

# Trader Service Expectations

[00:00:00] Hey, friends, Ernie here with the 0-DTE podcast. It is Monday the start of a new week. We love weeks. I know that's completely contrary or contrarian to what most people the way most people look at a week, they're always looking for that Friday.

[00:00:19] Thank God. It's Friday, but I don't. I say thank God. It's Monday, because love Mondays here Mondays mean we get to spend more time with you guys and make money. Make money, learn stuff, all of that. How can that not be good? If you're in a job that you hate your boss, you don't like being there.

[00:00:40] You want to be home. You could think of thousand things that you would rather be doing than toiling away your job. And so, Friday is a welcoming time, but not for us. My day starts on Sunday evening. Sunday evening is when I start getting going and I don't stop until shit.

[00:01:01] I don't stop until Saturday afternoon. Saturday afternoon is the culmination when we have the weekly meeting with the 0-DTE gang, the 0-DTE never forget the dash. The dash is everything in this service because without the dash, you are left with trash that's right. The other service that doesn't have a dash is trash.

[00:01:27] Any other service? I, you might think lesser of me because I'm sitting here trashing other people, but look, I am a no nonsense, no frills, plain speak zero filter type of guy. And when I see something that is the truth, I point out. If I know something is right, I don't give a fuck what you think, seriously.

[00:01:55] It's either you accept the truth or, you don't that's the way it is. I've been in my career, been paid a boatload of money for telling people the truth, no matter how hard that truth may be, no matter how much it hurts, no matter how much it brings reality into focus. People who want to get ahead, want to hear the truth.

[00:02:20] And the truth is that this service here, where we teach our brand, our intellectual property. Our strategy for trading options on the S&P whether it's the S&P index or it's the E-mini S&P contract, the ES trading the very last day, what we call 0-DTE or zero days to expiration the last day of expiration.

[00:02:52] Why is that so important?

[00:02:55] That is because on the last day of expiration, if you know anything about options, that options have two different types of pricing in them. They have premium or intrinsic value and extrinsic value. Intrinsic value is the difference between the option strike price and the actual price of the underlying thing that they optionable on.

[00:03:19] The extrinsic value is a time premium and volatility premium. It is like the premium you put over something like if you go and buy a silver coin from a dealer, you don't pay, spot price of whatever, the spot silver price is, you pay that plus a premium.

[00:03:35] If you buy insurance, you buy a contract. It has some intrinsic value that's built into it, but then you buy it at a premium. That's why they say you pay the premium. When you buy an option, you are buying the option plus a premium, and then you better make sure that option that you bought goes in your direction otherwise that premium is going to continually decay. And it decays at an exponential rate as it comes to the end of that options contract expiration, the 0-DTE, the last day of expiration. And the closer it gets to expiration, the faster that decay of premium is, now you may be wondering if the premium is decaying, how is that good for you?

[00:04:22] It's good for us because we don't buy options. We sell options. We're looking for the other side of that transaction. Where we are collecting that premium. And on that last day, when it's accelerating and basically falling off a cliff yeah. What would you call that? The event horizon, the point of no return once you get over that cliff and that premium starts to decay, it's coming to us.

[00:04:48] And that's an incredible edge that we have. Learning how to put ourselves in the right position in order to collect that premium. That is our intellectual property. That's what we teach here. That's what we do in the 0-dte.com service.

[00:05:08] Now, one of the principles that we put into play is this concept of putting on asymmetric positions. And what that means is there's an asymmetry between the risk versus the reward that we're looking for in our trade. And that asymmetry, we purposefully make it very large where asymmetry is an unbalancing it's unsymmetrical right.

[00:05:35] Asymmetrical. So, one part is small. One part is big, a symmetrical thing would be. In terms of trading, you would have risk and reward and they would be of equal amounts. You're taking a \$100 risk to make a \$100 reward. An asymmetrical risk reward might be you take \$3 risk to make \$1 reward.

[00:05:59] That's the way most people that are trading options operate, they operate in an asymmetric fashion, but in a fashion. The reward is much less than the risk because they don't know how to put on a strategy any other way. They're taught to put on or be long the strategy or to put on a spread. And these things have that type of asymmetry.

[00:06:22] What we do is we invert that asymmetry, and we put on trades with very small risk and very large reward. Now, what does that do for us? For one you might think Ernie, if you're taking less risk and going for much more reward, that must mean that your win rate is very small.

[00:06:44] Whereas the person who takes large amounts of risks, but small amounts of reward, they do that for the surety of making that reward. The probability of profit is very big on their side, which isn't true. And for us, you may think the probability of profit is very small, but neither of those things are true.

[00:07:04] The probability of profit is a, an elusive thing. It's a statistical thing that people rely on to put on these trades. But if you put all the contextual things in your favor, you can beat those odds.

[00:07:19] Not only entering and placing that trade, but also managing those profits. That's right. We manage profits instead of managing risk. Like the other guys, they manage risk because they're so damn scared of the risk because it represents catastrophic failure. On our side, we. In a completely different mindset.

[00:07:45] We're looking for catastrophic winning with losses that are so small as to be almost insignificant. So, we don't have to manage our risk because the risk is managed for us in our trade. What we must do is see how we can maximize our profit. Now, what I'm getting at here is what this service is all about.

[00:08:08] What is the 0-DTE service?

[00:08:12] Are we an alert service? Do you come into this service and expect to be fed a bunch of alerts and then because you trust the strategy that everything will be good? What will happen when maybe someday I go away and I'm not there to feed you these alerts, these amazing trades.

[00:08:30] Do you just look for another Ernie or another 0-DTE? because they don't exist. No, you come here because you want to learn how to do this. And learning how to do this is not a prescriptive thing. In other words, I don't hand you a sheet that has the steps. One through 10, you follow these steps and you become an instant successful trader.

[00:08:54] It doesn't work that way. There are complexities here. The general strategy is very simple, and it has four steps. The first step is developing a directional bias through macro analysis very important. We don't have to be completely right. We just must be right. Most of the time, which isn't as difficult as it sounds.

[00:09:21] The second part is developing a static market structure through volumetric analysis. When we combine those two, we develop scenarios where price is most likely to go because we developed this bias, that gives us a vector of direction and magnitude of direction going across a landscape that we've defined and discovered.

[00:09:49] Once we've done that and developed our scenarios and use that market structure to place our asymmetric strategy in the most advantageous place. We then put [00:10:00] it all together. Plus, the edge that we have with rapidly decaying premium, and we have a strategy that seemingly beats the odds. The fourth part of that is to manage that profit.

[00:10:15] As I had said before, it is a multifaceted strategy. It really depends a lot on the size of your account because someone who can only trade a minimal size position is going to treat this much differently than someone that can trade say 50 positions. at a time. It is also different based on your personal capacity and tolerance for risk.

[00:10:41] So we teach methodologies and strategies around managing that profit. So, you cannot just put this on a piece of paper and say, here's our strategy. Here you go. Just plug in the numbers and you will be a success. It's not like that at all.

[00:10:55] It is a strategy for success, and if you get even minor league good at it, you can make very good money. If you get exceptionally good at it, you can make tremendous

money. Now, what I'm showing in this strategy is that on average, regardless of the volatility regime, we do better when volatility is a little higher than it is now.

[00:11:21] We're in our lean times, but we still do exceptionally well. But on average, our returns are 150% on our risk capital. So, in other words, for every dollar that we put up for risk on average, we bring back a \$1.50 or more.

[00:11:41] About 10% of the time we pin the trade. And those are our big winners. We have pins that are extraordinarily huge asymmetric wins, where we don't just return 150 or 200%, but we routinely anywhere from 10 to 30% of the time return 500, 800, 1200, 1500%, or even more on a single trade

[00:12:11] That is the power of asymmetry.

[00:12:14] So that's the thing that you can expect in terms of strategy. That's what you're going to learn, but it goes way beyond that. As I told you, it's multifaceted.

[00:12:21] There's a strategy. Not only for the entries, but also the analysis and the management and then the exiting, but there's also methodologies within each one of those things and guidelines that we follow. But beyond all of that, there is something even bigger that we do and that goes across all of this.

[00:12:46] And somebody in the in the room had nailed it. When I had mentioned the process. They said Kaizen. Now, I don't know if you're familiar with that term, Kai Zen. I'm sure you've heard of Zen and Kai. You may have heard that before. But Kaizen is the root methodology or philosophy around a process.

[00:13:09] That's been around for many years, and it was made popular. At first through the Toyota manufacturing. Process way back after World War II. When we went over to Japan and help them rebuild their nation, a continuous improvement process where they implemented that on the Toyota manufacturing line and transformed Toyota into the greatest car manufacturer in the world.

[00:13:32] But that process has also found its way into management processes, software development, processes, personal processes, trading. And what it means Kaizen means change for the good, some people will say it's continuous improvement. So that is another thing that we practice here. That is the overall process that we do here.

[00:13:57] We are continually improving and the way we do that is through an iterative process. It's a very repetitive process. We break things down into these kinds of mini projects. We get very good at executing that project. You can think of each trade is like a project. And then from each trade they have events or ceremonies.

[00:14:23] You might say now, I haven't really brought this out explicitly because it might be a little bit too much for a lot of people to handle all at once, but it is the process that we do. And that is that. We decide on a strategy. We apply the strategy, we execute it. And then we follow through. And then at the end, we do a retrospective of what we did so that we can take that knowledge and then feed it back into the next iteration. That is continuous

improvement. And if you're familiar with management processes and manufacturing processes, as you might have guessed, I'm a process expert.

[00:15:11] I've this is what I've done for most of my career as a technology management and financial consultant. Consulting to the C-level folk of fortune fives to fortune 5000s, showing them how to improve their processes. Probably heard of the term OODA loop, that is another type of improvement process.

[00:15:36] You've probably heard of agile processes, our agile methodology in software development. That is also that type of process, that continuous improvement or Kanban is another process. That's more of a manufacturing process. All these things are all built around the same kind of philosophy.

[00:15:56] And that is what we do here. That is what you can expect here in the 0-DTE. I, you probably coming into an educational platform or a thing that's going to teach you trading. This would be the furthest thing from your mind, right? But that's why we do what we do. My purpose is to provide world-class support, coaching, and mentoring, teaching this strategy, making sure that you are successful and showing you how to implement this continuous improvement process so that you can then take it out and make it your own.

[00:16:31] That is what this service is all about. That is the difference. Between those services and the service with the dash, the 0-dte.com service. And it's why we're growing. And it's why people don't leave. And it's why people are happy and fulfilled zero anxiety while they're making them. No fear, no FOMO, no greed, just concentrating on the process, getting better each time.

[00:17:08] Everyone's a little bit different.

[00:17:09] Some people start out a little slower. Some people catch on very quickly. I found that the traders that have less baggage, particularly those that have been steeped in Fibonacci and technical analysis that has poisoned their minds. They are usually the hardest to get over that hump because they're always still in this mode of managing their risk, managing losers, they're managing how to lose and getting them off that wagon and start thinking about how you improve the way you win Kaizen continuous improvement, asymmetry in our favor, edges.

[00:17:50] Are definitive. We know what they are analytical techniques that are proven, that are real, that are not ethereal or, these made up scientific wild ass guesses of crappola. I use the term SWAG scientific wild ass guess a lot only as a sarcastic remark about what we do.

[00:18:12] So that is what we do. That is what you can expect at 0-dte.com. So, Paul says the dash equals dollars. A Burmese guy says agile, agile methodology. You probably weren't expecting that. Huh? I happen to be an agile expert.

[00:18:33] Another process that's involved with agile development is called scrum. I'm a certified scrum master. That's for software development, but I've done process re-engineering, business process development, continuous improvement, coaching, and that's

what you get here. You get winning trades winning strategy, and it's all focused on making you adopt this way of doing things and making it your own.

[00:19:03] Let's see. Do we have any questions? Burger says retrospective was the key word. Yes. Retrospective is what makes it continuous. The retrospective is a key ceremony in the whole continuous improvement process loop. Because unless you have that retrospective where you look at what you did and evaluate it as objectively as you can and figure out what you did, right? What you did wrong and what you can make better, and then feed it into that iterative loop. You don't improve.

[00:19:34] And by breaking down these iterative loops into smaller and smaller iterations. You can't fail because each iteration is just a small little thing. You get better a little bit at a time. And that again is what anybody that joins our service can expect.

[00:19:52] Hopefully, this has been useful to you. I may have been a little bit long in the tooth in the beginning describing the strategy, but I wanted to give you a feel for what it really is like to be here in our service. Today we put on a trade. I believe most people did between 50 and a hundred percent return.

[00:20:10] It's a slow day on a day where the market is going sideways. In a volatility regime that is the death knell to most systematic traders and automated traders, we're able to produce as much as a hundred percent on our risk. And that is what we consider a really slow day while the other services are painfully scraping and scratching and clawing for a five to 15% return, hoping that their position doesn't get challenged and wipe out the last month or two of their profits, which will inevitably happen. It will happen with us. That cannot happen.

[00:20:56] Like I said, when you know, you're right. You have the right to brag, and you have the right to say, I don't give a damn, I was going to use a bad word, but we try to make this as friendly as possible, but I don't give a darn what you think when I know I'm right. And you may think that's arrogant. I don't care.

[00:21:18] When you come in here, you're going to receive a form of tough love. We don't have the time to coddle people. They need to get on board, figure out how they're going to fit inside this iterative loop and help themselves help everybody else and help this service get along.

[00:21:38] And so far, we've been extremely successful and we're growing and growing fast.

[00:21:44] But the zero-dash name seems obscure. Yeah. Zero days to expiration 0-DTE. It's an industry term. We put the dash in there because that's the domain I could get, man. Some other guy owns the other domain. He kicked me out because he was so smitten with all the great trades that I was feeding them but was too stubborn to understand what we were doing.

[00:22:12] So I started my own service and killed it, and I know what they do. People come from that service all the time and tell me, and I was there. I've seen other services like Axe

Options, or Scott Stewart, same thing. Scott Stewart has an idea on some of the asymmetric trades, but he doesn't always apply it.

[00:22:33] There are others too, that they really focused on that alert service, right? That's what they do. It's their alerts, the alerts, you need their alerts in order to be successful. And that's not what we do here. The alerts for us are a demonstration of the strategy for us. You're here to learn the strategy.

[00:22:55] That's what it's all about. If you think that it's not that, and that's what you don't want, then I would ask you to, I will very politely ask you to leave. We don't need you here.

[00:23:08] All right. What have you Zero Dex. I don't like that at all. Sorry.

[00:23:13] Just remember it's 0-dte.com/try, try it out for four weeks. If you become a member after that four weeks, then we rebate the cost of the trial. If you don't, then we part our ways. Maybe you just weren't right. Maybe you just weren't ready to become a Kaizen trader.

[00:23:37] Okay. I think that now I'm hoping that now that you understand exactly what it's like to be part of our service, it will be an experience for you. I guarantee that you will learn something great, and it will be the best investment that you've ever made. Now I'm not saying financial investment a trade I'm saying this is an investment in yourself.

[00:24:03] All right now. Got to go. Thank you very much. Peace be with you, got to figure out how to make this microphone work again. Darn you.

[00:24:12] All right. Take care. Where is that freaking off button? Oh, here it is.

[00:24:20] Peace.