

# PALOS

## CONTENTS

## Palos Weekly Commentary

Issue No. 48 | NOVEMBER 29 2018

Options Corner	1
Disclaimer	2
Contacts	3

## Options Corner

*By Robert Mendel*

So, another week and getting closer to the holidays. My wife comes to me and says, time to buy gifts. I tell her not too many people other than myself are really worthy, but she insists anyway. So, I say “you do what you want and I will do what I want” So I decided to give the gift of selling puts. Here is what I did:

On Tuesday November 27, after seeing how the earnings from Bank of Nova Scotia had no real effect on its stock, I sold puts on two banks, Royal and TD which were set to report (RY on November 28 and TD on November 29). With Royal trading at \$95.40 I sold the Nov 30 95 puts for .68 cents. This is a 3-day play which would equate to a .7% return (87% annually) if the stock stayed above \$95. Also, with TD trading at \$72.05, I sold the Nov 30 72 puts for .62 cents which equated to a .9% 3-day return (105% annually) if the stock stayed above \$72. In this case I wasn't really paying attention to the annual numbers, but it is nice to know anyway.

Also on Tuesday, with the stock trading at \$45.40 I sold a Dec 21 45 put on TJX for \$1.00, the company we all know as TJ Max. The stock traded over \$56 on October 1 and then fell back to levels where I thought it would now be worth a position. The premium received made it a 2.2% return in 24 days or 33.8% annually. After putting this play on, I raced home to tell my wife to only shop at Winners if she was buying clothes and stuff. Nothing like high quality for all my close friends.

And if I can go off on a tangent, and why not, it is my column... it bears repeating that none of my plays are leveraged. And in these crazy times, not being leveraged, allows me to be wrong and still figure out ways to still be right in the end. I suggest the same for you.

Will keep you posted, and go shop at Winners.

### Disclaimer:

---

This publication is proprietary to Palos Management Inc. (along with its affiliate Palos Wealth Management Inc., “Palos”). This publication may be copied, downloaded, stored in a retrieval system, further transmitted, reproduced, disseminated, and/or transferred, in any form or by any means, but only as long as it is unaltered and attributed to Palos. This publication and its contents may not be sold or licensed without Palos’ written permission. The information and opinions contained herein have been compiled or arrived at from sources believed reliable but no representation or warranty, express or implied, is made or implied regarding accuracy or completeness. The information provided does not constitute investment advice and it should not be relied upon on as such. If you have received this communication in error, please notify us immediately by electronic mail or telephone. This document may contain certain forward-looking statements that are not guarantees of future performance and future results could be materially different. Past performance is not a guarantee of future performance. “S&P” is a registered trademark of Standard and Poor’s Financial Services LLC. “TSX” is a registered trademark of TSX Inc. The Bloomberg USD High Yield Corporate Bond Index is a rules-based, marketvalue weighted index engineered to measure publicly issued noninvestment grade USD fixedrate, taxable, corporate bonds. To be included in the index a security must have a minimum par amount of 250MM.

# Palos Weekly Commentary

Issue No. 48 | NOVEMBER 29 2018

## PALOS

1 Place Ville Marie, Suite 1670  
Montreal (QC) H3B 2B6, Canada

T. +1 (514) 397-0188  
F. +1 (514) 397-0199

1 St. Clair Avenue East Suite 504  
Toronto, Ontario M4T 2V7

T. +1 (647) 276-0110  
F. +1 (647) 276-0110

[www.palos.ca](http://www.palos.ca)