Chapter One
Quick-Start Guide
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Introduction

Welcome aboard! You know, I’m not that different from you in that I learned Options from a home-based study program. Well, let me say that I “started” to learn Options from that expensive program. Most of the lessons that I had to learn on the road to financial independence were by making mistakes and figuring out on my own the right path to learning how to trade Options.

You see, one thing that I’ve learned over the years is that we tend to learn how to trade Options all wrong. We get excited by that seminar that shows us how to take a $300 Option contract and turn it into a $10,000 gain - where do I sign up? - yet this is not how the professionals trade. But people keep buying this speculative education because it’s exciting and it sells.

So the mission that I’ve been on is to teach folks the RIGHT way to trade Options - by learning to trade with an edge out of the gate! It might not be as glamorous as that home run trade, but it’s a lot more consistent and repeatable and that’s the name of the game in the Income business.

So it’s my hope that you can take the information in this program and immediately apply it to your situation by learning some simple income trades. And yes, I will cover that compelling and exciting trading strategy, the Long Call Option. But more than that, what I’m looking to do is to ignite your curiosity and your drive so that you really dive in and learn the business of trading Options for consistent income.

Let’s not kid ourselves; a 10-chapter program isn’t going to address everything that you’ll ever need to know about how to trade Options, but it will put you on the right path towards your dream. Let’s climb that mountain one step at a time, however, and this is your path to the first base camp.

Let’s get started!
How to Use This Program

Before you dive into this program, I’d like to encourage you to familiarize yourself with the entire program, and urge you to follow it as we’ve laid it out. Believe me, it wasn’t that long ago that I was in your shoes; I was in a huge hurry to learn the skills as fast as possible so I could start earning income, leave my day job, and start enjoying life with my family.

If I only knew then what I know now. I would have saved a lot of time and money.

Unfortunately, I had to learn all of the hard lessons for myself. I had to learn by making mistakes. I was coached through how to ease myself into trading….but once I tasted a little success I felt that I was ready for the whole meal. I dived in without being ready at the time. Perhaps by understanding how you feel, and by making the mistakes that I did, I can help encourage you to stay patient and follow the course.

I fully understand those of you who don’t read the installation manuals before assembling that project, as I’m one of you. Having been there and back already, I would like to make this plea to you now to follow the program exactly as we’ve laid it out. I want you to earn the right to advance to each step.

Trading in the live markets means that you’re immediately going up against the best traders in the world….there is no minor league! It’s as if you’ve discovered how to swing a baseball bat, and you have the ability to step in against the closing relief pitcher for the New York Yankees. What do you think your chances are to begin with? There are no “mulligans” in this business, no “do-overs.” It’s you, your skills, and your capital versus the best in the world. If you’re going to go into battle, let’s make sure that you’re fully suited up with armor before taking the field.

Something that we’ll discuss again and again is the concept of “Edge.” An Edge is a probability advantage that you hold against the rest of the Market. The main difference between Gambling and Professional Trading is that you can maintain a legal edge as a Trader. Gamblers who try to maintain an edge (by counting cards) are gently escorted from the casino. Trading is a very different business…one where you can legally maintain your edge, as long as you have the skills to identify it and maintain it. Everything that we do in this program will drive towards teaching you how to build and maintain this “edge.” And we’ll do this with a state-of-the-art learning and content delivery platform.
People generally fall into one of three categories with respect to how they like to learn information:

**Visual Learners** - these people learn by associating pictures, graphs, and text on a screen or printed page.

**Auditory Learners** - these people learn by listening to audio programs or lectures, and can assimilate the spoken word into information quickly.

**Kinesthetic Learners** - these people learn by “doing” and actually participating.

I’m sure that you found yourself in there somewhere, and that you’re probably a combination of the three learning styles. For example, I’m a Visual/Kinesthetic learner. Giving me verbal driving directions is a complete waste of time, however if you quickly sketch me a map I’ll find it in no time. Once I’ve driven the route, I’ll know it forever.

So in order to accommodate everyone in this program, here’s how we’ll present the material:

**Guides** - each of the modules will be in a printed guide that you can print off and mark up, zoom in and read online, transfer to your iPad and read on the go, etc. This will help the Visual learners.

**Videos** - all of the modules will be presented in a Video format as well. This type of format helps the Visual and Auditory learners.

**Supporting Material** - in some cases there are going to be supporting materials that I will post to support the chapter. These will be posted in the area below the videos as well, next to the chapter guides.
Options Program Definition

So what’s actually in this program? It’s defined visually below:

As you can see, the program consists of ten chapters where we’ll take you on a journey from answering WHY you need to trade Options…to what strategies that we should begin with….through your first Options trades…..and then we’ll show you how to improve them. The purpose of this program is really to get someone who has little to no familiarity with Options up to speed as far as understanding Puts and Calls, and then show that student why they should be SELLING Options to begin with. Even if you do have some familiarity with Options, you’re certain to learn something new that can give you a better edge in the live market some day.

You’ll also note that these chapters are built in the shape of a pyramid; this is intentional. The way that we build all of our courses is such that one concept is built on a prior one, so it’s best if you start at the beginning and build the foundation to your pyramid.
The Market Landscape

Before we get into the program, let’s make sure that the Options strategies that we’re going to use actually match the Market that we’re going to trade. How many of you remember the bull Market that we had from the early 1980’s until 2000? Especially the last couple of years of that move….you could literally buy any stock, especially technology stocks….and everything went up! It was fun while it lasted and it certainly made things simple. Buy and hold, until it was no longer time to hold. In a market like that, you wanted to be overweight “long” exposure.

But things haven’t always been that way, have they? In just the last decade, we’ve seen two especially vicious Bear markets, with some Bull markets thrown in for good measure. But if we step back and look at the Market from a broader perspective, we can see that Markets typically go from periods of extended consolidation (sideways movement) before they move in periods of range expansion (trends).

Figure 3

This chart shows how Markets will walk sideways - possibly up to 25 years - after an extended bull run. And guess what kind of Market that we’re seeing right now? Yes, we’re 13 years into a sideways pattern. That tells us a couple of things right out of the gate:
Buy and Hold strategies for stocks work wonderfully when the Market is in a “range expansion” period. The last expansion period was from approximately 1985 to 2000.

Owning Stocks (Buy and Hold) during a Consolidation period is a very risky proposition; better to wait until the Markets have cleared their consolidation period. If you must own Stocks during this period you have to be much more technically savvy and willing to trade short-term.

The Bottom Line

When we put all of this information together, this is what we see for the Stock Market over the next few years:

Volatility: we will continue to see extraordinarily volatile Markets for the foreseeable future as long as there is a great deal of uncertainty about the state of our domestic economy, as well as global growth prospects.

Potential Downside: the current Bull Market market has been in play for over four years and is accelerating; this usually leads to heavy volatility at the “top” of the move. We’re not predicting a top just yet but we could see some very heavy corrective patterns in the near future.

Inflation: the Federal Reserve insists that by stimulating the economy, it is helping in the short-term without creating long-term inflation risks because they claim to be able to react quickly enough to respond to any inflation risks by withdrawing stimulus at that time. The Federal Reserve has never once been at the forefront of a proactive policy move; they have historically ALWAYS operated as a reactive force. Once inflation starts to rear its head….and there are already ominous signs that it’s underway…..it will affect every asset class with astonishing speed.

Here’s where I need you to adopt a different paradigm and get AWAY from your days of “buy low, sell high” Jim Cramer stocks….and this is one of the biggest benefits of learning the skills that you’re about to adopt. WE DON’T CARE ABOUT THE MARKET DIRECTION! I honestly do not care if the markets go up, down, or sideways. Movement equates to opportunity and there will be a lifetime of it in the near future.

This means that whatever the Market is doing, we will have enough opportunity over the next few years to capitalize on this movement - or lack of it at times - to earn returns far greater than our “buy and hold” friends who will be challenged for some time by these conditions. If the Market walks sideways, you’ll have the tools to earn income from that. If the Market trends up or down, you’ll have the strategies that you need to manage risk and earn income. It’s absolutely critical that you have a balanced approach to attack this Market for the new millennium, and that you underpin these strategies with a strong foundation of Risk Management.
Building Wealth

We all respond to the term “Wealth” because it has some powerful associations that come with the word. We all want to be wealthy, but what we’re really after at a core level is FREEDOM. The freedom to choose what to do, where to go, who to see.

We all wanted this as kids and envied grown-ups, who we thought had Freedom because they got to do what they wanted….until we became grown-ups ourselves and realized that the kids had more freedom than the adults! So the adults dream about this mythical concept called “Retirement” and think that THIS stage of our life will provide us freedom, until we get there and find out that none of our parts work quite as well as they used to, and that Social Security/Pensions/IRAs aren’t funding our lifestyle as well as we thought it would, and we’re on a fixed income which is akin to being on a leash. And we never really did find FREEDOM.

We have to break the bonds of this vicious cycle, this never-ending march to mediocrity! The way to do this is to build WEALTH.

We’ll cover this a little bit in the Income Pyramid chapter; most of us think that building Wealth means growing a huge chunk of cash in the Stock Market, that somehow will occur if you follow the little colored line that they lay out for you….which is all predicated upon the old Market paradigm of “stocks generally return 10% per annum, on average….” Rubbish. Don’t they know about what’s going on in the Markets these days?

Instead of those broken old paradigms, I prefer the one laid out by Robert Kiyosaki, who believes that Wealth is built by acquiring income-producing assets. Your income from these assets gets re-invested….which leads to the acquisition of more income-producing assets. Repeat. Once you get your assets consistently bringing in more income than your expenses, you are now experiencing Wealth and Freedom.

Everyone has their own preferences, but my vision of Freedom does not include dependence on government-sponsored programs. I choose Freedom, which I will attain through building Wealth, which I will attain by building multiple streams of income, which are a result of flawless execution and risk management in the strongest Market in the world.

Are you with me? Let’s get to it.
Next Steps

In this QuickStart Guide, we have laid out:

- What this program includes
- How it’s organized and delivered
- What the ultimate goal of this program is
- What we expect the landscape of the Markets to be, and
- How we’re going to get there

As you dig into this program, I urge you to be patient, regardless of who you are and where you’ve come from. I don’t know one professional trader who thinks that they cannot improve their trading mindset, or thinks that they are currently a “finished product.” A rushed effort through this program without a true journey into self-discovery and attitude modification will earn you more of the same. We are all humbled by Markets. They will always be more correct than you, just as how you will never truly master the game of Golf. Please take your time and enjoy the process….and use it as a springboard to greater study. The very best traders spend more time on studying themselves than they do the Markets. Believe it.

And please take to heart my admonition that you must “earn the right” to progress up the Pyramid, as you work your way through the program. This is not a buffet line. I know that you can make 1000% on that long AAPL Call Option but I’d like for you to be an income-producing machine before you get to that point.

You’re about to begin the journey of a lifetime. I hope we get a chance to meet in person some day, and I wish you all of the success in the world. I wish you the very best in life, and Freedom. Now let’s get to work!