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Income Trader – A Covered Call Strategy

The Low-Risk Way to Supercharge Your Cash-Account Returns By 200–600%

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The Income Trader – A Covered Call Strategy

The Low-Risk Way to Supercharge Your Cash-Account Returns by 200-600%

Karim Rahemtulla: A former Wall Street professional, Mr. Rahemtulla was educated in England, Canada, and the U.S. and is fluent in five languages. He regularly contributes to the Communiqué *and is the founder of* The Income Trader – A Covered Call Strategy, *a strategy that uses preferred-share stocks, foreign CDs and covered call plays to earn six-to-eight times higher returns on cash investments than what banks are currently paying. He also runs the Options Trader investment system, a highly successful system using* LEAPS Option Trader *for safe profits with blue-chip stocks. Finally, Karim travels the world continuously seeking lucrative opportunities for members.*

From: Karim Rahemtulla, *The Income Trader – A Covered Call Strategy* Founder
To: Oxford Club Members

Dear Member,

What if you could join a select group of investors who routinely own a $12 stock for $9... a $27 stock for $22... or a $47 stock for just $36? Think of the advantage you would have. You'd already have profits in your hands. And if the stock price fell, you'd have a substantial "cushion" before the loss affected you.

Or, what if you could make 4%, 5%, 6% or more from your fixed-income investments like CDs, bonds, preferred stocks? Or how about making six times more interest on your cash accounts than what your bank is currently paying? With FDIC insurance, as well? It is possible, even with interest rates at ALL-TIME lows. You just have to know where to look.

So what's the secret? It's called *The Income Trader – A Covered Call Strategy*, and it just may be the easiest way that you'll ever make money investing. In fact, using just one facet of this system over the last three-year period that included the market meltdown of 2000-2002, *Oxford Club* members who traded all of that facet's recommended plays profited on 77 out of 87 trades—a remarkable 88% winning percentage. And there's no reason to think that this performance won't continue, and even improve. Because, as you'll soon see, the investments that are at the core of *The Income Trader – A Covered Call Strategy* work in any market, at any time. But first I need to give you a little background on why this system works so well.

Tapping into a Global Network for Safe-Cash Returns

It all begins with the right connections and access to the best information. Our network of brokers, advisers, and our own crack research staff scours the world for opportunities to make more money for you. For fixed-income we look to every bank in the world that is registered to do business in the U.S.—AND has that critical FDIC stamp of approval. This FDIC insurance guarantees up to $100,000 of your money at a financial institution.

That's just for CDs and money market accounts. For higher returns we look to investments like preferred stocks and notes.

Imagine getting almost 6% a year from a AAA-rate preferred note. You can do it today.

And, bonds are worth looking at as well. Not the U.S. Treasury bills paying you less than 1%, but high-grade, short-term corporate bonds that pay you four to six times that number. They are out there now.

Finally, to really super-charge those returns *The Income Trader – A Covered Call Strategy* employs a proprietary system that has achieved an 80% win rate since inception.

This means that eight out of every 10 picks using this system have made our investors money, in good times and in bad times.

This system is not complicated, but it does require an explanation, which you will find below.

<u>Our goal is to make between 12% and 20% a year</u>—far exceeding the rates of return you would get in a money market account or a savings account. Of course there is more risk, but not nearly as much as you may think—and considerably less than you'd take by investing in stocks alone.

By the time you've read this report, you'll not only have a better understanding of how to supercharge your cash-like investments using instruments like corporate bonds, high-yield CDs and preferred stocks… you'll also know more about a covered call strategy that can exponentially increase your portfolio's earning power.

Now let's make some money, using *The Income Trader – A Covered Call Strategy.*

Insulation from Market Meltdowns

Let's face it. The last few years have been brutal ones for investors. The Dow is still down roughly 20% from its peak in 2000. The Nasdaq has dropped from the 5,000 level all the way down to about 1,900 as I write. All the averages have gone in the tank. Millions of investors have lost billions of dollars. And while a recovery might be at hand, uncertainty remains.

Many investors are scared of stocks these days. Even when the market heads higher, they're still scared. With good reason. Perhaps you're one of those running scared. Or maybe you're a novice investor wondering where to turn to make decent returns, with complete safety.

Well, the good news is that there is a way—an easy way you can lock in safe, steady income from a variety of conservative investments. It's our *Income Trader – A Covered Call Strategy* system.

In just a moment, I'll tell you exactly how it works.

Before I do that, though, I would like you to think for a moment what it could mean to you if you knew of a way to invest $50,000 in a **relatively safe income investment earning 16% per year… or 24% per year.**

At 16%, you would double your money in roughly five years. And at 24% per year your $50,000 would have grown to a mini-fortune of $118,210 in just four years.

And that's using an investment method that's so safe it's been approved by the IRS for use with IRAs and pension funds.

But let's say you want even more safety…

$12,000 in Income, Instead of $36,200 in Losses

Three years ago—just before the Dow slid and the Nasdaq fell off a cliff, you could have invested $50,000 in top-quality preferred issues—shares yielding 6%… 7%… or even 8% per year. Over the last three years, that investment would have put $9,000, $10,000 or as much as $12,000 in risk-free income in your pockets. (The same investment in Nasdaq shares would have dropped in value—all the way down to about $13,800.)

Now, I'm not talking about some kind of get-rich-quick scheme. It's not some system you can use to earn 50% or more on your investments every year. Instead, it is a way anybody—including you—can use proven, safe investments to build a rock-solid foundation for your economic future.

As you know, every investment expert going—every "guru" worth his or her salt—recommends that you put a percentage of your money to work earning safe, steady income. I'm not reinventing the wheel here. What I am doing is giving you a way to follow that common-sense advice—to put 10% or maybe 20% of your money in safe, secure, income-earning investments... and then boost your earnings on those "cash" investments by 200 to 600%.

This System Is as Close to Foolproof as Possible

Once you put *The Income Trader – A Covered Call Strategy to* work for you, you'll get weekly tips and updates on exactly where and how to tap into the most profitable and powerful income investments available anywhere. It is this weekly communication that keeps you on top of these time-sensitive recommendations.

The system is simple, really. You see, we're not looking for huge profits found in what I call "needle in a haystack" stocks. No way. We—and by that I mean me and my team of investment experts—look for (and find) safe, secure income investments you can use to double... triple... or quadruple the returns you would expect from typical income investments.

These are the perfect investments you can use to steadily and safely grow the conservative portion of your total investment portfolio—no matter what happens to the stock market or the economy.

So now let's take a look at the truly compelling strategies we employ with *The Income Trader – A Covered Call Strategy*.

The Income Trader – A Covered Call Strategy's Supercharged CDs

The Income Trader – A Covered Call Strategy targets high-yield certificates of deposit... and finds the best going, including those you won't hear about anywhere else. CDs paying rates high enough to boost the equity in your conservative portfolio, not just let it stagnate.

That's correct. Even though typical CD yields are in the tank these days, there are some high-quality certificates available to those in the know. And with *The Income Trader – A Covered Call Strategy*'s guidance you can take advantage of special opportunities like these...

- **A five-year certificate of deposit from NetBank... or another from the online banking giant Everbank... each offering annual yields that are roughly <u>40% higher than that of the typical five-year certificate</u>.**

- **A 10-year CD offered by First Bank of Puerto Rico. This FDIC-insured CD yields 5% per year... <u>a hike of 32% when compared with the yield of a 10-year T-note</u>. (But since the bank can "call" the CD for redemption annually during the term of its life—it's almost like earning 5% on a one-year CD.)**

Safe, steady income... without risk and without worry... whether you're a retiree, or a beginning investor.

Increasing Risk a Little to Gain a Lot—With Corporate Bonds

But we do more than search out ultra-secure, super-conservative investments like these. In fact, we recommend that you diversify your invest-ments within the conservative portion of your portfolio to include a little more risk... for even more reward.

That's why we also recommend outstanding corporate bond investments, like these (figures based on June 2003 recommendations)

- **Ford Motor Company A-rated bond** maturing in just 10 months and yielding 4%. That's an annualized yield of almost 5% on an income invest-ment that's as safe as one of America's largest, oldest companies.
- **Tyco Corporation BBB-rated bond** maturing in roughly 18 months, yielding 5.6%. Sure, Tyco had some financial problems... but the company has cleaned house and cleaned up its financial act. The only way this bond could be a loser is if Tyco goes bankrupt in the next 18 months. And research tells me that's not likely.

In fact, my team and I search out the safest investments we can find to give investors like you—no matter what your age or investing background—the highest levels of income possible.

Another Part of the Strategy: Preferred Shares

High-quality preferred shares are another critical part of the strategy for making your cash investments produce maximum returns. These are some of the safest investments available. **These shares offer "locked-in" dividends** that make them reliable income investments. And they're paid before any dividends are paid on common shares (hence the name "preferred"). Since these shares pay guaranteed dividends, they typically don't lose ground when common shares slide. At the same time, the shares offer potential for equity growth.

One example of our approach to preferred shares is a past play with GE Capital Preferred Shares. While the share price held steady, producing no profits (or losses), the guaranteed dividends—that's right, GUARANTEED dividends—paid off at a rate of 6% per year—about 600% higher than a typical money market account these days.

Options: An Investor's "Final Frontier"

But we're not done yet. In fact, we're just getting to what I consider to be the heart of *The Income Trader – A Covered Call Strategy*: the remarkable covered-call option plays we use to essentially buy stocks at a discount. Let me explain ...

When investors hear the word "options," most feel either a chill or a thrill run down their spine. And if you listen to the mainstream press, you've probably heard that options mean danger, risk, leverage and potential financial ruin. Not quite.

While it is true that buying options is potentially one of the riskiest investments you can make, that's not what we're talking about here. **With *The Income Trader – A Covered Call Strategy* service, we don't buy options; we sell them.**

And, as you'll see, that makes all the difference in the world—it's what lets us buy great companies "at a discount" while giving us serious downside protection. It's also what makes our system a system—not just a random series of options plays.

You see, too many investors view options as a "fast way" to make back the losses they incurred investing in the great technology boom and bust of recent years. And while it's true that when properly executed, options can produce sizable profits in a short amount of time, **they can also shred the portfolios of novice investors—those who don't fully understand the risk involved.**

So right now, before introducing you to *The Income Trader – A Covered Call Strategy's* method for buying stocks at a virtual discount, I want to make sure that you don't become a victim of the options game, by explaining what you should know before you set foot into the options market.

So What Are Options Anyway?

Simply put, options are the right to buy or sell an underlying stock at a certain predetermined price by a predetermined date. And there are two types of options: "call options" and "put options." Call options are a "bet" on the price of the shares moving up. Put options are a bet that the share price will go down.

Because options expire, they are very different than owning the shares of a company outright. If the underlying shares don't do what you want them to do—that is, the share price does not go up if you are buying a call option, or go down if you are buying a put option—then the option may expire worthless.

If you own shares of a company outright, or are selling the shares short, the lifespan of your ownership can be indefinite depending on the performance of the underlying company.

Companies themselves do not issue options; an options market, which creates the product based on several criteria, issues them. For instance, you will find that most lower capitalization stocks don't have options available. (Of course, there are a lot of companies in the market today that are small-caps that do have options. This is because the options were issued when they were large-caps!)

How Options Work ...

As I mentioned earlier, options are time-sensitive instruments. But they lose or gain value based not only on the movement of the underlying shares, but also based on the time remaining on the option. The more time left on the option, the more it will be worth. Why? Because there is more time for the share price to go even higher (on a call option) or go even lower (on a put option).

The price of an option is calculated automatically in the marketplace using a model invented by two men: **Fischer Black** and **Myron Scholes**. The following variables are integral to the calculations of an option price using the Black-Scholes model:

- **Time to Expiration**
- **Strike Price**
- **Value of the Underlying Stock**
- **Implied Volatility of the Underlying Stock**
- **The Risk-Free Interest Rate**

Keep in mind that there will always be exceptions to the rule in certain cases. These exceptions usually arise in markets that are illiquid, meaning there is not enough activity/volatility to determine an accurate price.

Why Trade Options?

Today, there are two reasons to trade options, one to invest wisely and the other to gamble recklessly.

The gamblers take advantage of the leverage offered by options. Like margin investing, options allow you to control the underlying shares for a fraction of the price of the actual shares. For example, it might cost you $100,000 to buy 1,000 shares of IBM, but you can control the same 1,000 shares of IBM for $2,000 or $3,000 by using options.

The difference? Options expire. And if IBM does not move in price and direction to where you need it to make money on your investment, then your options will expire worthless. For example:

Let's say you buy IBM options with a "strike price" of $100 (the strike is the price at which you can exercise your option on IBM). The option costs you $3 per share (for 1,000 shares, that's $3,000) and expires in one month. In order to make money, IBM shares must trade above $103 ($100 strike plus $3 per share cost of your option), AND, you must sell your option while IBM is above $103. At expiration, IBM's price must be over $100 for you to recoup any of

your investment and over $103 for you to make any money at all. Basically, this is gambling with a one-month time frame.

An Option Strategy for the Non-Gambler

<u>Options can be more effective as a tool for risk management.</u> Since you can buy options to either sell or buy shares at a predetermined price, you can effectively buy put options on the market as insurance against an overall downturn in your portfolio.

Or you can even generate income through options by selling them against the quality holdings in your portfolio. For example:

If you own 1,000 shares of Merck and your cost was $50 per share, you could sell someone the right to buy your Merck from you at $60 in 12 months. For that right, you will receive a certain amount of money (the cost of the premium). Let's assume the premium is $2 per share. Your (adjusted) cost would now be $48, and your upside would be limited to $60 (or 20%). Then if Merck does not cross $60 at expiration, you keep your shares, as well as the premium received.

In this sense options can be compared to loaded guns. In the hands of the wrong person, both can have devastating consequences. But, when used correctly, either can be a good defensive weapon.

The Best Way to Trade Options

Options trade on five exchanges: Chicago, Philadelphia, the American Exchange, the Independent Exchange and the Pacific Exchange. In one sense, they trade like regular stocks—they have a bid price and an offer price.

However, there are some significant differences. Options trade in lots of 100 shares for the most part. Each 100-share lot is called a contract. So when you see an option bidding $2.20 and offering $2.35, you are looking at 100 x $2.20—or $220 per contract on the bid vs. $235 on the offer in this example.

And it's very important to realize that the price you see quoted by your computer or your broker may not be the best price. ALWAYS ask what the price is on the other exchanges. I have found that the best price is hardly ever what your broker quotes to you... what a surprise.

You can and should buy/sell

options using limit orders. Just like stocks, you can place trades between the bid and offer, in five-cent increments. Use this technique if you are not in a hurry.

When using stop-loss or trailing stops on options, be aware that the spread may not be your friend. For example:

Let's say you bought an option for $1 and set a 25% stop loss. That would imply $0.75 as your exit price. Well, if the option trades at a bid price of $0.70 and an offer price of $0.95, would you sell? After all, the price to buy the option is still 20 cents above your stop-loss while the price to sell the option is 5 cents below your stop loss. I use the mid-point as a guideline. In this case, use $0.80 on the offer to determine the sell.

Here are two more important considerations for trading options:

1) **You'll need to open a margin account**—and to do so, you'll need to demonstrate that you have experience trading options. You demonstrate this by filling out a questionnaire. (The only time this will not be the case is when you are practicing a covered-call strategy where you already own the shares.)

2) If you are using covered calls, where you buy the shares outright and sell options against your shares (as we do through *The Income Trader – A Covered Call Strategy*), this strategy is allowed in retirement accounts. **All other options strategies must be executed in non-retirement accounts.**

The Professional's Advantage

Most people cannot and should not trade options.

That being said, those who understand options can do very well trading them. It's like a poker game with average players at the table. If you don't know the game well, you're likely to lose. <u>But if you're the best player in the game, your chances of winning are much improved</u>.

And that's the underlying theory of our *Income Trader – A Covered Call Strategy*. We don't play a fool's game when it comes to options. And I'd like to think we know the game a little better than most.

Here's an example. The vast majority of options players will find a stock they think is going to move up or down. Then they track down the cheapest option they can find, place their bet and hope they win. Usually they lose. Why? Because the stock doesn't move high or low enough in the direction they wanted in the time it needed to.

Few investors, for instance, have the savvy to employ our covered call technique where you sell an option into the market against a stock, thus giving you an "instant profit" on the stock.

The Creative, Savvy Way to Buy Stocks "At a Discount"

I can buy a share of stock for around $31. If it moves to $35 over the next few months, I make a $4-per-share profit (or 12%). However, few investors know that I could sell a $35 October call option into the market and get paid $3 per share for it, thus making the actual price I paid for my stock $28. Then if the stock moves to $35 by October of this year, my profit would be $7 (or 25%).

In this example, I've managed to double my returns through a clever use of options. And, if the stock falls $3 in the coming months, anyone who paid full price for the stock would have lost just over 10%. My loss? Zero. Because the net price I paid for the stock was $28.

To me, that's a clever use of options. And it's why my *Income Trader – A Covered Call Strategy* has produced winners on eight out of 10 trades over the last three-plus years.

So as an investor, you have two choices. You can gamble and buy an option based on your best hunch—then hope that time and price don't move against you. Or you can use options the way the pros use them—creatively, and as a tool for exploiting the always-present opportunities in the marketplace.

If you choose the latter, you have the opportunity to cash in winning trades up to eight out of 10 times, just as we did using a covered call strategy (a part of *The Income Trader – A Covered Call Strategy*) over the last three-year span.

It Doesn't Get Any Better (or Easier) Than 16 Out of 16 Winners

The following lists 16 of our recent covered call trades that form a portion of *The Income Trader – A Covered Call Strategy*, and it gives you an idea of the types of profits we make and the time it takes to make them.

- 8.46% profits with **Lucent** in 77 days
- 4.3% profits with **Calpine** in 59 days
- 7.91% profits with **Motorola** in 47 days
- 5.11% profits with **Sealed Air Corp**. in 29 days
- 6.61% profits with **Corning** in 35 days
- 9.46% profits with **Motorola** in 53 days
- 3% profits with **Lucent** in 25 days
- 4.78% profits with **Motorola** in 43 days
- 5.89% profits with **Albertsons** in 77 days
- 4.47% profits with **Bell South** in 44 days
- 7.06% profits with **McDonald's** in 113 days
- 8.06% profits with **SBC Comm.** in 98 days
- 3.95% profits with **Motorola** in 7 days
- 9.21% profits with **Satyam Information** in 41 days
- 9.38% profits with **BancOne** in 92 days
- 6.45% profits with **SBC Comm.** in 50 days

But what's important here is that these winners averaged a 6.7% gain over a 53-day holding period. This translates to better than 46% annualized profits—almost double the 24% gains our system targets with its recommendations.

But let's be conservative for a moment. Let's presume our average profits merely match the 1.5% profits per month (18% annually) that we target with this system. The chart below compares how quickly $25,000 grows at 18% compared to the market's average historical gain of 11%. That difference becomes enormous over 5, 10, 15 and 20 years.

As the numbers prove, that 1%-plus additional monthly return can mean the difference between a $200,000 retirement nest egg and a $680,000 one.

And what's even more remarkable is this: The covered call strategy we use as a part of *The Income Trader – A Covered Call Strategy* is actually safer than buying stocks outright.

It's so safe, in fact, that this strategy has been approved by both the I.R.S. and Revenue Canada for use by pension fund managers and investment advisors in their clients' registered retirement savings accounts.

Now here's a real life example of how this incredible strategy works—and why it can put so much money in your pocket year after year...

A $12 Stock for Less Than $9 a Share

Here's what I told investors about EMC when I recommended it...

"I believe EMC is a good company worth owning at today's low price. It has fallen hard off its 52-week high. It's rock solid, has little debt, lots of cash... and owns a virtual stranglehold on the high-end data-storage market. In fact, it was thanks to EMC's storage products that the stock markets were able to open so quickly after Sept. 11—because they had the entire market database and closing prices replicated on their storage products. In short, business needs what EMC sells. And when the economy rebounds, EMC will prosper."

When I recommended the stock, it was attractively priced at $12.60. But *Income Trader – A Covered Call Strategy* subscribers who followed my advice were able to own it for $8.90—a 25% discount. We did so by first buying our shares at market value ($12.60), and then we executed a

	11% Stock Market Gains	18% Annual I.T. Gains
Year 1	$27,750	$29,500
Year 2	$30,802	$34,810
Year 3	$34,190	$41,075
Year 4	$37,950	$48,469
Year 5	$42,124	$57,193
Year 10	$70,985	$130,845
Year 15	$119,614	$299,343
Year 20	$201,557	$684,825

covered call. This means that at **the time we bought our shares we simultan-eously sold a call option into the market**—an option that was immediately bought by another options trader. That's our discount, and here are the numbers that prove it:

Specifically, we sold a January $10 call option (valued at $3.70, as set by the market) into the options market. The $3.70 we were paid for the option was subtracted from our stock price ($12.60). As a result, the net price we paid for EMC was $8.90.

This gives us a tremendous advantage, since it means that so long as EMC doesn't fall another 25%—and close below $8.90 per share—we've made money.

I'm guessing what your next question may be... "So what's the catch?" Well, there is one. But it's not necessarily a bad thing. Let me explain.

Because we sold a "call" option (the right to buy a certain stock at a certain price, within a certain period of time), if EMC moves above $10 a share any time before the January expiration, the option will be exercised. And we'll be obligated to sell our shares for $10.

We don't care though. We're winners when it happens. Remember, we paid $8.90 for each share.

So, when the option is exercised, and our shares are bought from us for $10 per, we'll make a 12% profit in just over three months—which is well above the 2 to 3% monthly profits (24 to 36% profits per year) we hope for.

But two other things could have also happened.

Even If the Stock Falls 20%—We Make Money

EMC could have never traded above $10, which meant nobody would exercise their $10 option by January.

And that's fine with us. We still owned the shares. <u>And because we only paid $8.90 net for the company, we were still up 6.7%</u> (while those who paid full price for the stock were down over 20%).

And we were under no further obligation to surrender the shares at any price. So we could either have held onto the company's shares as long as we wanted and waited for another rebound—or we could have sold another covered call into the market... further reducing the net price we paid for the stock.

Even if EMC did the unexpected and fell, say, 35% in price in weeks, we were better off than most.

That's because those who paid full price for the stock would have been out over $4.40 per share. Our loss would have been much less—only 70 cents per share, or around 8%.

Now, those who paid full price would have needed a 56% jump in the price of the stock to get back to even. On the other hand, we would need EMC to rise just 10% to be back in the black. And in this market—that kind of move can happen in a single day.

Of course that last scenario rarely happens. In fact, it only happened to us five out of 87 times. Most often, the options we sell into the market are exercised by the expiration date—and we walk away with profits in hand.

Our rate of success is no fluke. There are a couple of reasons we're successful so often. Of course, much of our success can be attributed to the type of options we select. They're called "deep-in-the-money" call options. Deep-in-the-money means that the current value of the shares already exceeds the future value of the options we're selling. And that's why these plays earn a conservative 2% to 3% each month.

But another major part of *The Income Trader – A Covered Call Strategy* is that we buy only those companies that we consider fundamentally undervalued—franchise names in strong sectors that have been beaten down for the wrong reasons... companies with low debt, strong futures, good products that people need and substantial cash positions. In other words, companies we'd want to own anyway.

The Better the Company, the Cheaper We Can Own It and the More Sure Our Profits Are

Ironically, the better the company, the cheaper we can usually buy it. That's because the brighter the outlook for a company, the higher premium options traders are willing to pay for a "call" option—which, as you remember, is the right to buy the stock at a later date.

And the more expensive the option—the greater our discount.

At the time of our EMC play, it was such a strong company that—barring a global economic meltdown—we expected it to close well above the $10 call price and for us to take our profit with relative ease come January...

And that's just what happened. EMC closed above our strike price of $10 and we made 8.3% on this trade alone.

But here's the thing...

EMC isn't the only company available to make us profits. Right now, the market's ripe with good, undervalued companies that can be bought at a substantial discount using *The Income Trader – A Covered Call Strategy.*

By targeting many good opportunities like EMC at any given time, suddenly those safe-but-small gains really start to add up.

And by the time you read this report, I'm confident we'll also make our targeted profits in the weeks ahead with our other open positions as well.

But here's the most remarkable thing about it. Should our open positions fall even 25% before we sell them—we'll still break even.

That's how much we're protected on the downside using *The Income Trader – A Covered Call Strategy* technique. We'll still have every penny of our investment capital in hand.

A Growing Legion of *Income Trader – A Covered Call Strategy* Believers

No wonder so many *Oxford Club* members have become believers in *The Income Trader – A Covered Call Strategy.*

Many, in fact, have told me they're so thrilled with the safe and steady profits that they've decided to replace all thir straight-up stock plays with this trading strategy exclusively.

Others are using the system to bolster the profits of long-suffering IRA accounts—all the while reducing market risk and deferring their capital gains taxes.

Others simply write to tell me how satisfied they are with the profits they're making:

"I'm thrilled with the service. While I haven't availed myself of all your recommen-dations (shame on me), I have achieved a net gain of over $14,000 from seven of the recommendations. Rest assured I will be continuing my association with you for continued profits ahead." ~Shirley N.

"I must tell you this is a great service. You have helped me make some nice returns, but more importantly you have opened my eyes to a different way of investing. For that, I thank you. I am intrigued by the idea of locking in profits, similar to the recommendation today, while receiving a decent dividend while you wait. Very cool. Thanks again." ~Bill F.

These people have good reason to be pleased. Because quite frankly, there's not a better, safer way to profit consistently in any market—especially in today's topsy-turvy environment.

A Sophisticated Trading System Made Simple

The Income Trader – A Covered Call Strategy is a sophisticated trading strategy made very simple.

I do all the research for you by uncovering the very best recommendations with the very best chance of succeeding. I put together each play and pass it on to you.

And, with interest rates moving even lower, it is critical that you make REAL returns on your cash and cash-like investments.

Do you realize that by having your money sit in a "safe" savings account you are actually LOSING money when inflation and taxes are factored in?

With inflation running at 1.5% to 2%, you need to make just that much to prevent erosion of your wealth.

The average savings accounts now pay less than 0.5% per year...

Perhaps most importantly, we have history on our side—a history that tells us markets always move higher in the months following times of war and crisis.

For more information on *The Income Trader – A Covered Call Strategy* or to subscribe, simply call Mt. Vernon Member Services at 888.384.8339, or 410-230-1200, during business hours.

That way, you're sure not to miss my next recommendation. (You can also get set up with *The*

Income Trader – A Covered Call Strategy through the *Club's* website: www.oxfordclub.com.)

Right now you have a very real opportunity to put a very powerful trading system to work for you—one that's prospered through the tough times and has every opportunity to thrive in the weeks and months ahead.

I urge you not to delay another moment. ■

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Glossary of Option Terms

Call Option: The right to buy a particular stock at an exact strike price for a specified period of time.

Covered-Call Writing: Selling an option against a purchased stock.

Expiration Date: Last day an option can be traded, usually the third Friday of the month.

In the Money: Option with strike price below actual price of stock.

Liquidity: The ease with which you can buy or sell a certain option.

Money Factor: Amount at risk on the downside.

Naked Sell: Selling uncovered options. See Covered-Call Writing.

On the Money: Option with stock trading exactly at the strike price.

Out of the Money: Option with stock trading below the strike price.

Outright Purchaser: Buyer of options.

Overload: Combined buying or selling of options in unequal amounts.

Put Option: The right to sell a particular stock at an exact strike price for a specified period of time.

Spread: Difference between options.

Straddle: A call option and a put option combined.

Strike Price: The exact price at which you can buy or sell a certain option.

Time Premium: Amount option is above its true value.

True Value or Intrinsic Value: Amount stock is above strike price.

From time to time, The Oxford Club will recommend stock investments that will not be included in the VIP Trading Circle or in the Communiqué's *Portfolios. There are certain situations where we feel a company may be an extraordinary value but may not necessarily fit within the selection guidelines of these existing portfolios. In these cases, the recommendations are to be considered as speculative and should not be considered as part of the Club's more conservative* Communiqué *portfolio.*

Also, by the time you receive this report, there is a chance that we may have exited a recommendation previously included in a VIP or Communiqué *portfolio. Occasionally, this happens because we use a disciplined "trailing stop" philosophy with our investments, meaning that any time a company's share price falls 25% from its high, we sell the stock.*

Note: While I would recommend the company anyway, please note that my publisher has a commercial relationship with Everbank and may receive compensation if you open an account.

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