

PALOS

CONTENTS

Options Corner	1
Disclaimer & Contacts	3

Palos Weekly Commentary

Issue No. 9 | FEBRUARY 28 2019

Options Corner

By Robert Mendel

Now let me tell you about the most important thing in my life... no, not my Superman comic collection, but my darling wife. What a beauty she is. And really God bless her, but let's be real, whoever coined the phrase 'til death do us part' definitely was not thinking of her.

But in order to celebrate her birthday week – you notice how I say 'week'? Apparently, it wasn't good enough for her to have just one day like the rest of us seven billion. Noooo, she needs a week. But anyway, to celebrate the week and to pay her the due respect she deserves, I thought I would put plays on the three things she cares about the most... drinking, watching TV and shopping. What a wholesome creature she is, isn't she? So, hello to Molson, Netflix and Tapestry. Solidarity with my wife...who says I don't care.

On February 26, with the stock at \$363, I sold the March 08 355 puts for \$4.25 for a potential 1.3% return in 10 days (46% annualized) if it stays over the strike...see below.

NFLX US 03/08/19 P355	-4.0000	3.30	-1,320.00	4.25	-1,700.00	02/26/19
-----------------------	---------	------	-----------	------	-----------	----------

On February 27, I bought Molson at \$60.94 and simultaneously sold the March 01 60 calls for .40 cents for a cost of \$60.54. But the company is also set to go x-dividend on March 01 and pay out .41 cents lowering my cost on the 3 day play to \$60.13. If above \$61 my potential return comes to 1.4%. Also, because I know my wife drinks a lot, I doubled up and sold a March 01 60.50 put for .40 cents which would result in a .7% 3-day return (80% annualized) if it stays over the strike, and with a little downside protection too... see below.

TAP US	2,000.0000	60.90	121,800.00	60.94	121,880.00	02/27/19
TAP US 03/01/19 C61	-20.0000	0.40	-800.00	0.40	-800.00	02/27/19
TAP US 03/01/19 P60.5	-20.0000	0.55	-1,100.00	0.40	-800.00	02/27/19

Options Corner cont.

By Robert Mendel

Also, on February 27, I bought Tapestry (the old Coach name) at \$35.46 and simultaneously sold the March 01 35.5 calls at .35 cents for a cost of \$35.11. But here too I am set to receive a dividend of .3375 cents on March 07, so my cost is really \$34.77 If I lose the stock on Friday (March 01) I will make 1.1% in 3 days. (see below)

TPR US	3,000.0000	35.45	106,344.60	35.46	106,380.00	02/27/19
TPR US 03/01/19 C35.5	-30.0000	0.40	-1,200.00	0.35	-1,050.00	02/27/19

And with all three plays my plan is to sell another call a week out if I still hold the positions. But more importantly I have already thought of what I should do to celebrate my 10th upcoming anniversary... I will take her to Australia! and probably pick her up on my 20th anniversary.

Palos Weekly Commentary

Issue No. 9 | FEBRUARY 28 2019

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

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