014 23-Apr-2014	5000	50	$6.19	$30950	$19	$6.25	$0.25	$32	$1199	3.87%	$19	$1480	4.78%			$5.94	
DJS																			
C (Sell)	DJSXP7	13-Mar-2014 23-Apr-2014	10000	100	$3.3	$33000	$19	$3.3	$0.11	$32	$999	3.03%	$19	$980	2.97%			$3.19	
NCM																			
C (Sell)	NCMVU8	13-Mar-2014 23-Apr-2014	2500	25	$11.98	$29950	$19	$12	$0.71	$32	$1736.5	5.8%	$19	$1767.5	5.9%			$11.27	
RIO																			
C (Sell)	RIOQ79	13-Mar-2014 23-Apr-2014	500	5	$61.39	$30695	$19	$61	$2.48	$32	$1189	3.87%	$19	$975	3.18%			$58.91	
Totals						$160585	$95			$160	$6147.5	3.83%	$95	$6217.5	3.87%				

Trading Plan Generated at 2014-03-13 14:09:55

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Do It Yourself. Print the plan and place it in prominent view. Now **trade the plan** by logging into an online trading platform; and checking the live prices, both equity and option.

Buy the underlying shares as indicated in your plan. The share price may have varied; however, your plan has indicated an acceptable return from selling an option over the shares; so; as long as the return, exercised or not exercised, is still OK [that you are happy with], then continue with your plan. You may easily adjust the plan to reflect price changes, and re-print if desired.

As soon as you have purchased the underlying shares, amend the buy price in your Trading Plan, note the current Premium price, also amending it in your plan.

Write (sell) the option as close to the Premium shown in your plan. If your trading platform or brokerage account does not allow the writing of options before T+ 3; that is, before you actually pay for the underlying shares; then instruct you Advisor to write the option on your behalf.

Instruct your Advisor to sell [write] an option over the share you now own. Advise the Option Series (found under Company Code), Expiry Date, number of Option Contracts to write and Strike Price you wish to sell at. Ask for the Premium "spread", which is the range from how much someone is willing to pay for the option to how much someone is willing to accept for the option. This allows you to confirm the current Premium price and that there is a "taker"; and make a last mental check that the outcome is what you expect. Instruct you broker to sell "at market", or "best price". The broker acting on

your instructions will place the order which will normally execute at the lower end of the spread which is the price someone is willing to pay for the option.

If the broker advises you of the sale price then note it in your Trading Plan, else review your emails (or other Advisor communication) to confirm the sale has been achieved; and then record the actual Premium in your Trading Plan.

As each "buy-write" is completed you may choose to use the colour coding in the Trading Plan to display progress of the trade.

Advisor Buy-Write. ProWriter is specifically designed to simplify covered call trading. You may create the **Trading Plan** out side of market hours, during the evening or weekend and simply email the plan to your Advisor with instructions to **trade the plan.**

Once your **Trading Plan** is complete, print it out and review the details. Use ProWriter to create an email with the Trading Plan attached by clicking on the File menu and selecting "Export to Excel and Send Email…" If your computer does not have MS Excel then use the "Export to CSV…" capability.
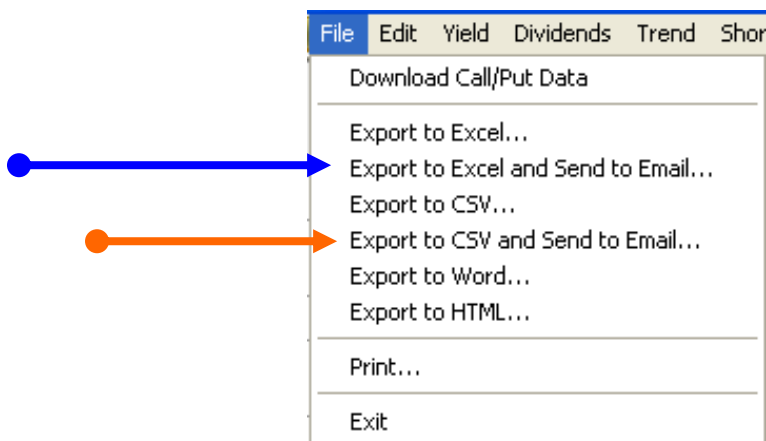
You may add additional instructions in the email such as: "***please note the current Premium before buying the underlying shares, ensuring that a return of 2.5% or better is achievable exercised or not exercised***"….or any other instructions such as to call you first etc. <u>The Advisor works for you. Make sure they earn their money</u>!

Wait for the plan to be traded and record the actual buy-write prices achieved, in your Trading Plan and/or diary.

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CHAPTER 3

Technical Documentation

- System Requirements
- Hardware Requirements
- ProWriter Plus for Windows
- Internet Connection
- Software Installation

System Requirements

ProWriter Plus has been coded in C++ and is supplied as an executable runtime file.

ProWriter Plus requires one of the following operating systems:

- Microsoft Windows 98
- Microsoft Windows 2000
- Microsoft Windows XP
- Microsoft Windows Vista
- Microsoft Windows 7 or 8

Hardware Requirements

ProWriter Plus requires the following hardware:

- IBM compatible PC with a Pentium 900Mhz processor or higher
- Minimum of 256Mb RAM
- Minimum of 150 Mb free hard disk space
- CD-ROM Drive if using a CD

ProWriter Plus for Windows

ProWriter Plus has been developed within a Windows environment to provide us with user-friendly facilities that enable users to click on buttons using a mouse to get what they need with a minimum fuss. ProWriter Plus for Windows will enable the user to use the system as a tool to carry out their task with minimal computer knowledge.

Internet Connection

ProWriter access ASX derived via a data feed that comes over the internet.

ProWriter also need to authenticate User via the internet.

Please connect your computer to the internet before using ProWriter

Software Installation

ProWriter Plus may have been supplied to you either electronically (via the Internet or Email) or on Compact Disk. In either case installation is relatively similar.

Compact Disc Supply

To install ProWriter Plus simply place the CD into the CD drive on your computer. (It is a good idea to always save and close any applications before loading this or any software onto your computer). The installation should auto-execute; from here simply select your individual installation options.

> *In some cases your PC is not configured for this ProWriter Plus may be installed by going through the Windows Start Menu and selecting "ProWritersetup.exe" form the CD drive.*

Electronic Installation

To install ProWriter Plus from the internet or from an email attachment, the software will be supplied to you as various files. These files should be saved into a temporary folder on your hard drive.

> *Now is a good time to save these files to a CD-R or other storage device as a backup.*

ProWriter Plus may now be installed by going through the Windows Start Menu and selecting "ProWriter Plussetup.exe" from the temporary folder in which it has been saved.

> *Future releases of ProWriter Plus may include multi-lingual support. In this case simply click on the desired installation language.*