

PALOS

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Palos Weekly Commentary

Issue No. 14 | APRIL 4 2019

Options Corner

By Robert Mendel

People often ask me: when do I sell puts and when do I buy the stock and sell the call?

The answer comes down to where I think the trend is and how much protection I would want versus upside potential. If I am feeling defensive, I would opt to sell a put. If I feel the trend will be higher, I would look to put on a covered call play instead.

Today I still feel that way (trending up slightly) but also wanted a new play with more diversification – a quasi-mutual fund/ETF if you will. So, with that in mind, I decided to buy the Oracle of Omaha and his 5 Coca-Cola drinks a day too.

This is what I did on April 1st.

BRK/B US	600.0000	203.96	122,376.00	202.50	121,500.00	04/01/19	876.00
BRKB US 04/12/19 C207.5	-6.0000	0.50	-300.00	0.40	-240.00	04/01/19	-60.00

In this play I bought BRK/B at \$202.50 and sold the April 12 \$207.5 call for .40 cents for a net cost of \$202.10.

So here you can see I was willing to take less on the option to give me more potential upside. And I am happy to continue chiseling away to continue lowering my cost as long as I have that upside I am looking for. Will keep you posted.

I know this week was boring with no jokes. blah blah blah...

See you

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