In August of 2015, I was ready to take my investing career to the next level. By that point, I’d studied finance for years, analyzing the strategies of famous Wall Street traders and having just started to prepare for the grueling Chartered Financial Analyst (CFA) program.

I researched every bit of financial data I could get my hands on … often staying up until the early hours of the morning just to get up and do it all over again.

Finally, after sifting through hundreds of hours of real-time data, I put a sizeable amount of my own money into the market.

But what I didn’t know at the time was that I was about to have my first run-in with a market correction. And no amount of planning could have prepared me for the psychological warfare.

Here’s what happened.

From August 20 to 25, the S&P 500 plunged over 10%. At the time, it was one of the fastest market drops in history. Huge blue-chip stocks like Amazon, Netflix and Apple fell more than 20% in less than a week.

But then, just two months later, the market rebounded, almost nearing its all-time high. After a nice 8% rally in October — a notoriously volatile time for stocks — people thought that August’s volatility was a one-off occasion.

Little did they know the worst was yet to come.

As the new year inched closer, investors’ pessimism grew. They feared that the world’s economy would slow down in 2016 — if not worse.

That fear manifested itself into one of the biggest new-year market drops in history. In the first two weeks of 2016, the S&P sank 11%. And at its very bottom, this index sat 15% below its high.

High-growth stocks were among the worst victims.

Compared to their highs, Netflix fell by 40% and Grubhub by 63%. Even one of the world’s largest semiconductor companies, Micron Technology, crashed down 75%.

Many investors couldn’t stomach the panic and sold off their shares. But in reality, the wiser decision would have actually been to buy.

As I write this, Netflix is up a whopping 243% from its low point. Grubhub is up 335%. And Micron Technology came roaring back with 294% growth just three years later.

As someone who had skin in the game, it certainly wasn’t fun to ride the dip. But it was the single biggest learning experience I’ve ever had when it comes to investing.

Nothing that I had learned in my degree courses or through the CFA could have taught me as much as having my own real money on the line.

See, my education taught me exactly how the stock market works. But it wasn’t until the 2015-2016 mi...
market dip that I learned how investors behave. I saw hordes of people dumping their shares simply because everyone else was — without realizing that they were adding to the market’s sell-off.

If any of those frantic investors looked deeper into why their stocks plummeted, they would have seen exactly what I saw — a domino effect caused by sheer panic selling.

Once I stopped listening to the uninformed noise of the market and media outlets, I realized that these price dips weren’t a reason to worry.

Instead, they became my secret investment weapon.

I scooped up growing companies at bargain-bin prices just by tracking which stocks were brought down unfairly in the market’s panic. Then, the same investors who sold their shares in a frenzy came back to bid up my positions!

And by trading options, I was able to capitalize on exchange-traded funds (ETFs), which are baskets of stocks that represent various market sectors. All said, I was able to walk away with gains of 72%, 77%, 83%, 123% and much more.

I share this story with you so that you realize there’s always a potential to profit — no matter the fears on Wall Street.

Because the truth is, even when the market is roaring upward, certain high-growth stocks see sharp drops for no good reason.

Many times, these incredible stocks get caught in the crossfire of sector volatility or overblown news. And other times, stocks are brought down on purpose by market makers looking to scare people out of their shares.

So, when you’re sure of a company’s long-term potential, these dips are your best bet for making quick profits off a rebound.

Of course, the reverse of this is also true, as stocks sometimes skyrocket undeservedly. By seeing which of these soaring stocks don’t have the long-term staying power to support their growth, you can predict the stock’s upcoming fall.

This is a case where using puts can land extraordinary profits, since these options rise in value as stock prices fall. By buying puts on stocks about to tumble, I was able to take gains as high as 150%, 388% and even 445%.

This goes to show that, no matter the market condition, there’s always a chance to take advantage of overblown stock moves. I teamed up with Paul Mampilly to pinpoint similar stocks on the verge of delivering phenomenal rebound gains.

Using this strategy, our beta testers saw:

• A 177% gain on Caterpillar Inc (NYSE: CAT).
• A 81% gain on Ford Motor Company (NYSE: F).
• A 75% gain on Zillow Group Inc (Nasdaq: ZG).
• And a 71% gain on Nvidia Corp (Nasdaq: NVDA).

In Rebound Profit Trader, Paul and I will teach you how to make similar life-changing trades.

By the end of this guidebook, you’ll know how to use our high-powered trading strategy to pinpoint stocks on the cusp of enormous rallies — and then land phenomenal profits using the power of options.

That said, I’m sure you’re excited to get started. So, let’s get to it…

**Buy in Dips, Ride the Rebound**

In this service, we’ll buy options on stocks that we know are in the middle of a roaring long-term uptrend. The thing is, we have to catch these stocks when they’re cheap, whether that’s due to missed earnings, investors’ fears, sector tensions or a market correction.
Buying at these lows makes rebounds even more profitable, and by using options, we can see explosive returns in just a few weeks.

While Paul and I can’t give away our trade secrets on picking winning stocks, our strategy boils down to one key concept that we call “Past, Future, Present.”

First, we look for stocks that have seen steady growth in the past. The best high-growth stocks should have shot up at least 30% in the past year.

Next, we determine which of those stocks will keep growing over the next two years, which we find by looking at a company’s revenue and sales projections. This is a crucial step of our research, because we only want to buy options on companies that have profitable futures ahead of them.

Last, we see which of these growing stocks has just had a bad week, which can be for any number of reasons. In most cases, we’ll look for stocks brought down undeservedly due to overblown news the market reacts to.

Whether it’s a lawsuit issue or an executive leaving their company, investors are often quick to panic-sell their shares, causing a small dip in the stock.

Sometimes, market makers will even bring down a stock’s price on purpose just to shake off any “weak hands” who fear volatility.

These sudden overreactions typically don’t impact the stock’s growth in the long run — as long as we’re certain of the company’s growth potential over the next few years. With a company’s past and future already established, these dips act instead as our “buy” signal to profit from the upcoming rebound using options.

Let’s break this down with an example.

iRobot Corp., creator of the Roomba vacuum robot, announced phenomenal third-quarter results on October 23, 2018. iRobot’s management raved about its company’s performance, but also mentioned that there weren’t any plans to raise product prices.

Investors panicked even though the company’s future projections actually improved.

iRobot’s stock tumbled from $91.82 on October 23 down to $77.35 on October 29. In just five trading days, the stock had dropped over 15% — just from overblown news.

The thing is, iRobot continued to grow in spite of its stock’s volatility. And just a week later, the stock shot all the way up to $97.01.

If you had bought iRobot’s stock at its bottom, you could have ridden the rebound for a quick 25% gain. But if you had bought call options right after the stock crashed down, you’d be sitting on an incredible 400% gain.

This goes to show how lucrative these temporary dips can be. And when you know which high-growth stocks are brought down for no good reason, you can use options for explosive profits on the rebound.

Now, in some instances, a specific industry can be brought down unfairly. In October of 2018, semiconductor stocks across the board fell due to a panic sell-off. But just a few weeks later, these same stocks were the first to come bouncing back.

Situations like these show that there’s massive potential to profit from an entire sector falling because of overblown news.

We won’t shy away from the chance to profit from any kind of rebound. So, we may buy options on exchange-traded funds, or ETFs, which act as a basket of related stocks.

In fact, while Paul and I were researching our rebound strategy, we snagged a 115% gain from call options on the Invesco QQQ ETF, which tracks 100 leading stocks listed on the Nasdaq.

Not to mention that we doubled our money in just four trading days.

That’s the profit power our rebound strategy provides — and now you get to benefit from it too.
But before you make your first trade, it's important to know the terminology that we'll use in our alerts and updates. That way, you'll hit the ground running from our very first trade recommendation.

A Basic Guide to Options Trading

Many new traders get thrown off by options terminology. But just like any new language, once you learn the basics, a whole new world opens up to you.

So, let’s start from square one: What are options?

Put simply, options are contracts between a buyer and a seller. The person buying an option is called a holder, and the seller is the option “writer.”

If you’re the buyer, you have the right — not the obligation — to buy or sell 100 shares of a specific company or ETF at a set price by a set time period.

And if you’re the option seller, you have the obligation to buy or sell 100 shares of a stock or ETF at that set price and time.

Now, the time element is crucial for options. Whether you buy or sell this contract, the option will have a specific price target, called the strike price, and a specific time deadline the trade will expire at.

Now, there are two different options contracts you can purchase depending on which direction you believe a stock will move before that expiration date:

• **Calls:** A call contract gives the buyer the right to buy the underlying asset at a set price by a specific date. The investor’s goal is to have the price of the underlying stock price rise sharply before the end of the contract so that their call becomes more valuable.

• **Puts:** A put contract gives the buyer the right to sell the underlying asset at a set price by a specific date. Puts are similar to having a short position in a stock, meaning that you’re making a bet against that asset doing well. The investor’s goal is to have the price of the underlying stock price fall sharply before the end of the contract so that their put contracts become more valuable.

It’s important for you to know that each option comes at a cost.

Whether you buy a call or a put, you’ll pay for an option’s premium. The premium is the value of the option itself — not the underlying stock.

When your option is near expiration, you have two choices of what to do with the option. If the trade goes our way, the option premium will have shot up in value, and we can sell the premium for a profit.

The other choice is to exercise the option, meaning you’d buy or sell 100 shares of the stock at your set strike price. But most of the time, we’re only going to focus on taking profits on the option premium.

So, what’s the point of using option contracts in the first place?

Well, by only buying the rights to a stock, a much smaller portion of your portfolio is tied up in the trade. Remember, you only have to pay for the premium at first.

So, instead of shelling out thousands of dollars for your stake in a stock’s growth, you can pay a small fee to have the right to trade that stock at your strike price later on.

Let’s break this down with an example.

Say Microsoft teases a new breakthrough technology that we believe will send the stock soaring. The stock trades for $120, but it won’t for long, and we want to benefit from its success.

You could buy the stock at $120, which you’d have to completely pay for up front.

Or, you could buy call options on the stock. So, you make a deal with your broker for a call option with a $120 strike price (the price that you would agree to buy Microsoft’s shares at if you exercise the contract), with an expiration date that’s three months away.
Your broker was able to get you these calls for just $5, and now, you wait to see where Microsoft’s stock moves. And it turns out, we were right! Microsoft’s new tech launches the stock to $130, and the value of our option premium soars.

At the expiration date, a call option is worth the stock price minus the strike price. So now, your options are worth $10. Since you bought the options for $5, that’s a 100% gain on your investment!

In just three months, you doubled your money on the position.

Remember, one options contract controls 100 shares of the underlying asset. So, at $5 a contract, you spent $500 on your Microsoft call.

If you had just bought Microsoft’s stock, your 100 shares would have cost you $12,000 up front — all on one trade. And you would have only ended up getting an 8% gain in that time.

This goes to show the explosive power of options trading, and how it lets you use a small part of your overall portfolio for much larger gains.

Now, no trader ever bats a thousand — and that includes Paul and me. But, on the off chance that a trade doesn’t go our way, our loss is only limited to our option premium.

So, you’ll always know exactly how much money you stand to lose, versus investing in a stock that could plummet all the way to zero if the trade doesn’t go according to plan.

**Moneyness — The Secret to Explosive Profits**

While investing comes in many shapes and sizes, it’s vital to manage your risk no matter the kind of asset you trade. At the same time, the amount of risk that you take on corresponds with the amount of profit you can make on the trade.

So, how do you juggle risk and reward?

In *Rebound Profit Trader*, we’ll take care of this step for you in each of our alerts. And we’ll do it by laying out each option’s “moneyness.”

You see, options have an extra element to them that sets them apart from other investments. It’s called “moneyness,” and it’ll be your key to landing phenomenal gains — while still being able to sleep soundly at night!

Put simply, moneyness is based on the strike price you set for your options in relation to the stock’s current price. By moving the strike price higher or lower, you determine how much the stock has to move for you to make a profit.

When you open our trades, you’ll see three different option recommendations:

- An **In the Money** option means there’s more value in the option from the get-go. So, for a call option, the strike price is lower than the stock’s current price.
- An **At the Money** option has the strike price at or close to the current stock price. These options don’t need the stock to move much to be profitable.
- An **Out of the Money** option has tremendous profit potential, but it also carries more risk. These options don’t have any value off the bat, and they’re best used when you expect a huge move in a stock’s price. For calls, an Out of the Money option will have the strike price above the stock’s current price. Essentially, this gives you a way to decide how much risk and reward you’d prefer to have on each trade.

If you like to keep your investments conservative, you’ll want to trade In the Money options. These will help you hold on to some capital in case the trade doesn’t go our way.

Of course, since there’s less risk, an In the Money option also has a smaller upside.

If you’d like a middle-of-the-road choice, the At the Money options are best for you. These already have some value to build on to, and they offer more profit potential than In the Money options.
On the other hand, an Out of the Money option needs a huge swing in the stock’s price — a rally for call options, and a plunge for put options — to be profitable. These options have the potential for enormous gains, but they also carry the most risk.

In our model portfolio, Paul and I will track the At the Money option for each trade unless we say otherwise. But when we give an action to take to sell the option, we recommend that you sell it even if you picked an Out of the Money or In the Money option.

Whichever option you buy is a personal decision. While Paul and I can’t offer financial advice for which option will best suit you, we encourage you to find a moneyness level that works for you.

In each of our alerts, we’ll list recommended prices and projected returns for every moneyness option. That way, you’ll be able to determine your potential risk and reward.

What You Can Expect

Every Wednesday, I’ll send you a weekly update that details our current positions and what’s going on in the overall market. That means you’ll always be in the know on how our trades are performing.

From time to time, Paul may join in to give his take on one of our option plays or tell us about a new market trend.

When our strategy alerts us to a new trading opportunity, we’ll immediately send you an email with all the details you need to get invested.

That said, opportunities for massive profits typically come in bunches, and we’ll want to capitalize on every trade that fits our winning strategy. So, some weeks, we may send you multiple trade alerts if we find several different chances to profit.

Other times, we may hold off on trading until a clear, profitable opportunity presents itself. That way, you feel confident with every single recommendation we send you.

Don’t worry, though — all of our alerts are easy to spot. Just keep an eye out for “Trade Alert” in our email subject lines!

When we issue a new recommendation, we’ll usually look to be in and out of the position within six weeks. Profitable price dips don’t last long, and most of our options will be short-term trades.

Now, if Paul and I believe that a stock or ETF may take more time to rebound, we’ll pick an option with a later expiration date. That way, we have the best chance of benefitting from the rebound’s full potential.

This means that we could have anywhere from 10 to 12 open positions at any given time.

Paul and I want you to have the best opportunity to make as much money as possible. To do that, we suggest equal-weighting, or putting an equal amount of money into each position.

For example, if you have $10,000 to invest in your Rebound Profit Trader portfolio, you’d put $1,000 into 10 different trades.

And if any of our recommendations are too expensive for your budget, we suggest you skip it and wait for future opportunities rather than putting too much money on any single trade.

By putting an equal sum of money into each recommendation, you give yourself many chances to win. And if any of our trades don’t work out in our favor, no one position will sink your portfolio.

I also want to let you know that you’ll have access to all of our trades on our exclusive Rebound Profit Trader website, which you can reach from the “Premium Content” page on Banyan Hill’s website.

Our model portfolio will be available 24/7, 365 days a year. So, you’ll always be able to keep track of each trade’s performance.

With all this in mind, let’s take a look at the info you’ll find in our trade alerts.
How to Land Winning Trades

Every trade alert we send you will provide you with background for the company we're buying into, as well as an “Action to Take” chart that gives you details about the option itself at each risk level.

This chart will include:

- **An Option Type** — Are we buying calls or puts? Remember, a call option gains value when its underlying stock rises in price. A put option's value increases when the underlying stock's price drops.

- **An Expiration Date** — How long do we have to capture the stock's rebound?

- **A Strike Price** — The strike price represents the price at which you're willing to buy or sell the underlying stock. This is not the price you pay for the option contract.

Below is an example of what your trade instructions will look like:

```
Buy Action to Take
You have three Moneyness options to choose from:

- In the Money: IAN200418C00017000
  a. Strike Price: $17
  b. Expiration: April-18-20 or Apr 20
  c. Limit Price: $3.40
    i. Anything below the limit price is great.

- At the Money: IAN200418C00019000
  a. Strike Price: $19
  b. Expiration: April-18-20 or Apr 20
  c. Limit Price: $2.10
    i. Anything below the limit price is great.

- Out of the Money: IAN200718C00023000
  a. Strike Price: $23
  b. Expiration: July-18-20 or Jul 20
  c. Limit Price: $1.65
    i. Anything below the limit price is great.

**Note:** Do not place a market order. Set the limit order based on your preferred risk level.
```

In this example, you would place a limit order to buy call options on our example company, Ian Industries Inc. Let's say that the company's stock currently trades for $19.50, and we pick an At the Money option.

For that choice, the limit order should be set at $2.10. That's equal to $210 per contract, since each option contract represents 100 underlying shares of the company. The long string of numbers and letters you see above the strike price is the ticker symbol for this exact option. If your option gets placed for a cheaper price, that's great!

You can plug this right into your online options-trading account or share the information with your broker when you're ready to make the trade.

Whether you're buying into a new trade or selling a current position, we recommend that you use limit orders instead of market orders.

Option prices can move quickly, and that leaves you open to market volatility.

Limit orders will make sure that your order only gets placed below a set price (if you're buying into a position) or above a set price (if you're selling your position).

Of course, if the option price never hits the price of your limit order, your order won't get filled.

A market order, however, will sell your position immediately at whatever price the market makers want to buy it from you. This may result in a lower return, but it will also guarantee that you sell your position.
We would recommend sticking with a limit order, but it’s ultimately up to your risk tolerance which type of order you use. Now, you’ll never need to calculate prices for your limit orders. We take care of that step for you, and you'll find our recommended limit order prices in each Action to Take chart we send. Remember to pay close attention to each part of this chart, and you’ll be on your way to making winning trades.

## Setting Up Your Brokerage Account

Even if you’ve already traded stocks, make sure to get your brokerage account ready for options trading. To do so, you’ll need to fill out a simple two-page form with your broker to get approval.

To buy call and put options, you’ll want to request Level-2-options access for our trades. However, this specific level may vary by broker, in which case the broker will walk you through the steps to take.

If you’re looking for a broker, the list below provides details for different options-trading firms to look into. From Interactive Brokers to Fidelity and more, feel free to use any broker that you’d like. Or, if you’re a visual trader, check out the tastyworks platform.

We do have a paid marketing relationship with them, and we have heard great feedback.

### Broker Contact Information

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Of course, these are just our suggestions. Some brokers are better at certain things than others, and keep in mind, it's not uncommon for people to use more than one to suit their needs.

Always, remember to do your due diligence.

Of course, if you ever have any questions, feel free to reach out to us at reboundprofit@banyanhill.com. While we may not be able to answer your questions individually, we'll always keep your feedback in mind. We'll be sure to address your concerns in our communications and updates.

That said, Paul and I want to welcome you again to *Rebound Profit Trader*! We’re glad that you’ve decided to join us as we hunt down profitable market rebounds. All you have to do now is follow our trade instructions, and we’ll handle the rest. It’s that simple.

We look forward to bringing our research to the table so that you can beat the market time and time again.

Regards,

Ian Dyer & Paul Mampilly
Editors, *Rebound Profit Trader*