

Synthetic Long Stock

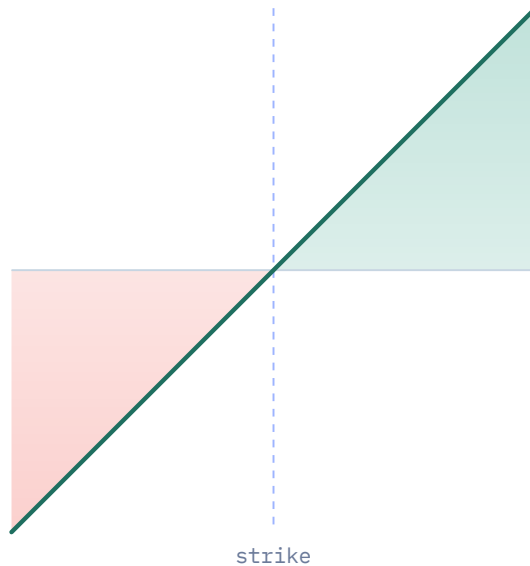
A share position built from two options: same profile, less capital.

also: risk reversal · combo · synthetic stock

PAYOFF PROFILE

Profit / loss per contract unit

Profit



Schematic, not to scale.

Price at expiration →

CONSTRUCTION

- +1 Call at the strike
- -1 Put at the strike

KEY FIGURES

Maxprofit	unlimited
Maxloss	strike + premium (at price 0)
Break-even	strike + premium
Profitzone	price above the break-even
Capitalrequired	margin, as for a short put
Opening	mixed, depending on the strikes

WHAT HELPS THE POSITION

Direction	behaves like a share position
Movement	barely any effect
Time	Time is neutral
Volatility	Volatility is neutral

WHAT PAYS YOU

Price direction

A pure directional trade. Theta and vega roughly cancel - the textbook illustration of put-call parity.

TYPICAL USE

Market phase	clear uptrend
Volatility	medium (IV rank 30-50)
Goal	Speculation, Acquiring shares
Expiration	60-180 days
Strike choice	beide ~0.50
Assignment risk	high on the short put

EXIT & MANAGEMENT

Take profit	same as a stock position
Loss limit	same as a stock position
Time rule	roll before expiration

THE ONE QUESTION BEFORE ENTRY

Why not just buy the stock? (The answer has to be capital efficiency or tax treatment - not 'less risk'.)

COMMON MISTAKES

- Treated as a cheap stock substitute - the downside is identical to the stock, just without the dividend



Related: Long Call · Cash-Secured Put — Opposite: Collar
Figures are per contract unit at expiration, before fees and tax. This is not investment advice — options can lose their entire value.