

PALOS

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Palos Weekly Commentary

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Options Corner

By Robert Mendel

Now I know I didn't do well in my grade 9 Theology class but tell me where the heck in the bible does it say I gotta take care of my free loading good for nothing sister? And do I really have to look at her so early in the morning when I am trying to eat? I mean if her face had any more wrinkles on it, she would be a walking curtain. But because she is my sister, and I am after all a decent person, I wanted to help her. And boy, she needs help. Botox and Allergan to the rescue - the leader in Botox injections and let me tell you, this company is going to make a fortune on her, and it will probably reflect well on the stock.

So, I dug in and this is what I found. A stock trading at 8.4 x earnings, down from a 52 week hi of \$197.00 reached on October 03, a 52-week low of \$125.84 on December 26 and currently trading, depending on the day in the mid to high \$130s. Carl Icahn and other activists are circling the wagon and starting to make noise because they feel it is an undervalued play. Who am I to argue? So, on Tuesday February 19 with the stock at \$138.70, I sold the March 01 138 puts for \$2.00 which equated to a 1.4% 10-day play (51% annualized) if it holds above the \$138 strike. And if it starts to trade lower, I will send my sister in for extra treatments just to boost the revenues.

On another note if you guys recall I mentioned putting on a short call and put position on Tesla (May 390 call and July and January 150 and 100 put respectively). Well yesterday I reloaded and did a much shorter one. With Tesla trading at \$301 I sold the March 15 330 call for \$4.20 and a March 270 put for \$4.10. So here, if the stock stays between \$270-330 I will make money and my break-even point is \$262 and 338.

See ya!

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