
MONEY
for the Rest of Us
SMALL GAINS
BIG LOSSES
68%
RETURN?!
THE HIDDEN RISK OF STEADY INCOME

A One-Hour Sales Pitch

Words on the sales page

Low Stress Trading

15,300 words

about 64 minutes to read

Money for the Rest of Us Plus

1,550 words

about 6 minutes to read

"People that won't invest the half an hour to read the full sales page generally will not be good students." – *the course's sales page*

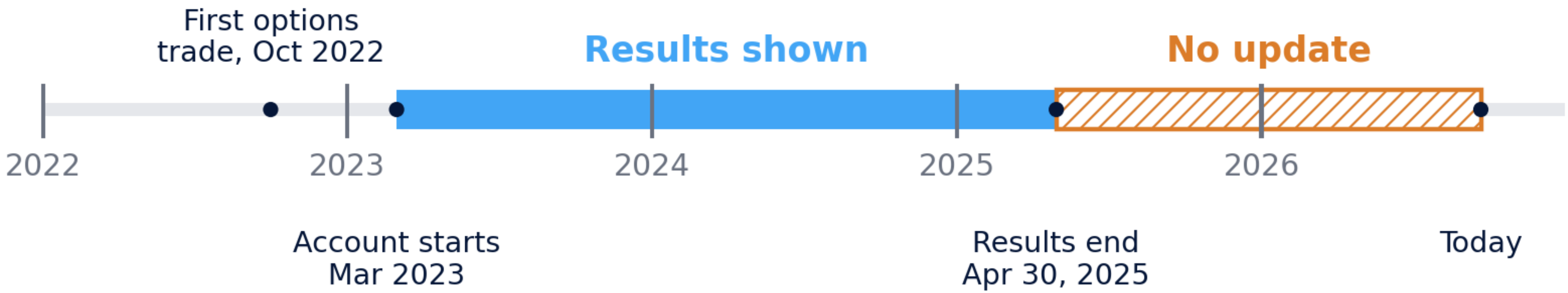
Word counts of visible page text, Sep 21, 2026. Reading time at 240 words per minute.

Never a Losing Week?

From the Low Stress Trading sales page

> *"I have never had a single week which I lost money or failed to make money."*

Two years of results in a mostly rising market. No update in 17 months.



Source: lowstresstrading.com/options; results image dated April 30, 2025.

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The 68% Promise

From the Low Stress Trading sales page

> *"1% a week is really 68% a year! ... That is an insanely high return, and when you couple that with the 98%+ win rate, you may get that return because you won't have losses offsetting it."*

Premium collected is not a return.
The losses still come; rolling only delays counting them.

Selling a put carries the stock's downside.
A 98% win rate says nothing about the size of the losses.

Source: lowstresstrading.com/options, accessed Sep 21, 2026.

What to Expect

Selling puts on single stocks, before costs and taxes

6–8%

a reasonable long-run expectation, before costs

≈ stocks

returns similar to owning the stock, with a smoother ride

Not 68%

1% a week is premium collected, not return

Big down weeks

losses arrive all at once and erase months of premium

Sources: Goldman Sachs Options Research (2013); MFTROU analysis.

Covered Call and Put Writing ETFs and Funds

Annualized total returns versus the S&P 500

	1Y	3Y	5Y	10Y	15Y	20Y
S&P 500 Total Return	17.89%	23.10%	13.88%	15.53%	15.56%	11.37%
Gateway Fund A (GATEX)	10.12%	12.47%	7.30%	6.86%	6.30%	4.95%
Invesco S&P 500 BuyWrite ETF (PBP)	18.48%	14.91%	8.88%	7.67%	7.95%	—
WisdomTree Equity Premium Income (WTPI)	12.63%	14.85%	9.69%	8.30%	—	—
JPMorgan Equity Premium Income Fund	7.64%	9.61%	7.36%	—	—	—
YieldMax TSLA Option Income ETF (TSLY)	-4.69%	8.82%	—	—	—	—

Selling index options earned roughly half the market's return, with a smoother ride.

Annualized total returns as of Sep 21, 2026. Source: YCharts.

Two Sides of Every Option

Buying protection versus selling it

	Buyer of protection	Seller of protection
Premium	Pays it	Collects it
Most weeks	Small loss	Small gain
Rare weeks	Large gain	Large loss
How it feels	Wasteful	Safe
Payoff shape	Positive skew	Negative skew

What Drives the Return

A sold put earns three things, minus one

1. **T-bill interest**
   on the cash set aside as collateral
2. **Part of the stock's return**
   delta times the equity risk premium
3. **Volatility premium**
   implied minus actual volatility; small for single stocks

− **Trading costs**
   bid-ask spreads can erase most of the volatility premium

Sources: Carr and Wu (2009); Driessen, Maenhout and Vilkov (2009); Cao and Han (2013).

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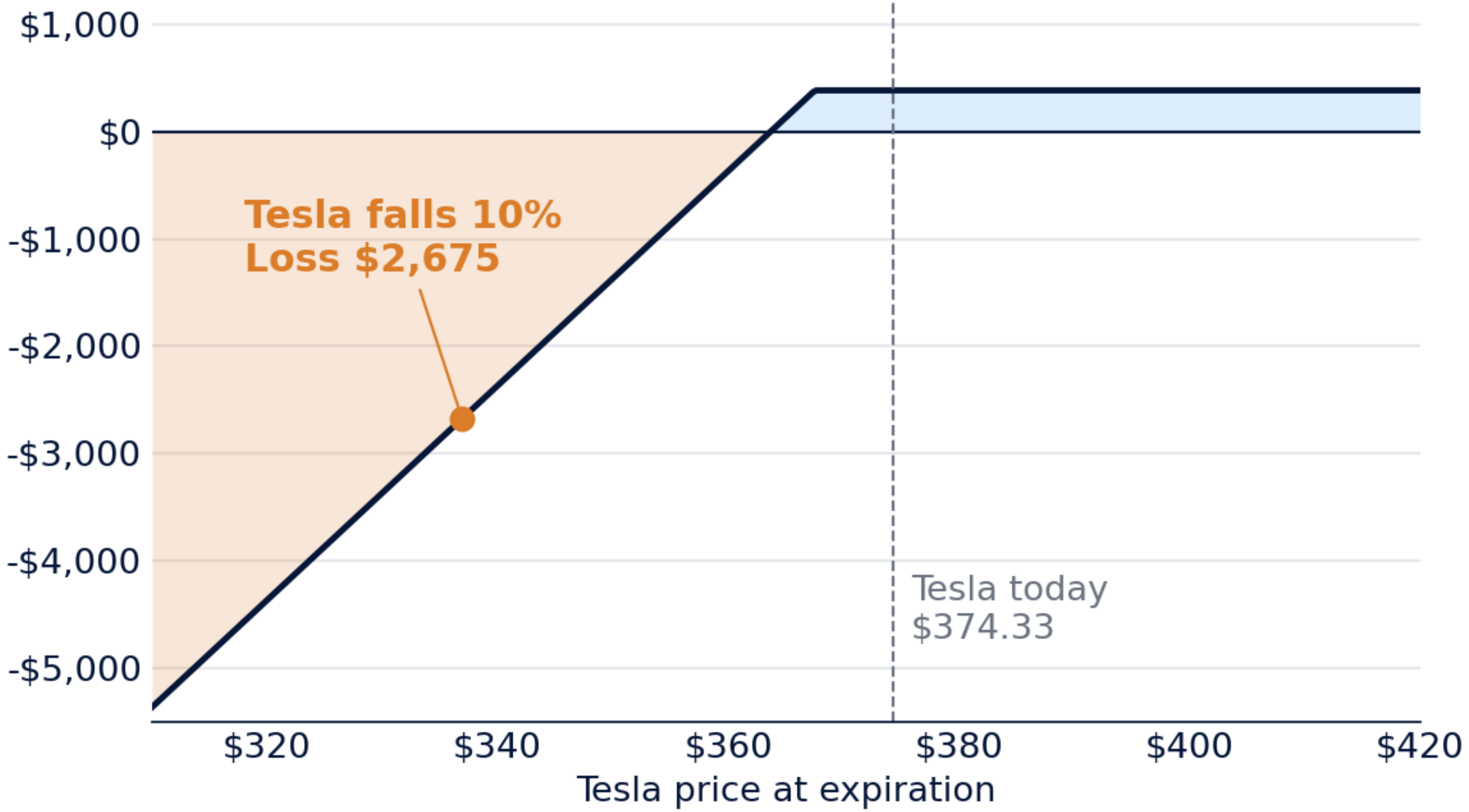
Selling One Tesla Put

Sep 25 $367.50 put sold at $3.85 on Sep 21, 2026



$385
Premium collected

$36,750
Cash set aside

1.05%
Return if it expires

$363.65
Breakeven

35%
Chance of ending in the money

Source: Brokerage quote, Sep 21, 2026. One contract.

How the Week Can End

One-week result: sell the $367.50 put vs. own Tesla

If Tesla is...	Put seller	Tesla owner
Up 10%	+1.05%	+10.0%
Up 5%	+1.05%	+5.0%
Flat	+1.05%	0.0%
Down 2.9%	0.0%	-2.9%
Down 5%	-2.2%	-5.0%
Down 10%	-7.3%	-10.0%
Down 20%	-17.5%	-20.0%

Source: Brokerage quote, Sep 21, 2026. Put return on cash collateral.

What Delta Means

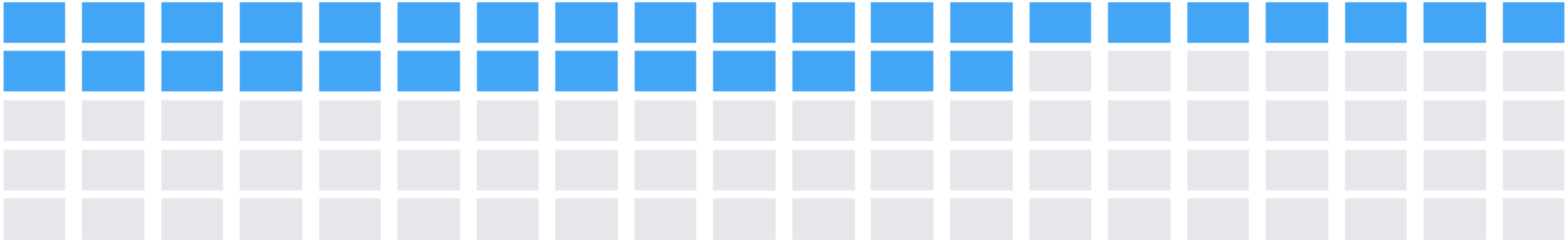
Selling one Tesla put is like owning part of the stock

33

delta on the $367.50 put

If Tesla moves $1, the put moves about 33 cents

One contract = 100 shares. The seller acts as if it owns 33.



Of the $36,750 set aside, ≈ $12,300 acts like Tesla stock

and ≈ $24,450 acts like cash earning T-bill interest

Source: Brokerage quote, Sep 21, 2026. Delta from Black-Scholes at 43% implied vol.

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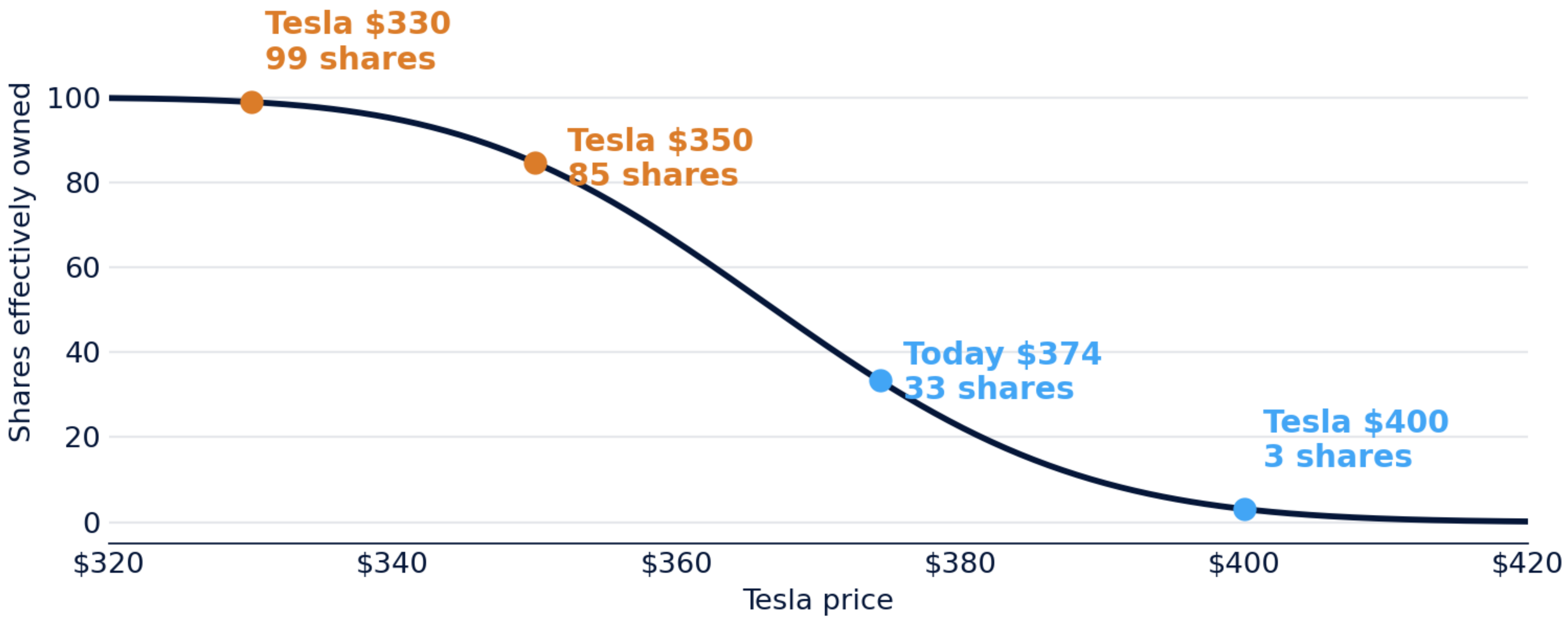
Delta Shifts Against the Seller

Shares the put seller effectively owns, by Tesla price

Own more as the stock falls. Own less as it rises.



Source: Brokerage quote, Sep 21, 2026. Delta from Black-Scholes at 43% implied vol.

Two Trades, Same Payoff

Put-call parity: a sold put is a covered call in disguise

Cash + sold put

Hold $36,750 in cash
Collect the premium
May have to buy Tesla
at $367.50

=

Stock + sold call

Own 100 Tesla shares
Collect the premium
Give up gains
above $367.50

Either way: keep the downside, cap the upside, collect a premium.

Same strike and expiration. Ignores small interest effects.

What the Research Found

Implied versus realized volatility in stock options

Carr & Wu, 2009	Index options carry a large volatility premium. Only 21 of 35 stocks showed a significant one.
Driessen et al., 2009	The index premium comes from correlation risk: protection against everything falling together.
Goyal & Saretto, 2009	Stock option pricing overshoots after selloffs and undershoots after rallies.
Cao & Han, 2013	Options on volatile stocks are the most overpriced, but half the bid-ask spread erases the edge.
Goldman Sachs, 2013	Selling puts on S&P 500 stocks, 2003–2013: 7.1% a year vs. 7.3% for stocks, with less volatility.

See episode show notes for full citations.

Why Index Options Pay More

The correlation risk premium

	Index put	Single-stock put
Protects against	Everything falling together	One company's bad news
Can investors diversify it away?	No	Yes, by owning many stocks
Do buyers pay extra?	Yes, a lot	Little or none
Seller earns	More than the losses, on average	Roughly fair pay for the risk

Investors pay up to insure against crashes, not one stock's swings.

Source: Driessen, Maenhout and Vilkov, Journal of Finance (2009).

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What He Learned

Low Stress Bets, announcing a new direction, September 2026

> *Over the past two years, I tested a theory that betting on high-probability sporting events could consistently generate returns that beat the S&P 500. I learned that that's a tough game to play.*

> *Starting today, Low Stress Bets is moving in a new direction. I'm shifting my entire focus to mental models, risk management, and psychology for the serious sports bettor.*

Tracking every bet in public is what made the lesson visible.

Source: Low Stress Bets newsletter.

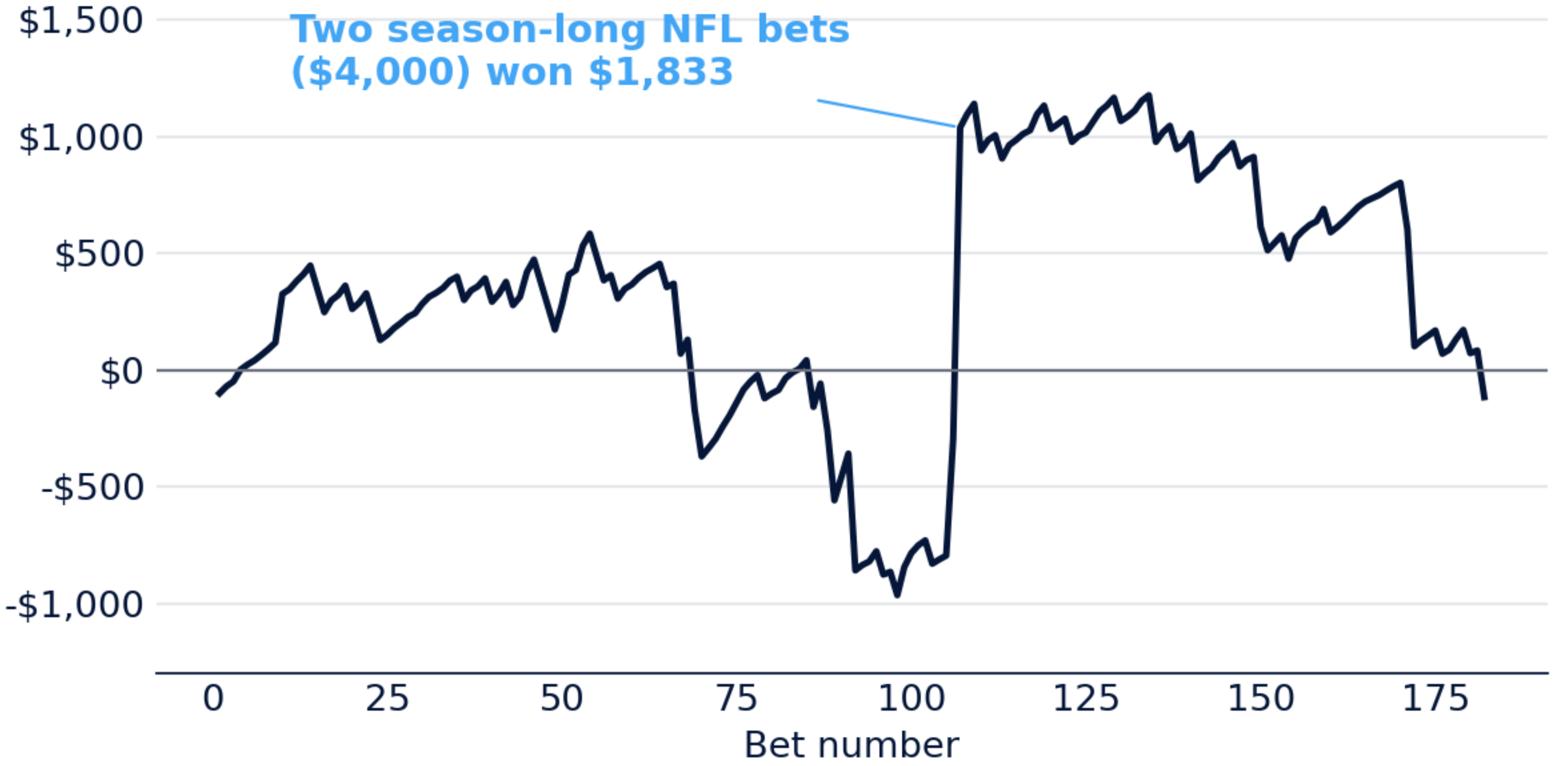
Lessons From the Record

What high-probability betting and put selling share

1. **A win rate is not a return**
   Small, frequent wins can hide a losing strategy.
2. **The odds already include the house's cut**
   To profit, you have to beat odds set against you.
3. **Bigger bets on sure things concentrate risk**
   The rare loss arrives where the most money sits.
4. **A few lucky bets can mask a losing process**
   Two season-long bets turned a losing year positive.
5. **Track every bet or trade**
   Low Stress Bets did, which is why we can learn from it.

The Full Record

Low Stress Bets, cumulative profit on every bet



182
bets

75%
won

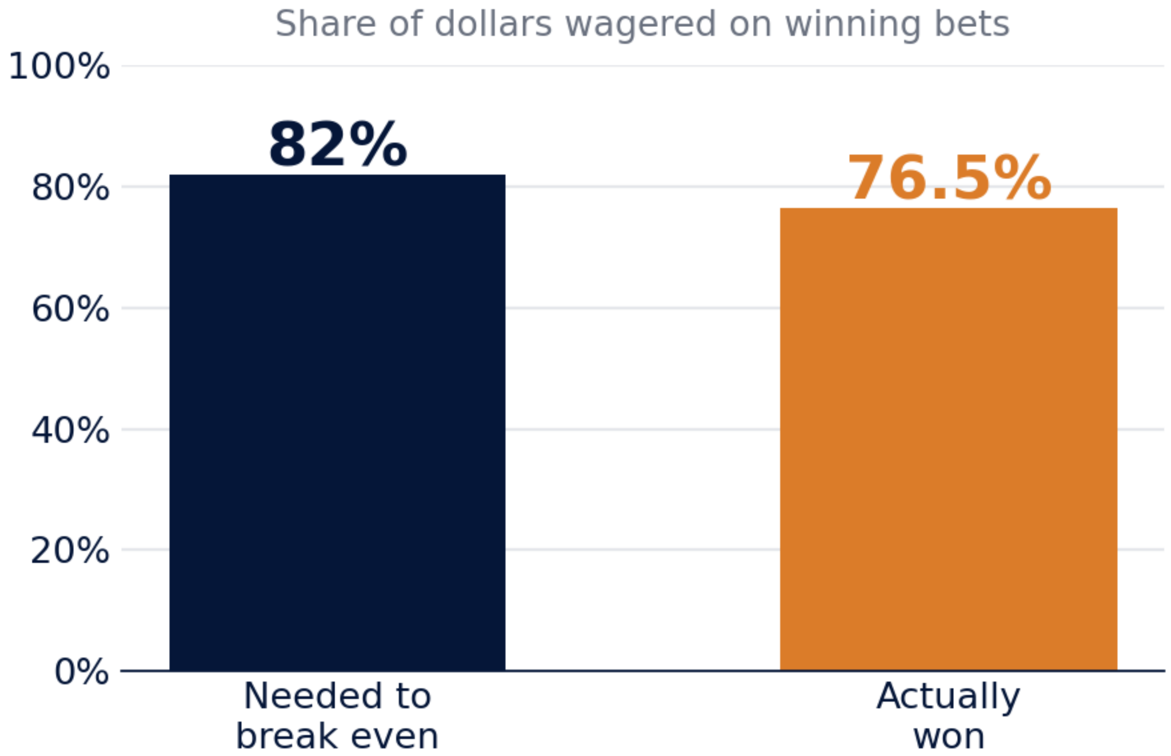
$33,350
wagered

-$116
net result

Source: Low Stress Bets public bet tracker, Oct 2024 to Aug 2026. MFTROU analysis.

Winning Often Isn't Enough

Low Stress Bets: the math behind 180 bets



+22%
average payout on a winning bet

–100%
the loss on a losing bet

4 to 5
wins to recover one loss

Source: Low Stress Bets tracker, Oct 2024 to Aug 2026. Excludes two season-long bets.

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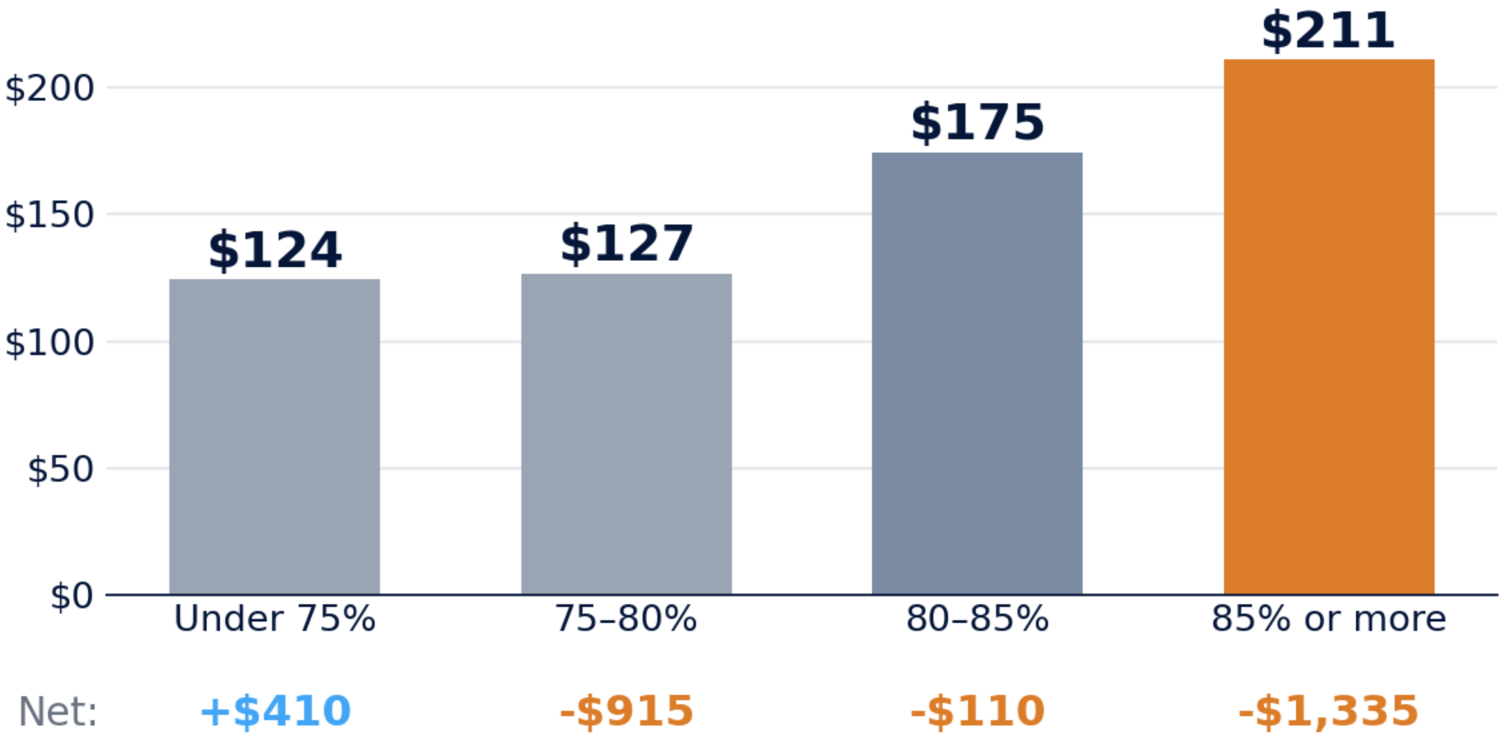
Biggest Bets on the Surest Things

Average bet size by the odds' implied chance of winning



Largest losses

$500 at 90%
golfer shot a 63

$500 at 82%
hockey underdog +1.5

$300 at 89%
NFL +14.5 points

$300 at 85%
both teams to score

Source: Low Stress Bets tracker, Oct 2024 to Aug 2026. Excludes two season-long bets.

Show Notes and Related Resources

Episode 565

Show Notes

- Variance Risk Premia, Carr and Wu (Review of Financial Studies, 2009)
- Cross Section of Option Returns and Idiosyncratic Stock Volatility, Cao and Han (2013)
- The Price of Correlation Risk: Evidence from Equity Options, Driessen, Maenhout and Vilkov (SSRN)
- Cross-Section of Option Returns and Volatility, Goyal and Saretto (2009)
- The Art of Put Selling: A 10 Year Study, Marshall, Gregory and Fogertey (Goldman Sachs)
- Low Stress Bets, the sports betting newsletter

Related Resources

- 557: Don’t Fall in the Dividend Trap
- 549: Why Catastrophe Bonds Are Yielding 12%, and Should You Invest?
- 544: Sports Betting Is Not Investing
- Article: Tail Events and Tail Risk

Links are clickable.

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