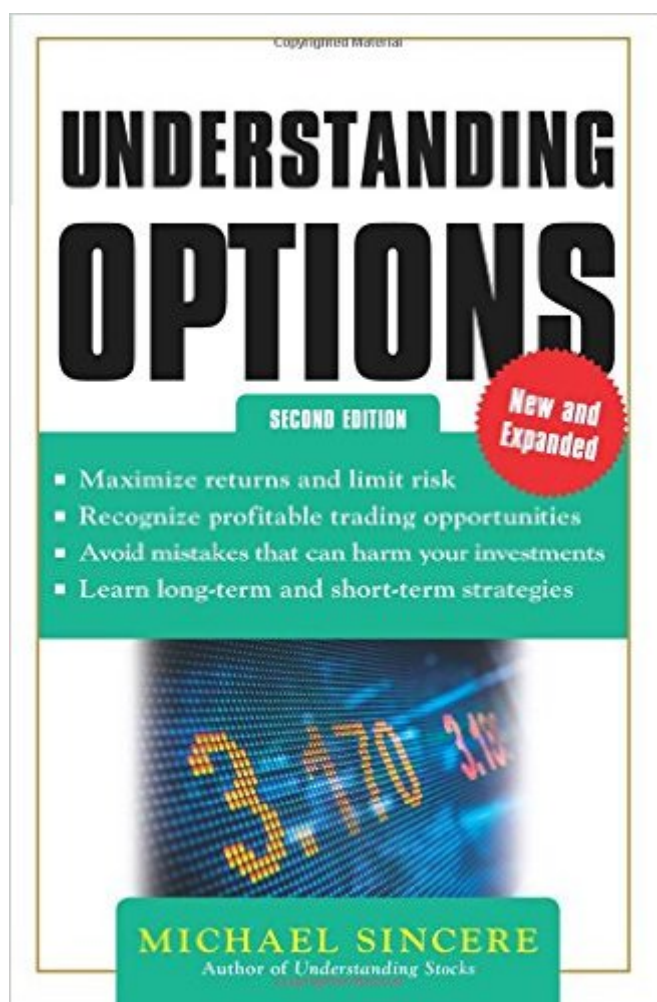


The book was found

# Understanding Options 2E



## Synopsis

The options investing bestsellerâupdated with new facts, charts, and strategies to help you beat todayâs tough marketsThis new edition of Understanding Options provides all the basics you need to get started in the increasingly popular options market. Important new material includes overcoming assignment anxiety, LEAPS, the Greeks, protective and married puts, the collar, credit and debit spreads, straddles, the strangle, and options tips. Michael Sincere is a full-time columnist, writer, and author of numerous books, including Understanding Stocks and All About Market Indicators.

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## Customer Reviews

I was in the middle of writing my own book on retirement investing, which I have now finished. During that process I read many different books to get a well-around education on the subject. One area that always fascinated me - but seemed overwhelming - was the arena of stock options. I read the Futures and Options for Dummies book, only to then become more confused. I kinda gave up on the subject until I stumbled upon Michael Sincere's book in the store. Don't let the size of the book fool you. The author packs quite a lot of information into these 221 pages. He explains the world of stock options in a very easy-to-understand format. Michael debunks many myths about options and shows you that while some types of options are highly risky, some are not. This book is the launching pad to get you started in the world of stock options. You will eventually need to read more if you wish to purchase or sell options, but this book becomes your foundation. The nice thing about this book is that you will quickly learn whether or not options are right for you. Personally, I do

not want to participate in options. However, I was able to make an informed decision based on the knowledge found in this book. I am still glad I read the book and highly recommend it to anyone who is curious about stock options.

I read Sincere's first edition of this book years ago - and never bothered much with options, Certainly not the more advanced strategies. As I readdressed options recently, it became clear that this new edition was mandatory. Things change in the investment world - especially electronic trades - very rapidly. Sincere's style of writing is clear, concise and very easy to read and follow. Terminology is explained in simple terms - he does a good job of assuring the reader that one will not get boggled in technical terms. As he says ... one doesn't need to understand a combustible engine to drive a car. Sincere develops the chapters very well, progressing from topic to topic in an understandable and fluid manner. As he suggests, one must be familiar with stocks, the market, and trading in general, before reading this book. There are many stock market and investment books available as primers, including one by the same author. Read and know investing before you start this book. Understanding Options is a primer for the beginning option investor, as refresher for the more experienced, and covers very technical and advanced strategies for the seasoned investor. My first edition - being in book form - is highlighted and dog eared. This edition I bought electronic - easy to read and many links are included which make it nicer to move within the volume to various topics. Of course it can still be 'page marked' and sections saved and highlighted for rereads.

Most people who are familiar with stocks and have never traded options before tend to treat options like stocks. The main strategies exposed by this book are the naked purchasing and selling of options with no spread, which are the very ones that a beginner will try to use (since they seem similar to stock trading) but should not. The only exception, the covered call strategy, has a low risk but also a very low return too and doesn't protect the investor against a major contrary market movement. One can't deny that the author's intentions seem to be the best possible. He has a friendly manner and tries to motivate the reader all the time. The writing is very pleasant. But, unfortunately, style and intentions are not substitute for a poor treatment of a subject matter. Armed with the information from this book, the beginner will hopefully find that some key knowledge is missing. For example, the author's explanation on how to adjust a naked call that didn't go well pales in comparison with the outstanding treatment and alternatives presented by McMillan in "Options as a Strategic Investment" on the chapter on the naked purchasing of calls. For a much better treatment and introduction than this book, try "Get Rich with Options" by Lowell. Its title could

be improved, but its contents are just superb. Any comparison with this book under review is simply unfair. As Einstein once said, "make it simple but not too simple."

Reading a book on Options Trading is usually a daunting task. While it is true that statistical probabilities, The Greeks and mathematically determining an overpriced or underpriced option all play a part in option trading, in the beginning, this often confuses and intimidates a novice. Michael Sincere's book is different. He leaves the mathematics alone. In very simple language, Sincere walks you through the four basic option trades: 1. The Covered Call. 2. Buying a Call. 3. Buying a Put. 4. Selling a Put. What you may not know is that most brokerages will limit a beginning option traders to these 4 trades anyway. As if he were sitting at your kitchen table, Sincere actually takes you step-by-step, through each trade. No, this is not a complete treatise on option trading but it is a very good start. It is true that the key to option success is choosing the right underlying stock. If you have never bought a stock, his book on stock trading would be a better choice. It is also true that options are a form of gambling and anyone who says their "system" guarantees success is probably selling something very expensive. If you have experienced trading stocks and are looking for your first option book, this would be the one I'd recommend.

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