

	Covered Call (E)	Covered Call (G)	Covered Call (H)
You Pay / Receive	Stock Price - Call Premium \$25 - \$0.75 = \$24.25 (you pay)	Stock Price - Call Premium \$25 - \$1.30 = \$23.70 (you pay)	Stock Price - Call Premium \$25 - \$2.40 = \$22.60 (you pay)
Risk	Stock Price – Call Premium received \$25 - \$0.75 = \$24.25 Risk of \$24.25 is 100% of your total cost	Stock Price – Call Premium received \$25 - \$1.30 = \$23.70 Risk of \$23.70 is 100% of your total cost	Stock Price – Call Premium received \$25 - \$2.40 = \$22.60 Risk of \$22.60 is 100% of your total cost
Maximum Reward	Limited to the Call Premium received, plus the Call Strike Price less the Stock Price paid \$0.75 + \$30 - \$25 = \$5.75 You only receive this maximum reward if the stock price appreciates to \$30 or more at expiration. This represents a maximum return on maximum risk of 23.7% but the stock must reach \$30 at expiration for this to happen.	Limited to the Call Premium received, plus the Call Strike Price less the Stock Price paid \$1.30 + \$27.50 - \$25 = \$3.80 You only receive this maximum reward if the stock price appreciates to \$27.50 or more at expiration. This represents a maximum return on maximum risk of 16% but the stock must reach \$27.50 at expiration for this to happen.	Limited to the Call Premium received, plus the Call Strike Price less the Stock Price paid \$2.40 + \$25 - \$25 = \$2.40 You only receive this maximum reward if the stock price remains at \$25 or more at expiration. This represents a maximum return on maximum risk of 10.6% but the stock must be at \$25 at expiration for this to happen.
Interim Reward	If the stock remains at its current level of \$25, what are our respective yields then? Because we are presuming there is no uplift in the stock price whatsoever, the calculation is simply the Call Premium received divided by the maximum risk of the trade.		
	(\$0.75 / \$24.25) = 3.1%	(\$1.30 / \$23.70) = 5.5%	(\$2.40 / \$22.60) = 10.6%
Breakeven	Stock Price – Call Premium received \$25 - \$0.75 = \$24.25	Stock Price – Call Premium received \$25 - \$1.30 = \$23.70	Stock Price – Call Premium received \$25 - \$2.40 = \$22.60
Comment	Which one would you choose? Well there is no right or wrong answer <i>per se</i> , but remember why you would choose a Covered Call strategy. It's because you believe the stock will appreciate in value steadily over the medium term. Bearing this in mind, H doesn't fit in because you're not allowing for any of the expected rise in the stock value. You're then left between E and G. If you're anticipating a large move to the upside before expiration, then E would be the better choice because your maximum reward is higher. If you're more conservative then G would be the better choice, since your risk and breakeven are lower (as is your maximum profit).		