

ALGO

GREEK

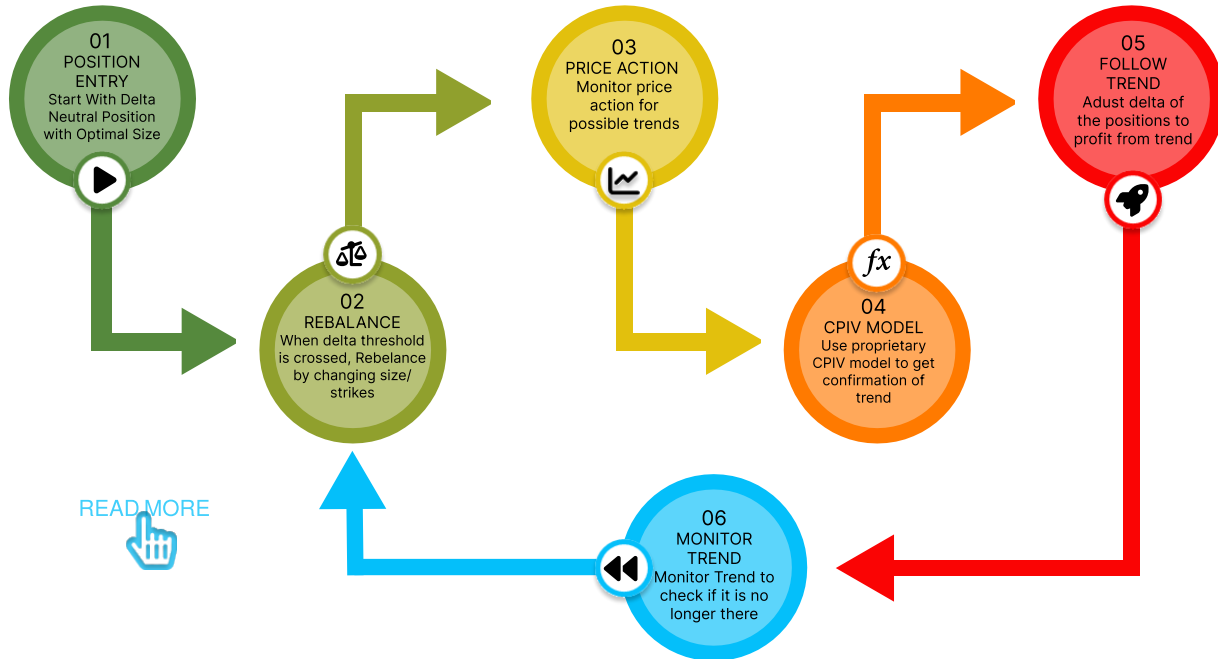


REBALANCED





DELTA HEDGING TRADING BOTS



INTRODUCTION

AlgoGreek's Rebalanced Series trading bots are designed to take advantage of theta decay from Short Straddle positions. Bots can be configured to monitor delta of the combined position in real time and rebalance as and when required. These bots are also capable of using our proprietary CPIV model and price action to detect trend and adjust delta to benefit from the trend. Once trend reverses, they can quickly rebalance the position to a delta neutral position to continue benefiting from theta decay.

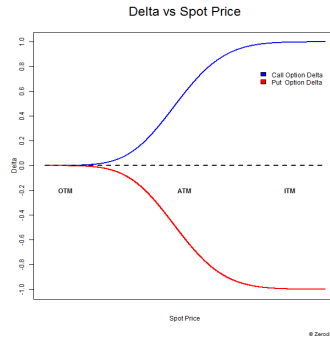
TERMINOLOGY

Theta Decay



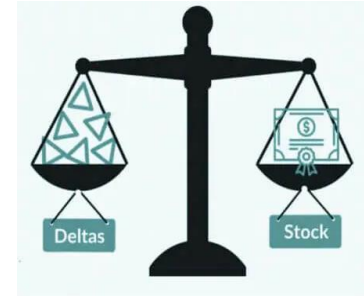
Theta Decay or Time Decay. It measures the rate of the decline of an options contract with the passage of time. Options contracts are decaying assets that have an expiration date. Time eats away at an options contract each day that goes by. It is a widely discussed fact that the majority of options contracts expire worthless.

Delta



Measures the rate of change of options premium based on the directional movement of the underlying. Delta captures the effect of the directional movement of the market on the Option's premium. Delta is a number that ranges between 0 and 1. Delta of a Put Option ranges from -1 to 0. The negative sign is just to illustrate the fact that when the underlying gains in value, the value of premium goes down

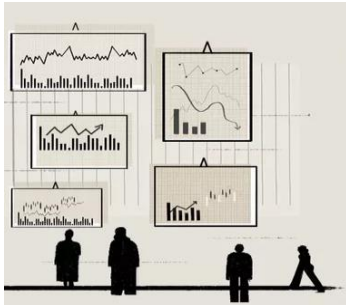
Delta Neutral



Delta Neutral or Delta Hedging. Delta Hedging is an investment strategy that is used to hedge risks associated with fluctuations in the price of an underlying asset. The strategy occupies a positive and negative delta position for the same underlying security. So technically, if the directional risk of price movement brings a loss, the offsetting position balances it. It requires regular adjustment/Rebalancing of positions.

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Price Action



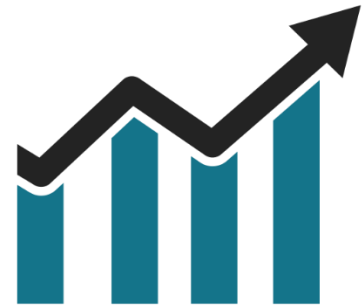
Price action is the movement of a security's price plotted over time. Price action forms the basis for all technical analyses of a stock, commodity or other asset charts. Price action generally refers to the changes of a security's price over time.

CPIV Model



Our proprietary CPIV Model calculate implied volatility of all the options of given underlier in real time and calculates volatility. Based on complex calculations it calculates noise in the system and uses it to identify trends

Trend Following



Trend following or trend trading is a trading strategy according to which one should buy an asset when its price trend goes up, and sell when its trend goes down, expecting price movements to continue.