

CATALYST+

Multiple Paths to Profit

A Plain-Language Guide to the
Catalyst+ Investment Strategy

DEFINED-RISK ENTRY • ACTIVE MANAGEMENT • RULES-BASED EXITS

A NOTE TO INVESTORS

A different way to approach stock investing

Most stock strategies begin with a simple premise: buy shares and hope the price rises. Catalyst+ begins with a different question: can we structure the investment so that we have more than one reasonable path to a favorable result?

We use options as practical tools. They allow us to establish the amount at risk before entering, receive income for taking a position, identify a price at which we would be willing to own shares, and purchase protection against adverse movement. Options are not used to create unlimited risk or to make a single all-or-nothing prediction.

The process begins with the company. We look for financially healthy businesses with growth, an identifiable catalyst, a favorable trend, and a liquid market. Only then do we decide whether the options provide an attractive return relative to the risk.

The central idea We do not need every stock to immediately move higher. The structure gives us a plan if the stock rises, remains stable, or declines.

This guide explains that process without assuming prior options knowledge. The final section uses three actual trades to show how the strategy behaved in three different markets: RCLB moved higher, CCJ finished near our assignment price, and SPCX declined materially and required active management.

No strategy eliminates losses. Our objective is to define risk, respond systematically, and avoid relying on hope as the primary form of risk management.

THE COMPLETE LIFECYCLE

The strategy at a glance

One investment can follow several paths, but every path begins with the same preparation.

Stage	What we do	Why it matters
1. Select	Identify a healthy company, catalyst and favorable setup.	The option structure cannot rescue a weak thesis.
2. Structure	Open a defined-risk put spread and receive net income.	Risk and potential return are established before entry.
3. Observe	Reassess the stock, catalyst and portfolio as price changes.	Assignment is a decision point, not a reflex.
4. Respond	Close for profit, or convert into shares at an adjusted economic cost.	The response depends on what the stock actually does.
5. Manage	Use covered calls, collars and position sizing after assignment.	Ownership remains active rather than passive.
6. Exit	Leave when the return objective is met or the thesis changes.	Capital is recycled when the remaining reward no longer justifies the risk.

A process, not a prediction The strategy is designed around decisions we can control: selection, structure, sizing, protection and exit discipline.

1 — SELECT

How we decide what to trade

We choose the investment before we choose the options.

The company

- Financial health and credible growth
- A catalyst capable of changing investor perception
- A favorable intermediate-term trend
- A valuation or entry level that offers a reasonable margin for error

The trade

- Options with sufficient volume and tight bid-ask spreads
- Premium that is attractive relative to the defined risk
- A short-put strike at which we would genuinely consider owning shares
- An expiration date aligned with the catalyst and expected holding period

The portfolio

- Position size appropriate for the stock's volatility
- Acceptable exposure to the company, industry and catalyst
- Enough liquidity and cash to manage assignment if it occurs
- Market conditions that do not make the aggregate portfolio risk excessive

Selection rule We do not begin by searching for the highest option premium. High premium often reflects high risk. The business, price and option structure must work together.

2 — STRUCTURE

The first position: income with defined risk

The initial position combines a potential purchase obligation with downside protection.

The short put

We receive cash for agreeing to potentially purchase shares at a predetermined price. This establishes both the potential income and the price at which assignment could occur.

The long put

At the same time, we purchase a put at a lower strike price. This protective position limits the initial downside of the spread if the stock falls sharply.

Maximum initial risk = strike-price difference - net premium received

Component	Plain-language role
Short put	The potential obligation to acquire shares.
Long put	The initial downside protection.
Net premium	The income received after paying for protection.
Expiration	The deadline for the initial position to resolve.

Important The initial trade has a known maximum risk. If we later accept shares, the position changes from a limited-risk option spread into stock ownership and must be managed accordingly.

3 — OBSERVE AND RESPOND

Three market outcomes, three prepared responses

Stock outcome	Typical response	Potential result
Rises	Close the spread after capturing most of its available profit.	Option income without owning shares.
Stable	Allow time decay to reduce option value; close or prepare for assignment.	Income can offset a lack of stock appreciation.
Declines	Reassess the thesis; monetize protection and accept shares only when warranted.	Adjusted ownership cost and continued management.

Why time can help

Options have expiration dates. When the stock remains above the short-put strike and other conditions are unchanged, the passage of time generally reduces the value of the puts. Because we initially sold the spread for more than it costs to close, that decline in option value can create profit.

Why assignment is conditional

A lower stock price does not automatically make the investment more attractive. Before assignment, we revisit the company, catalyst, market environment, liquidity and portfolio exposure. If the thesis has broken, preserving capital takes priority over owning the shares.

Multiple paths—not guaranteed outcomes The structure creates alternatives, but it does not eliminate market risk. A sharp decline, failed thesis, poor liquidity or mistimed adjustment can still produce a loss.

4 — ESTABLISH AN ADJUSTED ECONOMIC COST

Converting an option position into shares

When the thesis remains intact, the protective put can help create a lower effective investment in the shares.

If the stock declines, the protective long put generally increases in value. We can sell that protection, retain the original net option income, and accept assignment through the short put.

Adjusted economic cost = assignment price - total net option proceeds

Illustrative calculation	Per share
Recorded assignment price	\$95
Initial net option income	-\$4
Proceeds from monetizing protection	-\$6
Adjusted economic cost	\$85

The brokerage statement may record the shares at \$95, but after accounting for the \$10 generated by the options, the effective amount invested is \$85 per share. We then use \$85 as the internal reference point for future covered calls, collars, profit targets and exit decisions.

Accounting note Adjusted economic cost is an investment-management measure. It may differ from the tax basis reported by a broker or reflected on a tax return.

5 — CONTINUE MANAGING RISK

Managing shares after assignment

Assignment begins the ownership phase; it does not end the strategy.

Covered calls: income and a potential exit

We can receive income for agreeing to sell the shares at a predetermined strike price. If the stock remains below that price, the call may expire and we retain the shares and premium. If the stock rises above it, the shares may be sold at the agreed price.

Collars: defining a range

A collar pairs a covered call with a protective put. The call income can offset some or all of the cost of the put, creating a more clearly defined range of outcomes while the shares are held.

Additional put positions: selective, not automatic

We may establish another defined-risk put position if we independently want more shares at a lower price. This is not an automatic effort to rescue a losing trade. It requires a continuing thesis, available risk capacity and a predetermined purchase level.

Management principle We do not manage from the original stock quote simply because it is visible on a statement. We manage from the adjusted economic cost, current risk and remaining opportunity.

6 — PROTECT CAPITAL

Risk management in multiple scenarios

Risk is managed at the trade, position and portfolio levels.

Scenario	Primary controls
Slow decline	Protective put value, smaller position size, covered-call income and thesis review.
Sudden gap lower	Defined initial spread risk, protective options, liquidity discipline and exposure limits.
Broad market selloff	Cash reserves, portfolio hedges, reduced gross exposure and correlation monitoring.
Stock rallies through a call	Accept the predetermined sale, roll only when the economics justify it, and recognize that capped upside is a real trade-off.
Thesis fails	Exit or reduce the position rather than adding capital solely to lower the average price.

Three levels of control

- Trade level: defined-risk entry, liquid options and a predetermined adjustment plan.
- Position level: sizing, collars, covered calls and explicit ownership limits.
- Portfolio level: cash, sector limits, correlation, hedges and aggregate exposure.

No risk-free outcome Protection has a cost, covered calls can surrender upside, and assignment increases capital exposure. These trade-offs are evaluated before each adjustment.

7 — CONVERT OPPORTUNITY INTO REALIZED RESULTS

How we exit

Exits are based on remaining reward, risk and thesis—not on recovering an arbitrary entry price.

- Close the initial spread after capturing most of its available profit.
- Exit when the small amount of profit remaining no longer justifies the risk of continuing.
- Allow shares to be sold through a covered call when the strike meets the return objective.
- Sell shares directly when the expected return has been realized or capital has a better use elsewhere.
- Reduce or exit when the catalyst passes, the business thesis changes, or portfolio risk becomes excessive.
- Avoid holding a position solely to return to the original assignment price.

How we define a good exit We do not need to sell at the highest possible price. A successful exit realizes an attractive return relative to the risk, time and capital employed.

What we measure

Measure	Purpose
Net profit or loss	The complete outcome after options, shares, commissions and fees.
Capital employed	How much cash or risk capacity supported the position.
Holding period	The time required to produce the outcome.
Drawdown and exposure	The path and risk taken—not only the ending result.

CASE STUDY 1 — STOCK ROSE

RKLB: profit without purchasing the stock

The initial spread became inexpensive to close as RKLB moved higher.

Initial position — April 13, 2026	Per share	Total
Sold six May 1 \$78 puts	+\$9.62	+\$5,772
Bought six May 1 \$75 protective puts	-\$7.62	-\$4,572
Initial net option income	+\$2.00	+\$1,200

Closing position — April 30, 2026	Per share	Total
Repurchased six \$78 puts	-\$0.44	-\$264
Sold six \$75 protective puts	+\$0.12	+\$72
Net cost to close	-\$0.32	-\$192

Result	Amount
Gross profit	\$1,008
Net profit after commissions and fees	\$992.86
Share assignment	None
Holding period	Approximately 17 days

Investor takeaway RKLB rose, the spread lost most of its value, and we retained approximately 84% of the maximum available option income. No shares were assigned.

CASE STUDY 2 — STOCK FINISHED NEARLY FLAT

CCJ: profit while the stock went nowhere

CCJ was assigned at \$107 and sold at \$106.70, yet the complete trade produced a meaningful profit.

Conversion into 500 shares	Per share	Total
Assignment price	\$107.00	\$53,500
Initial net option income	-\$2.02	-\$1,010
Proceeds from selling protective puts	-\$0.45	-\$225
Initial adjusted economic cost	\$104.53	\$52,265

Post-assignment activity	Result
June 12 \$104 covered calls expired	+\$1,575
June 18 \$108 covered calls closed	+\$1,025
Stock sold \$0.30 below assignment price	-\$150
Net profit after commissions and fees	\$3,654.51

The covered-call income reduced the adjusted economic cost from \$104.53 to approximately \$99.33 per share before the shares were sold at \$106.70.

Investor takeaway The stock component lost \$150, but the complete strategy earned \$3,654.51 net—approximately 6.8% of the \$53,500 assignment value over roughly 27 days.

CASE STUDY 3 — STOCK DECLINED; POSITION REMAINS OPEN

SPCX: managing a substantial decline

SPCX shows how protection can be monetized before ongoing stock management begins.

Initial conversion into 200 shares	Per share	Total
Assignment price	\$215.00	\$43,000
Short-put premium retained	-\$33.45	-\$6,690
Profit on protective \$210 puts	-\$44.05	-\$8,810
Initial adjusted economic cost	\$137.50	\$27,500

After assignment, the position was managed with covered calls, protective puts and active adjustments. Completed post-assignment option activity shown in the trade history reduced the adjusted economic cost by approximately another \$1.02 per share, to about \$136.48, before considering open positions.

Why an additional put position was added

The thesis remained intact and additional shares were desirable at a lower price, so another defined-risk put position was established. It was a discretionary new purchase decision—not an automatic attempt to average down. As of the trade history provided, it had generated option income but had not resulted in additional shares.

Investor takeaway SPCX declined materially, but monetizing the protective puts reduced the initial effective investment from the \$215 assignment price to \$137.50 per share. Because the position remains open, no final profit or loss is presented.

ONE FRAMEWORK, DIFFERENT OUTCOMES

What the three trades demonstrate

Example	Stock outcome	Strategy response	Reported result
RKLB	Rose	Closed initial spread	\$992.86 net profit; no shares
CCJ	Nearly flat	Assigned shares; sold covered calls; exited	\$3,654.51 net profit
SPCX	Declined	Monetized protection; managed shares	Ongoing; adjusted cost reduced

These examples are not intended to imply that every path will be profitable. They show how the same framework can respond to different price outcomes without requiring a single prediction to be correct immediately.

The common thread Each trade began with defined initial risk, produced a predetermined response to changing prices, and was evaluated on the complete position rather than on the stock price alone.

What can still go wrong

- A company-specific event can overwhelm the expected protection or create poor liquidity.
- A thesis can deteriorate after assignment.
- Covered calls can limit gains during a sharp rally.
- Protective puts can expire without value and reduce returns.
- Concentrated or correlated positions can compound portfolio losses.

CLOSING PERSPECTIVE

The Catalyst+ philosophy

The goal is not to predict every price movement. The goal is to prepare for more than one of them.

Catalyst+ combines company selection, defined-risk option structures, disciplined ownership and rules-based exits. Income is generated throughout the investment lifecycle, but income alone is never a substitute for a sound thesis or prudent risk limits.

When the stock rises, the initial spread can generate profit without ownership. When the stock remains stable, option income may compensate for limited appreciation. When the stock declines and the thesis remains valid, protection can be monetized and shares may be acquired at a lower adjusted economic cost. When the thesis fails, the process calls for reducing risk rather than relying on hope.

In one sentence We seek to define risk before entry, create multiple paths to a favorable result, and manage every position according to what the market actually does.

Plain-language glossary

Term	Meaning
Assignment	The purchase of shares required by a short put.
Covered call	Income received for agreeing to sell owned shares at a set price.
Collar	A covered call combined with a protective put.
Premium	The cash paid or received for an option.
Strike price	The predetermined purchase or sale price in an option contract.

INVESTOR EDUCATION AND RISK DISCLOSURE

Important information

This material is provided for informational and educational purposes only. It is not an offer to sell, a solicitation to buy, or a recommendation regarding any security, investment product or investment strategy. Any offering would be made only through applicable offering documents, which should be reviewed in full.

Options and equities involve risk, including the possible loss of principal. Defined-risk option structures limit the initial spread risk but do not limit all risks that may arise after assignment, adjustment or conversion into shares. Covered calls may limit upside. Protective options require premium and may expire without value. Market gaps, illiquidity, volatility and company-specific events can produce losses greater than expected.

The case studies are based on transaction histories supplied by Catalyst+ and are shown to illustrate strategy mechanics. They are not representative of every trade and should not be interpreted as a guarantee of future results. SPCX was an open position as of the transaction history provided; its final result was not known. Unless otherwise noted, calculations are based on gross transaction amounts, with net results identified where commissions and fees were available.

Adjusted economic cost is an internal investment-management calculation that incorporates relevant option cash flows. It may differ from tax basis, regulatory reporting, brokerage presentation or accounting treatment. Investors should consult their own tax, legal and financial advisers.

Past performance is not indicative of future results. Actual investor returns may differ because of fees, expenses, timing, position sizing, liquidity, valuation and other factors.

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