



OptionsHawk Open Interest Report 2H 2017

The following report details 60 stocks with notable Institutional option trades in open interest, along with a brief view on fundamentals, technicals, and potential catalysts. If you have followed the OptionsHawk website you know that I utilize options flow to find trading opportunities, generally directional trades. Without going into too much detail the notion behind this method is that Institutions have the best access to information that impacts stock performance, and by following the large money trades you can piggy-back on that knowledge and take part in the profits.

Most of the trades discussed below have taken place in the first half of 2017 and are positioned in July 2017 – June 2018 option contracts, a broad array of companies in various industries. With each I provide the initial entry price to allow easy comparison to the current price, and one can decide to keep things simple, or develop more complex strategies based on the options positioning. The details of the trade will give you a good idea about the expected target move for shares, and the timeframe. The color codes are as follows: Green = Bullish (Calls Bought, Puts Sold), Red = Bearish (Calls Sold, Puts Bought), Yellow = Volatility Trade (Strangles, Straddles), and Blue = Stock Tied Trade (Covered Calls, Buy-Writes). IV Skew is expressed as the 25-Delta Put/Call Premium.

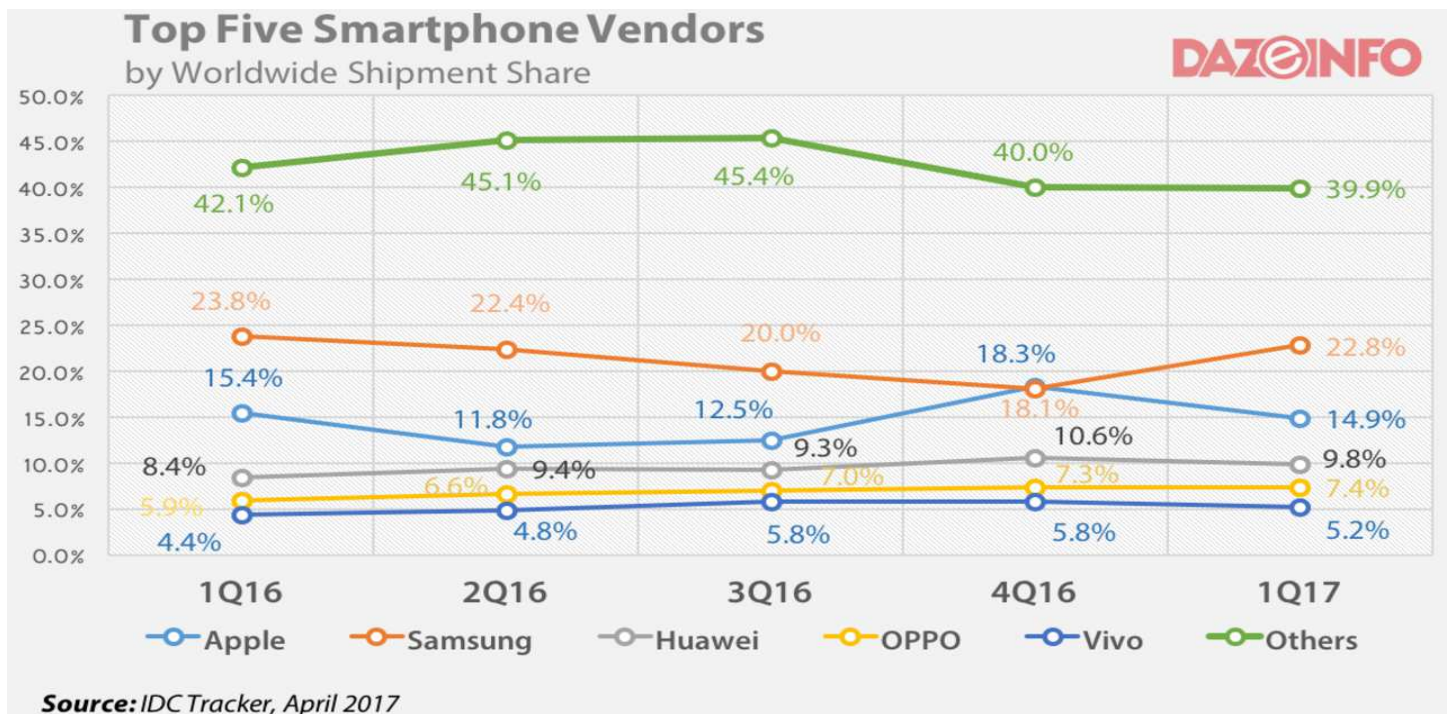
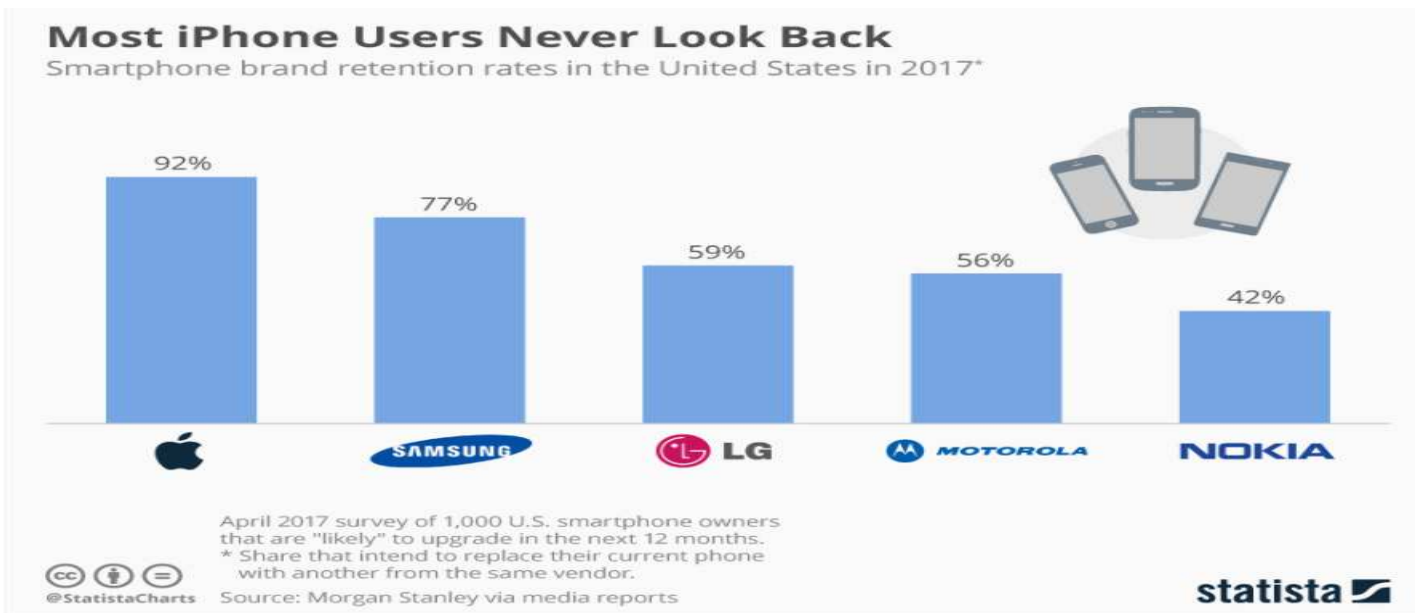
As with any trade it remains important to do your own due diligence, but these stocks are presented as ideas, a starting point to find your own profitable trades. In any case it is always important to manage risk, and determine entry and exit points as appropriate whether through valuation techniques, or important technical levels on the chart. It can be utilized as a watch list, and look for entry with names oversold at support via the stock or an option strategy deemed appropriate. Most of the charts provided are a long-term view with weekly and monthly candles just to gain a better overall perspective.

I will also note that the trades noted below are of the bullish variety, and this is for a couple reasons. First, we are in an upward trending market, and the Institutional options flow has been positioning with sizable bullish trades, often adjusting out and up in strikes, and been very accurate to this point, just as they were positioning for downside ahead of the Financial Crisis. Secondly, a large opening position in calls provides much more clarity than one in puts, as puts are often utilized to hedge long stock, and although one could argue that calls are hedging short stock, this can be discounted by observing short interest trends in the stocks, and also a lot of Institutions are not apt to take short positions. I tried to keep the language simple and not get too complex in the trade descriptions, but if you are confused feel free to visit the OptionsHawk site and check out the Education tab, and also learn more about the art of following options flow.

The optimal strategy presented is based on current market prices, and with many names overbought, an opportunity to get better prices when stocks pull back to noted support levels is optimal, so patience is recommended.

Apple (AAPL) \$153.61 – Technology - Hardware

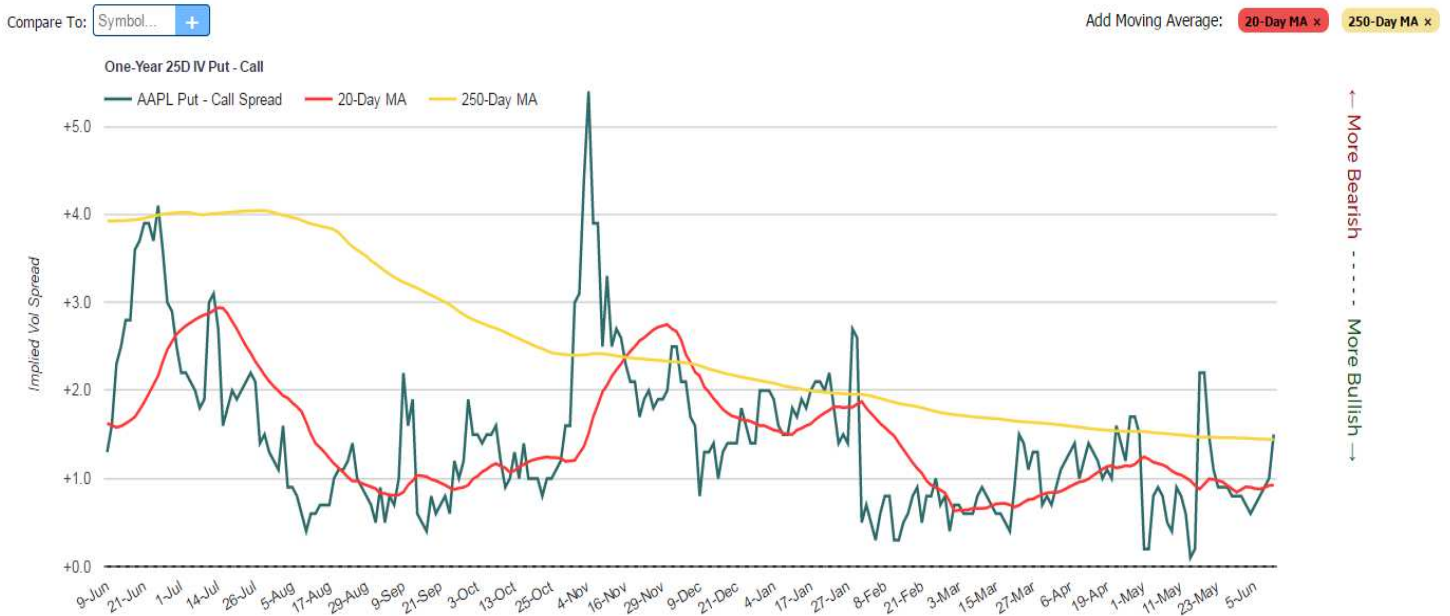
Fundamental Snapshot: The \$800B Tech giant trades 14.7X Earnings, 3.65X Sales, 19.8X FCF and 6X Book with a 1.64% dividend yield and \$255B in cash. After a negative growth year in 2016 for both revenues and EPS, 2017 is seen at +5.2% and +7.5% respectively, and +10.7%/+16.9% for 2018, accelerating growth resulting in a rising multiple. The iPhone remains Apple’s primary business accounting for 62% of revenues, while Services has surpassed both Mac and iPad revenues and growing at 18% Y/Y. Apple’s “Other Products” includes Apple TV, Apple Watch, Beats, iPod and Accessories and has seen the greatest growth posting +31% Y/Y last quarter. The upcoming launch of the iPhone 8 is being called a potential “super cycle” for upgrades with the new product having a lot of features consumers have desired for years. Apple has strong retention rates and is positioned to gain even more of the US smartphone share. India is certain to be a long term growth opportunity.



Open Interest, Volatility, and Skew: Apple's 30 day IV at 22.5% is at the 54th percentile of its 52-week range of 8% to 25.5%. Its December options are pricing in a 13% move by year-end, and its total put/call open interest ratio is at 0.786. Its 30 day IV Skew at +6.6% compares to a 52-week average of +8%. Some notable positions that stand out are 20,000 August \$150 calls, 10,000 September \$160 calls, October \$160 and \$165 Calls, and a buyer of 20,000 June 2018 \$200 calls on 3/1.

Date	Description	Volu	Open	Price	%Chan	De	Impl \	Prob.I	Premium f	Symbol
10/10/2016	AAPL 100 21 JUL 17 110 CALL	7,951	111	\$12.97	23.64%	0.62	25.02%	53.21%	\$10,312,447	AAPL170721C110
11/22/2016	AAPL 100 21 JUL 17 115 PUT	9,208	1,546	\$10.05	1.01%	-0.55	20.68%	62.26%	\$9,254,040	AAPL170721P115
1/30/2017	AAPL 100 20 OCT 17 115 CALL	6,577	3,226	\$11.83	-1.42%	0.64	22.42%	55.97%	\$7,958,170	AAPL171020C115
2/7/2017	AAPL 100 20 OCT 17 135 PUT	5,943	370	\$11.50	-2.95%	-0.54	20.40%	61.35%	\$6,864,165	AAPL171020P135
4/24/2017	AAPL 100 17 NOV 17 145 CALL	7,097	11,519	\$8.36	10.58%	0.5	21.33%	43.60%	\$5,961,480	AAPL171117C145
1/31/2017	AAPL 100 20 OCT 17 120 PUT	6,010	333	\$8.50	1.19%	-0.45	21.01%	52.98%	\$5,138,550	AAPL171020P120
1/30/2017	AAPL 100 20 OCT 17 140 CALL	19,878	6,746	\$2.11	-0.47%	0.2	19.47%	16.15%	\$4,313,526	AAPL171020C140
5/12/2017	AAPL 100 17 NOV 17 155 CALL	4,177	4,809	\$10.16	14.80%	0.54	22.46%	47.37%	\$4,281,425	AAPL171117C155
4/20/2017	AAPL 100 18 AUG 17 150 CALL	12,922	7,158	\$3.27	20.22%	0.33	19.16%	29.10%	\$4,199,650	AAPL170818C150
3/30/2017	AAPL 100 18 AUG 17 140 PUT	5,132	1,357	\$5.75	1.41%	-0.4	20.81%	45.15%	\$2,950,900	AAPL170818P140
3/1/2017	AAPL 100 15 JUN 18 200 CALL	20,364	0	\$1.34	-33.00%	0.09	22.18%	5.43%	\$2,749,140	AAPL180615C200
1/6/2017	AAPL 100 18 JAN 19 140 CALL	3,226	2,045	\$8.45	9.17%	0.35	25.64%	23.24%	\$2,742,100	AAPL190118C140
5/9/2017	AAPL 100 15 DEC 17 165 CALL	4,961	1,478	\$5.30	19.10%	0.35	20.32%	29.61%	\$2,654,135	AAPL171215C165
3/3/2017	AAPL 100 18 AUG 17 140 CALL	3,174	1,431	\$8.01	5.39%	0.51	22.68%	44.66%	\$2,555,070	AAPL170818C140
3/20/2017	AAPL 100 18 JAN 19 155 CALL	2,051	1,295	\$11.97	2.31%	0.426	23.92%	31.10%	\$2,455,047	AAPL190118C155
5/2/2017	AAPL 100 15 SEP 17 160 CALL	10,144	2,934	\$2.22	4.23%	0.25	17.92%	21.28%	\$2,404,128	AAPL170915C160
6/5/2017	AAPL 100 (Weeklys) 14 JUL 17 150 CALL	3,480	409	\$5.93	2.77%	0.66	18.83%	63.97%	\$2,088,000	AAPL170714C150
5/25/2017	AAPL 100 (Weeklys) 7 JUL 17 150 CALL	3,258	0	\$6.11	N/A	0.67	18.20%	64.92%	\$2,036,250	AAPL170707C150
5/30/2017	AAPL 100 17 NOV 17 165 CALL	3,870	3,321	\$4.55	4.60%	0.33	21.11%	28.26%	\$1,760,850	AAPL171117C165
3/24/2017	AAPL 100 15 DEC 17 145 CALL	2,038	418	\$7.90	-5.95%	0.454	21.53%	38.48%	\$1,610,020	AAPL171215C145
1/31/2017	AAPL 100 17 NOV 17 145 CALL	8,032	4,275	\$1.93	7.22%	0.17	20.87%	13.22%	\$1,590,336	AAPL171117C145
1/25/2017	AAPL 100 20 OCT 17 140 CALL	6,181	1,093	\$2.17	10.15%	0.21	19.44%	16.48%	\$1,390,725	AAPL171020C140
6/9/2017	AAPL 100 (Weeklys) 30 JUN 17 148 CALL	3,154	116	\$3.80	-51.96%	0.55	24.93%	52.41%	\$1,371,990	AAPL170630C148
3/6/2017	AAPL 100 15 JUN 18 160 CALL	1,970	1,134	\$6.65	-8.53%	0.32	23.53%	23.47%	\$1,329,750	AAPL180615C160
5/9/2017	AAPL 100 18 AUG 17 165 CALL	5,827	5,087	\$2.10	19.32%	0.25	18.53%	21.79%	\$1,241,151	AAPL170818C165
6/6/2017	AAPL 100 21 SEP 18 170 CALL	1,139	146	\$10.15	3.57%	0.4	23.96%	30.74%	\$1,213,035	AAPL180921C170
5/1/2017	AAPL 100 20 OCT 17 165 CALL	6,290	3,717	\$1.91	35.46%	0.19	18.71%	15.91%	\$1,195,100	AAPL171020C165
12/2/2016	AAPL 100 21 JUL 17 130 CALL	7,631	1,298	\$1.55	-6.06%	0.17	21.40%	12.95%	\$1,182,805	AAPL170721C130
4/24/2017	AAPL 100 20 OCT 17 160 CALL	4,519	8,441	\$2.19	3.79%	0.22	18.77%	18.03%	\$989,661	AAPL171020C160
2/21/2017	AAPL 100 20 OCT 17 160 CALL	4,435	1,224	\$2.07	7.81%	0.18	20.68%	13.87%	\$913,610	AAPL171020C160

Historical Volatility Spread of 25-Delta Put IV minus 25-Delta Call IV



Analyst Notes: Analysts have an average target of \$165 on shares with a high of \$202 and low of \$120, 27 Buy ratings and 4 Hold ratings. On 5-22 RBC raised its target to \$168 seeing Apple reaching a \$1-Trillion market cap with levers including higher growth driven by ASP tailwinds and unit growth, expanding gross margins, sustained buybacks, and potential for repatriation. On 5-16 Canaccord raised its target to \$180 expecting strong demand for the September iPhone launch. On 5-8 Drexel Hamilton raised its target to \$202, the Street high, looking ahead to the iPhone 8, seeing cheap valuation, capital distribution, and innovation on the horizon.

Technical View: AAPL shares have strong momentum with monthly RSI clearing a multi-year downtrend and since shares broke out of the falling wedge with the move above \$108 momentum has picked up. Shares are fairly overbought, but the \$90/\$130 range break targets a measured move to \$170. AAPL shares have pulled back recently near its rising 20 week EMA support, also touching the lower end of its daily cloud. If shares lose \$139.50 support they could retrace back to the \$130-\$132 zone.



Seasonality: Apple shares historically have performed best in Q3 with a 9.8% five-year average return, followed closely by Q1 at +8.63%. February, March, May, July, and October have been its strongest months, while January, June, and December is its weakest month.

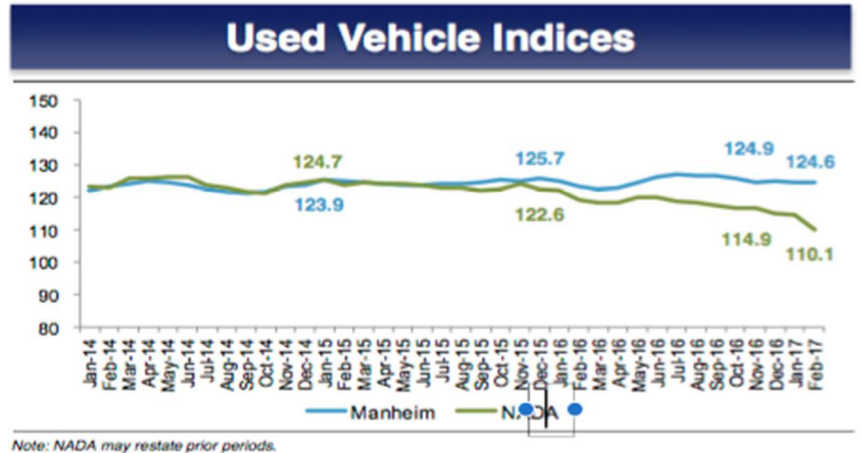
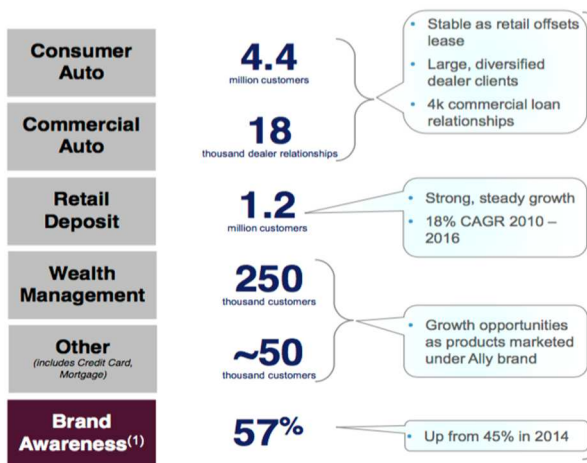
Ownership Trends: Institutional ownership in Apple rose 0.73% in Q1 filings as 149 funds started new positions, 735 added, 67 closed, and 1,361 reduced. Berkshire Hathaway was one of the largest buyers again adding to its large position, Apple now 11.5% of its portfolio as the 3rd largest holding. Short interest is negligible at 1% of the float and steady since collapsing in Q2 2016. Apple's last insider buy was 7-24-2015 by Director Susan Wagner for \$469,274 at \$123.49/share.

Catalyst: iPhone 8 Launch; Earnings; Cash Utilization (M&A/Buybacks/Dividends); Repatriation

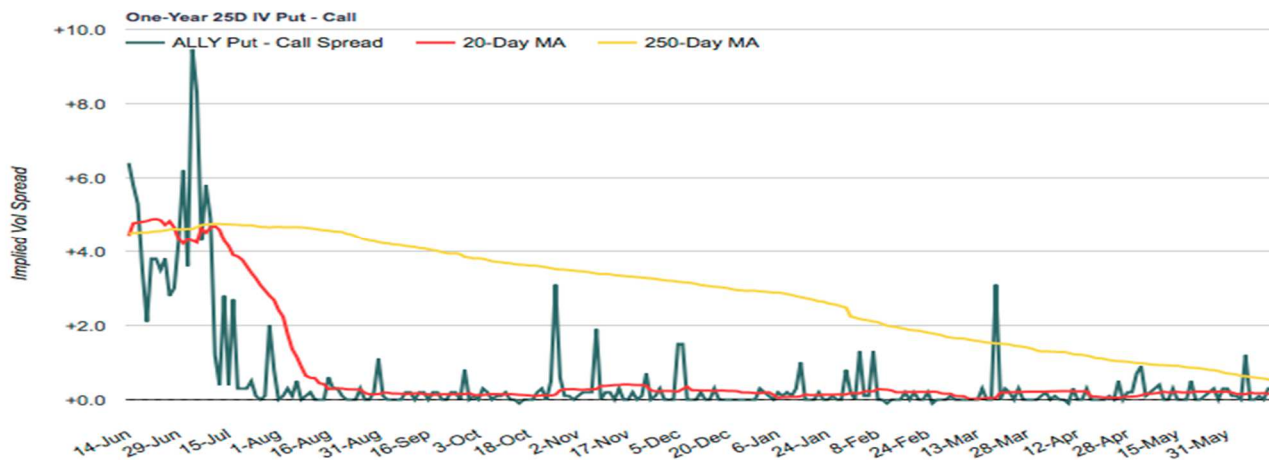
Optimal Strategy: Long the AAPL August \$165 / September \$160 Call Diagonal Spread at \$1.10 Debit

Ally Financial (ALLY) \$19 – Financial – Auto/Mortgage

Fundamental Snapshot: The \$8.89B financial trades 7.23X earnings, 1.08X sales, and 0.67X book with a 1.68% dividend yield. ALLY has seen steady revenue growth since 2013 and looking for 5% and 6.3% Y/Y growth in 2017 and 2018 respectively. Shares have traded roughly flat over the last year with increased concerns over automotive loans but attractive on valuation and targeting core ROTCE of 12% longer-term as they diversify into other verticals such as mortgages, credit cards, and wealth management with a key second-half catalysts being the launch of Ally Invest. The company is coming off a mixed quarter as used car prices continue to fall, the ninth straight month of NADA index falling, which impacts the company's recoveries on defaulted loans. ALLY talked down concerns about the slowdown noting they remain steady on originations and booking higher yield loans as competitors dial back, potentially putting them in a leadership position as the credit market improves and expanding NIM. The company carries about \$9B in exposure to non-prime loans with just \$200M marked as non-performing. In March, ALLY increased their expected loss-rate to 1.6% in 2017, up from 1.24% in 2016, but focus should be longer-term as they expect yield on the portfolio to rise to 6%. ALLY trades cheap relative to book value allowing the company to buy back stock at a discount and having just completed a \$700M program in Q2.



Open Interest, Volatility, and Skew: ALLY 30-day IV at 30.5% is in the 45th percentile of its 52-week range of 42.87% to 20.56%. Its December options are pricing in a 18.8% move by year-end and its total put/call open interest ratio is 0.777. Its 30-day IV skew is flat vs a 52-week average of 2.1%. Some notable positions in open interest include the January \$25/\$27 call spread, January \$15 short puts, and December \$20 and \$21 calls.



More Bearish More Bullish →

Date	Description	Volu	Open	Price	%Chan	De	Impl	Prob.1	Premium F	Symbol
2/1/2017	ALLY 100 19 JAN 18 15 PUT	19,006	3,046	\$15,960.00	-14.29%	-0.13	39.27%	23.12%	\$1,330,420	.ALLY180119P15
5/5/2017	ALLY 100 15 DEC 17 21 CALL	5,000	46	\$1.30	-3.70%	0.42	31.07%	33.04%	\$675,000	.ALLY171215C21
5/1/2017	ALLY 100 19 JAN 18 22 CALL	5,011	3,990	\$1.15	-4.17%	0.37	29.62%	28.50%	\$576,265	.ALLY180119C22
5/17/2017	ALLY 100 15 DEC 17 14 PUT	9,000	20	\$0.55	37.50%	-0.15	40.06%	23.20%	\$495,000	.ALLY171215P14
4/6/2017	ALLY 100 19 JAN 18 20 CALL	2,077	1,989	\$1.90	-2.56%	0.51	30.62%	40.67%	\$415,400	.ALLY180119C20
6/9/2017	ALLY 100 15 DEC 17 17 PUT	3,878	147	\$1.00	2.04%	-0.27	35.28%	36.05%	\$387,800	.ALLY171215P17
1/27/2017	ALLY 100 15 SEP 17 21 CALL	2,282	15	\$1.20	14.29%	0.43	29.62%	33.86%	\$342,300	.ALLY170915C21
1/27/2017	ALLY 100 19 JAN 18 22 CALL	2,620	752	\$1.25	5.93%	0.38	28.39%	28.42%	\$340,600	.ALLY180119C22
5/26/2017	ALLY 100 21 JUL 17 20 CALL	3,326	1,184	\$0.48	6.67%	0.36	29.06%	31.63%	\$182,930	.ALLY170721C20
5/16/2017	ALLY 100 15 SEP 17 18 PUT	1,573	1,335	\$0.98	-4.85%	-0.35	33.69%	42.37%	\$157,300	.ALLY170915P18

Analyst Notes: Analysts have an average target for shares of \$25 with 11 buy ratings and 4 hold ratings, BTIG with a Street high \$30 price target. In a note on 4-20 the firm noted that ALLY has \$12B in unsecured debt maturing over the next four years, part of which can be accelerated to boost earnings per share and ROE. BTIG thinks the company can grow its deposit base by \$40B over the next four years helping drive \$800M in incremental revenue and \$1.20 in EPS. Bernstein out positive on 6-17 noting that CCAR stress test could be a positive catalyst for shares which will allow them to return more capital than expected to shareholders.

Technical View: ALLY shares have pulled back off of their post-Election highs near \$23 and looking to work above trendline resistance and the 200-MA recently at \$20. Shares held the 61.8% Fibonacci retracement of the move from the 2016 lows at \$18.20. Additionally, shares are showing a bullish RSI divergence on the daily timeframe into the recent lows. Over the \$20.50 level gets shares out of a big volume area and can maneuver back to the Feb. highs.



Seasonality: ALLY is seasonally strongest into the Spring with Feb/March its best months while April, September, and January the worst months, the latter averaging a greater than 6% decline.

Ownership Trends: Institutional ownership fell 1.8% in Q1 filings, 66 funds creating new positions, 130 adding, 42 closing, and 115 reducing. 20 funds hold ALLY in their top ten positions. Harris Associates a top buyer of more than 4.3M shares, raising their stake over 40M shares, while Two Creeks Capital and Hitchwood new positions. Short interest is 3.58% of the float, rising recently from 2%.

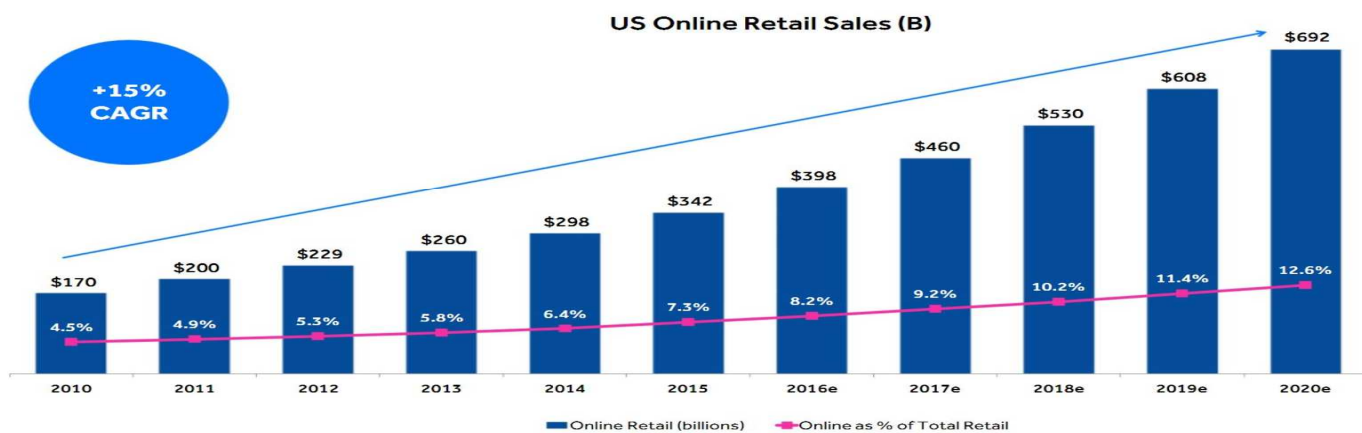
Catalyst: Improvement in Auto Loans, Ally Invest Launch, Added Partnerships, Tax/Regulatory Reform

Optimal Strategy: Long the ALLY December \$21/\$24 Call Spread for \$1.00 Debit

Amazon.com Inc. (AMZN) \$995.75 – Technology - Internet

Fundamental Snapshot: The \$475B ecommerce and cloud leader trades 88X Earnings, 3.33X Sales and 37.3X FCF with \$22B in cash. AMZN has been growing revenues 20%+ and in 2016 posted 27% growth while 2017/2018 seen at 22%/21% respectively. On the EPS side Amazon is starting to become a major earnings power story, targeting \$6.66/share in EPS in 2017 and potential to hit \$20/share in 2019. AMZN is also seeing explosive FCF growth with FCF +100% Y/Y and OCF +53% last quarter. Amazon now gets 59% of sales in North America, 32% International and 9% from Amazon Web Services (AWS), the latter growing rapidly and causing a positive mix story that will benefit margins, and thus earnings. AWS sales grew 43% Y/Y in the latest quarter which compares to growth of 23% and 16% for North America and International, while 48% operating income growth at AWS accounts for all of the income growth. It's two main drivers, ecommerce and cloud, are both growing rapidly and still quite small for the projected market opportunities. Amazon is also expanding its reach in retail with recent news of plans to enter the pharmacy sector, a sector with annual sales in the US of \$443B in 2015 and beauty & personal care is just 2% ecommerce penetrated in the US. India is also a massive growth market opportunity for Amazon. Amazon is also making Google worried as it has quickly increased its lead as consumers' first destination for product search over search engines and retailers. AMZN plans to take on Google and Facebook in the \$200B online advertising industry.

Ecommerce is the Primary Growth Channel in US Retail



Cloud Business Drives Amazon's Profits

Amazon's quarterly operating profit (in million U.S. dollars)



Amazon Doubles U.S. Prime Memberships in Two Years

Estimated number of Amazon Prime members in the United States

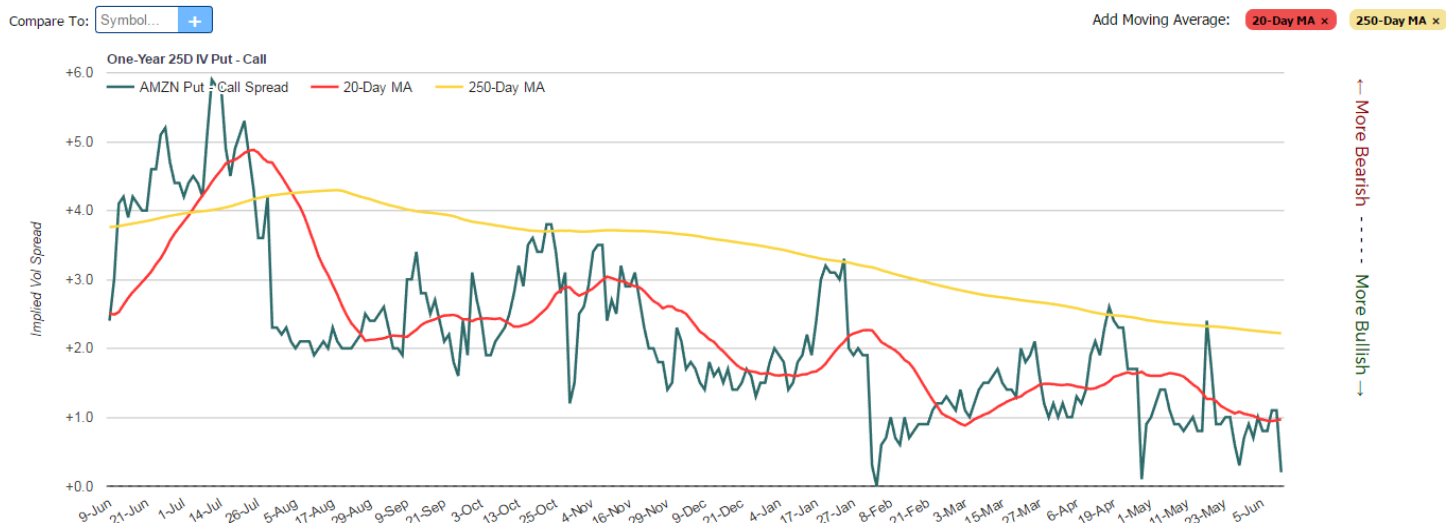


	Google	amazon	f	Apple
IT & Infrastructure	Google fiber	amazon fulfillment	Aquila	Apple SIM
Artificial Intelligence	Google Assistant	amazon alexa	Jarvis	Siri
Hardware Devices	Pixel Chromecast Home nest	amazon fireTV amazon kindle amazon echo	oculus	iPhone iPad WATCH etc.
Communication & Messaging	Google+ Allo		Whatsapp facebook Messenger Workplace	iMessage
Digital Media & Entertainment	Google Play YouTube	amazon Prime Instant video	facebook.com/gaming	iTunes Apple TV MUSIC
Connected Car & e-Mobility	android auto	Alexa integration	-Integration (Transportation)	CarPlay
E-Commerce & Retail	Google Shopping "Purchase on Google"	amazon.com etc. amazon Prime AWS	Facebook "Buy-Button"	iBeacon store
FinTech & Payment	Google Wallet pay	amazon payments	-Integration (Friend-to-Friend Payment)	Apple Pay
Navigation & Location services	Google Maps	Amazon Maps API, MAPS.ME integration		Apple Maps
Advertising	Google AdSense doubleclick AdExchange	amazon associates amazonadvertising	Facebook Business, Instagram Business	Apple Search Ads

Open Interest, Volatility, and Skew: Amazon's 30 day IV at 22.9% compares to a 52-week range of 13.1% to 38.6%. Its December options are pricing in a 14.7% move by year-end, and total put/call open interest ratio at 1.256. Its 30 day IV skew at 0.9% compares to a 52-week average of 10.4%. Some notable trades include a \$6.2M buy of 1,600 June 2018 \$1,100 calls, a 5/5 buy of 1,270 December \$980 calls for \$6.45M, a \$3.2M buy on 6/2 of 1,150 July \$1,010 calls, December \$1,020 calls bought for \$2.865M on 5/5, and accumulation of 3,000 Jan. 2018 \$1,100 calls.

Date	Description	Volu	Open	Price	%Chan	De	Impl	Prob.I	Premium	Symbol
5/5/2017	AMZN 100 15 DEC 17 980 CALL	1,271	217	\$50.85	-3.97%	0.44	23.52%	36.64%	\$6,456,680	AMZN171215C980
4/25/2017	AMZN 100 15 JUN 18 1100 CALL	1,609	362	\$38.65	7.15%	0.28	24.68%	20.28%	\$6,202,695	AMZN180615C1100
6/2/2017	AMZN 100 21 JUL 17 1010 CALL	1,188	202	\$25.80	25.85%	0.5	18.72%	46.87%	\$3,195,720	AMZN170721C1010
5/5/2017	AMZN 100 15 DEC 17 1020 CALL	750	221	\$37.00	-4.02%	0.36	23.31%	29.22%	\$2,865,000	AMZN171215C1020
4/10/2017	AMZN 100 19 JAN 18 1100 CALL	1,230	1,616	\$20.95	19.31%	0.21	23.65%	15.88%	\$2,638,350	AMZN180119C1100
6/5/2017	AMZN 100 17 NOV 17 1060 CALL	502	6	\$49.23	4.30%	0.43	24.87%	36.55%	\$2,489,920	AMZN171117C1060
4/28/2017	AMZN 100 15 SEP 17 1020 CALL	980	74	\$22.05	10.25%	0.29	21.38%	25.07%	\$2,160,900	AMZN170915C1020
6/9/2017	AMZN 100 (Weeklys) 23 JUN 17 995 CALL	1,096	141	\$10.05	-58.19%	0.37	23.98%	34.85%	\$1,479,600	AMZN170623C995
5/1/2017	AMZN 100 18 AUG 17 1000 CALL	558	0	\$26.00	N/A	0.36	21.55%	31.45%	\$1,459,170	AMZN170818C1000

Historical Volatility Spread of 25-Delta Put IV minus 25-Delta Call IV



Current Skew Indicator: Bullish

Analyst Notes: Analysts have an average target of \$1,095 on shares with a high at \$1,300 and low at \$850, 28 Buy ratings and 3 Hold ratings. JP Morgan rates shares Outperform expecting shares to hit \$1,110 this year on its increasing ecommerce dominance. Goldman Sachs has the Street high \$1,250 target, reiterating a Conviction Buy after the latest report and sees the company in the early stages of shift towards the cloud and transition of traditional retail online. UBS raised its target to \$1,100 after Q1 results seeing momentum in all of its key businesses. Wedbush also lifted its target to \$1,250 in April citing robust Prime membership growth, strong Amazon brand product sales and AWS expansion. Fulfillment by Amazon (FBA) is also expected to drive further gross margin expansion and International Prime membership growth will improve revenues. Benchmark reiterated Amazon as a top long term idea with several initiatives still in the early stages and raised its target to \$1,150. Maxim raised its target to \$1,300 on 6/6 from \$1,075 seeing 10 different \$1 Trillion categories open for disruption.

Technical View: AMZN shares recently peaked near \$1,015, an extension off its 2015 and 2016 highs, and forming a large rising wedge. Shares have solid support at \$935, followed by \$880, and ultimately major support near \$850 where a significant breakout took place in April. AMZN's previous major pullbacks have targeted the lower Bollinger on the weekly, which would put \$770 in play currently, also weekly cloud support there. The recent leg up was for 300 points, the prior two up legs were 400 and 350 points, and gave up half the move on pullbacks, so if this continues I would look for 150 points off its highs, so \$865, and then target a 250 point move to \$1,115.



Seasonality: AMZN shares have tended to lag in Q1 with a 5 year average return of 2.35% while Q2 at +10.15%, Q3 at +11.63% and Q4 at +8.8%. The July-November period has tended to be very strong while December-February weak.

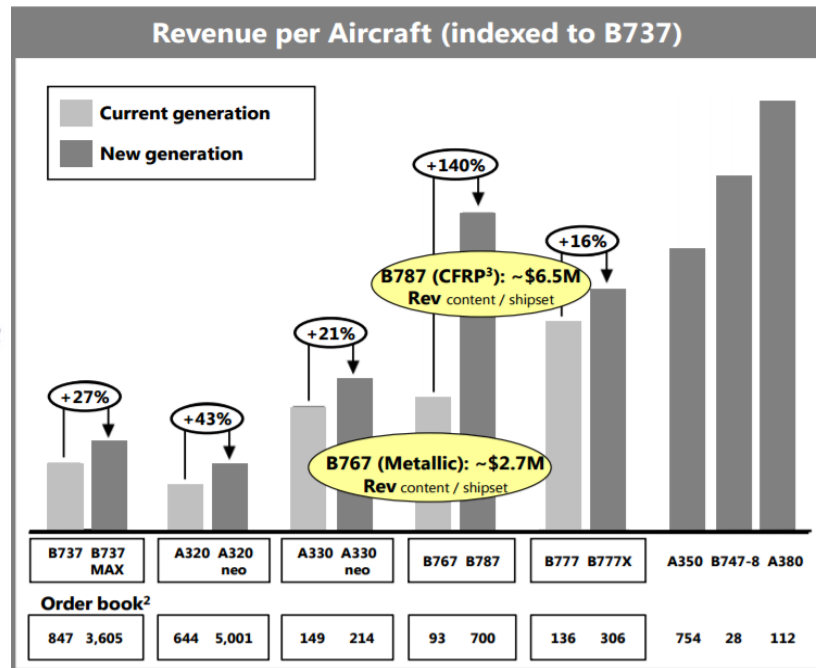
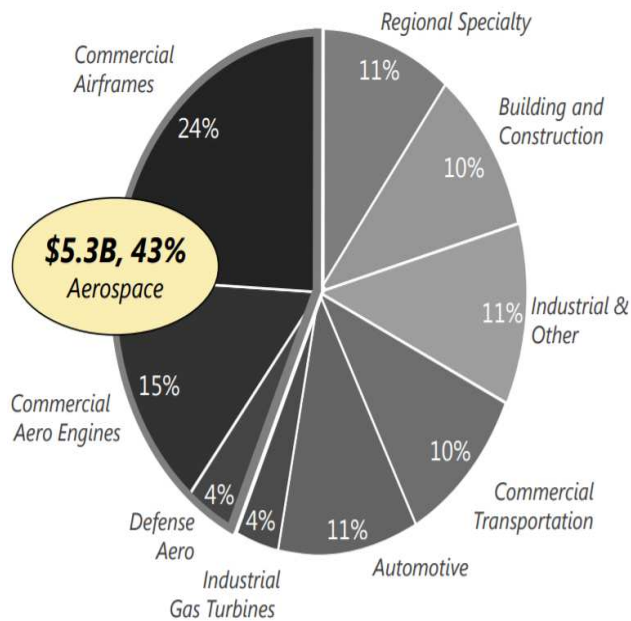
Ownership Trends: Institutional ownership fell 1.42% in Q1 filings, notable buyers last quarter included Point-State Capital, Melvin Capital, Coatue, Duquesne Family Office, Edgewood, and Hoplite. Short interest is minimal at 1.2% of the float and near a 10 year low. AMZN has not seen any insider buys over the past four years.

Catalyst: Earnings; Innovation with New Products; AWS Growth/Scale; New Ventures (Pharmacy, Auto Parts, Beauty)

Optimal Strategy: Long the AMZN December \$1,000/\$1,100/\$1,200 Butterfly Call Spread at \$16.00 Debit

Arconic (ARNC) \$27.45 – Industrial – Aerospace

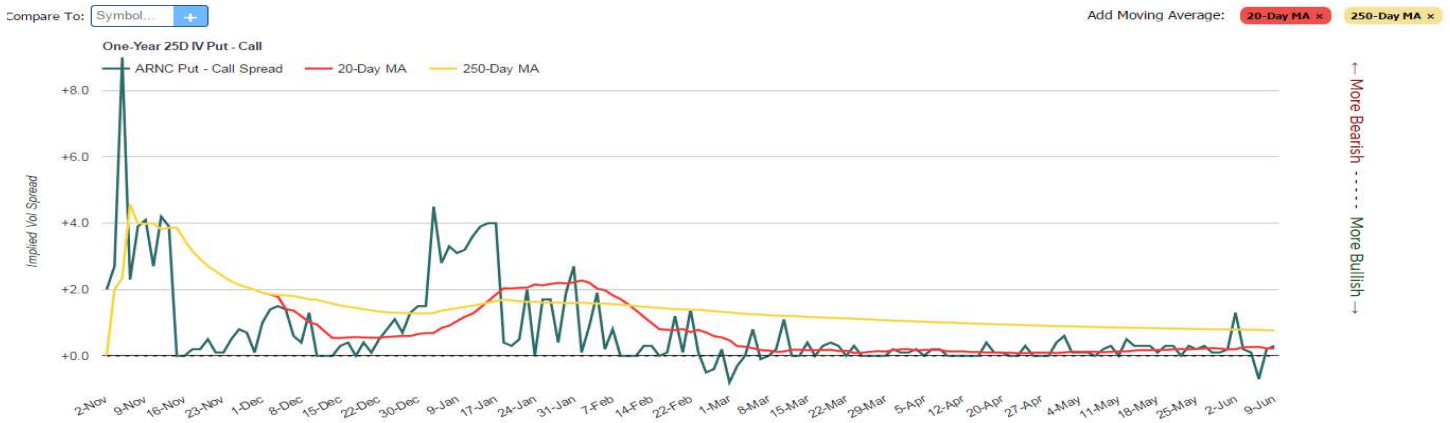
Fundamental Snapshot: The \$12B maker of engineered products for the aerospace, transport, and oil & gas industries trades 18.1X Earnings, 0.96X Sales, and 2.23X Book with a 0.87% dividend yield. ARNC revenues have been fairly flat since 2014 but forecasting 4% and 7% revenue growth for 2018/2019 with EPS growth in 2017 of 19% followed by 30% in 2018 and 23% in 2019. ARNC is a leading maker of lightweight metals with 64% of revenues generated from aerospace & transport market with a top market position, supplying to companies like Boeing, Airbus, Rolls Royce, GE, PACCAR and UTC/Pratt. ARNC is focused on improving margins across all segments and cost reduction as sales have been sluggish. Arconic recently settled with Elliott allowing them to nominate 3 Directors to the Board.



Open Interest, Volatility, and Skew: Arconic's 30 day IV at 31% compares to a 52-week range of 26.4% to 46.4%. Its January 2018 options are pricing in a move of 21% over the next 7 months, and total put/call open interest ratio is at 0.512. Its 30 day IV Skew at 1% compares to a 52-week average of 2.2%. Some notable positions in open interest include sizable July \$28 and \$30 call positions, over 7,000 September \$32 calls, and 5,500 October \$32 calls.

Date	Description	Volu	Open	Price	%Chan	De	Impl	Prob.I	Premium F	Symbol
2/2/2017	ARNC 100 21 JUL 17 28 CALL	7,253	211	\$1.18	-4.84%	0	#ERROR!	0.00%	\$913,878	.ARNC170721C28
2/1/2017	ARNC 100 21 JUL 17 30 CALL	5,516	777	\$4,739.00	181.48%	0	#ERROR!	0.00%	\$408,184	.ARNC170721C30
4/13/2017	ARNC 100 18 JAN 19 25 PUT	851	359	\$4.40	-1.12%	-0.37	37.32%	57.27%	\$395,715	.ARNC190118P25
2/8/2017	ARNC 100 21 JUL 17 30 CALL	2,811	5,874	\$1.38	25.45%	0.37	33.84%	28.59%	\$387,918	.ARNC170721C30
3/1/2017	ARNC 100 21 JUL 17 28 PUT	1,500	884	\$2.20	-9.47%	-0.36	41.28%	46.03%	\$333,000	.ARNC170721P28
5/5/2017	ARNC 100 20 OCT 17 32 CALL	3,000	2,567	\$0.97	14.12%	0.28	34.88%	20.79%	\$291,000	.ARNC171020C32
12/9/2016	ARNC 100 19 JAN 18 17.5 CALL	515	34	\$5.35	12.63%	0.74	39.82%	60.14%	\$275,525	.ARNC180119C17.5
2/24/2017	ARNC 100 21 JUL 17 28 PUT	833	50	\$2.43	20.30%	-0.38	41.20%	48.76%	\$203,252	.ARNC170721P28
2/23/2017	ARNC 100 21 JUL 17 36 CALL	1,376	79	\$1.22	10.91%	0.27	40.40%	19.12%	\$167,872	.ARNC170721C36
5/26/2017	ARNC 100 15 SEP 17 32 CALL	2,311	1,772	\$0.64	4.92%	0.23	34.15%	17.81%	\$150,215	.ARNC170915C32
3/30/2017	ARNC 100 20 OCT 17 32 CALL	1,008	1,729	\$1.31	-1.50%	0.31	39.22%	21.28%	\$135,072	.ARNC171020C32

Historical Volatility Spread of 25-Delta Put IV minus 25-Delta Call IV



Current Skew Indicator: **Slightly Bullish**

Analyst Notes: Analysts have an average target of \$29.40 on shares with a \$33 high and \$25 low. CSFB rates shares Outperform with a \$33 target, seeing positives with the CEO transition and EBITDA growth set to accelerate. JP Morgan started shares Neutral with a \$29 target on 4-18 and both Cowen and Longbow started shares Neutral in late March. Morgan Stanley sees activism potentially creating value above \$40/share with the significant margin expansion opportunity.

Technical View: ARNC shares have been trading in a narrow \$26/\$28 range since a big run to start the year up above \$30 and pulling back. The \$26 level is important support to hold, while a move above \$28 should start a trend move higher to \$35+.



Ownership Trends: Institutional ownership surged 8.7% in Q1 filings as 81 funds took new positions, 161 added, 78 closed and 176 reduced. Elliott has been a vocal activist in the name owning a \$1.4B stake as its 2nd largest position, and First Pacific holds ARNC as its 8th largest. Short interest is 5% of the float, falling 37% since last quarter. ARNC has seen insider buys on 5-31 and 6-1 for \$470,000 worth of stock in the \$27.16 to \$27.31 from two Directors.

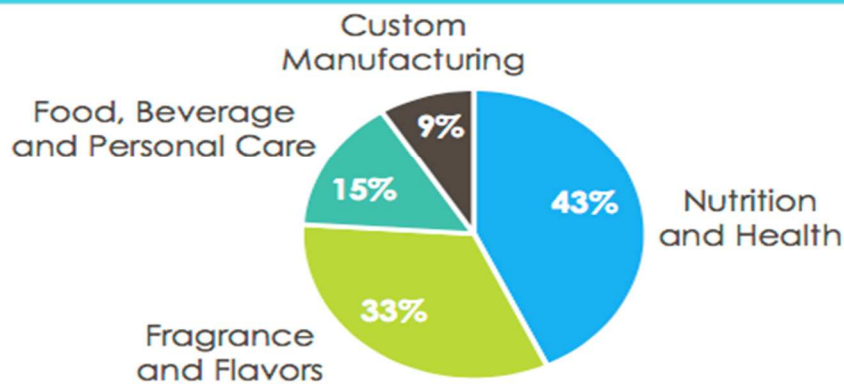
Catalyst: CEO Search; Margin Expansion; Further Activist Demands

Optimal Strategy: Long the ARNC October \$29 Calls at \$1.50 or Better

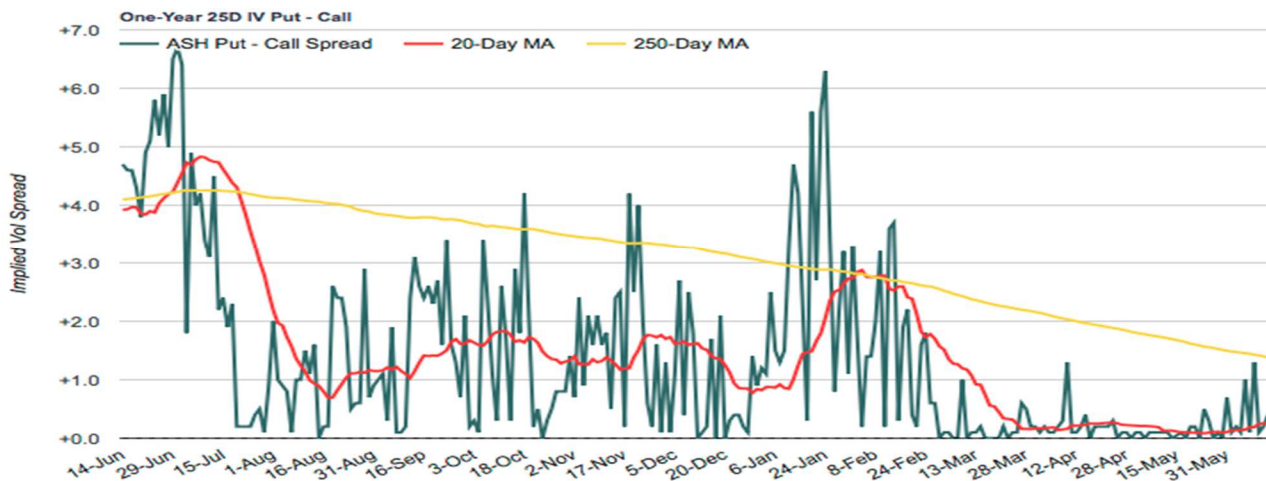
Ashland (ASH) \$66.65 – Materials – Spec. Chemicals

Fundamental Snapshot: The \$4.14B chemicals company trades 20.6X earnings, 0.82X sales, and 1.25X book with a 1.35% dividend yield. ASH launched an IPO for Valvoline in September and recently announced its completion of final separation from the company in May and kept separation costs under \$150M while maintaining their strong credit. ASH has divested \$2B in non-core businesses since 2012 and returned more than \$2B returned to shareholders with their focus now as a smaller, niche-player to transform into a broader-based specialty chemicals company. ASH is targeting EBITDA margin growth and shifting their mix towards Ashland Specialty Ingredients which is now 69% of overall sales while Composites are 22%. They have a 2021 financial target of 15% CAGR EPS growth, 25% EBITDA from ASI, and \$1B in cash generated. They have a long history of acquisitions and spent \$660M on 4-17 to acquire Pharmachem Labs, a provider of ingredients for global health and wellness markets and strengthens their position in nutraceutical market, a hot area, as well as perfumes, laundry and personal care products. Pharmaceutical is becoming a growing profit are with better mix towards high-margin products and at just 12% of overall sales, a lot of room for expansion. ASH is a leader in the \$2.1B oral solid dosage excipient market which is projected to have 3% CAGR through 2020 behind growth in generics.

FY'16 Pharmachem Revenue By End Market



Open Interest, Volatility, and Skew: ASH 30-day IV at 20.3% is in the 37th percentile of its 52-week range of 14.95% to 29.31%. Its January options are pricing in a 9.8% move into year-end and its total put/call open interest ratio is 0.364. Its 30-day IV skew is 2.1% vs a 52-week average of 7.4%. Some notable positions in open interest include the July \$65 calls, 6,000 October \$65 calls, and January \$65 and \$70 calls.



↑ More Bearish More Bullish →

Date	Description	Volu	Open.	Price	%Chan	De	Impl \	Prob.Π	Premium F	Symbol
5/17/2017	ASH 100 19 JAN 18 65 CALL	2,701	10	\$3.00	N/A	0.44	17.77%	38.43%	\$810,300	.ASH180119C65
5/17/2017	ASH 100 19 JAN 18 70 CALL	5,000	2	\$1.30	4.00%	0.24	16.78%	19.93%	\$650,000	.ASH180119C70
5/22/2017	ASH 100 20 OCT 17 65 CALL	1,396	4,640	\$2.85	-16.18%	0.47	19.35%	42.28%	\$397,860	.ASH171020C65
5/19/2017	ASH 100 20 OCT 17 55 PUT	4,052	0	\$0.80	N/A	-0.135	24.15%	17.37%	\$324,160	.ASH171020P55
4/6/2017	ASH 100 21 JUL 17 105 PUT	1,927	35	\$0.70	-39.13%	-0.09	24.41%	11.38%	\$183,065	.ASH170721P105
5/17/2017	ASH 100 21 JUL 17 65 CALL	1,000	0	\$1.00	N/A	0.37	18.36%	34.53%	\$145,000	.ASH170721C65

Analyst Notes: Analysts have an average target for shares of \$111.75 with 2 buy ratings and 2 hold ratings. JP Morgan with a \$118 price target on 5-31. Credit Suisse with a \$122 price target on 4-27 seeing the company taking the right steps to improve Personal Care, Coatings, and Industrial specialties. Sun Trust out positive noting their Pharmachem deal should help the multiple expand while furthers the company's move into a pure-play chemical company.

Technical View: ASH shares broke out above the 2015 highs recently at \$65, an area to focus on for a pullback. Shares broke out of a big one-year range in April with a measured target to \$85 and monthly RSI not yet overbought and MACD turning higher since March.



Seasonality: ASH is seasonally strong in the Spring with a 5-year average gain of 10.5% from late January to mid-June while November and December also strong. Shares have traded lower in the Summer months with late-July and August most notable.

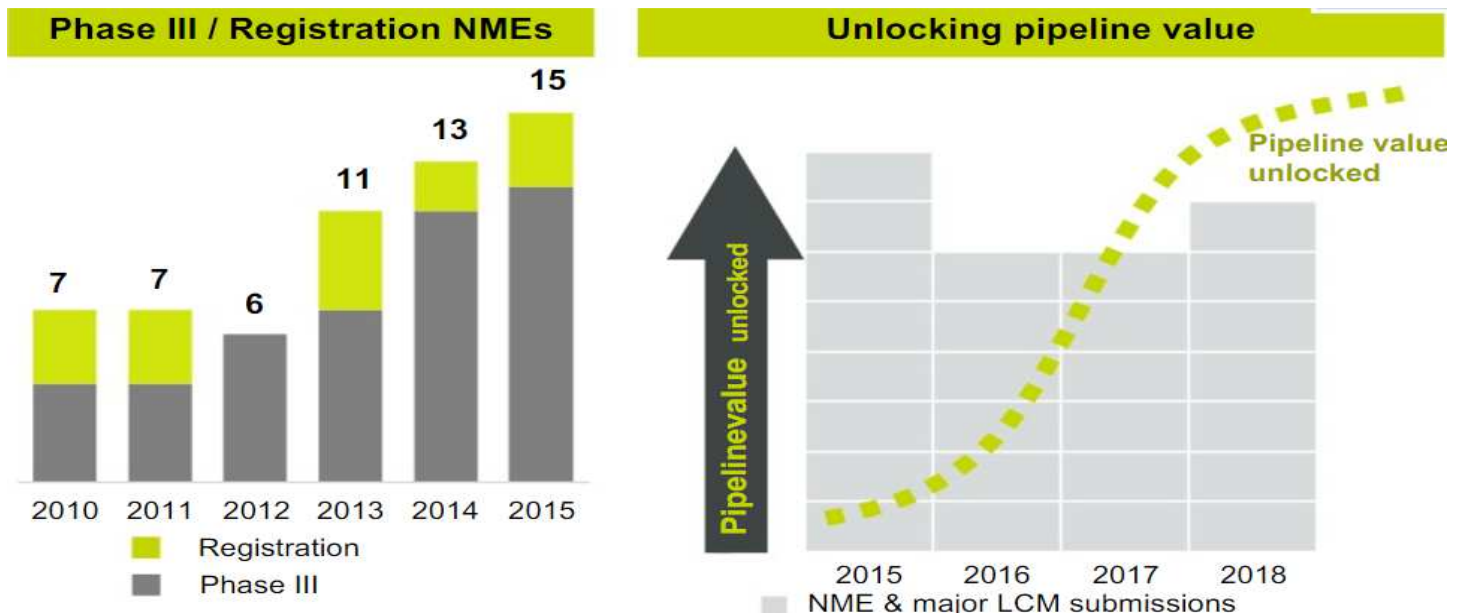
Ownership Trends: Institutional ownership fell 0.89% in recent filings with 40 funds creating new positions, 109 adding, 35 closing, and 123 reducing. 11 funds hold ASH in their top ten holdings. Wedge Capital, York Capital, and Luminus notable holders. Balyasny added a new position in Q1 while OZ Management also starting a new position, albeit small.

Catalyst: Margin Expansion, M&A, Improved Generic Drugs Environment, Better Pricing

Optimal Strategy: Long the ASH January \$70 Calls for \$3.00 or Better

AstraZeneca (AZN) \$35 – Healthcare – Drug Manufacturer

Fundamental Snapshot: The \$88.7B Pharma trades 17.8X Earnings, 3.98X Sales and 6.85X Book with a 5.41% dividend yield. AZN has been a low growth name for many years but it has an exciting forward pipeline that could reignite a growth story. AZN's main focus areas are Oncology, Cardio & Metabolic Diseases, and Respiratory. AZN has a rich pipeline and shares recently jumped sharply after reporting Phase 3 data for Imfinzi, a treatment for unresectable non-small cell lung-cancer. At ASCO AZN presented positive Olympiad data in breast cancer. Investors are awaiting mid-2017 MYSTIC data as a key catalyst with potential for a 15-20% move on extreme data, but not fully a binary event with a multitude of possible outcomes. AZN is seen to have newly launched products and high probability Phase 3 assets grow sales from < \$1B in 2016 to \$9B in 2023. AZN is a catalyst rich story for 2017 with potential to become a major growth focus for its new to market products.



	H1 2017	H2 2017	2018
Regulatory decisions	<p><i>Faslodex</i> - breast cancer (1L) (JP) <i>durvalumab</i> - bladder cancer (US) <i>saxa/dapa</i> - type-2 diabetes (US) <i>ZS-9</i> - hyperkalaemia (US, EU) <i>brodalumab</i> - psoriasis (US, EU)</p>	<p><i>Tagrisso</i> - lung cancer (CN) <i>Tagrisso</i> - lung cancer (US, EU) (AURA3) <i>benralizumab</i> - severe, uncontrolled asthma (US)</p>	<p><i>benralizumab</i> - severe, uncontrolled asthma (EU)</p>
Regulatory submissions	<p><i>Faslodex</i> - breast cancer (1L) (US, EU) <i>Lynparza</i> - ovarian cancer (2L) <i>acalabrutinib</i> - blood cancer (US)¹ <i>Bydureon</i> - autoinjector (US) <i>Bevespi</i> - COPD (EU) <i>benralizumab</i> - severe, uncontrolled asthma (JP)</p>	<p><i>Lynparza</i> - breast cancer <i>durvalumab</i> - lung cancer (PACIFIC) (US) <i>durva +/- tremem</i> - lung cancer (MYSTIC) - lung cancer (ARCTIC)</p>	<p><i>Lynparza</i> - ovarian cancer (1L) <i>Tagrisso</i> - lung cancer (1L) <i>durva +/- tremem</i> - lung cancer (NEPTUNE) - head & neck cancer (KESTREL, EAGLE) - bladder cancer (DANUBE) <i>moxetumomab</i> - leukaemia <i>selumetinib</i> - thyroid cancer <i>Bydureon</i> - CVOT <i>roxadustat</i> - anaemia <i>tralokinumab</i> - severe, uncontrolled asthma <i>Duaklir</i> - COPD (US) PT010 - COPD</p>
Key Phase III/II* data anticipated	<p><i>Lynparza</i> - breast cancer <i>durva +/- tremem</i> - lung cancer (MYSTIC) - lung cancer (ARCTIC) <i>acalabrutinib</i> - blood cancer*¹</p>	<p><i>Lynparza</i> - ovarian cancer (1L) <i>Tagrisso</i> - lung cancer (1L) <i>durvalumab</i> - lung cancer (PACIFIC) <i>durva +/- tremem</i> - head & neck cancer (KESTREL) <i>moxetumomab</i> - leukaemia <i>roxadustat</i> - anaemia² <i>tralokinumab</i> - severe, uncontrolled asthma</p>	<p><i>durva +/- tremem</i> - lung cancer (NEPTUNE) - head & neck cancer (EAGLE) - bladder cancer (DANUBE) <i>selumetinib</i> - thyroid cancer <i>Brilinta</i> - T2D/CAD <i>Bydureon</i> - CVOT PT010 - COPD <i>anifrolumab</i> - lupus</p>

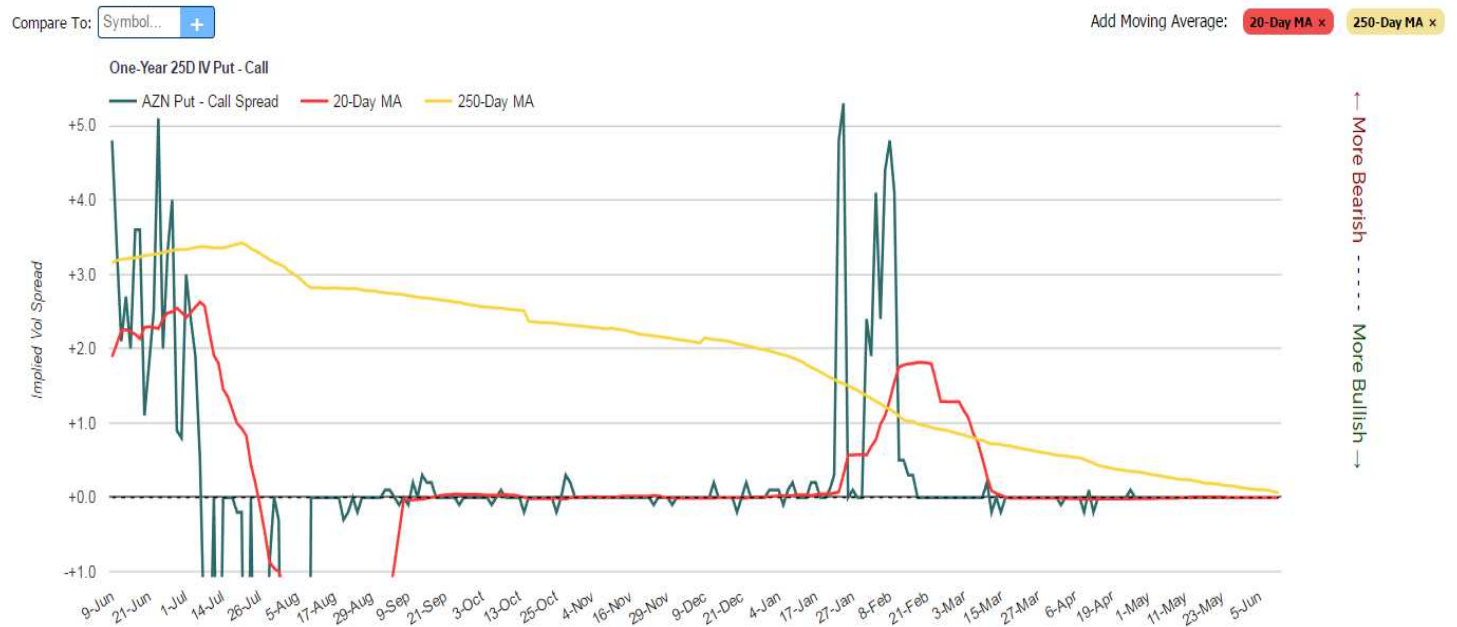
1. Potential fast-to-market opportunity ahead of randomised, controlled trials
 2. AstraZeneca-sponsored trial
 Status as of 14 December 2016



Open Interest, Volatility, and Skew: AstraZeneca's 30 day IV at 20.85% compares to a 52-week range of 15.8% to 39%. Its January 2018 options are pricing in a 14.9% move over the next 7 months, and total put/call open interest ratio is at 0.279. Its 30 day IV Skew at 0% compares to a 52-week average of 0.4%. Some notable positions in open interest include sizable accumulation in July, August and September calls in the \$30 to \$35 strike range for the most part.

Date	Description	Volu	Open	Price	%Chan	De	Impl	Prob.I	Premium f	Symbol
3/29/2017	AZN 100 18 AUG 17 32.5 CALL	20,010	989	\$1.55	-6.06%	0.42	29.73%	34.58%	\$3,401,700	AZN170818C32.5
5/5/2017	AZN 100 15 SEP 17 30 CALL	16,000	42,439	\$2.10	-8.70%	0.52	30.73%	44.49%	\$3,360,000	AZN170915C30
1/20/2017	AZN 100 15 SEP 17 30 CALL	20,000	0	\$1.45	N/A	0.35	28.92%	26.71%	\$3,100,000	AZN170915C30
4/27/2017	AZN 100 15 SEP 17 30 CALL	10,100	32,133	\$2.50	16.28%	0.57	30.18%	48.24%	\$2,626,000	AZN170915C30
5/12/2017	AZN 100 15 SEP 17 35 CALL	14,674	4,393	\$1.51	139.68%	0.41	27.63%	34.37%	\$2,274,470	AZN170915C35
5/5/2017	AZN 100 15 SEP 17 32.5 CALL	16,000	19,974	\$1.14	-0.87%	0.35	29.47%	28.60%	\$1,920,000	AZN170915C32.5
5/17/2017	AZN 100 15 SEP 17 32.5 CALL	5,390	32,412	\$3.00	-3.23%	0.62	30.53%	54.17%	\$1,670,900	AZN170915C32.5
12/29/2016	AZN 100 21 JUL 17 30 CALL	9,773	33,558	\$1.65	10.00%	0.38	32.67%	29.25%	\$1,612,545	AZN170721C30
12/2/2016	AZN 100 21 JUL 17 30 CALL	10,170	22,015	\$1.33	10.83%	0.32	35.28%	23.21%	\$1,352,610	AZN170721C30
11/28/2016	AZN 100 21 JUL 17 30 CALL	10,352	10	\$1.25	30.21%	0.35	32.11%	25.99%	\$1,294,000	AZN170721C30
1/31/2017	AZN 100 15 SEP 17 30 CALL	9,918	21,025	\$1.10	5.77%	0.32	27.65%	25.01%	\$1,140,570	AZN170915C30
5/30/2017	AZN 100 15 SEP 17 35 CALL	5,103	32,530	\$1.50	1.35%	0.42	29.28%	36.16%	\$790,965	AZN170915C35
2/9/2017	AZN 100 15 SEP 17 32.5 CALL	6,039	159	\$1.15	21.05%	0.3	28.93%	23.19%	\$724,680	AZN170915C32.5
3/13/2017	AZN 100 15 SEP 17 32.5 CALL	5,005	7,201	\$1.37	30.48%	0.34	30.15%	26.70%	\$700,700	AZN170915C32.5
5/2/2017	AZN 100 15 SEP 17 32.5 CALL	5,284	15,216	\$1.23	2.50%	0.36	29.52%	29.19%	\$660,500	AZN170915C32.5
11/28/2016	AZN 100 21 JUL 17 32.5 CALL	10,040	4	\$0.64	-15.79%	0.22	29.95%	15.76%	\$642,560	AZN170721C32.5
1/6/2017	AZN 100 21 JUL 17 27.5 PUT	2,167	2,102	\$2.55	6.25%	-0.41	35.25%	52.28%	\$552,585	AZN170721P27.5
4/6/2017	AZN 100 18 AUG 17 30 CALL	2,000	57	\$2.29	-15.19%	0.54	30.41%	46.02%	\$480,000	AZN170818C30
5/30/2017	AZN 100 18 AUG 17 35 CALL	3,524	3,390	\$1.20	3.45%	0.41	27.76%	35.69%	\$440,500	AZN170818C35
1/17/2017	AZN 100 21 JUL 17 32.5 CALL	4,177	20,411	\$1.10	3.77%	0.28	30.15%	21.40%	\$438,585	AZN170721C32.5

Historical Volatility Spread of 25-Delta Put IV minus 25-Delta Call IV



Current Skew Indicator: **Slightly Bullish**

Analyst Notes: Analysts have an average target of \$36 on shares with 2 Buy and 2 Hold ratings. UBS cut shares to Neutral from Buy on 4-5 seeing it taking until 2018 to see overall survivor data from MYSTIC. Leerink raised its target to \$36 in May after the Pacific successful trial. Barclays initiated shares Overweight in March seeing catalysts with growth inflecting in 2018.

Technical View: AZN shares have a large gap from recent data under \$33.25 down to near \$31. If shares lost support at \$31, the \$29.85 level comes into play. The longer term chart shows a stock moving freshly out of a downtrend and above its monthly cloud, potential to make a run back to \$40 or higher.



Seasonality: AZN shares over the last five years have performed strong in April, July and November, and poorly in February, May and October.

Ownership Trends: Institutional ownership surged 11.1% in Q1 filings. Short interest is low at 1.1% of the float, though near a 5 year high. AZN has not seen any insider buys the past 4 years.

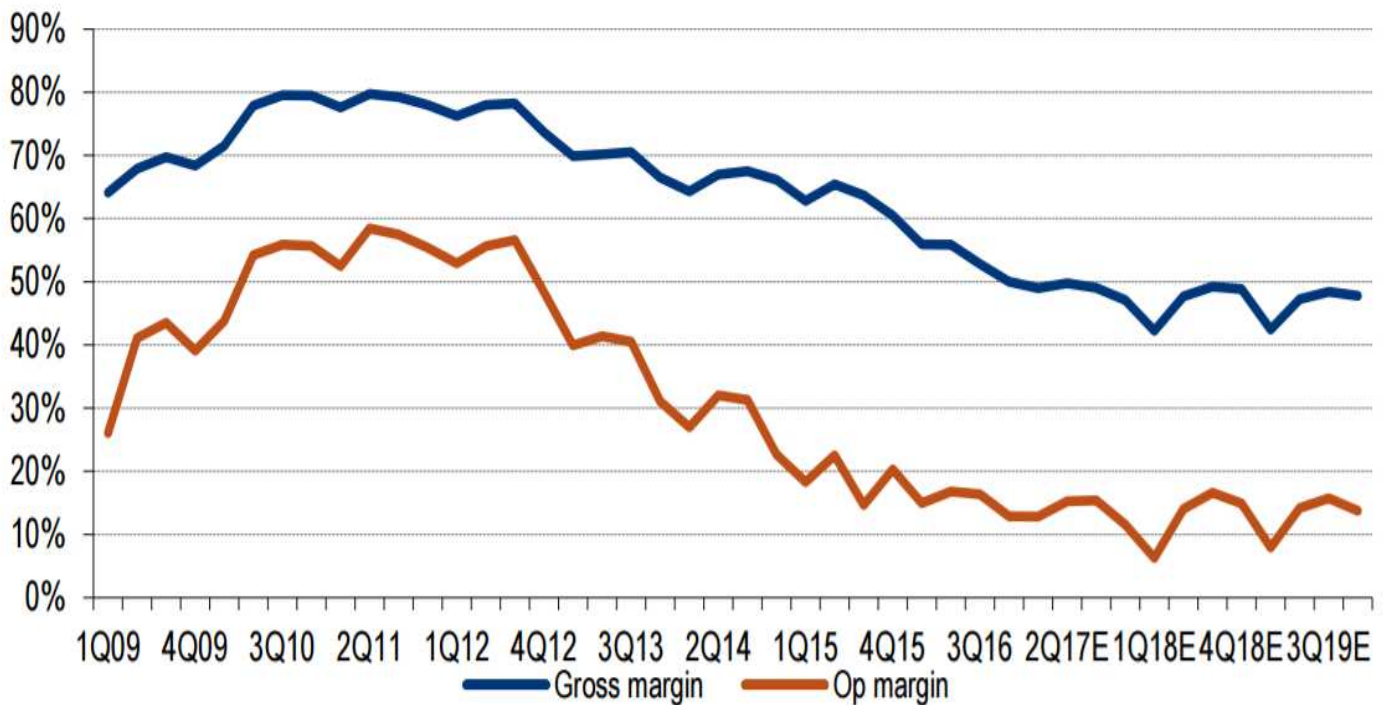
Catalyst: MYSTIC Trial Mid-2017; Product Launches

Optimal Strategy: Long the AZN August \$32.5/\$35 Call Spreads at \$1.25 Debit

Baidu (BIDU) \$187.60 – Tech – Internet Information

Fundamental Snapshot: The \$65.7B search leader in China trades 24.15X Earnings, 6.3X Sales and 4.75X Book. BIDU saw revenues flat to down in 2016 as a transition year and one it made a lot of investments, but forecasted to return to 20% revenue growth annually 2017-2019 while EPS in 2017 set to expand just 4.2% before ramping 37% in 2018. BIDU has moved into multiple growth avenues with Baidu Wallet in payments, Maps, and Autonomous Driving partnerships. BIDU also owns a stake in Ctrip.com (CTRP) and IQiyi, the latter a streaming video service that could hold significant value. BIDU is an early mover in AI and also seeing strength in Big Data & Cloud for longer term growth drivers. Efforts on refocusing on its core showed last quarter with better engagement and paid click growth metrics. BIDU has an 80% market share in China search. BIDU should face easy 2H comps after being hit last year with regulatory action on healthcare ads. BIDU is quickly becoming a sum of the parts story and has gained a strong presence in a number of major future growth markets.

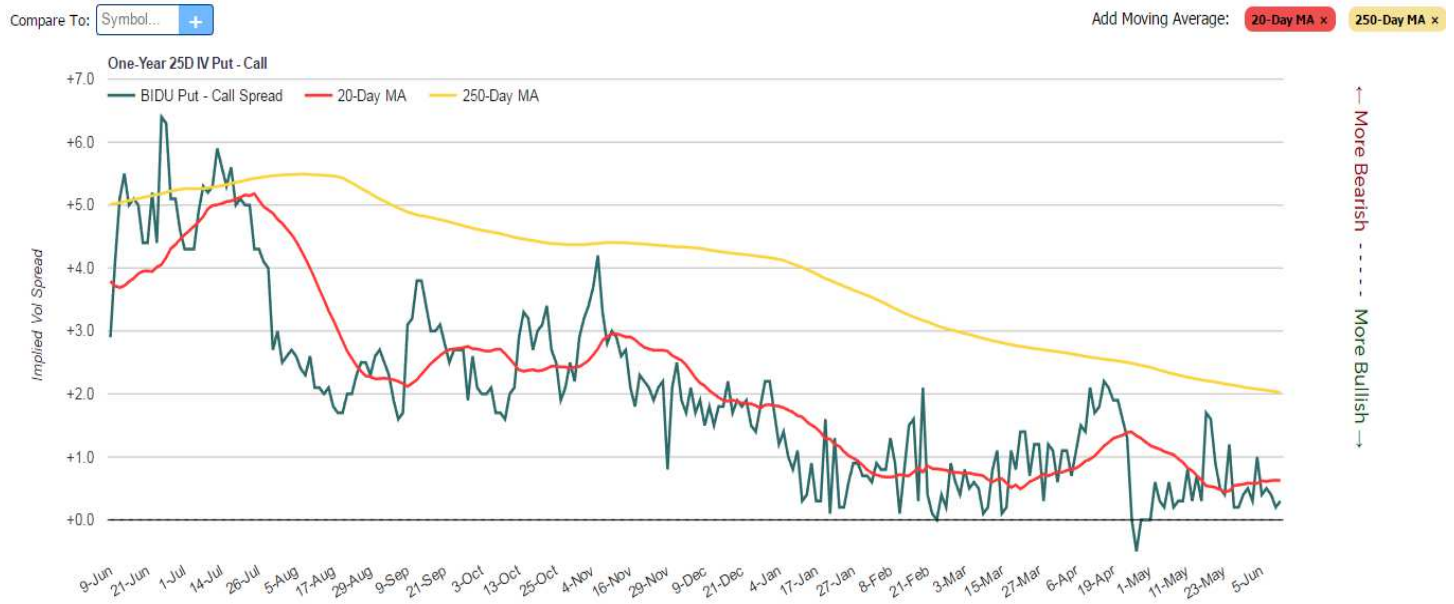
Chart 3: Mix shift to video and news feed ads to change margin profile



Open Interest, Volatility, and Skew: Baidu's 30 day IV at 24.4% compares to a 52-week range of 17.5% to 41.3%. Its December options are pricing in a 16% move through year-end, and total put/call open interest ratio is at 0.968. Its 30 day IV Skew at 1.2% compares to a 52-week average of 7.5%. Some notable positions in open interest include the Jan. 2018 \$175/\$210 ratio call spreads on 3/8 for 3,000X6,000, the purchase of 4,000 September \$175 calls on 4/21 and 4/24, accumulation of 4,500 Jan. 2018 \$175 calls, and a sale of Jan. 2018 \$190 puts. It also saw 2,500 September \$200/\$150 bull risk reversals open on 4-18.

Date	Description	Volu	Open	Price	%Chan	De	Impl	Prob.I	Premium F	Symbol
3/8/2017	BIDU 100 19 JAN 18 175 CALL	3,200	1,430	\$19.30	3.54%	0.56	29.79%	44.65%	\$6,272,000	.BIDU180119C175
2/6/2017	BIDU 100 19 JAN 18 175 PUT	2,403	258	\$19.15	-10.93%	-0.41	30.57%	53.18%	\$4,673,835	.BIDU180119P175
3/8/2017	BIDU 100 19 JAN 18 210 CALL	6,406	1,671	\$7.00	5.26%	0.28	27.62%	20.30%	\$4,580,290	.BIDU180119C210
4/24/2017	BIDU 100 15 SEP 17 175 CALL	1,971	2,184	\$14.87	6.98%	0.61	26.56%	54.29%	\$2,986,065	.BIDU170915C175
3/6/2017	BIDU 100 19 JAN 18 175 CALL	1,498	305	\$19.03	-2.51%	0.55	30.07%	43.63%	\$2,883,650	.BIDU180119C175
4/21/2017	BIDU 100 15 SEP 17 175 CALL	2,018	336	\$13.90	-9.15%	0.58	26.86%	51.37%	\$2,835,290	.BIDU170915C175
4/28/2017	BIDU 100 19 JAN 18 210 CALL	4,001	9,427	\$5.25	-40.68%	0.25	24.42%	18.93%	\$2,040,510	.BIDU180119C210
6/7/2017	BIDU 100 19 JAN 18 190 PUT	1,203	746	\$16.10	-4.17%	-0.49	25.22%	56.94%	\$1,972,920	.BIDU180119P190
4/13/2017	BIDU 100 18 JAN 19 180 PUT	700	219	\$27.76	5.15%	-0.46	27.04%	60.24%	\$1,960,000	.BIDU190118P180
5/15/2017	BIDU 100 15 SEP 17 185 CALL	1,048	1,633	\$13.15	2.33%	0.56	27.44%	49.26%	\$1,351,920	.BIDU170915C185
4/26/2017	BIDU 100 19 JAN 18 155 PUT	2,003	4,207	\$5.55	-13.55%	-0.19	29.52%	26.79%	\$1,141,710	.BIDU180119P155
1/25/2017	BIDU 100 19 JAN 18 210 CALL	1,014	598	\$11.00	-5.17%	0.35	31.27%	24.29%	\$1,140,750	.BIDU180119C210
5/10/2017	BIDU 100 15 SEP 17 185 CALL	1,031	827	\$10.95	5.29%	0.52	26.13%	45.60%	\$1,139,255	.BIDU170915C185
5/4/2017	BIDU 100 18 JAN 19 150 PUT	843	372	\$12.85	2.80%	-0.26	29.01%	39.13%	\$1,087,470	.BIDU190118P150
4/13/2017	BIDU 100 18 JAN 19 135 PUT	1,055	22	\$9.95	2.58%	-0.2	31.29%	33.70%	\$1,086,650	.BIDU190118P135
2/6/2017	BIDU 100 19 JAN 18 125 PUT	2,401	626	\$4.50	-3.64%	-0.11	35.47%	19.53%	\$1,080,450	.BIDU180119P125
3/27/2017	BIDU 100 19 JAN 18 160 CALL	375	188	\$23.80	0.42%	0.65	29.39%	54.82%	\$900,000	.BIDU180119C160
4/28/2017	BIDU 100 15 SEP 17 155 PUT	3,460	295	\$2.31	5.48%	-0.15	25.41%	18.68%	\$816,560	.BIDU170915P155
3/27/2017	BIDU 100 15 SEP 17 165 CALL	455	44	\$15.15	-2.88%	0.59	28.34%	51.54%	\$709,800	.BIDU170915C165
5/31/2017	BIDU 100 15 DEC 17 180 PUT	613	235	\$10.59	9.18%	-0.39	25.63%	45.87%	\$668,170	.BIDU171215P180
3/29/2017	BIDU 100 15 SEP 17 160 PUT	830	555	\$7.40	-5.01%	-0.32	26.99%	39.13%	\$622,500	.BIDU170915P160
4/18/2017	BIDU 100 15 SEP 17 200 CALL	1,760	2,458	\$2.90	-10.49%	0.2	24.80%	16.01%	\$517,440	.BIDU170915C200

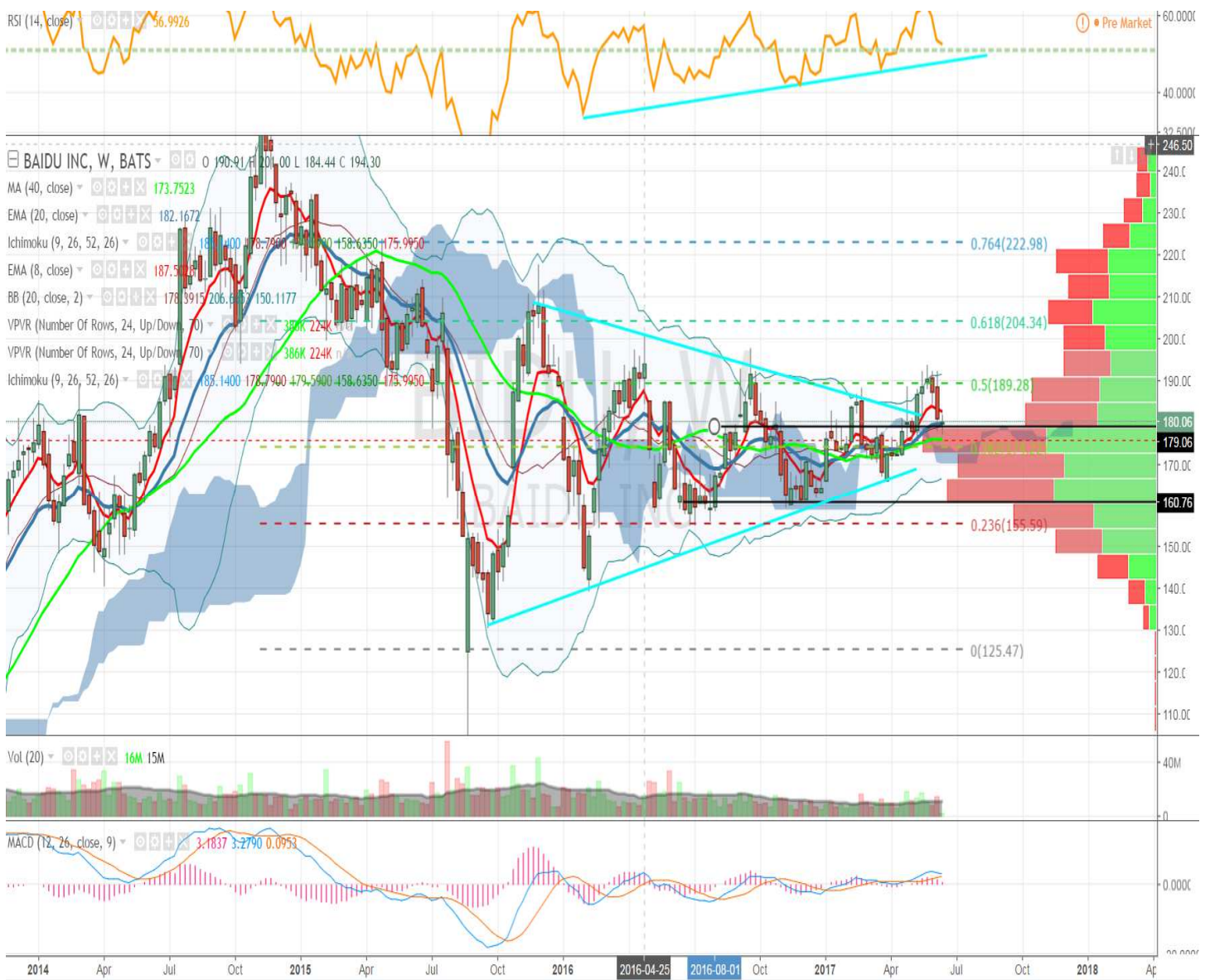
Historical Volatility Spread of 25-Delta Put IV minus 25-Delta Call IV



Current Skew Indicator: **Bullish**

Analyst Notes: Analysts have an average target of \$199 on shares with a high of \$220 and low of \$180. BAML rates shares Buy with a \$216 target. Benchmark raised its target to \$210 on 4/28, positive on its shift to AI. Stifel rates shares a Buy with a \$220 target.

Technical View: BIDU shares broke out of a large triangle pattern on the weekly in May and ran to \$193 before recently pulling back with Tech to just above its 200 day MA and volume support at \$175. The weekly RSI trend is giving a bullish signal as well, and shares should be able to make a run through recent highs and target a move back to the \$210-\$220 zone.



Seasonality: BIDU tends to start the year off slow with a 5-year average return of -1.88% in Q1 and -1.7% in Q2, while Q3 at +12.36% and Q4 at +6.55% are very strong.

Ownership Trends: Institutional ownership rose 0.81% in Q1 filings with 65 funds taking new positions, 208 adding, 52 closing, and 216 reducing. Toubillon added a significant amount to its position making BIDU its 7th largest, Highbridge Capital disclosed a call option position, and Lakewood Capital added to its position with BIDU now its 2nd largest holding.

Catalyst: Growth Investments; Portfolio Moves; Margin Improvements; Cost Cuts; Easy Earnings Comps; iQiyi Spin; Autonomous Driving Spin

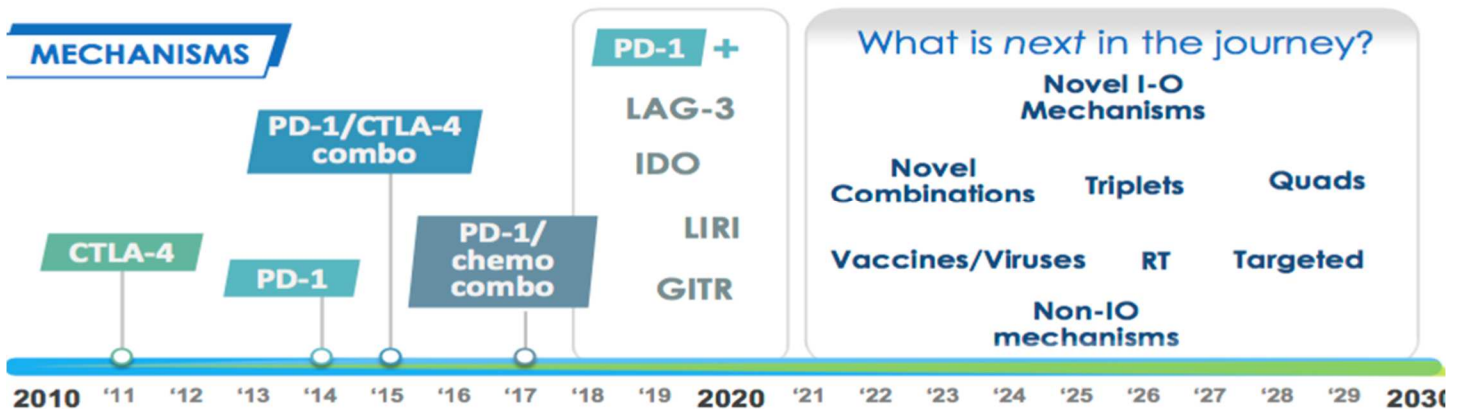
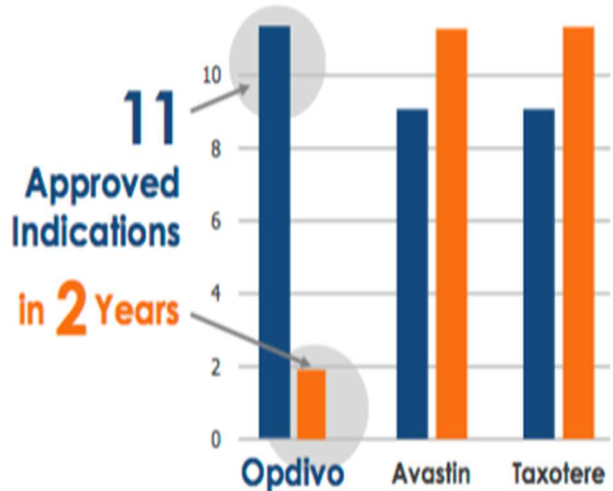
Optimal Strategy: Long the BIDU August/September \$200 Calendar Call Spreads at \$0.85 Debit

Bristol Myers (BMY) \$54.50 – Healthcare – Drug Manufacturer

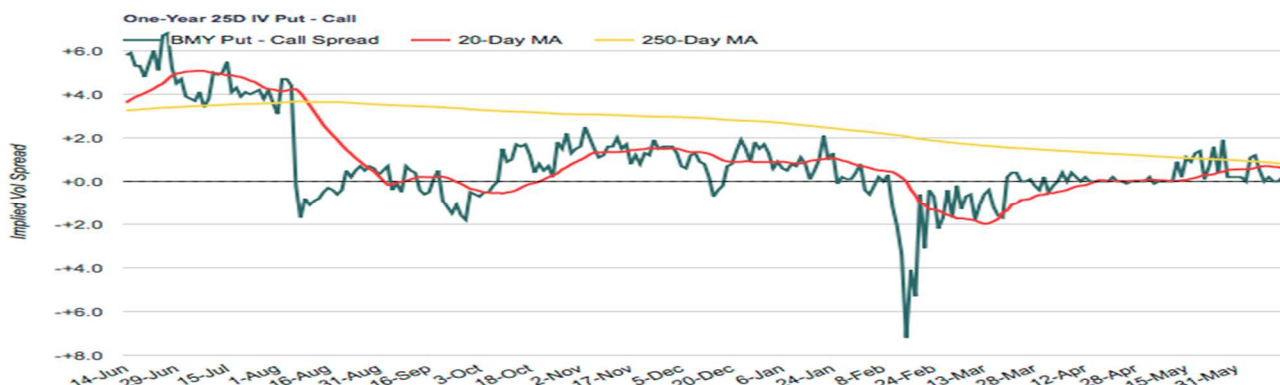
Fundamental Snapshot: The \$87B drug manufacturer trades 16.8X earnings, 4.4X sales, and 14.3X cash with a nearly 3% dividend yield. BMY is expecting low-single digit revenue growth and double-digit EPS growth through 2019. The company has a strong balance sheet with more than \$9B in cash to build out their pipeline.

The company expects to spend about \$4B on R&D annually with the focus continuing to be immunology. Shares sank last August following a failed trial for Opdivo in lung cancer and the company now exploring a number of combination therapies now for the drug which would expand its market in immunology. BMY is eyeing to build out their addressable market through H&N, renal, melanoma, and bladder with a lot of data through 1H19 (see chart).

The company recently announced a collaboration with Novartis to explore Opdivo with Mekinist in the treatment of certain types of colorectal cancer. BMY has seen two different activist holders take stakes in the company recently, Jana Partners and Carl Icahn, the WSJ reporting in February that the latter sees the company as a prime takeover target.



Open Interest, Volatility, and Skew: BMY 30-day IV at 22.29% is in the 28th percentile of its 52-week range of 17.8% to 33.5%. Its December options are pricing in a 12.8% move into year-end and its total put/call open interest ratio is 0.771. Its 30-day IV skew is flat vs a 52-week average of 3.7%. Some notable positions in open interest include the July \$52.50 short puts, September \$55, \$57.50 and \$60 calls, the December \$60 calls, and the June 2018 \$65 and \$70 calls.



↑ More Bearish
.....
↓ More Bullish

Date	Description	Volu	Open	Price	%Chan	De	Impl	Prob.1	Premium F	Symbol
1/17/2017	BMY 100 18 JAN 19 60 CALL	5,005	2,762	\$5.88	-2.16%	0.45	28.14%	30.54%	\$3,278,275	.BMY190118C60
1/20/2017	BMY 100 18 JAN 19 55 CALL	5,106	223	\$5.35	-34.36%	0.44	28.83%	29.19%	\$2,782,770	.BMY190118C55
8/5/2016	BMY 100 19 JAN 18 70 CALL	5,783	678	4.46	-59.60%	0.39	25.76%	28.19%	\$2,579,218	.BMY180119C70
2/2/2017	BMY 100 18 JAN 19 55 CALL	4,513	10,893	\$5.49	15.58%	0.44	29.78%	29.09%	\$2,477,637	.BMY190118C55
2/14/2017	BMY 100 15 SEP 17 55 CALL	4,806	528	\$3.95	42.09%	0.48	29.13%	39.55%	\$1,970,460	.BMY170915C55
4/27/2017	BMY 100 15 SEP 17 57.5 CALL	8,593	9,083	\$1.98	16.47%	0.41	22.80%	35.64%	\$1,890,460	.BMY170915C57.5
1/17/2017	BMY 100 18 JAN 19 70 CALL	5,000	2,687	\$2.93	-2.66%	0.27	25.84%	17.32%	\$1,675,000	.BMY190118C70
3/1/2017	BMY 100 15 SEP 17 57.5 CALL	3,747	1,079	\$4.25	7.59%	0.5	28.43%	42.04%	\$1,611,210	.BMY170915C57.5
5/30/2017	BMY 100 21 JUL 17 52.5 PUT	13,726	1,255	\$1.09	1.87%	-0.37	20.06%	40.54%	\$1,592,216	.BMY170721P52.5
1/13/2017	BMY 100 18 JAN 19 60 CALL	2,643	179	\$6.01	-3.84%	0.46	27.60%	31.60%	\$1,588,443	.BMY190118C60
9/8/2016	BMY 100 19 JAN 18 55 PUT	2,034	3,055	\$6.30	-1.56%	-0.42	25.37%	55.54%	\$1,281,420	.BMY180119P55
5/15/2017	BMY 100 15 JUN 18 52.5 CALL	1,840	10	\$6.45	-3.73%	0.59	25.39%	48.79%	\$1,196,000	.BMY180615C52.5

Analyst Notes: Analysts have an average target for shares of \$62 with 9 buy ratings, 10 hold ratings, and 1 sell rating. Sun Trust out positive Tuesday noting that combination data presented at ASCO in colorectal cancer was encouraging, although a small number of patients enrolled. The firm thinks FDA action involving the drug's use in colorectal cancer or hepatic cancer can be catalysts for the stock.

Technical View: BMY shares are forming an inverted head and shoulders under \$60 and above that level has room back to the May range. Shares are in a longer-term channel which targets a run at all-time highs around \$75/\$80 from 1999. BMY held key Fibonacci support on the recent pullback, the 50% level at \$46.35.



Seasonality: BMY shares historically have two strong periods throughout the year. First, shares run from Feb. to July with a 5-year average of 14.35% and then strong again from September through year-end. The weakest point for shares is July to September.

Ownership Trends: Institutional ownership fell 3% last quarter with 122 funds creating new positions, 585 adding, 119 closing, and 617 reducing. 44 funds hold BMY in their top ten positions. Sachem Head a top holder with 2M shares, a 3.65% weight and their 11th largest position. Point State has 2.6M shares and Hudson Bay Capital with 2.15M shares. Short interest is 1.14% of the float.

Catalyst: Opdivo PDUFA on 9/24 for CM-040, Opdivo Second-Line NSCLC Phase 3 data in 1H18, 8/2 PDUFA for Opdivo in CRC, Phase 3 combination data for Opdivo and Yervoy in RCC 2H 2017, Phase 3 Combination data for Opdivo and Yervoy in NSCLC in 1H18, Phase 3 data for Opdivo in Melanoma in 2H18

Optimal Strategy: Long the BMY December \$60 Calls for \$1.50 Debit

Anheuser Busch Inbev (BUD) \$118.50 – Consumer Goods - Beverages

Fundamental Snapshot: The \$200B brewer trades 24.3X Earnings, 4.1X Sales, 3.2X Book and 10.4X FY18 EV/EBITDA with a 3.58% dividend yield. BUD grew revenues 4.4% in 2016 and forecasts 25.9% growth in 2017 as it integrates the transformational \$107B deal for SABMiller. BUD is coming off a disappointing quarter missing expectation in North America and Brazil posting weak margins. However, Brazil volumes beat consensus expectations, EBITDA growth came in strong, and synergies were also a positive. BUD expects sales to grow by \$59B by 2018 and has an internal goal of \$100B in revenues by 2020. BUD will also continue to target emerging markets and Africa for new growth. Stella Artois has been a strong performer in North America posting 30% volume growth and Michelob Ultra extending its run as the fastest share gainer in the US. The new combined company increases exposure to Africa, Asia Pacific and Latin America while reducing dependence on North America and US, the latter being slower growth markets.



Global Beer Market

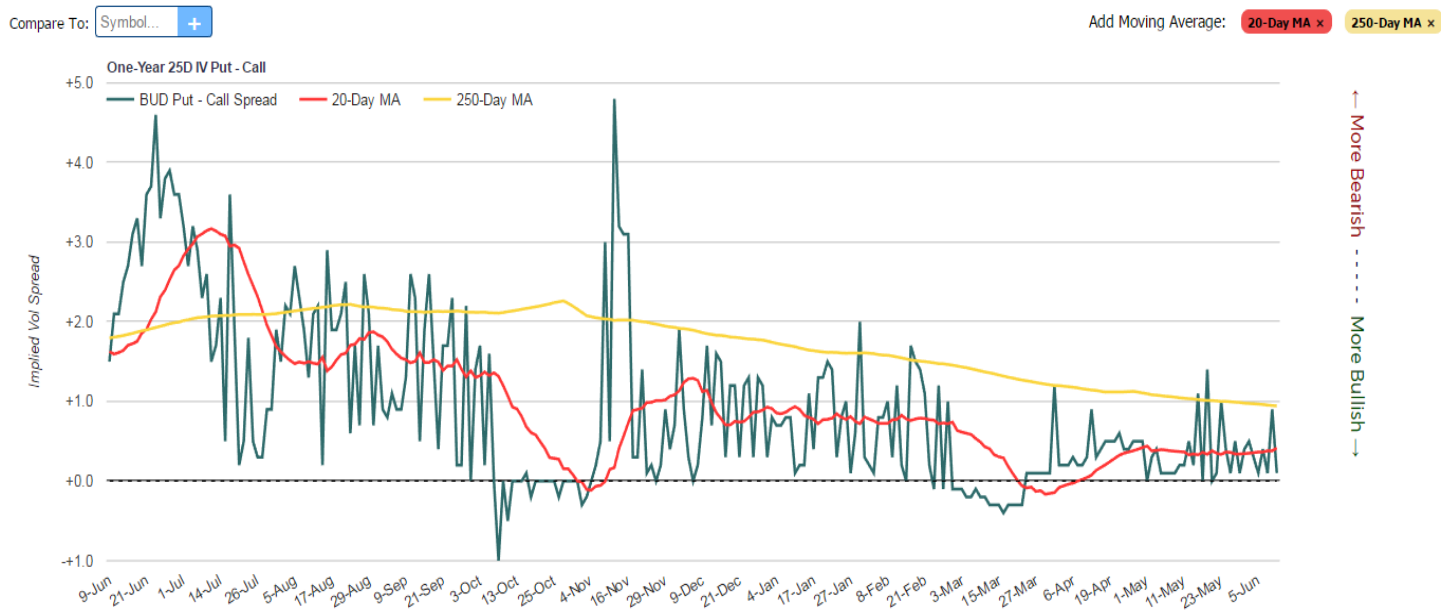
Segmentation and Forecast (2014 - 2020)



Open Interest, Volatility, and Skew: Anheuser Busch's 30 day IV at 19.45% compares to a 52-week range of 14.8% to 28.9%. Its December options are pricing in a 13.4% move by year-end, and total put/call open interest ratio is at 0.152. Its 30 day IV Skew at 0.5% compares to a 52-week average of 4.5%. Some notable trades include sizable buys of August \$120 and \$130 calls, September \$115, \$120, \$125 and \$130 calls, and Jan. 2018 \$135 and \$140 calls.

Date	Description	Volu	Open	Price	%Chan	De	Impl	Prob.I	Premium F	Symbol
5/4/2017	BUD 100 19 JAN 18 140 CALL	32,531	427	\$2.55	104.00%	0.19	22.54%	14.52%	\$8,295,405	.BUD180119C140
4/19/2017	BUD 100 15 SEP 17 125 CALL	30,473	1,451	\$1.55	24.00%	0.19	22.21%	15.80%	\$5,180,410	.BUD170915C125
5/4/2017	BUD 100 15 SEP 17 130 CALL	22,542	15,775	\$2.15	86.96%	0.24	21.56%	20.34%	\$4,959,240	.BUD170915C130
5/18/2017	BUD 100 18 AUG 17 130 CALL	30,345	134	\$1.45	-6.45%	0.19	23.93%	16.02%	\$4,400,025	.BUD170818C130
5/5/2017	BUD 100 15 SEP 17 135 CALL	22,740	129	\$1.75	25.00%	0.2	23.35%	16.43%	\$4,200,795	.BUD170915C135
10/31/2016	BUD 100 19 JAN 18 155 CALL	15,414	32	\$1.80	-40.00%	0.13	24.15%	8.15%	\$2,774,520	.BUD180119C155
5/30/2017	BUD 100 18 AUG 17 120 CALL	6,009	1,181	\$3.30	-22.90%	0.4	23.70%	35.60%	\$2,163,240	.BUD170818C120
6/1/2017	BUD 100 19 JAN 18 125 PUT	1,223	211	\$13.10	0.85%	-0.69	17.93%	74.99%	\$1,651,050	.BUD180119P125
5/18/2017	BUD 100 18 AUG 17 135 CALL	20,100	130	\$0.80	-16.67%	0.127	24.81%	10.31%	\$1,608,000	.BUD170818C135
4/26/2017	BUD 100 15 SEP 17 115 CALL	3,305	1,582	\$4.80	-2.83%	0.44	21.61%	38.96%	\$1,586,400	.BUD170915C115
3/7/2017	BUD 100 19 JAN 18 135 CALL	11,207	126	\$1.35	-6.90%	0.14	23.72%	9.68%	\$1,512,945	.BUD180119C135
3/7/2017	BUD 100 15 SEP 17 130 CALL	12,528	29	\$0.80	-5.88%	0.11	22.86%	8.29%	\$1,252,800	.BUD170915C130
8/5/2016	BUD 100 19 JAN 18 160 CALL	5,005	989	2.22	-28.39%	0.15	22.00%	10.15%	\$1,111,110	.BUD180119C160
3/7/2017	BUD 100 19 JAN 18 100 PUT	1,502	1,064	\$6.79	11.31%	-0.37	22.66%	46.28%	\$1,036,380	.BUD180119P100
8/5/2016	BUD 100 19 JAN 18 165 CALL	5,000	442	1.85	-9.76%	0.12	21.47%	7.83%	\$925,000	.BUD180119C165

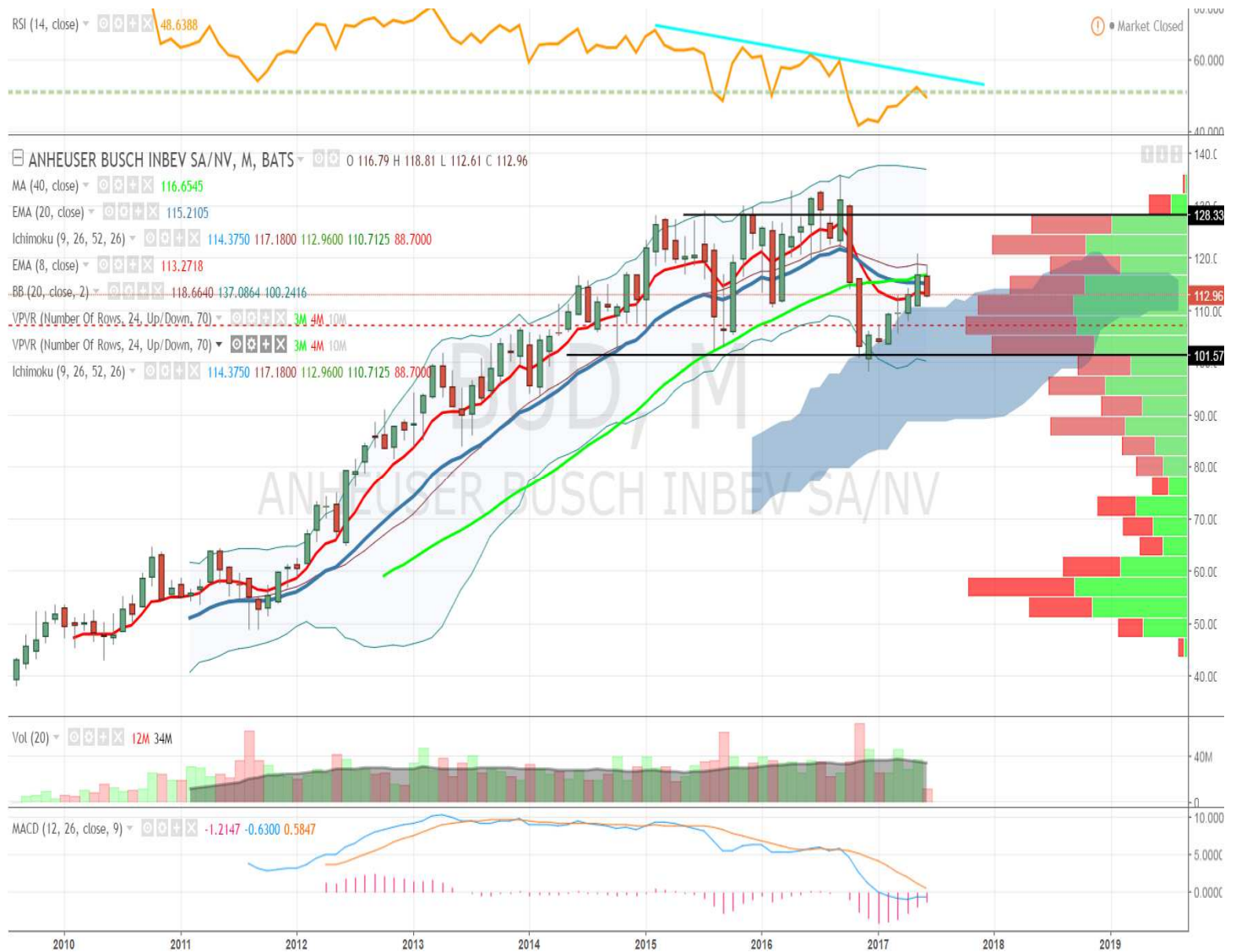
Historical Volatility Spread of 25-Delta Put IV minus 25-Delta Call IV



Current Skew Indicator: **Slightly Bullish**

Analyst Notes: Analysts have an average target of \$123 on shares with a high of \$134 and low of \$103. Jefferies reiterated a Buy and \$132 target on 5-5, while Stifel has a \$134 target. BAML rates shares Neutral with a \$115 target seeing shares at richly valued and needing to see better earnings performance. On 3-1 SIG was out with an interesting note seeing BUD in position to do another \$100B deal by 2019, one target mentioned is Pepsi (PEP).

Technical View: BUD shares pulled back late in 2016 and tested key support near \$101 which held, and recently rallied back above its 200 day MA before pulling back the past week. Shares have plenty of overhead resistance, and the ultimate goal is to clear \$128.50 to move out of this sideways channel which would measure to an upside target around \$155. Monthly RSI clearing the downtrend line would be a buy signal, while monthly MACD nearing a bullish cross currently.



Seasonality: BUD shares have performed strongest in Q1 with a 5 year average return of 4.55%, February and March leading the way while June and September are also strong months. Shares have tended to underperform July-December.

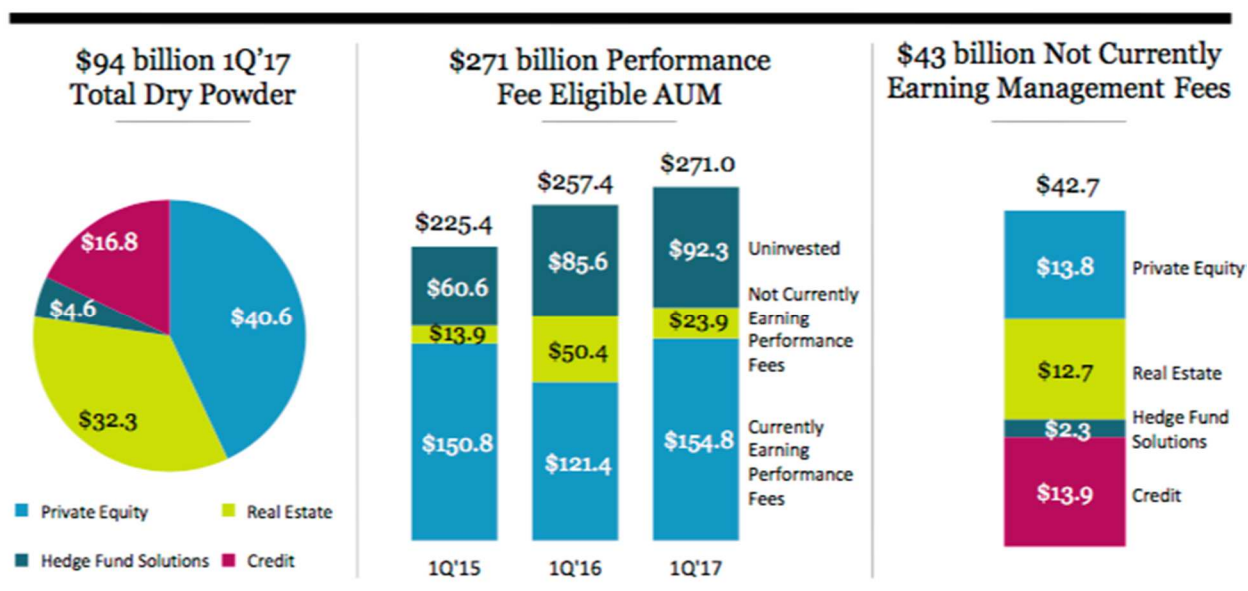
Ownership Trends: Institutional ownership surged 8.3% in Q1 filings as 69 funds took new positions, 181 added, 48 closed and 159 reduced. Soroban Capital added to its large position and also disclosed call options, and Hoplite Capital took a large position. OZ Management also holds call options. Short interest at 0.6% of the float is minimal, but has risen to near a record high.

Catalyst: Synergy Targets Improve; China/Brazil Beer Markets Bottom; Further M&A

Optimal Strategy: Long the BUD September \$120/\$130 Call Spreads at \$1.80 Debit

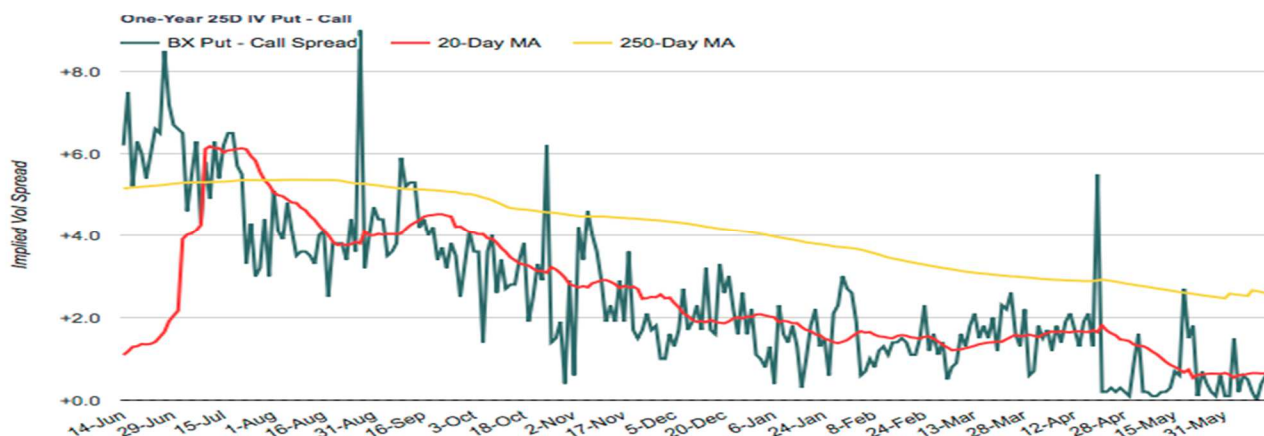
Blackstone (BX) \$32.75 – Financials – Asset Management

Fundamental Snapshot: The \$39.46B asset manager trades 10.37X earnings, 6.43X sales, and 3.27X book with a 10.5% yield and 25% EPS growth. The company has been a consistent revenue growth story with double-digit gains in three of the last four years. They see 29.9% growth in 2017 and 7.8% growth in 2018 to more than \$7B. The company trades at a slight premium to peers but with superior EBITDA margins and ROIC. BX reported ENI up 166% last quart behind better management fee growth and strong fund returns while distributable earnings were \$1.02/share after record realizations. Total fee-earning AUM rose to \$280.2B, up 15%. The company put \$11.7B to work in the quarter with significant deal flow outside of the US. Their private equity business has been steadily investing in healthcare and energy sectors with another \$1B deployed last quarter and coming off a financing deal with Sanchez Energy (SN) late last year which puts them into the growing Permian basin. BX is poised to continue benefitting from better equity and credit markets this year which is allowing for more large deals to close and higher fundraising. BX has significant dry powder for more deals.



Blackstone 9

Open Interest, Volatility, and Skew: BX 30-day IV at 19.14% is in the 9th percentile of its 52-week range of 16.69% to 44.53%. Its December options are pricing in a 12% move into year-end and its total put/call open interest ratio is 0.796. Its 30-day IV skew is 2.2% vs a 52-week average of 11.3%. Some notable positions in open interest include the September \$32/\$30 bull risk reversal, January \$30 calls, and January 2019 \$30 calls.



← More Bearish More Bullish →

Date	Description	Volu	Open	Price	%Chan	De	Impl	Prob.I	Premium F	Symbol
1/31/2017	BX 100 15 SEP 17 37 PUT	3,947	2	\$7.92	-4.58%	-0.78	28.43%	85.94%	\$3,236,540	.BX170915P37
5/2/2017	BX 100 15 SEP 17 31 CALL	17,040	2,456	\$1.34	-4.96%	0.45	24.66%	35.89%	\$2,317,440	.BX170915C31
5/2/2017	BX 100 15 SEP 17 30 PUT	17,054	4,937	\$1.18	1.72%	-0.5	14.84%	56.34%	\$2,199,966	.BX170915P30
12/7/2016	BX 100 18 JAN 19 30 CALL	7,504	1,561	\$2.70	29.81%	0.41	29.32%	24.99%	\$2,026,080	.BX190118C30
10/13/2016	BX 100 19 JAN 18 25 CALL	7,005	3,467	\$2.12	-1.40%	0.43	29.74%	30.01%	\$1,485,060	.BX180119C25
2/27/2017	BX 100 18 JAN 19 25 CALL	2,000	1,212	\$5.70	5.56%	0.71	28.92%	48.21%	\$1,180,000	.BX190118C25
3/10/2017	BX 100 18 JAN 19 25 CALL	2,110	3,340	\$5.25	8.25%	0.67	29.40%	45.42%	\$1,139,400	.BX190118C25
5/17/2016	BX 100 19 JAN 18 30 CALL	4,527	5507	2.2	-2.22%	0.38	32.19%	24.23%	\$995,940	.BX180119C30
5/24/2017	BX 100 18 JAN 19 30 PUT	2,655	2,606	\$3.20	-1.54%	-0.57	12.23%	72.98%	\$889,425	.BX190118P30
2/27/2017	BX 100 18 JAN 19 27 PUT	2,000	385	\$4.00	0.00%	-0.4	26.51%	59.36%	\$840,000	.BX190118P27
6/2/2017	BX 100 19 JAN 18 34 PUT	2,006	240	\$2.60	-0.76%	-0.71	11.41%	78.80%	\$537,608	.BX180119P34
3/9/2017	BX 100 18 JAN 19 32 CALL	2,343	788	\$2.00	-9.09%	0.35	28.34%	21.85%	\$468,600	.BX190118C32
6/1/2017	BX 100 19 JAN 18 34 CALL	2,513	428	\$1.68	40.00%	0.42	24.23%	30.88%	\$422,184	.BX180119C34
6/2/2017	BX 100 18 JAN 19 32 PUT	1,034	601	\$3.52	-6.13%	-0.63	10.84%	79.26%	\$387,750	.BX190118P32
2/24/2017	BX 100 15 SEP 17 27 PUT	2,516	310	\$1.46	10.61%	-0.34	26.13%	42.27%	\$367,336	.BX170915P27
11/2/2016	BX 100 19 JAN 18 30 CALL	5,592	20,917	\$0.65	-13.33%	0.2	25.51%	13.24%	\$363,480	.BX180119C30

Analyst Notes: Analysts have an average target for shares of \$36 with 7 buy ratings and 1 hold rating. Citi out on 5-28 with a \$41 price target and Credit Suisse up to \$53 in late May. The firm was positive shares noting that BX is positioned well to continue to take market share as alternative asset managers grow in popularity over traditional and remains cheap on its dividend potential. The firm thinks performance fees could continue to climb as BX is levered to a stronger US and EU economic backdrop and improving GDP.

Technical View: BX shares jumped recently out of a bull flag at \$31 and long-term has room to work a back to the 2015 highs near \$39-\$40. Shares are moving to the top of a big volume ledge at \$34 where they could see some short-term resistance. BX held key Fibonacci support on the longer-term view, the 50% retracement at \$23.45, and also with the first bullish MACD on the monthly since 2013 when it ran almost \$30.



Seasonality: BX shares are historically very strong from November through February while lagging in the Summer months, except July which has seen a strong earnings quarter recently. From the beginning of November through year-end, the five-year return has been 6.5% on average.

Ownership Trends: Institutional ownership rose 4.71% in Q1 filings, 75 funds creating new positions, 225 adding, 40 closing, and 138 reducing. 25 funds hold BX in their top ten holdings. Riverpark Capital a top buyer of shares last quarter adding almost 1M shares while Alkeon Capital buying a new 1.875M shares. Short interest is 2.74% of the float.

Catalyst: Spending on M&A, Regulatory Reform, Tax Changes Leading to C-Corp, New Project Announcements, Improving IPO Market, Better Asset Inflows

Optimal Strategy: Long the BX January \$34 Calls for \$1.25

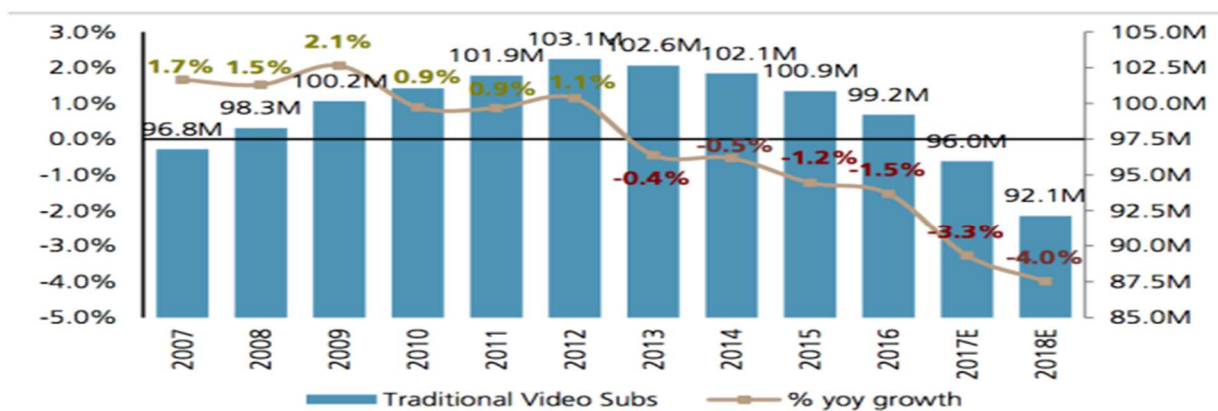
CBS Corp (CBS) \$60 – Entertainment – TV/Film

Fundamental Snapshot: The \$27B multimedia company trades 11.7X earnings, 2.13X sales, and 8.5X book with 1.19% dividend yield. CBS has seen flat growth since 2013 but positive momentum in 2015 and 2016 with expectations for 5% Y/Y growth in 2018 to more than \$14B. EPS has contracted in each of the last two years but expected to bounce back to more than \$5 per share. CBS has faced growing concerns over the last three years with growing competition among pay-TV operators and growth in OTT services such as Netflix (NFLX). The company unveiled their All Access platform for

CBS programming, a stake in Hulu and launched a standalone version of Showtime which are all showing early success. They announced plans to launch skinny bundles last quarter with CBS and Showtime on Google’s YouTube TV and Showtime on Sling TV as well as Hulu’s new live TV service.

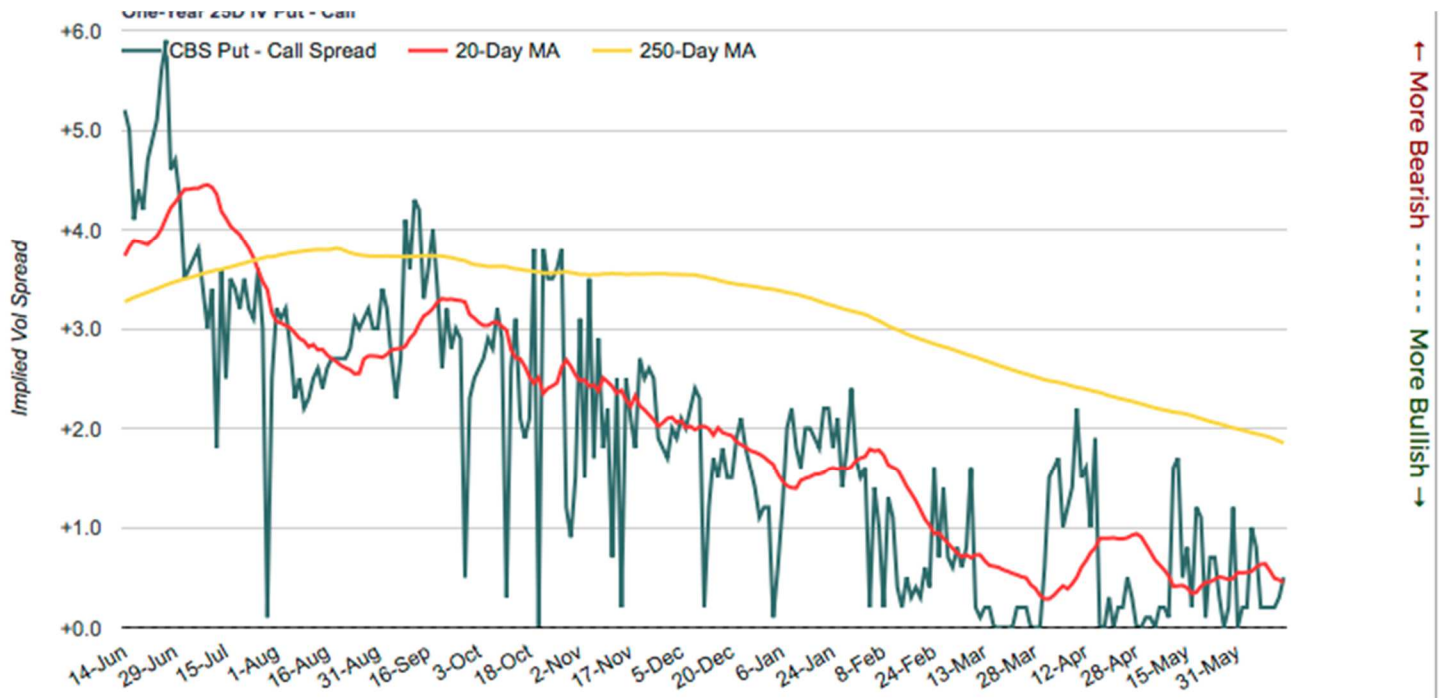


CBS is eyeing a big 2H for Showtime with the release of Star Trek: Discovery and Twin Peaks and the return of the NFL for CBS All Access. The company is coming off a mixed quarter but stronger commentary on advertising with network spending down less than 1% and seeing strong demand into the early Summer. Affiliate and subscription fees rose 28% and well on their way towards their 2020 revenue/subscribers goal of \$2.5B/8M.



Source: Company data, UBS estimates

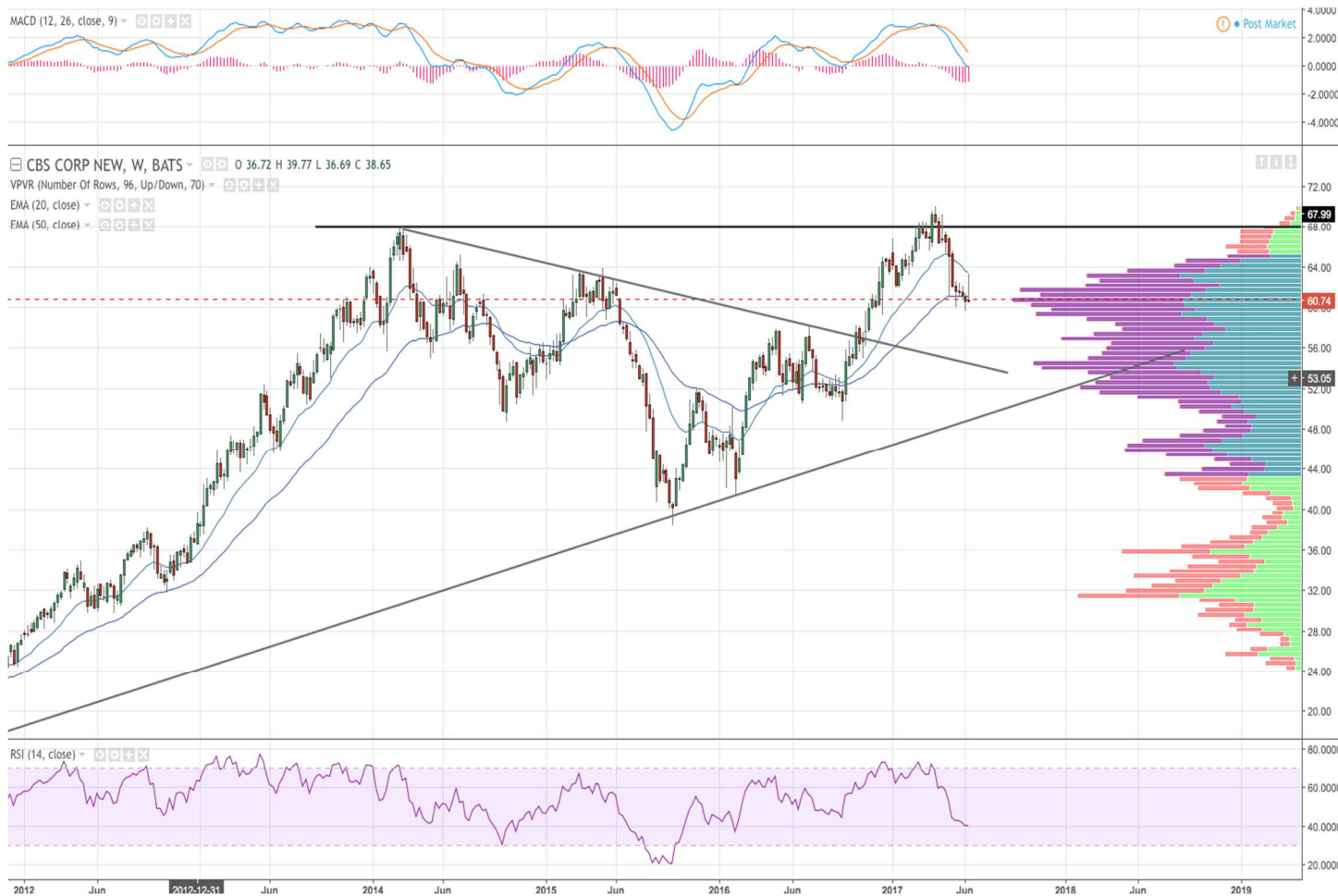
Open Interest, Volatility, and Skew: CBS's 30-day IV at 22.43% is in the 22.5th percentile of its 52-week range of 38.6% to 17.7%. Its December options are pricing in a 13.76% move by year-end and its total put/call open interest ratio is 0.684. Its 30-day IV skew is 0.9% vs a 52-week average of 8.4%. Some notable positions in open interest include 15,000 September \$72.50 calls, 11,500 January \$70 calls, and 3,000 July \$67.50 calls.



Date	Description	Volu	Open	Price	%Chan	De	Impl V	Prob.II	Premium F	Symbol
12/2/2016	CBS 100 18 JAN 19 70 CALL	8,700	11	\$5.25	0.19%	0.39	24.95%	26.17%	\$4,567,500	.CBS190118C70
3/29/2017	CBS 100 15 SEP 17 72.5 CALL	15,382	13	\$2.34	14.15%	0.36	21.62%	30.92%	\$3,584,006	.CBS170915C72.5
4/4/2017	CBS 100 19 JAN 18 70 CALL	5,251	6,572	\$5.26	-1.13%	0.5	24.32%	41.79%	\$2,861,795	.CBS180119C70
4/18/2017	CBS 100 21 JUL 17 67.5 CALL	3,108	163	\$3.70	1.37%	0.56	29.19%	50.29%	\$1,771,560	.CBS170721C67.5
3/30/2017	CBS 100 19 JAN 18 70 CALL	3,000	513	\$5.35	18.89%	0.52	22.47%	44.31%	\$1,635,000	.CBS180119C70
4/4/2017	CBS 100 19 JAN 18 60 PUT	5,255	6,841	\$2.52	-5.26%	-0.24	25.60%	32.04%	\$1,382,065	.CBS180119P60
3/31/2017	CBS 100 19 JAN 18 70 CALL	2,254	3,672	\$5.50	0.00%	0.52	24.07%	43.33%	\$1,296,050	.CBS180119C70
3/30/2017	CBS 100 19 JAN 18 60 PUT	3,000	1,399	\$2.25	-12.79%	-0.23	25.54%	30.20%	\$765,000	.CBS180119P60
5/11/2017	CBS 100 19 JAN 18 62.5 PUT	1,286	752	\$5.10	10.87%	-0.46	23.98%	54.66%	\$668,720	.CBS180119P62.5
5/2/2017	CBS 100 21 JUL 17 67.5 CALL	3,000	3,272	\$2.10	-1.41%	0.43	22.78%	38.81%	\$660,000	.CBS170721C67.5
3/31/2017	CBS 100 19 JAN 18 60 PUT	2,251	4,253	\$2.40	1.27%	-0.23	25.97%	31.27%	\$601,017	.CBS180119P60
3/8/2017	CBS 100 15 SEP 17 65 PUT	1,000	42	\$3.20	-8.57%	-0.36	23.00%	42.47%	\$325,000	.CBS170915P65
5/19/2017	CBS 100 18 AUG 17 57.5 PUT	1,335	80	\$1.63	35.83%	-0.271	25.20%	31.54%	\$217,605	.CBS170818P57.5
5/30/2017	CBS 100 (Weeklys) 7 JUL 17 64 CALL	2,600	0	\$0.74	N/A	0.3	20.93%	27.71%	\$213,200	.CBS170707C64
5/26/2017	CBS 100 21 JUL 17 62.5 CALL	1,000	14	\$1.61	-6.40%	0.44	21.14%	40.94%	\$170,000	.CBS170721C62.5

Analyst Notes: Analysts have an average target for shares of \$72 with 22 buy ratings and 6 hold ratings, FBR with a Street High \$87 PT in April. Credit Suisse out positive on 5-10 noting that while near-term trends in advertising are likely to remain choppy, the long-term view remains bullish with CBS amongst the most exposed in the industry. The firm thinks more data-driven audience targeting will help lift advertising rates in the US. The firm has a “Blue Sky” target for shares of \$91-\$108 based on 5-7% ad growth through 2018-2030 and a 15.5X multiple. RBC out on 5-19 noting that the company is likely to be active in M&A, as both buyer and potentially seller, with Lionsgate and Viacom the most likely targets. They think Verizon could look at buying the company in a major move into content. Loop Capital positive on 5-15 seeing their flagship network with no glaring weaknesses on the TV schedule within any day or day part which will give them more leverage in negotiations.

Technical View: CBS shares traded strong in 2011-2014 when they ran up to \$68 and now in a big monthly bull flag with a measured move to \$88. Weekly RSI has pulled back to 40 and MACD back to the zero line where it is beginning to flatten out.



Seasonality: CBS shares have strong seasonality in the beginning of the year with Q2 up over 5.75% over the last ten years before fading throughout the Summer. Shares have bottomed in October in recent years before rallying into year-end.

Ownership Trends: Institutional ownership fell 4.2% in Q1 filings with 83 new positions, 183 adding, 78 closing, and 318 reducing. 29 funds hold CBS in their top 10 holdings. Glenview a top holder of shares with 5.4M, their 17th largest position, and adding 343,000 last quarter. Chieftain Capital a concentrated holder with 2.9M shares and a 13.38% weight. Appaloosa and Point72 adding new positions last quarter. Short interest is 2.8% of the float, steady since 2014.

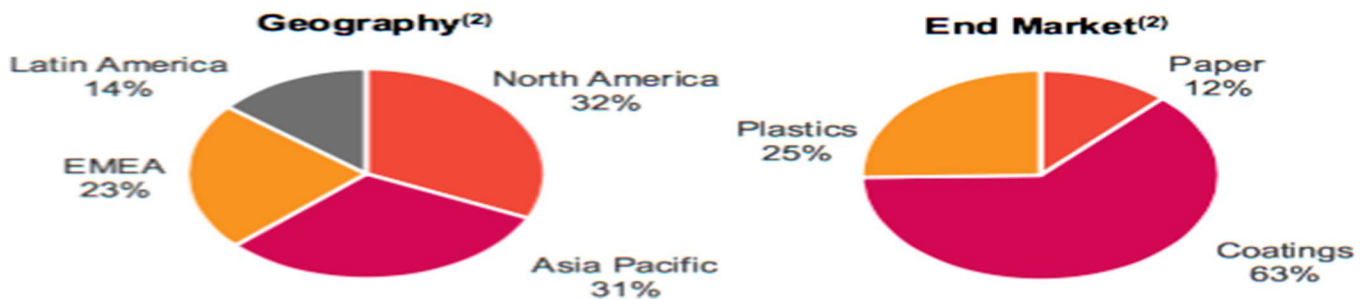
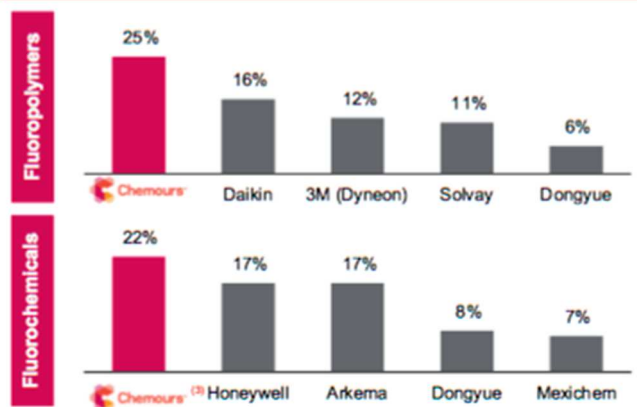
Catalyst: M&A, Advertising Rates, Growth in Retrans/Reverse Comps, Streaming Subs

Optimal Strategy: Sell the CBS January \$55 Puts for \$2.20 to buy the January \$65/\$75 Call Spread for \$2.20, zero debit paid but willing to take shares at \$55.

Chemours (CC) \$38.50 – Materials – Chemicals

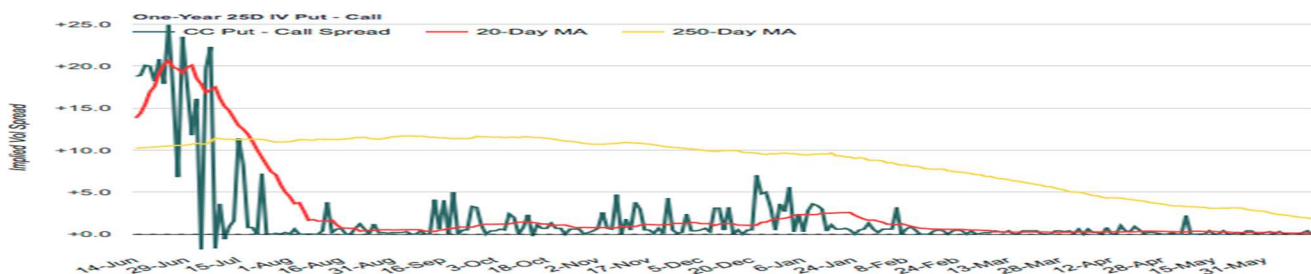
Fundamental Snapshot: The \$7.02B chemicals company trades at 9.8X earnings, 1.27X sales, and 7.8X cash with a small dividend yield. CC has seen revenues contract each of the last four years but seeing 6.1% growth in both 2017 and 2018 to more than \$6B in sales and EPS nearing \$4 as they execute on initiatives to lower their leverage and streamline operations. CC had over \$5.5B in sales last year with Titanium Dioxide comprising 44% of sales, Fluoropolymers 22%, and Fluorochemicals 20% with North America the largest region served at 43%. The company has a wide end-market with chemicals for refrigerants, propellants, industrial resins and those used in gold production, refining, and agriculture. They are a global leader in TiO₂ with a capacity of 1.25M metric tons. CC is benefitting from a turnaround in TiO₂ pricing and volumes with increased demand for both their Ti-Pure products in coatings, plastics, and paper production as well as fluoropolymers like Opteon, a refrigerant which is making a big push in automotive and installed in over 18M vehicles last year with a target by year-end of 50M. Opteon is seen as a big driver going forward with the company announcing deals with Ahold and Johnson Controls (JCI) late last year which has pushed sales over \$590M for the unit. The company broke ground on a new Opteon plant in Texas earlier this year which should help boost capacity. CC can also see upside from a bottoming in the gold production market which will drive demand for their Chemical Solutions business.

Chemours is #1 in Fluoroproducts Globally⁽²⁾



TiO₂ Breakdown

Open Interest, Volatility, and Skew: CC 30-day IV at 43.7% is near the low-end of its 52-week range of 36.8% to 141.3%. Its January options are pricing in a 28.5% move by year-end and its total put/call open interest ratio is 0.622. Its 30-day IV skew is 0.0% vs a 52-week average of 3.5%. Some notable positions in open interest include the January \$50 calls bought in mid-May and the October \$43 and \$44 calls.



Current Skew Indicator: Slightly Bullish

Date	Description	Volu	Open.	Price	%Chan	De	Impl V	Prob.Π	Premium F	Symbol
3/6/2017	CC 100 21 JUL 17 37 CALL	5,500	16	\$2.40	-23.08%	0.42	45.86%	31.86%	\$1,512,500	.CC170721C37
3/21/2017	CC 100 20 OCT 17 30 PUT	2,804	0	\$3.40	N/A	-0.332	48.39%	47.46%	\$953,360	.CC171020P30
3/7/2017	CC 100 21 JUL 17 37 CALL	3,000	5,516	\$2.50	4.17%	0.43	45.82%	31.98%	\$780,000	.CC170721C37
3/23/2017	CC 100 20 OCT 17 34 CALL	963	10	\$5.20	13.79%	0	#ERROR!	0.00%	\$500,760	.CC171020C34
5/2/2017	CC 100 20 OCT 17 43 CALL	1,000	123	\$3.55	3.80%	0.45	45.57%	33.12%	\$370,000	.CC171020C43
4/24/2017	CC 100 20 OCT 17 48 CALL	1,000	0	\$2.01	N/A	0	#ERROR!	0.00%	\$225,000	.CC171020C48
5/2/2017	CC 100 21 JUL 17 43 CALL	1,009	193	\$1.65	-28.26%	0.38	39.62%	31.10%	\$186,665	.CC170721C43
4/24/2017	CC 100 21 JUL 17 35 PUT	1,000	44	\$1.81	-26.12%	-1	--	100.00%	\$185,000	.CC170721P35

Analyst Notes: Analysts have an average target for shares of \$42.50 with the majority of the Street at a Buy equivalent, Citi with a Street High \$63 target. JP Morgan upgrading shares on 5-12 seeing multiple expansion as Opteon hasn't been fully realized yet and the company has a very profitable set of newer generation refrigerants with patent lives extending into 2022 which have excellent growth potential.

Technical View: CC shares have been strong since mid-2016 when they broke out of a \$15 point range above \$20 and trading as high as \$45 recently. Shares are pulling back to the rising 50-EMA recently and cloud support at \$40 while the 200-day below at \$30 would be long-term support. CC is basing at a long-term channel support which measures up to \$47.50.



Seasonality: CC has not traded for very long having been spun out from DuPont in June of 2015 but August and November two strong months for shares.

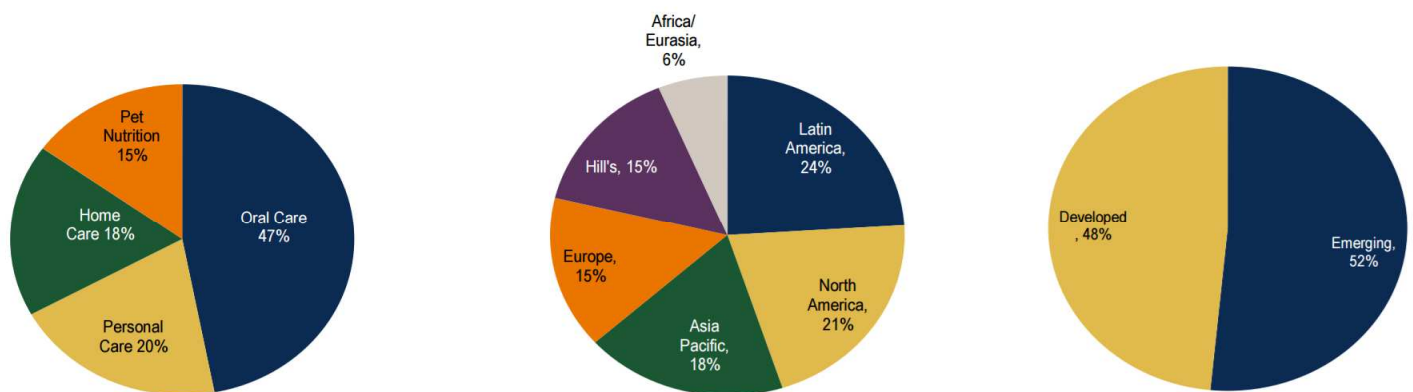
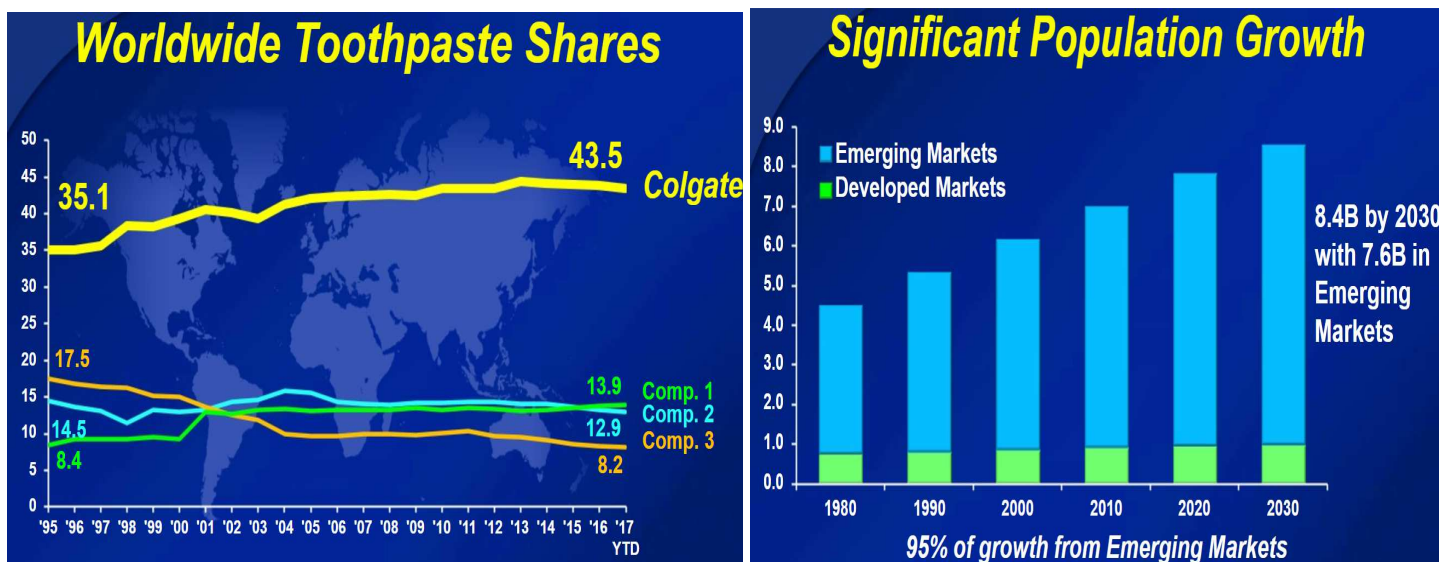
Ownership Trends: Institutional ownership fell 2.59% in Q1 filings, 89 funds creating new positions, 104 adding, 40 closing, and 152 reducing. 10 funds hold CC in their top ten holdings. Greenlight Capital a notable holder of 5M shares but selling almost 4M shares while Point72 started a new stake. Short interest is 2.97% of the float and down from 8% in July 2016.

Catalyst: TiO2 Pricing, Opteon Expansion, Legal Matters Settled, Better Gold Production and Refining Markets, Capacity Increases as New Facilities Come Online

Optimal Strategy: Long the CC January \$40/\$50 Call Spread for \$3.50 and Sell the \$30 Put for \$1.75, net debit of \$1.75 and willing to own shares at \$30.

Colgate (CL) \$77 – Consumer Goods – Personal Products

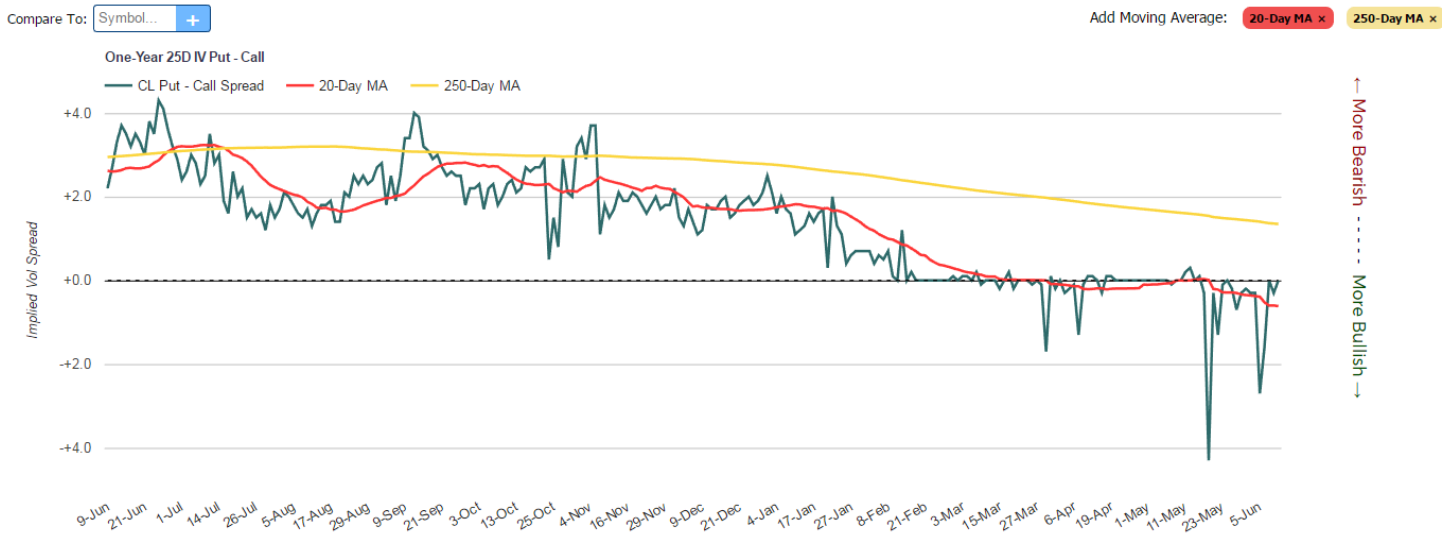
Fundamental Snapshot: The \$68B consumer products company trades 24.3X Earnings, 4.48X Sales and 61.6X FCF with a 2.07% dividend yield. CL is clearly pricey on valuation as a company seeing a modest return to revenue growth in 2017 and expecting EPS growth to accelerate to 8.5% in 2018 which would be its best year since 2010. Colgate more recently is being seen as a potential M&A target with the CEO signaling he would be open to selling the company for \$100/share according to the NY Post. Potential buyers include Unilever, P&G, and Kraft-Heinz / 3G Capital. CL is focused on driving organic sales growth and improving efficiency with cost savings, and adds a lot of strategic value to a potential acquirer with its emerging markets presence. It is also using digital media to expand brand awareness and loyalty through social media engagement. India and Africa are seen as major growth markets with an emphasis on brushing 2X/day. Colgate also owns Hill's Pet Science which has a strong leadership position in high-end pet food. Colgate's 61% gross margins are the best in its peer group, yet another reason it is an attractive M&A target. Keys to growth are centered on demand-building spend and investments into online.



Open Interest, Volatility, and Skew: Colgate's 30 day IV at 25.7% compares to a 52-week range of 11.4% to 29.8%. Its January 2018 options are pricing in a 14.7% move over the next 7 months, and its total put/call open interest ratio is at 0.595. Its 30 day IV Skew at 0% compares to a 52-week average of 7.9%. Some notable positions in open interest include sizable August open interest with over 20,000 each in \$72.5 and \$75 calls and even size out to the \$85 strike calls. A 5/3 buy of 5,000 November \$80 calls to open also stands out.

Date	Description	Volu	Open	Price	%Chan	De	Impl V	Prob.Γ	Premium F	Symbol
4/21/2017	CL 100 18 AUG 17 72.5 CALL	30,024	27,346	\$3.97	-2.46%	0.53	22.74%	48.22%	\$12,009,600	.CL170818C72.5
4/25/2017	CL 100 18 AUG 17 75 CALL	20,075	15,628	\$3.10	12.73%	0.47	21.43%	42.44%	\$6,223,250	.CL170818C75
3/10/2017	CL 100 18 AUG 17 72.5 CALL	10,021	21,207	\$5.80	11.54%	0.57	26.12%	50.40%	\$5,912,390	.CL170818C72.5
2/21/2017	CL 100 18 AUG 17 72.5 CALL	10,165	8,551	\$4.50	16.88%	0.53	22.03%	46.45%	\$4,574,250	.CL170818C72.5
2/27/2017	CL 100 18 AUG 17 75 CALL	8,641	6,228	\$3.90	6.85%	0.45	25.18%	38.42%	\$3,369,990	.CL170818C75
5/17/2017	CL 100 18 AUG 17 82.5 CALL	18,412	15,331	\$1.34	185.11%	0.24	26.71%	20.21%	\$2,780,212	.CL170818C82.5
5/17/2017	CL 100 18 AUG 17 80 CALL	7,713	5,409	\$2.50	338.60%	0.37	29.09%	31.82%	\$2,298,474	.CL170818C80
5/1/2017	CL 100 18 AUG 17 75 CALL	10,010	35,363	\$1.90	-11.63%	0.36	20.87%	31.68%	\$2,022,020	.CL170818C75
5/8/2017	CL 100 19 JAN 18 77.5 CALL	8,303	1,093	\$2.20	0.00%	0.32	18.88%	26.88%	\$1,951,205	.CL180119C77.5
3/2/2017	CL 100 18 AUG 17 75 CALL	4,166	14,771	\$4.30	4.88%	0.47	24.66%	40.78%	\$1,833,040	.CL170818C75
5/30/2017	CL 100 18 AUG 17 82.5 CALL	10,094	13,050	\$1.58	0.64%	0.28	28.88%	23.70%	\$1,776,544	.CL170818C82.5
2/23/2017	CL 100 18 AUG 17 77.5 CALL	3,576	3,029	\$3.45	25.91%	0.41	23.17%	35.32%	\$1,233,720	.CL170818C77.5
3/3/2017	CL 100 19 JAN 18 67.5 PUT	2,600	1,727	\$4.33	5.61%	-0.35	23.97%	43.85%	\$1,209,000	.CL180119P67.5
2/10/2017	CL 100 18 AUG 17 70 CALL	6,702	1,468	\$1.76	20.55%	0.35	16.28%	31.00%	\$1,206,360	.CL170818C70
3/3/2017	CL 100 19 JAN 18 60 PUT	4,825	2,558	\$2.18	2.35%	-0.2	26.25%	27.48%	\$1,206,250	.CL180119P60
5/24/2017	CL 100 18 AUG 17 82.5 CALL	10,068	4,671	\$1.16	16.00%	0.2	25.32%	17.07%	\$1,167,888	.CL170818C82.5
4/28/2017	CL 100 19 JAN 18 75 CALL	2,511	2,812	\$3.85	-8.33%	0.43	22.04%	35.59%	\$1,104,840	.CL180119C75
3/10/2017	CL 100 18 AUG 17 60 PUT	10,000	595	\$1.05	11.70%	-0.12	28.88%	16.20%	\$1,050,000	.CL170818P60
2/10/2017	CL 100 18 AUG 17 70 PUT	1,776	50	\$4.75	-15.18%	-0.62	15.58%	66.75%	\$843,600	.CL170818P70
2/14/2017	CL 100 18 AUG 17 67.5 CALL	2,047	910	\$3.50	4.79%	0.51	18.68%	45.80%	\$726,685	.CL170818C67.5
4/28/2017	CL 100 18 AUG 17 82.5 CALL	10,003	5,349	\$0.53	-29.33%	0.11	20.37%	9.49%	\$650,195	.CL170818C82.5
2/23/2017	CL 100 18 AUG 17 75 CALL	1,388	4,843	\$4.40	20.55%	0.5	22.69%	43.71%	\$645,420	.CL170818C75
4/12/2017	CL 100 18 AUG 17 82.5 CALL	5,017	285	\$1.25	15.74%	0.23	23.38%	18.77%	\$642,176	.CL170818C82.5
1/17/2017	CL 100 18 AUG 17 67.5 CALL	2,098	76	\$2.93	20.08%	0.46	17.61%	41.03%	\$623,106	.CL170818C67.5
5/11/2017	CL 100 19 JAN 18 80 CALL	3,848	2,653	\$1.40	-10.83%	0.24	18.99%	19.54%	\$615,680	.CL180119C80
5/3/2017	CL 100 17 NOV 17 80 CALL	5,005	281	\$1.16	19.59%	0.2	19.41%	16.74%	\$600,600	.CL171117C80
4/4/2017	CL 100 18 AUG 17 85 CALL	5,388	1,162	\$0.88	4.76%	0.17	23.92%	13.32%	\$528,024	.CL170818C85
5/18/2017	CL 100 17 NOV 17 77.5 CALL	1,507	228	\$3.44	-18.10%	0.406	23.98%	34.31%	\$518,408	.CL171117C77.5
2/16/2017	CL 100 18 AUG 17 72.5 CALL	2,530	4,206	\$1.92	9.71%	0.34	18.88%	29.54%	\$506,000	.CL170818C72.5
3/16/2017	CL 100 18 JAN 19 72.5 PUT	524	0	\$7.60	N/A	-0.45	20.22%	57.47%	\$471,600	.CL190118P72.5
2/10/2017	CL 100 18 AUG 17 75 CALL	5,676	140	\$0.83	62.75%	0.19	16.45%	15.89%	\$471,108	.CL170818C75
2/21/2017	CL 100 18 AUG 17 72.5 PUT	1,019	155	\$4.25	-15.00%	-0.46	21.31%	52.58%	\$453,455	.CL170818P72.5
4/6/2017	CL 100 18 AUG 17 85 CALL	5,148	6,627	\$0.91	-2.15%	0.15	23.70%	12.39%	\$437,580	.CL170818C85
1/17/2017	CL 100 18 AUG 17 70 CALL	2,002	197	\$2.07	31.85%	0.37	17.13%	31.90%	\$414,414	.CL170818C70
4/3/2017	CL 100 17 NOV 17 72.5 PUT	797	124	\$4.75	-4.04%	-0.46	20.90%	53.42%	\$394,515	.CL171117P72.5
2/14/2017	CL 100 19 JAN 18 75 CALL	1,900	803	\$1.83	23.65%	0.27	18.20%	21.68%	\$372,400	.CL180119C75

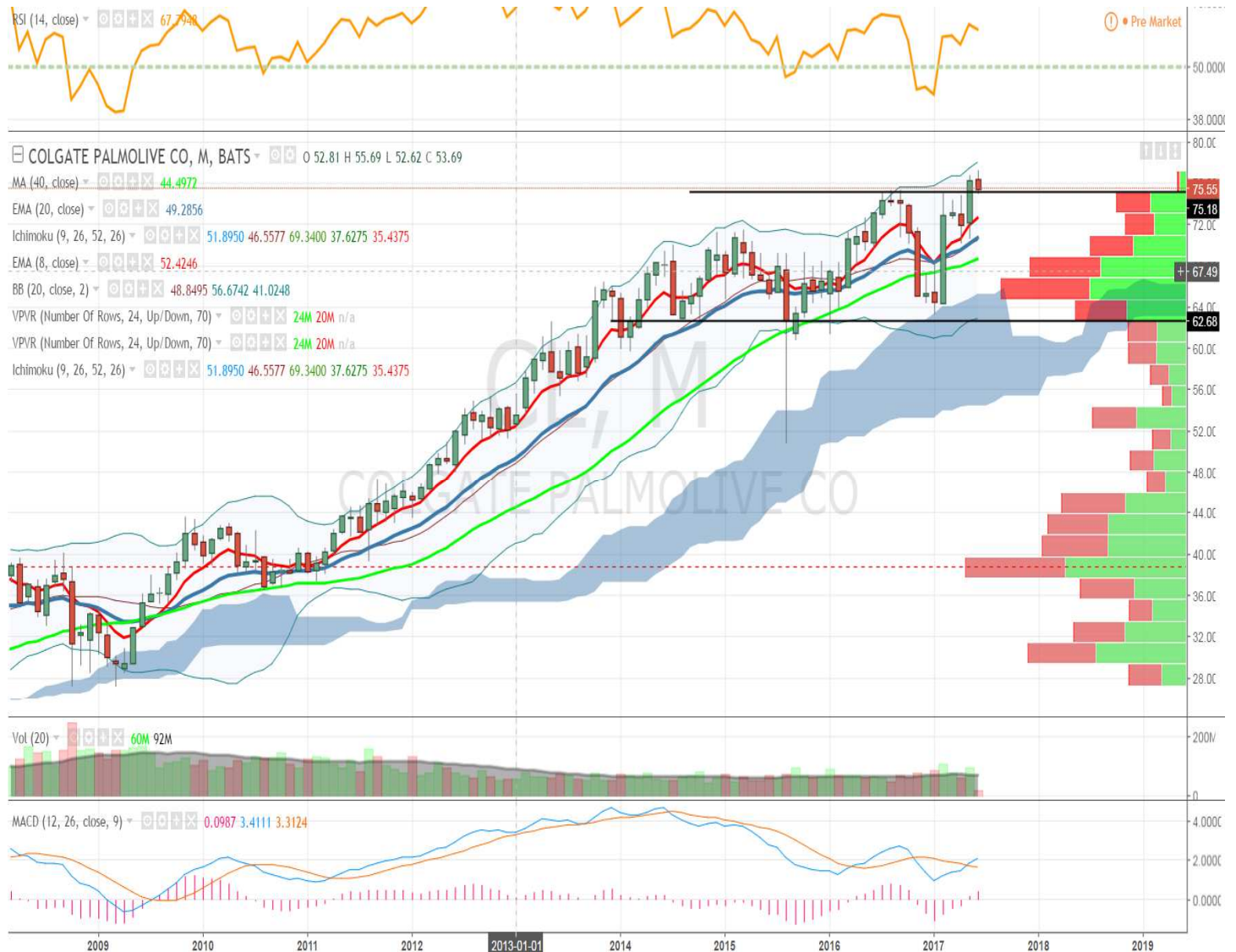
Historical Volatility Spread of 25-Delta Put IV minus 25-Delta Call IV



Current Skew Indicator: Bullish

Analyst Notes: Analysts have an average target of \$74.25 with a high of \$80 and low of \$70, rated Hold across the Street. BAML raised its target to \$80 with a buy rating on 5-31 seeing improved confidence in CL's ability to deliver on EPS and use the balance sheet for M&A. JP Morgan started shares at Neutral on 3-21 with a \$77 target.

Technical View: CL shares moved to record highs above \$77 recently and have pulled back modestly retesting former resistance that is now support in the \$74/\$75 zone. The monthly sideways range break targets a move to \$88.



Seasonality: CL shares have outperformed over the last five years in Q1 at +4.9% while Q2 has been miserable at -8.4% with May particularly weak at -10.4%. Its best months are February, March, and October.

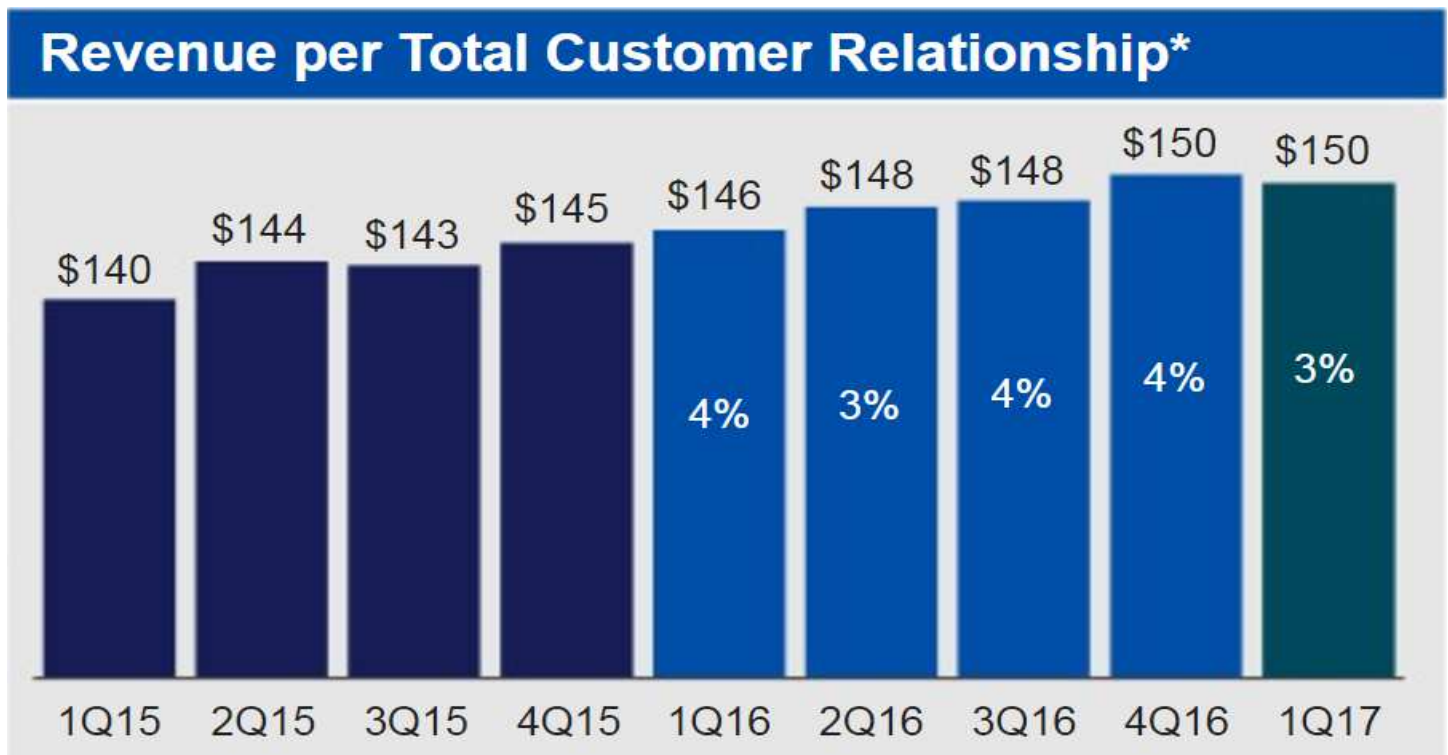
Ownership Trends: Institutional ownership fell 1% in Q1 filings as 102 funds took new positions, 416 added, 80 closed out and 548 reduced. Mason Capital disclosed a large call option position, Millennium Mgmt. added to its position, and activist Corvex Management disclosed a stock and call option position while Starboard Value showed a small new equity position. Short interest is minimal at 0.9% of the float and near a two year low. Colgate has not seen any insider buys the last 4 years.

Catalyst: M&A

Optimal Strategy: Long the CL August \$77.5/\$85 Call Spread at \$1.50 Debit

Comcast (CMCSA) \$41.69 – Technology – Cable/Media

Fundamental Snapshot: The \$195B media and technology company trades 18.8X Earnings, 2.38X Sales and 54.75X FCF with a 1.5% dividend yield. CMCSA has been able to post 6-8% annual revenue growth the last three years and forecasting 5-7% for 2017 and 2018 with EPS growth seen above 10%/year. In Q1 Comcast noted the year is off to the fastest start in 5 years with 10.4% adjusted EBITDA growth and \$3.1B in FCF at Comcast, while NCS Universal and Xfinity posting impressive numbers as well. They posted the best video customer results in 10 years and best high-speed internet customer results in 9 years. In May the company struck a wireless partnership deal with Charter (CHTR) that could pave the way for an eventual combination, while Verizon's CEO has publically expressed potential interest in acquiring Comcast as well. Comcast and Charter may also decide to launch a joint bid for T-Mobile (TMUS). NBC Universal is seen to have a long runway for growth with upside from Theme Parks and consumer products at Telemundo, as well as the addition of DreamWorks.



Open Interest, Volatility, and Skew: Comcast's 30 day IV at 17.8% compares to a 52-week range of 12.2% to 23.7%, Its January 2018 options are pricing in a 13% move over the next 6 months, and total put/call open interest ratio is at 0.642. Its 30 day IV Skew at 1.1% compares to a 16.6% 52-week average. Some notable positions include large size in August \$40 and \$42.50 calls from buyers, over 50,000 Jan. 2018 \$40 calls, and a 6/1 bull risk reversal 15,000X buying Jan. 2018 \$45 calls and selling the \$36.25 puts.

Date	Description	Volu	Open	Price	%Chan	De	Impl	Prob.I	Premium F	Symbol
5/11/2017	CMCSA 100 18 AUG 17 40 CALL	58,028	28,553	\$1.28	12.28%	0.44	20.47%	39.59%	\$7,485,612	.CMCSA170818C40
6/2/2017	CMCSA 100 18 AUG 17 42.5 CALL	58,257	69,455	\$1.26	24.75%	0.46	19.28%	42.78%	\$7,340,382	.CMCSA170818C42.5
5/30/2017	CMCSA 100 19 JAN 18 40 CALL	20,019	54,254	\$3.50	16.28%	0.59	22.17%	52.51%	\$7,006,650	.CMCSA180119C40
1/31/2017	CMCSA 100 19 JAN 18 70 PUT	13,107	5,116	\$4.40	-1.12%	-0.34	23.20%	42.60%	\$5,832,615	.CMCSA180119P70
5/30/2017	CMCSA 100 18 AUG 17 40 CALL	25,024	88,158	\$2.32	13.73%	0.64	20.85%	60.22%	\$5,805,568	.CMCSA170818C40
5/30/2017	CMCSA 100 16 FEB 18 45 CALL	25,000	383	\$1.33	11.76%	0.33	20.55%	27.05%	\$3,325,000	.CMCSA180216C45
1/31/2017	CMCSA 100 19 JAN 18 85 CALL	13,002	46,330	\$2.40	3.90%	0.29	19.67%	22.82%	\$3,133,482	.CMCSA180119C85
5/30/2017	CMCSA 100 20 OCT 17 45 CALL	45,607	1,642	\$0.67	31.37%	0.24	18.85%	20.90%	\$3,055,669	.CMCSA171020C45
6/1/2017	CMCSA 100 19 JAN 18 45 CALL	15,097	5,588	\$1.26	-0.79%	0.33	19.49%	27.28%	\$1,962,610	.CMCSA180119C45
6/1/2017	CMCSA 100 19 JAN 18 36.25 PUT	15,030	3,425	\$1.00	-8.26%	-0.21	23.44%	26.65%	\$1,533,060	.CMCSA180119P36.25
3/1/2017	CMCSA 100 19 JAN 18 40 CALL	7,541	53,478	\$1.92	8.47%	0.4	21.69%	32.38%	\$1,447,872	.CMCSA180119C40
2/2/2017	CMCSA 100 15 SEP 17 82.5 CALL	7,500	117	\$1.80	7.14%	0.28	18.64%	23.38%	\$1,372,500	.CMCSA170915C82.5
6/2/2017	CMCSA 100 19 JAN 18 42.5 PUT	4,000	416	\$2.91	-7.62%	-0.5	19.38%	57.08%	\$1,180,000	.CMCSA180119P42.5

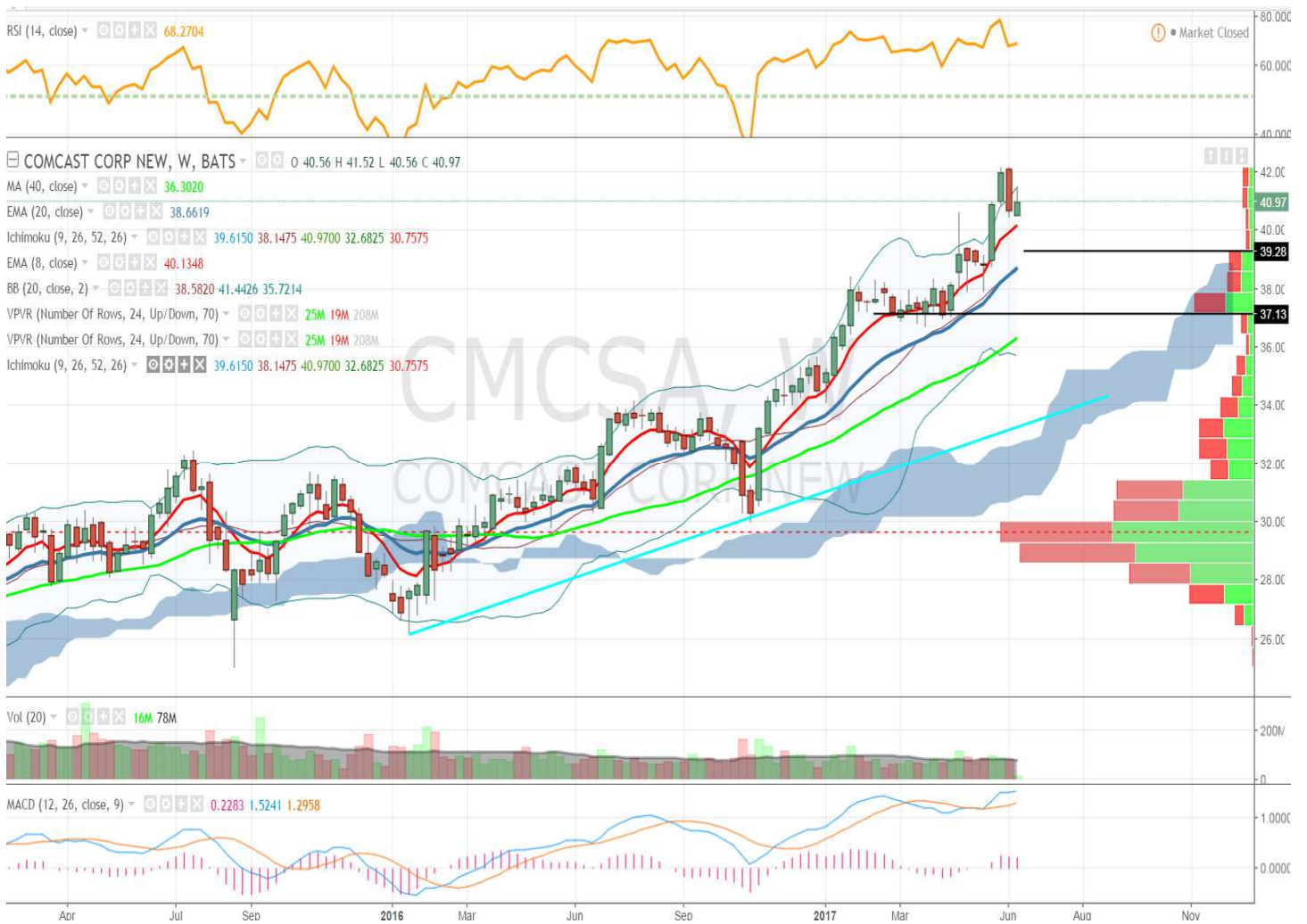
Historical Volatility Spread of 25-Delta Put IV minus 25-Delta Call IV



Current Skew Indicator: **Bullish**

Analyst Notes: Analysts have an average target of \$44 on shares with a high of \$46 and low of \$40. On 5-1 RBC raised its target to \$45 noting its cable segment is delivering industry-leading net subscriber additions on X1 penetration, and sees further tailwinds for NBCU with upside from tax reform and a benign regulatory outlook. TAG raised its target to \$47 on 4-28 seeing continued innovation in media and communication provisioning, and a 2H17 rollout of the Mobile service will be followed by the launch of X-Fi, a broadband platform that could increase speed, coverage, and security for data customers while driving higher revenues.

Technical View: CMCSA price action has been extremely impressive considering the weakness seen at many of its media/cable peers. Shares are quite overbought at the upper Bollinger on the monthly, and could use a retest of its most recent significant breakout at the \$38 level. That flag breakout still has a measured move objective to \$46. The 50 day EMA has been supportive all year and currently at \$39.50 where shares also recently had a breakout move, so should become a strong level of support.



Seasonality: Comcast has positive returns over each quarter the last 5 years on average with February, June, July, October and November particularly strong months while September has been unusually weak.

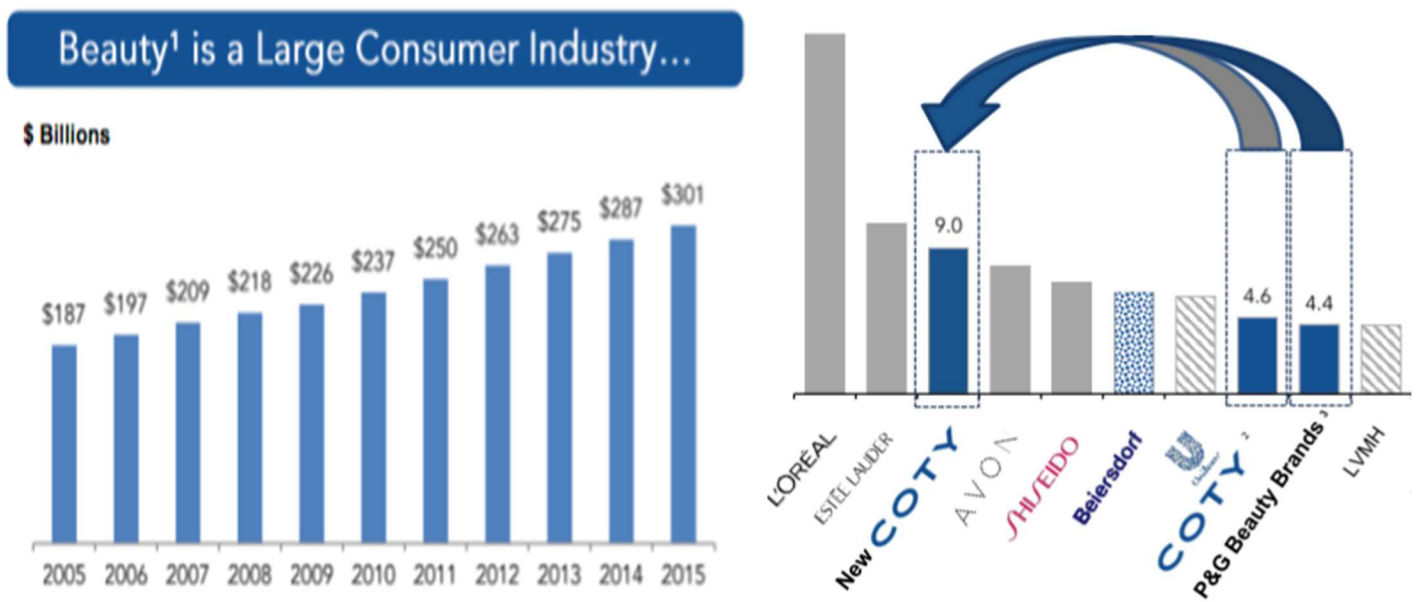
Ownership Trends: Institutional ownership fell 1.63% in Q1 filings with 117 funds taking new positions, 500 adding, 68 closing, and 674 reducing. Lone Pine Capital holds CMCSA as its 16th largest position after taking a large stake in Q1 and Soroban Capital also took a new large stake. Eton Park significantly added to its stake, now its 3rd largest holding. Sachem Head, Suvretta, Canyon Capital, Lakewood Capital, and Highline Capital are other notable holders with large positions. Short interest is just 1.3% of the float, but spiked 100% over the last 3 months to a 2 year high. There have been no insider buys over the last four years.

Catalyst: Film Performance in Theaters; Earnings; M&A; Tax Reform; New Product Rollouts; 5G Rollout

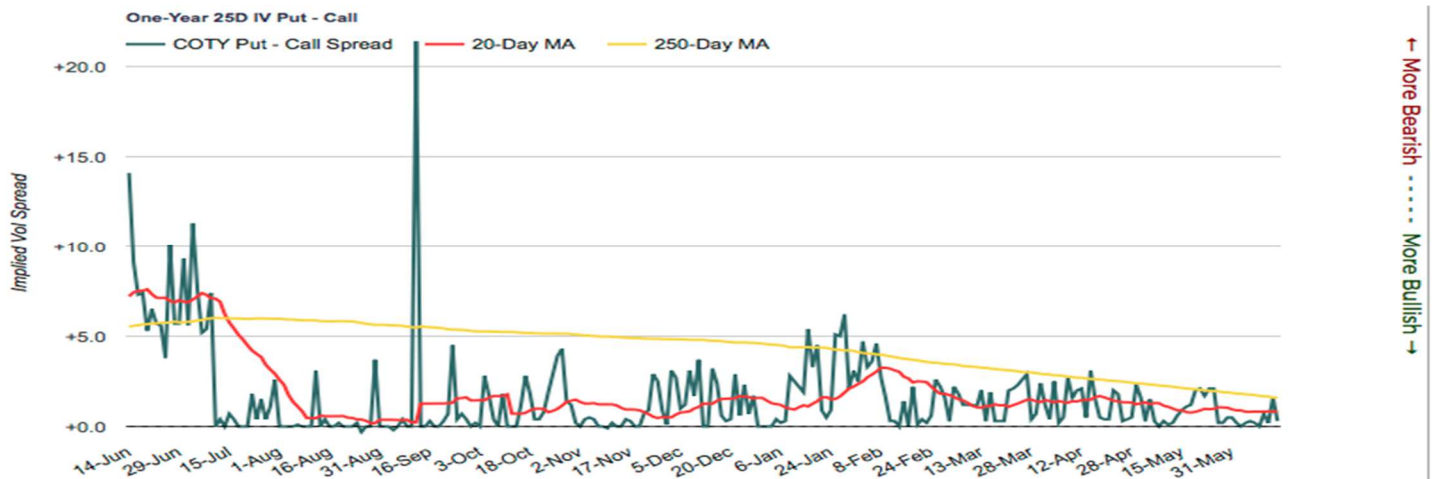
Optimal Strategy: Long the CMCSA August \$40 Calls at \$1.75 Debit

Coty (COTY) \$19 – Consumer Goods – Personal Products

Fundamental Snapshot: The \$14.44B company which manufactures and distributes beauty products trades 20.74X earnings, 2.2X sales, and 1.48X book with a 2.62% dividend yield. COTY has seen revenues decline each of the last three years but seeing big leaps into the next five years after a transformational M&A deal in 2016 to acquire P&G's Beauty business which made it the third largest in the space with over \$8B in annual sales. The company expects significant accretion to earnings and \$780M in synergies and 600 basis points to operating margins through 2020. In May they announced they've hit \$100M in synergies so far with a goal for 2017 of \$350M. COTY expects to reach \$1 in EPS by 2019/2020. In October they agreed to acquire GHD for \$510M which expands their presence in salons and retail and bought a 60% stake in Younique for \$600M in January, a cosmetics startup which is expected to hit \$400M in sales. COTY has been under pressure with their fragrances business reeling and the recent spate of M&A deals will help reduce its impact despite carrying significant integration risk.



Open Interest, Volatility, and Skew: COTY 30-day IV at 26.81% is in the 7th percentile of its 52-week range of 47.95% to 25.15%. Its January options are pricing in a 19.4% move by year-end and its total put/call open interest ratio is 2.11. Its 30-day IV skew is 0.8% vs a 52-week average of 4.9%. Some notable positions in open interest include short November \$17 and \$16 puts.



Date	Description	Volu	Open	Price	%Chan	De	Impl \	Prob.Π	Premium F	Symbol
5/10/2017	COTY 100 18 AUG 17 21 PUT	10,499	19	\$1.82	-57.18%	-0.56	31.03%	62.78%	\$1,900,319	.COTY170818P21
3/28/2017	COTY 100 17 NOV 17 17 PUT	10,000	0	\$1.26	N/A	-0.34	32.83%	44.49%	\$1,330,000	.COTY171117P17
5/4/2017	COTY 100 17 NOV 17 16 PUT	8,100	2,364	\$0.77	-10.47%	-0.25	34.24%	34.41%	\$696,600	.COTY171117P16
12/9/2016	COTY 100 19 JAN 18 15 CALL	600	30	\$5.00	11.11%	0.76	42.83%	61.50%	\$300,000	.COTY180119C15
4/5/2017	COTY 100 17 NOV 17 16 PUT	2,080	141	\$1.18	-9.92%	-0.34	32.93%	44.87%	\$260,000	.COTY171117P16
6/14/2017	COTY 100 21 JUL 17 19 PUT	4,266	557	\$0.50	-1.96%	-0.43	24.86%	46.06%	\$221,832	.COTY170721P19
5/10/2017	COTY 100 19 JAN 18 20 CALL	1,047	498	\$2.14	114.00%	0.53	31.33%	42.53%	\$209,400	.COTY180119C20
5/18/2017	COTY 100 18 JAN 19 22 CALL	1,000	89	\$1.76	-29.60%	0	#ERROR!	0.00%	\$176,000	.COTY190118C22

Analyst Notes: Analysts have an average target for shares of \$23 with 4 Buy ratings, 8 Hold ratings, and 2 Sell ratings. JP Morgan out cautious on 5-10 seeing recent rallies as selling opportunities as Q4 trends are pointing to continued weakness after a 2% decline in net revenue during Q3. BAML upgraded shares to Buy with a \$28 price target seeing the company on the brink of a major transformation and the P&G deal adds significant scale and a more targeted operational structure. Piper was out positive as well in early Oct. noting that changes to China's consumption tax on all cosmetic products should stimulate growth and demand for the group in a burgeoning region.

Technical View: COTY shares have traded weak since early 2016 down from \$28-\$30 but forming a big base above the \$18 level since November. Above the 200-MA at \$20 shares have a low-volume gap back to \$23.50 while support is at the 50-day MA at \$18.25.



Seasonality: COTY shares are strongest in June and August while February also notable. Q3 shares have traded higher by 5% over the last five years on average while weak in the Fall from September to December down by more than 6.5%.

Ownership Trends: Institutional ownership rose 1.41% in Q1 filings, 59 funds creating new positions, 133 adding, 49 closing, and 96 reducing. 4 funds hold COTY in their top ten positions. OZ Management with a 6.9M share position, new for the quarter, while York Capital has a 5.7M share position which is their twelfth largest. Short interest is 11% of the float.

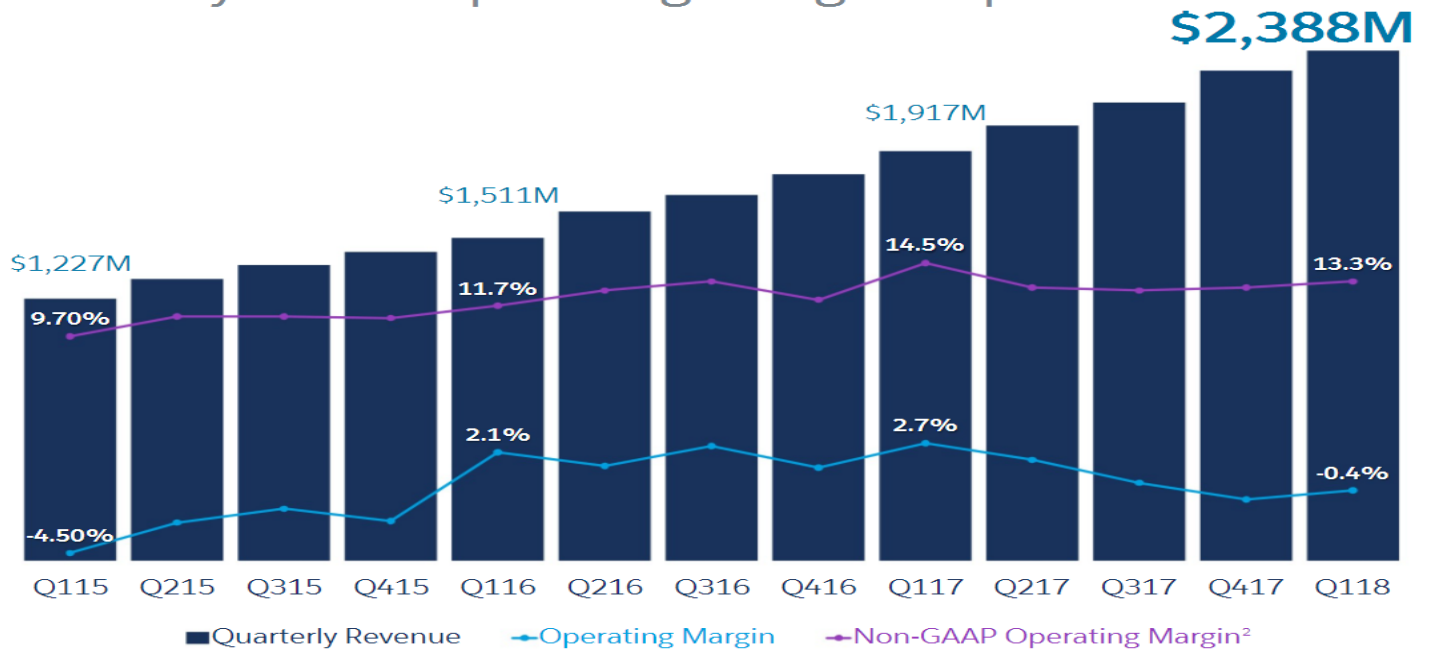
Catalyst: Inventory Levels Normalize, M&A Synergies

Optimal Strategy: Long the COTY January \$20 Calls for \$1.50 Debit

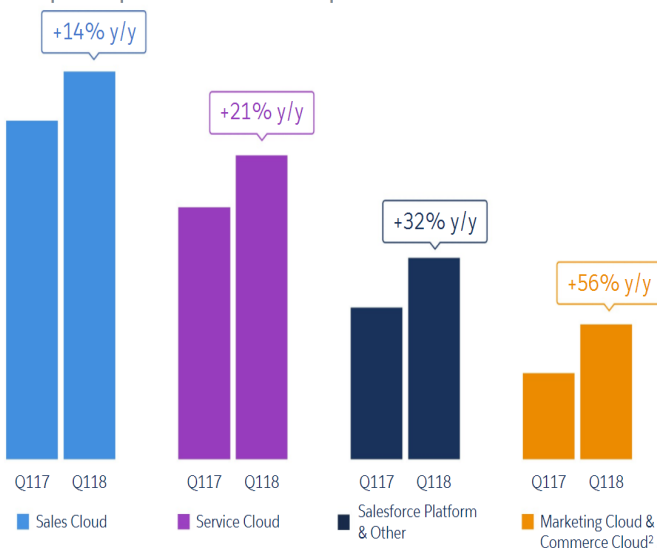
Salesforce.com (CRM) \$90.85 – Technology – Application Software

Fundamental Snapshot: The \$65B leader in cloud trades 54X Earnings, 6.2X EV/Sales FY18, and 35X FCF. CRM has been growing revenues above 25% annually since 2011 and in 2018 targeting 22.5% revenue growth while the EPS growth seen near 30% through 2020, an accelerating EPS growth story on operating leverage with higher margins. CRM has consistently been posting beat and raise quarters with strong cash flow growth. CRM has also been an active player via M&A with its deals for Demandware and Exact-Target. CRM has a longer term target of \$20B in revenues (compared to \$8.7B in FY17) that looks very achievable considering market trends in its key businesses and the large available TAM. With just a 13% market share of a large and growing addressable market, CRM can be a top growth story for years to come. AI will also be an important theme moving forward with its Einstein product. EMEA is also becoming a more meaningful contributor with 29% growth in the EMEA.

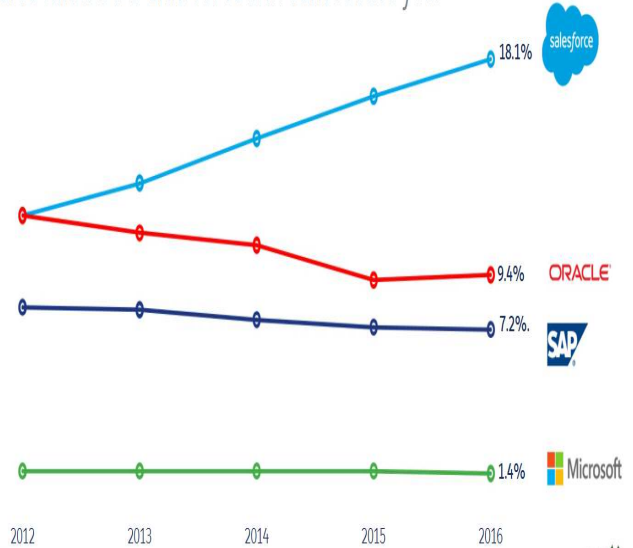
Three years of operating margin improvement



Complete portfolio of CRM products



Salesforce ranked #1 CRM for fourth consecutive year



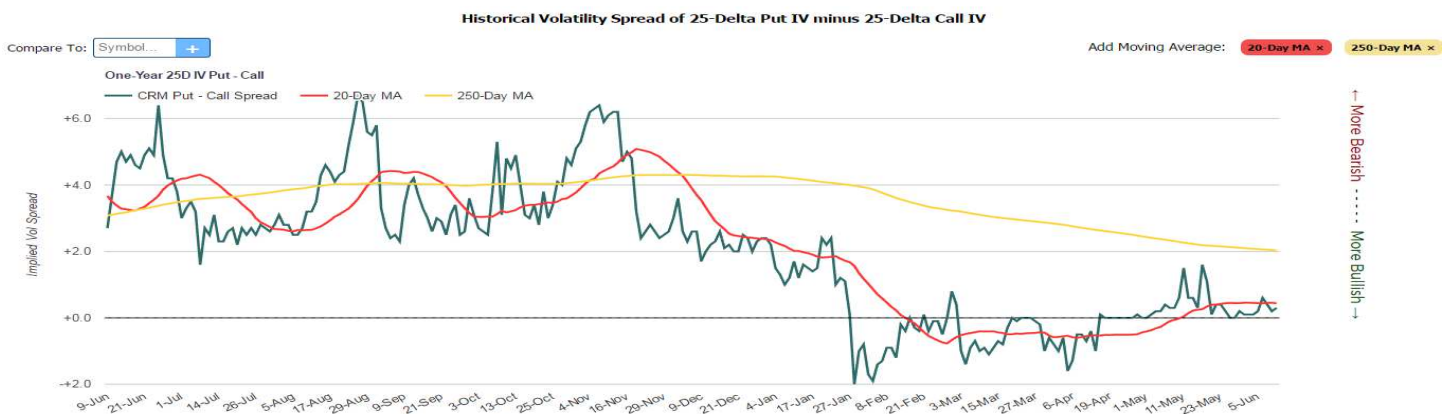
Current Products Support \$20 Billion Objective

Massive and growing TAM



Open Interest, Volatility, and Skew: Salesforce.com's 30 day IV at 22.25% compares to a 52-week range of 17.3% to 45.7%. Its January options are pricing in a 16% move over the next 7 months and total put/call open interest ratio is at 1.05. Its 30 day IV Skew at 1.3% compares to a 52-week average of 7.7%. Some notable positions in open interest include the recent opening of 5,000 Jan. 2018 \$105/\$77.5 bull risk reversals, accumulation of July and August \$90 calls, and on the longer timeframe a buy of 1,000 June 2018 \$90 calls for nearly \$1M.

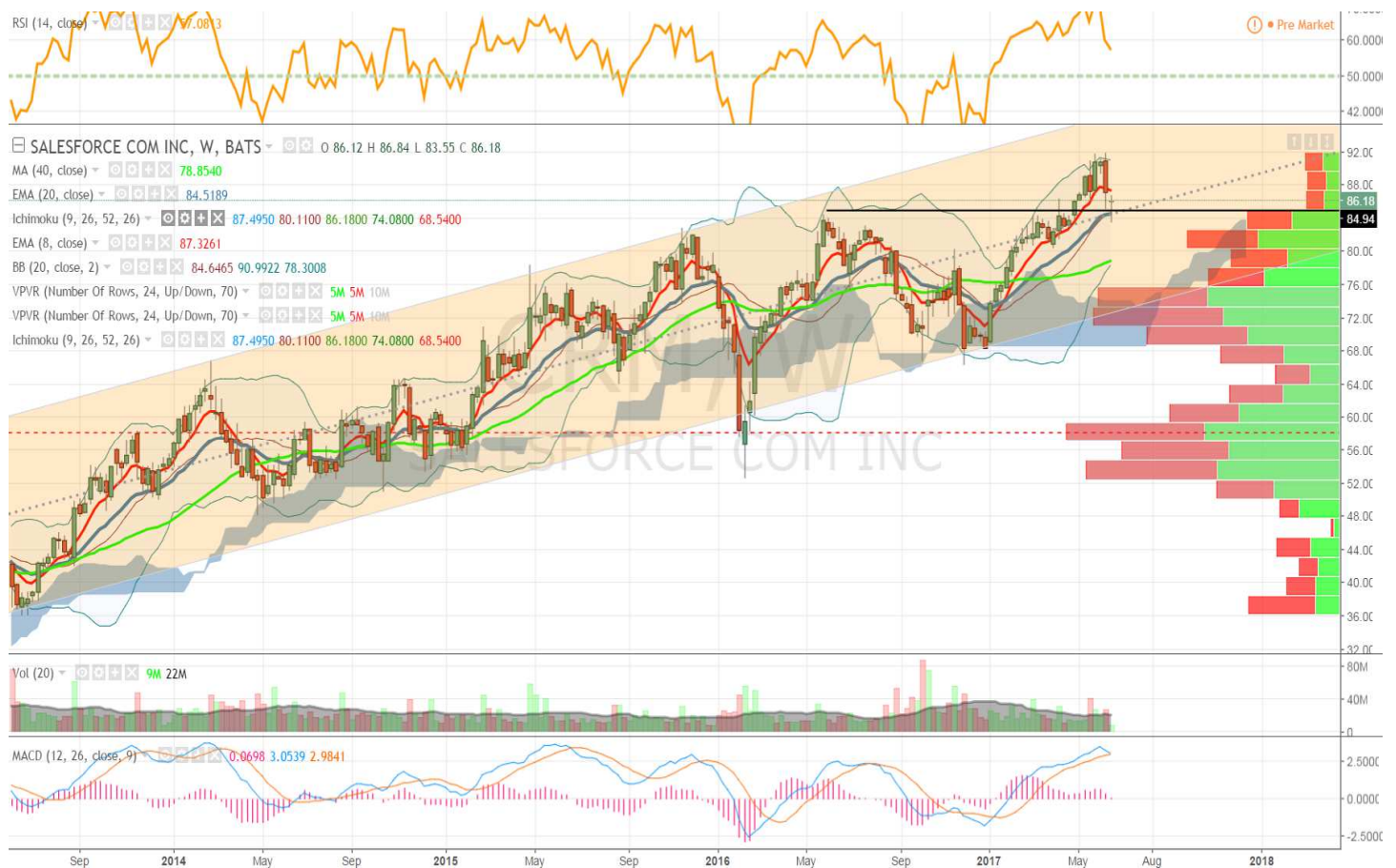
Date	Description	Volu	Open	Price	%Chan	De	Impl \	Prob. I	Premium f	Symbol
2/21/2017	CRM 100 19 JAN 18 70 PUT	6,242	1,782	\$4.20	-8.70%	-0.24	31.75%	34.51%	\$2,652,850	.CRM180119P70
6/2/2017	CRM 100 19 JAN 18 95 CALL	4,003	1,838	\$5.28	17.33%	0.45	23.55%	38.15%	\$2,141,605	.CRM180119C95
1/17/2017	CRM 100 19 JAN 18 75 PUT	1,962	659	\$9.00	2.27%	-0.44	30.34%	55.88%	\$1,775,610	.CRM180119P75
5/23/2017	CRM 100 18 AUG 17 90 CALL	4,005	2,639	\$3.35	-5.63%	0.47	22.64%	42.29%	\$1,361,700	.CRM170818C90
5/16/2017	CRM 100 19 JAN 18 72.5 PUT	6,000	1,403	\$2.10	-4.11%	-0.16	30.36%	22.99%	\$1,338,000	.CRM180119P72.5
6/2/2017	CRM 100 19 JAN 18 77.5 PUT	5,014	1,617	\$2.40	-2.83%	-0.2	27.43%	26.30%	\$1,253,500	.CRM180119P77.5
5/16/2017	CRM 100 19 JAN 18 80 PUT	3,000	3,337	\$3.75	5.63%	-0.26	27.31%	33.74%	\$1,095,000	.CRM180119P80
6/2/2017	CRM 100 19 JAN 18 105 CALL	5,003	1,245	\$1.95	4.84%	0.24	22.07%	18.66%	\$1,050,630	.CRM180119C105
5/24/2017	CRM 100 15 JUN 18 90 CALL	1,000	17	\$9.45	13.86%	0.56	26.46%	44.70%	\$990,000	.CRM180615C90
2/21/2017	CRM 100 19 JAN 18 80 PUT	1,201	331	\$7.80	-4.88%	-0.41	28.94%	51.58%	\$942,785	.CRM180119P80
4/27/2017	CRM 100 18 JAN 19 77.5 PUT	1,000	25	\$7.90	-9.20%	-0.31	27.52%	44.47%	\$885,000	.CRM190118P77.5
5/18/2017	CRM 100 21 JUL 17 90 CALL	2,832	856	\$2.79	-7.00%	0.436	25.80%	39.34%	\$790,128	.CRM170721C90
6/5/2017	CRM 100 19 JAN 18 105 CALL	2,500	6,243	\$2.48	21.57%	0.26	23.03%	20.87%	\$632,500	.CRM180119C105



Current Skew Indicator: **Slightly Bullish**

Analyst Notes: Analysts have an average target of \$98.50 on shares with a high of \$114 and low of \$80, 20 Buy ratings and 3 at Hold. CSFB rates shares Outperform with a \$110 target seeing significant OCF potential over the next three years with its large market opportunity, market share gains, increased operating leverage and cross-sell/up-sell opportunities on new products & services. BAML is at Buy and raised its target to \$114 on 5-19, citing best in class visibility with its \$14B in backlog and booking margins at 40% well above estimates.

Technical View: CRM shares are in a 5+ year channel up pattern with shares recently stalling near \$92 as it hit the upper weekly Bollinger Band, and pulled back to test the rising 20 week EMA. Shares should see \$85 supportive, retesting the 2016 high level, while the \$80 level is stronger support. The recent start of a new leg up has a measured move objective to \$102.



Seasonality: CRM has a five year average return of 24.8% and most of that has come from February, August, and October, while Q2 generally weak with a -2.33% return.

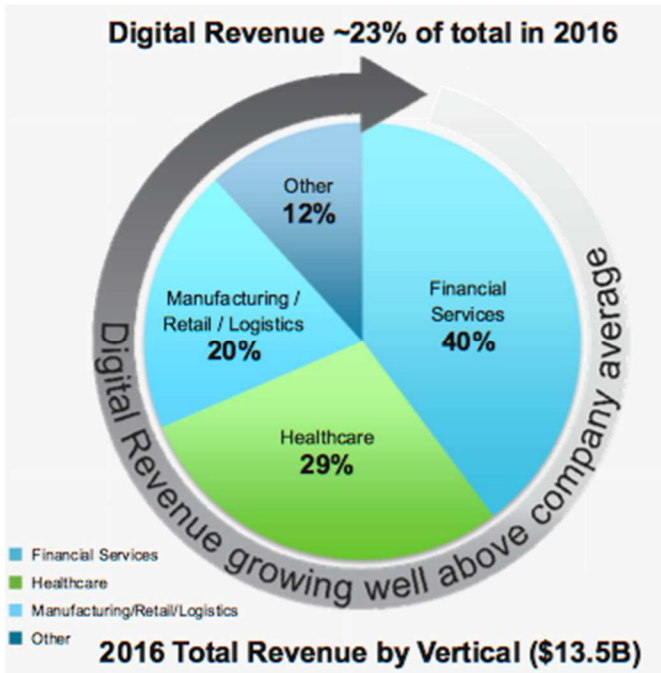
Ownership Trends: Institutional ownership rose 0.75% in Q1 filings, Third Point LLC taking a 3M share position as its 14th largest and a bunch of activist firms like JANA Partners, Corvex, and Sachem Head recently taking positions. Hitchwood Capital, Discovery Capital Criterion Capital and Duquesne Family Office are other notable holders. Short interest at 2.2% of the float is near the low end of its 5 year range. Director Susan Wojcicki has been an active buyer of shares on a monthly trading plan since September 2016 accumulating 13,000 shares.

Catalyst: Earnings/Margins; M&A; Product Launches and Partnerships

Optimal Strategy: Long the CRM August \$90/\$100 Call Spreads, Sell the August \$80 Puts at Net Debit \$0.50

Cognizant (CTSH) \$66.50 – Technology - Software

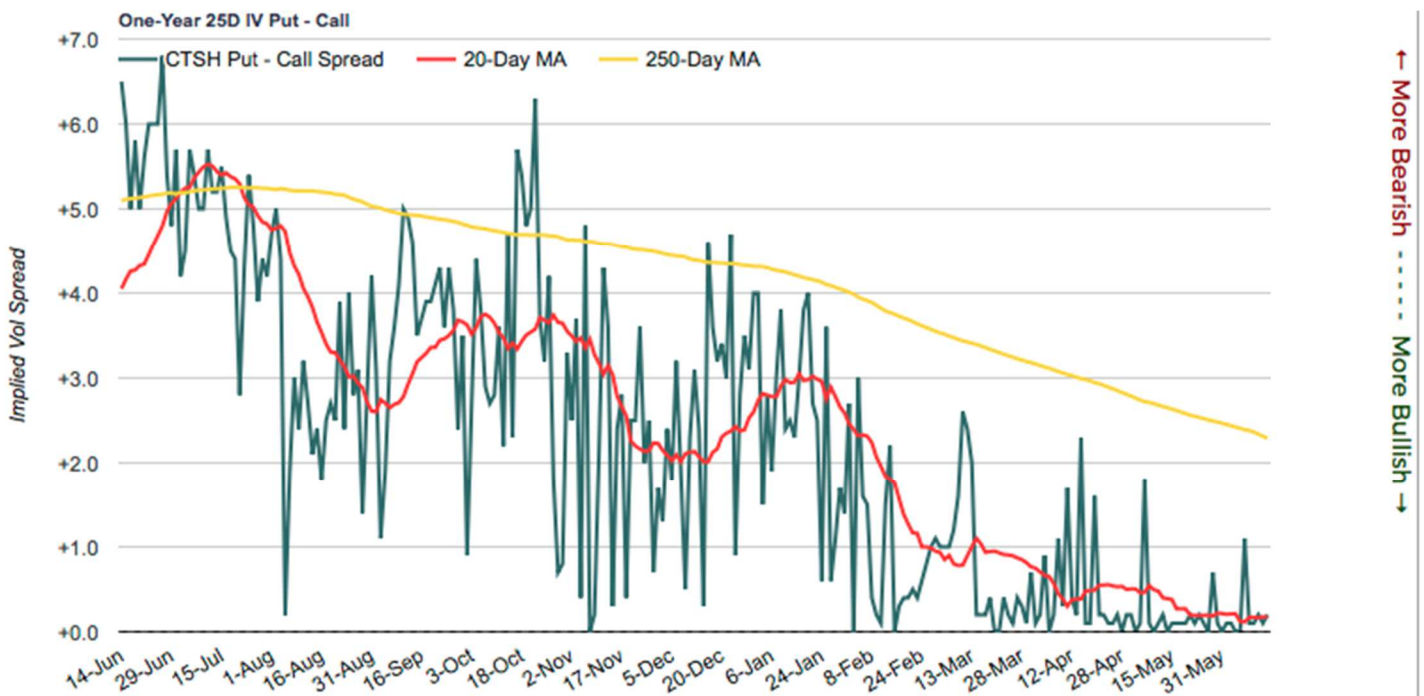
Fundamental Snapshot: The \$39.18B company trades 15.4X earnings, 2.8X sales, and 4X book with a 0.90% dividend yield. CTSH is coming off a year with 8.6% revenue growth and expecting 9.3% in 2017 and 9.1% in 2018 to more than \$16B. The company is coming off a strong quarter and announcing a plan to accelerate the transition to more digital services and solutions to boost margins with potential for tuck-in M&A to help the transition. Digital revenue is now 23% of overall revenue. The company has a diverse set of end-markets with 40% of revenue from Financial Services, 29% from Healthcare, and 20% from Retail/Manufacturing. The



company is targeting 22% operating margins in 2019 while streamlining their core business, shifting towards higher margin business areas and reducing costs. CTSH has a strong capital return plan having given back \$3.4B over the last two years and targeting 75% of US FCF to be returned through buybacks and dividends. They see M&A as a strong driver having helped grow revenues to more than \$13.5B last year and investing Measure for IoT Services and acquiring Adaptra in the insurance consulting space.

Open Interest, Volatility, and Skew: CTSH 30-day IV at 17.6% is in the 10th percentile of its 52-week range of 15.36% to 39.06%. Its January options are pricing in a 14.1% move into year-end and its total put/call open interest ratio is 1.533. Its 30-day IV skew is 1.2% vs a 52-week average of 9.7%. Some notable positions in open

interest include the October \$67.50 calls and January 2018 \$72.50 calls.



Date	Description	Volu	Open	Price	%Chan	De	Impl \	Prob.Π	Premium F	Symbol
2/14/2017	CTSH 100 19 JAN 18 75 CALL	17,505	977	\$1.00	-13.04%	0.17	24.89%	11.35%	\$1,750,500	.CTSH180119C75
3/22/2017	CTSH 100 19 JAN 18 72.5 CALL	8,250	348	\$1.40	-3.45%	0.208	23.54%	15.20%	\$1,155,000	.CTSH180119C72.5
12/13/2016	CTSH 100 21 JUL 17 55 CALL	1,760	257	\$6.20	5.08%	0.59	30.82%	50.02%	\$1,091,200	.CTSH170721C55
6/7/2017	CTSH 100 20 OCT 17 52.5 PUT	17,500	10,469	\$0.41	20.59%	-0.07	28.78%	9.89%	\$875,000	.CTSH171020P52.5
3/1/2017	CTSH 100 21 JUL 17 55 PUT	3,386	3,178	\$2.00	-1.48%	-0.28	27.79%	33.74%	\$694,130	.CTSH170721P55
6/2/2017	CTSH 100 20 OCT 17 62.5 CALL	912	220	\$6.40	8.47%	0.7	23.92%	65.41%	\$601,920	.CTSH171020C62.5
2/8/2017	CTSH 100 21 JUL 17 55 PUT	1,500	633	\$3.84	-14.67%	-0.43	27.22%	50.18%	\$570,000	.CTSH170721P55
4/18/2017	CTSH 100 21 JUL 17 60 PUT	1,257	275	\$3.80	5.56%	-0.58	23.78%	62.76%	\$502,800	.CTSH170721P60
9/23/2016	CTSH 100 19 JAN 18 50 PUT	1,001	554	\$4.76	-0.83%	-0.33	28.61%	45.54%	\$476,476	.CTSH180119P50
12/6/2016	CTSH 100 21 JUL 17 45 CALL	410	0	\$11.50	<empty>	0.79	36.40%	69.77%	\$471,500	.CTSH170721C45
5/24/2017	CTSH 100 18 JAN 19 57.5 PUT	512	21	\$4.40	-8.33%	-0.27	24.74%	39.06%	\$225,280	.CTSH190118P57.5
6/12/2017	CTSH 100 21 JUL 17 65 PUT	916	548	\$1.30	30.00%	-0.38	19.83%	40.12%	\$119,080	.CTSH170721P65

Analyst Notes: Analysts have an average target for shares of \$65 with 15 buy ratings, 9 hold ratings, and 1 sell rating. HSBC with a \$68 price target on 6-8 and Pac Crest up to \$75 on 6-1. Oppenheimer raised their PO to \$64 seeing the strategy shift as a significant long-term investment with 8-10% revenue growth and operating margins now near 22% vs 19-20% target. Jefferies was out in late January addressing concerns about a slowdown to the work visa programs noting that any concrete changes to these programs will require congressional approval and fundamental risk in the near-term is limited. They also note that CTSH has mitigation strategies available.

Technical View: CTSH shares are trading in a strong trend since October and nearing the 2015 highs at \$69.80. A breakout measures to \$90 long-term while MACD on the monthly has crossed bullish recently and a lot of room to run. Shares have support at \$54 and \$45 below, the recent breakout levels and low-volume nodes.



Seasonality: CTSH shares are strongest in October and November with February and March also outperforming. The Summer months from June to September tend to trade very flat while April by far the weakest month.

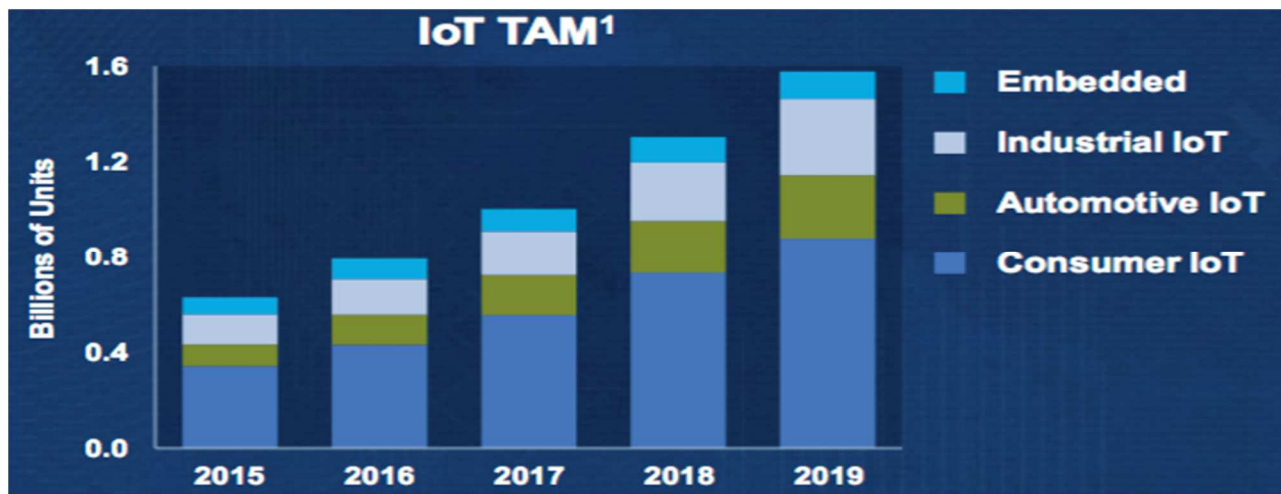
Ownership Trends: Institutional ownership fell 2.6% last quarter with 75 funds creating new positions, 288 adding, 86 closing, and 352 reducing. 42 funds hold CTSH in their top ten holdings. Elliott Associates a top holder of shares while Jana Partners, Starboard, and Carlson Capital all starting new positions last quarter. Short interest is 4.06%

Catalyst: Acquisitions, Capital Return, Immigration Legislation, New Partnerships

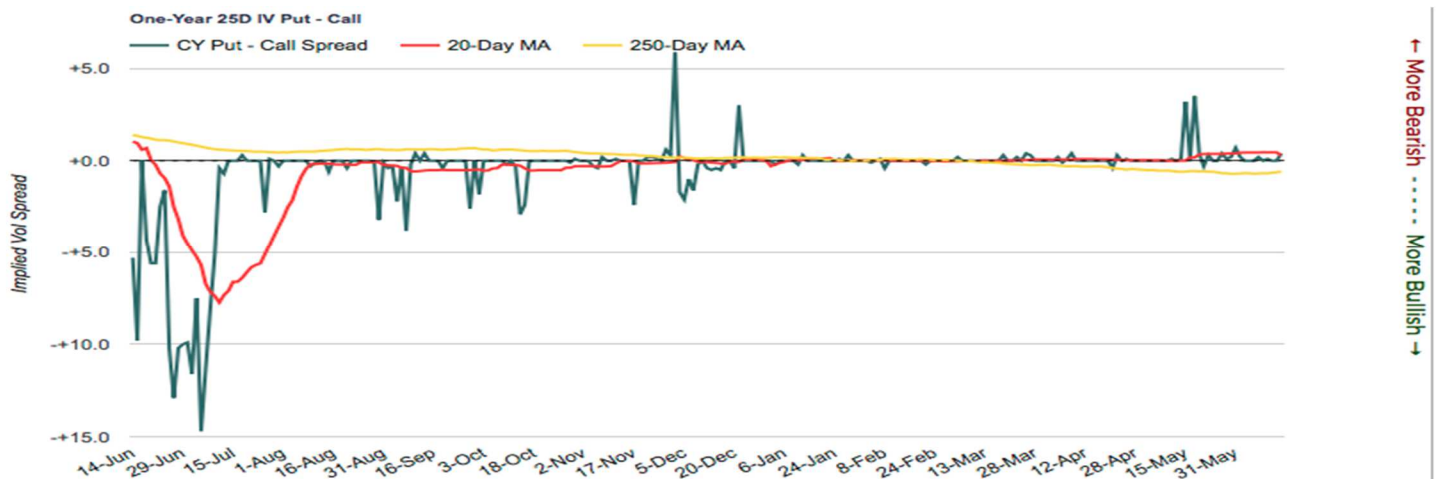
Optimal Strategy: Long the CTSH January \$70/\$60 Bull Risk Reversal for \$1.10 Debit

Cypress Semiconductor (CY) \$13.25 – Technology – Semiconductor

Fundamental Snapshot: The \$4.42B semiconductor trades 13.45X earnings, 2.17X sales, and 2.4X book with a 3.2% dividend yield. CY expects 15.4% revenue growth up to \$2.2B and more than 40% EPS growth in 2017. CY has a diverse set of end-markets with Automotive 33%, Consumer 33%, and Industrial 19%. CY has also diversified its customer base more in the last five years with 26% of revenue coming from their top ten customer's vs 46% in 2011. CY has reach into a lot of hot themes for the group. The company is a leader in Connected Car, a space which is expected to grow at 13.6% CAGR through 2021 with seven of the top eight Automotive OEMs developing with Cypress solutions. IoT is a big growth area for the company and they expect to be a multi-billion unit growth opportunity as the technology uses both MCUs, connectivity, and power solutions. IoT will get them more into consumer electronics as well. Finally, Industrial automation a big space for the company as many producers are moving towards Smart Factories and "Industry 4.0." The firm thinks the TAM in this vertical is growing at 8.8% CAGR through 2021 and has reach into end-markets such as agriculture, beacons, motor control, and asset tracking. CY also sees Smart Homes as a key area moving forward. Overall, the company sees these four areas the focus through the next five years and shifting their overall mix to see contributions around 55% of their overall revenue.



Open Interest, Volatility, and Skew: CY 30-day IV at 40.39% is in the 20th percentile of its 52-week range of 29.7% to 83.07%. Its December options are pricing in a 23.8% move into year-end and its total put/call open interest ratio is 0.413. Its 30-day IV skew is flat vs a 52-week average of 1.6%. Some notable positions in open interest include the September \$14 calls, December \$14 calls, and January \$15 calls.



Date	Description	Volu	Open	Price	%Chan	De	Impl \	Prob. I	Premium F	Symbol
6/1/2016	CY 100 19 JAN 18 15 PUT	2,080	50	5.02	-21.07%	-0.75	28.24%	88.88%	\$1,044,160	.CY180119P15
5/30/2017	CY 100 15 SEP 17 14 CALL	5,697	15,515	\$1.12	-1.75%	0.51	40.99%	42.56%	\$683,640	.CY170915C14
2/3/2017	CY 100 18 JAN 19 12 CALL	2,250	155	\$2.60	31.98%	0.6	34.17%	41.80%	\$607,500	.CY190118C12
5/16/2017	CY 100 15 SEP 17 14 CALL	5,195	5,101	\$1.08	6.93%	0.51	38.24%	42.22%	\$597,425	.CY170915C14
5/25/2017	CY 100 19 JAN 18 15 CALL	4,195	6,516	\$1.25	27.55%	0.45	36.94%	33.79%	\$524,375	.CY180119C15
2/28/2017	CY 100 15 SEP 17 15 CALL	6,341	2,606	\$0.75	50.00%	0.36	34.78%	26.75%	\$475,575	.CY170915C15
5/24/2017	CY 100 15 SEP 17 14 CALL	5,127	10,300	\$0.90	50.00%	0.45	38.73%	36.82%	\$461,430	.CY170915C14
5/4/2017	CY 100 15 SEP 17 14 CALL	4,659	923	\$0.83	3.75%	0.42	35.20%	34.27%	\$396,015	.CY170915C14
6/8/2017	CY 100 15 DEC 17 14 CALL	2,201	1,758	\$1.55	6.90%	0.55	41.24%	43.00%	\$363,165	.CY171215C14
5/30/2017	CY 100 15 SEP 17 15 CALL	4,345	18,038	\$0.75	0.00%	0.39	39.86%	30.73%	\$347,600	.CY170915C15
2/21/2017	CY 100 15 SEP 17 13 PUT	2,550	9	\$1.15	-27.67%	-0.46	30.93%	56.02%	\$331,500	.CY170915P13
6/12/2017	CY 100 15 SEP 17 14 CALL	2,984	21,630	\$1.06	6.00%	0.49	45.02%	39.76%	\$328,240	.CY170915C14
6/12/2017	CY 100 15 SEP 17 13 CALL	1,864	11,820	\$1.50	7.14%	0.6	46.43%	51.10%	\$288,765	.CY170915C13
6/6/2017	CY 100 15 DEC 17 14 CALL	1,644	312	\$1.70	9.68%	0.57	38.28%	46.19%	\$287,700	.CY171215C14
5/24/2017	CY 100 15 SEP 17 13 CALL	1,897	3,035	\$1.44	37.14%	0.61	39.01%	52.50%	\$275,065	.CY170915C13
5/30/2017	CY 100 19 JAN 18 11 CALL	725	38	\$3.35	-4.29%	0.78	44.76%	65.77%	\$253,750	.CY180119C11
6/8/2017	CY 100 15 SEP 17 15 CALL	2,025	24,833	\$0.81	12.50%	0.41	42.26%	33.26%	\$172,125	.CY170915C15
5/26/2017	CY 100 15 DEC 17 15 CALL	1,443	141	\$1.00	-9.09%	0.41	38.34%	30.31%	\$151,515	.CY171215C15

Analyst Notes: Analysts have an average target of \$16 on shares with 10 buy ratings and 3 hold ratings. BAML positive on 5-25 with an \$18 price target reiterating their Top Pick and noting potential for earnings to double in two years and potential M&A benefits. The firm thinks concerns of a slow-down in automotive are overdone. SunTrust raised shares to Buy on 4-10 with a \$17 target, seeing increased margins on cost controls. Roth Capital was out on 4-26 encouraged by revenue growth and margin recovery.

Technical View: CY shares are in a weekly bull flag under \$15 and supported by the 20-week EMA which has been rising since October. A move higher measures to \$17 but longer-term has room back to \$20 which was a high-volume area from 2011/2012.



Seasonality: CY shares are seasonally strongest in November and December while May also a strong month since 2012. April, June, and September are the weakest months of the year.

Ownership Trends: Institutional ownership rose 3.18% in Q1 filings, 57 creating new positions, 126 adding, 43 closing, and 111 reducing. 7 funds hold CY in their top ten positions. Discovery Capital is a top holder with 6.5M shares, a new position. Victory Capital has over 4M shares while Peregrine a concentrated holder with 3.3M shares, their second largest position. Short interest is 9.94% of the float and down from over 18% in early 2016.

Catalyst: M&A, Automotive Demand Uptick, Margin Expansion

Optimal Strategy: Long the CY September \$15 Calls for \$0.55

Disney (DIS) \$107 – Consumer - Entertainment

Fundamental Snapshot: The \$167.55B company has seen shares lag in 2017 as concerns remain around declining numbers at ESPN. DIS shares trade 16X Earnings, 3X Sales and 36.4X FCF with a 1.44% dividend yield. After posting 6-8% annual revenue growth 2013-2016 the forecast this year is for just 2% revenue growth and 4% EPS growth, but projects a return to stronger growth in 2018. DIS is driving growth in its theme parks business with overseas opening in Shanghai and plans for Star Wars Land. DIS has performed very well in the studio driving sales of its consumer products as well, though currently digesting the post-Frozen boom in sales. Cars 3 in June and Spiderman in July are two upcoming growth drivers. The Frozen sequel will be a huge hit in 2019. ESPN has dragged on shares but with new digital platforms including ESPN and many steps being taken to reinvigorate the network, it could trough this year with the Hulu launch in Q3. DIS will also open Avatar Land in Q3 and has 4 Marvel film releases due for 2018.



RANK	PARK Location	% CHANGE	ATTENDANCE 2016	ATTENDANCE 2015	
1	MAGIC KINGDOM AT WALT DISNEY WORLD, LAKE BUENA VISTA, FL	-0.5%	20,395,000	20,492,000	
2	DISNEYLAND, ANAHEIM, CA	-1.8%	17,943,000	18,278,000	
3	EPCOT AT WALT DISNEY WORLD, LAKE BUENA VISTA, FL	-0.7%	11,712,000	11,798,000	
4	DISNEY'S ANIMAL KINGDOM AT WALT DISNEY WORLD, LAKE BUENA VISTA, FL	-0.7%	10,844,000	10,922,000	
5	DISNEY'S HOLLYWOOD STUDIOS AT WALT DISNEY WORLD, LAKE BUENA VISTA, FL	-0.5%	10,776,000	10,828,000	
6	UNIVERSAL STUDIOS AT UNIVERSAL ORLANDO, FL	4.3%	9,998,000	9,585,000	
7	ISLANDS OF ADVENTURE AT UNIVERSAL ORLANDO, FL	6.5%	9,362,000	8,792,000	
8	DISNEY'S CALIFORNIA ADVENTURE, ANAHEIM, CA	-0.9%	9,295,000	9,383,000	
9	UNIVERSAL STUDIOS HOLLYWOOD, UNIVERSAL CITY, CA	13.9%	8,086,000	7,097,000	
10	SEAWORLD FLORIDA, ORLANDO, FL	-7.9%	4,402,000	4,777,000	
11	BUSCH GARDENS TAMPA BAY, TAMPA, FL	-2.0%	4,169,000	4,252,000	
12	KNOTT'S BERRY FARM, BUENA PARK, CA	3.8%	4,014,000	3,867,000	
13	CANADA'S WONDERLAND, MAPLE, ONTARIO, CANADA	2.9%	3,723,000	3,617,000	
14	CEDAR POINT, SANDUSKY, OH	2.8%	3,604,000	3,507,000	
15	SEAWORLD SAN DIEGO, SAN DIEGO, CA	0.0%	3,528,000	3,528,000	
16	KINGS ISLAND, KINGS ISLAND, OH	1.5%	3,384,000	3,335,000	
17	SIX FLAGS MAGIC MOUNTAIN, VALENCIA, CA	7.3%	3,332,000	3,104,000	
18	HERSHEY PARK, HERSHEY, PA	0.0%	3,276,000	3,276,000	
19	SIX FLAGS GREAT ADVENTURE, JACKSON, NJ	5.5%	3,220,000	3,052,000	
20	SIX FLAGS GREAT AMERICA, GURNEE, IL	5.6%	2,950,000	2,793,000	
TOP 20 TOTAL ATTENDANCE 2016			148,013,000	146,283,000	
TOP 20 ATTENDANCE GROWTH 2015-16			1.2%	148,013,000	146,270,000

Open Interest, Volatility, and Skew: Disney's 30 day IV at 15% compares to a 52-week range of 11.6% to 25.9%. Its December options are pricing in a 10% move by year-end, and total put/call open interest ratio is at 0.611. Some notable positions include a \$9M purchase of October \$120 calls on 3/29, sizable buys in Jan. 2018 \$110, \$120, and \$125 calls, and more recent positioning in 15,000 July \$110 calls.

Date	Description	Volu	Open	Price	%Chan	De	Impl V	Prob. I	Premium F	Symbol
3/29/2017	DIS 100 20 OCT 17 120 CALL	35,318	1,118	\$2.55	-3.04%	0.31	15.93%	26.62%	\$8,935,454	.DIS171020C120
5/30/2017	DIS 100 19 JAN 18 120 PUT	5,044	1,624	\$13.95	-1.41%	-0.77	16.22%	81.14%	\$6,985,940	.DIS180119P120
11/16/2016	DIS 100 19 JAN 18 110 CALL	6,340	4,980	\$3.80	20.63%	0.32	18.94%	25.39%	\$2,409,200	.DIS180119C110
4/19/2017	DIS 100 18 JAN 19 110 CALL	1,529	1,900	\$13.91	-3.40%	0.59	20.76%	48.63%	\$2,132,955	.DIS190118C110
4/20/2017	DIS 100 19 JAN 18 120 CALL	5,012	15,241	\$4.15	6.41%	0.38	16.83%	33.22%	\$2,105,040	.DIS180119C120
2/10/2017	DIS 100 19 JAN 18 120 CALL	5,036	4,845	\$3.75	-3.85%	0.32	19.04%	25.72%	\$1,913,680	.DIS180119C120
2/10/2017	DIS 100 19 JAN 18 95 PUT	5,073	10,892	\$3.40	1.49%	-0.23	21.33%	29.96%	\$1,724,820	.DIS180119P95
4/18/2017	DIS 100 18 JAN 19 110 CALL	1,002	899	\$14.40	4.35%	0.59	23.12%	47.35%	\$1,653,300	.DIS190118C110
5/30/2017	DIS 100 20 OCT 17 115 PUT	1,628	345	\$8.55	-0.58%	-0.72	15.17%	75.82%	\$1,408,220	.DIS171020P115
1/30/2017	DIS 100 21 JUL 17 115 CALL	4,051	1,195	\$3.05	6.64%	0.36	17.88%	31.65%	\$1,276,065	.DIS170721C115
12/21/2016	DIS 100 21 JUL 17 105 CALL	1,707	400	\$6.30	-4.26%	0.53	20.15%	46.83%	\$1,075,410	.DIS170721C105
3/31/2017	DIS 100 19 JAN 18 125 CALL	4,008	4,519	\$2.49	7.79%	0.27	16.23%	22.18%	\$1,002,000	.DIS180119C125
4/18/2017	DIS 100 19 JAN 18 125 CALL	3,030	8,821	\$2.75	17.52%	0.27	15.83%	22.40%	\$878,700	.DIS180119C125
3/3/2017	DIS 100 19 JAN 18 120 CALL	2,013	10,097	\$4.18	1.95%	0.34	19.15%	28.27%	\$855,525	.DIS180119C120
5/26/2017	DIS 100 21 JUL 17 110 CALL	5,707	13,921	\$1.47	23.53%	0.38	13.45%	35.91%	\$844,636	.DIS170721C110
4/26/2017	DIS 100 15 DEC 17 110 PUT	2,000	381	\$4.02	-1.95%	-0.34	17.59%	39.41%	\$810,000	.DIS171215P110
4/19/2017	DIS 100 19 JAN 18 125 CALL	3,031	11,696	\$2.46	-10.55%	0.26	16.29%	21.99%	\$745,626	.DIS180119C125
4/27/2017	DIS 100 15 SEP 17 120 CALL	2,172	1,089	\$2.61	0.38%	0.37	15.50%	33.09%	\$582,096	.DIS170915C120
5/23/2017	DIS 100 21 JUL 17 110 CALL	5,174	6,209	\$1.10	-15.38%	0.3	13.41%	28.46%	\$569,140	.DIS170721C110
5/5/2017	DIS 100 19 JAN 18 130 CALL	5,015	8,029	\$1.01	21.69%	0.15	16.17%	11.72%	\$546,635	.DIS180119C130
1/3/2017	DIS 100 21 JUL 17 105 PUT	1,000	195	\$5.41	-12.74%	-0.45	18.58%	51.18%	\$541,000	.DIS170721P105
4/6/2017	DIS 100 18 JAN 19 95 PUT	1,088	500	\$4.65	-1.69%	-0.23	20.61%	32.54%	\$533,120	.DIS190118P95

Historical Volatility Spread of 25-Delta Put IV minus 25-Delta Call IV



Current Skew Indicator: **Bullish**

Analyst Notes: Analysts have an average target on DIS shares of \$120 with a high of \$138 and low of \$85, 9 Buy, 5 Hold, and 2 Sell ratings. BAML rates shares Buy with a \$134 target seeing a solid pipeline including Guardians of the Galaxy 2, Pirates of the Caribbean: Dead Men Tell No Tales, Cars 3, Thor: Ragnarko, Coco and Star Wars Episode VIII, the latter in Q1 2018. Macquarie cut shares to Neutral on 5-17 on concern more ESPN subscriber losses are ahead, though most other firms feel that thesis is no longer worthwhile with all of the strength in its non-cable assets.

Technical View: DIS shares recently pulled back with Media names but put in a successful bounce at its 200 day MA, also just above a 50% Fibonacci retracement and the lower volume node of support at \$103. Furthermore shares are showing bullish RSI divergence on the daily with RSI hitting multi-week highs. The current challenge is clearing the 20 EMA, and then the \$112 level.



Seasonality: DIS shares have tended to underperform in Q3 with a 3 year average return of -3.9% while Q4 is very strong with a 5 year average of +5.9% and Q1 at +8.3%. Its best months historically have been February through April and October-November.

Ownership Trends: Institutional ownership rose 0.45% in Q1 filings with 130 funds taking new positions, 707 adding, 92 closing and 845 reducing. Anchorage Capital and Highline Capital each disclosed sizable call positions last quarter, while Coatue and Tourbillon Capital were notable buyers. Short interest is just 1% of the float and at a 10 year low. The only insider purchase over the last 4 years was a tiny \$99,940 buy from a Director at \$101.98 in May of 2016.

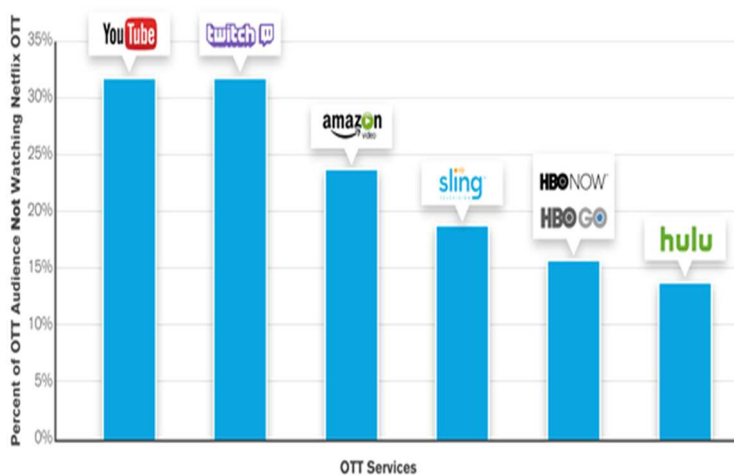
Catalyst: ESPN Spin-Off; New CEO News; M&A; Box Office Performance

Optimal Strategy: Long the DIS October \$110 / Jan. 2018 \$95 Bull Risk Reversal at \$0.00

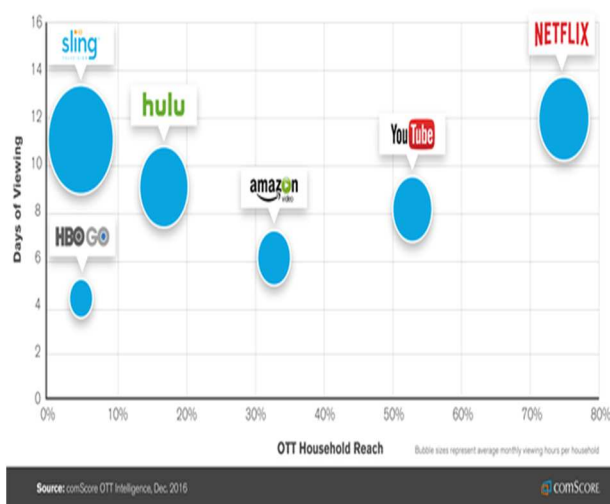
DISH Networks (DISH) \$65 – Telecom – CATV Systems

Fundamental Snapshot: The \$29.6B company trades 25.9X earnings, 2X sales, and 4.35X cash. DISH has faced increased concerns over the last two years as the trend towards cord cutting and consumer bundles of video/broadband have led to higher customer acquisition costs and increased churn. The company launched their Sling TV product in 2015 which has helped slow the rate of decline in Pay-TV subs but still coming off a mixed quarter with activations weaker than expected at 547,000 vs last year. Sling is key to the company's move against cord cutting and improvement would be a notable turnaround but coming at a cost as ARPU likely continues to come under pressure at the lower price point. The company's biggest asset remains its spectrum having spent over \$20B to acquire it. DISH spent \$6.2B in the recent auction for 600Mhz frequency and they now have a strong portfolio which can be used for anything from streaming to wireless. DISH would like to use the spectrum in the growing IoT market and reports in mid-May indicated that the company was talking with Amazon about a potential wireless network, a big catalyst outside of the much-discussed M&A scenarios including T-Mobile (TMUS) and Verizon (VZ). Citi was out on 5-23 noting that that a deal between the two could pay off huge in the growing IoT market since AWS could use their network to pair analytics and cloud services to connected devices at a lower cost.

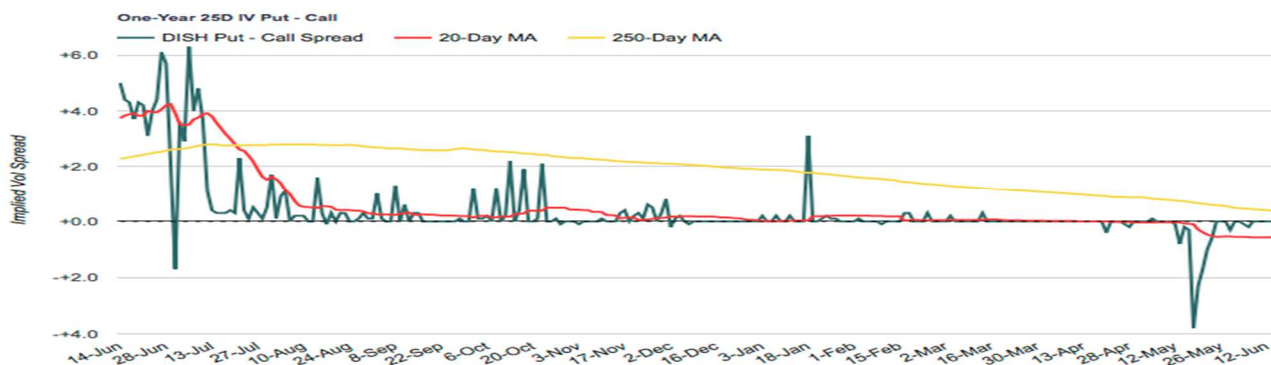
Size of "Netflix-Free" Audiences of Select OTT Service Providers



Engagement vs. Reach for Select OTT Service Providers



Open Interest, Volatility, and Skew: DISH 30-day IV at 38.14% is in the 50th percentile of its 52-week range of 27.61% to 48.46%. Its December options are pricing in a 20.8% move into year-end and its total put/call open interest ratio is 0.680. Its 30-day IV skew is flat vs a 52-week average of 1.2%. Some notable positions in open interest include the July \$67.50 and \$70 calls, the September \$65 calls, January 2018 \$65 and \$70 calls and the January \$60 short puts.



↑ More Bearish More Bullish ↓

Date	Description	Volu	Open	Price	%Chan	De	Impl \	Prob.II	Premium F	Symbol
1/26/2017	DISH 100 15 SEP 17 60 CALL	7,007	0	\$6.15	<empty>	0.51	35.85%	40.16%	\$4,309,305	.DISH170915C60
5/9/2017	DISH 100 19 JAN 18 70 CALL	9,080	1,165	\$3.80	2.70%	0.37	33.00%	27.32%	\$3,722,800	.DISH180119C70
4/5/2017	DISH 100 19 JAN 18 65 CALL	5,372	5,781	\$6.50	8.33%	0.52	31.83%	40.58%	\$3,652,960	.DISH180119C65
3/14/2017	DISH 100 15 SEP 17 60 CALL	5,211	5,728	\$6.97	-0.43%	0.61	32.63%	51.46%	\$3,632,067	.DISH170915C60
5/9/2017	DISH 100 19 JAN 18 65 CALL	5,398	12,833	\$5.50	-3.51%	0.47	31.83%	36.80%	\$3,076,860	.DISH180119C65
5/17/2017	DISH 100 15 SEP 17 65 CALL	4,612	3,232	\$5.00	38.89%	0.49	36.51%	41.03%	\$2,259,880	.DISH170915C65
9/9/2016	DISH 100 19 JAN 18 42.5 CALL	1,500	593	\$13.26	4.57%	0.74	39.30%	56.80%	\$1,989,000	.DISH180119C42.5
3/21/2017	DISH 100 18 JAN 19 62.5 PUT	2,000	95	\$9.50	-4.04%	-1	--	100.00%	\$1,900,000	.DISH190118P62.5
1/6/2017	DISH 100 19 JAN 18 65 CALL	2,200	1,482	\$7.68	8.17%	0.52	37.17%	36.68%	\$1,782,000	.DISH180119C65
1/27/2017	DISH 100 19 JAN 18 60 CALL	2,000	2,128	\$8.30	10.67%	0.56	37.71%	40.91%	\$1,720,000	.DISH180119C60
6/7/2017	DISH 100 15 DEC 17 62.5 PUT	2,900	25	\$5.49	12.04%	-0.39	35.55%	49.39%	\$1,624,000	.DISH171215P62.5
1/26/2017	DISH 100 19 JAN 18 60 CALL	2,000	170	\$7.50	-23.55%	0.53	36.67%	38.79%	\$1,560,000	.DISH180119C60
2/3/2017	DISH 100 19 JAN 18 65 CALL	1,600	3,803	\$7.24	14.92%	0.52	34.67%	38.86%	\$1,248,000	.DISH180119C65
1/25/2017	DISH 100 15 SEP 17 67.5 CALL	2,200	7	\$4.95	-1.00%	0.44	35.62%	33.46%	\$1,166,000	.DISH170915C67.5
5/26/2017	DISH 100 18 JAN 19 65 CALL	1,000	238	\$10.50	-5.41%	0.58	31.64%	41.58%	\$1,050,000	.DISH190118C65

Analyst Notes: Analysts have an average target for shares of \$70 with 9 buy ratings, 8 hold ratings, and 3 Sell ratings. Pivotal cut shares to Hold on 5-1 seeing any combination on hold with the most likely buyers tied up with other moves while the fundamental story remains on the sidelines following last quarter's notable declines.

Technical View: DISH shares have traded well since early 2016 and flagging on the weekly under \$65.50 level with a measured move to \$72.50 from the 200-MA test.



Seasonality: DISH shares are seasonally strongest in October and November while April and August tend to be weak. Shares tend to trade flat in the first quarter of the year.

Ownership Trends: Institutional ownership rose 2.11% last quarter, Eagle Capital a top holder with 14.4M shares and Tourbillon with 3.8M shares, their second largest position. Short interest is 9.38% of the float, up from around 8% in January.

Catalyst: M&A, Partnership with Amazon, Improved Sling TV Engagement, Pay-TV Subs Improvement

Optimal Strategy: Long the DISH January \$65/\$75 Call Spread for \$4.40 and Sell the January \$55 Put for \$3.00, net debit of \$1.40 and willing to own shares at \$55

eBay (EBAY) \$35.30 – Tech – Retail/Internet

Fundamental Snapshot: The \$38.6B internet company trades 16X Earnings, 4.26X Sales, 17.85X FCF and has over \$6B in cash. Q1 saw acceleration in active buyers, revenues and core US GMV, the latter which grew at its fastest rate since Q3 2014. EBAY's improvements to its platform are making a big impact, seeing higher conversion rates from users on the foundation of structured data. EBAY is also using AI to create a better shopping experience tailored to each user. Mobile remains a focus with nearly 50% of volume now on a mobile device. StubHub saw strong international growth and is a leading event marketplace while Classifieds is growing at double digits. With just 7% of traffic currently exposed to structured data, that is set to ramp in 2H and will driver acceleration in metrics. EBAY is also accelerating its marketing spend, so needs to see that pay off.

Figure 1: eBay Inc. – Quarterly US Gross Merchandise Value ex-StubHub and Year Over Year US\$ in millions

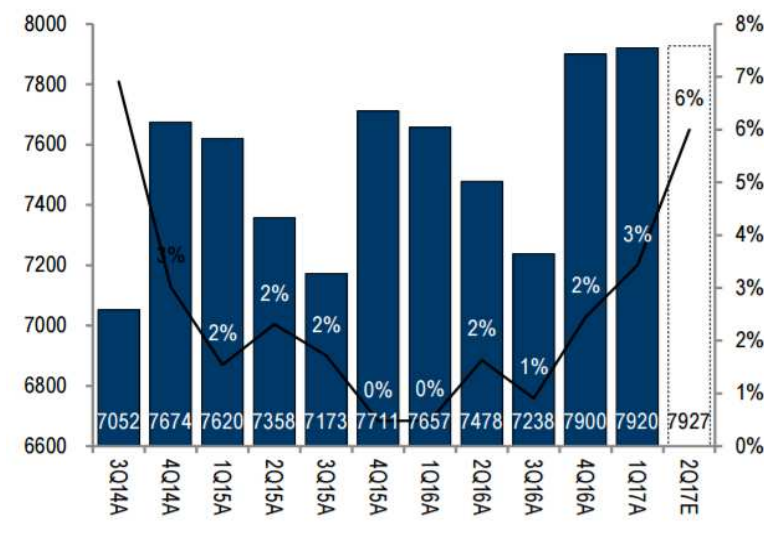
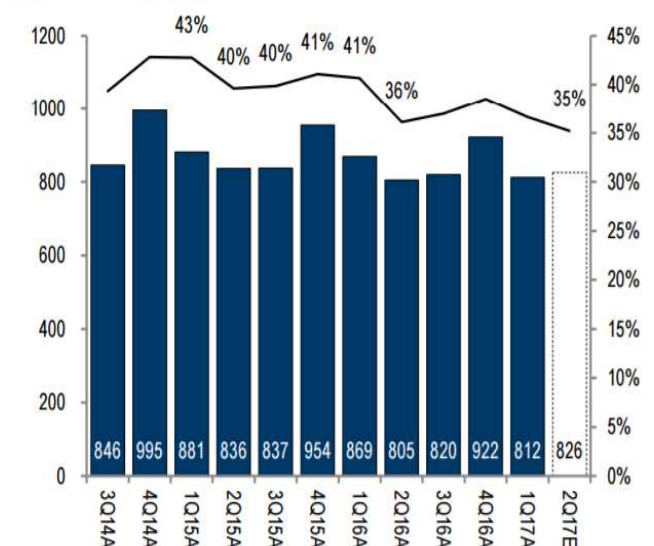
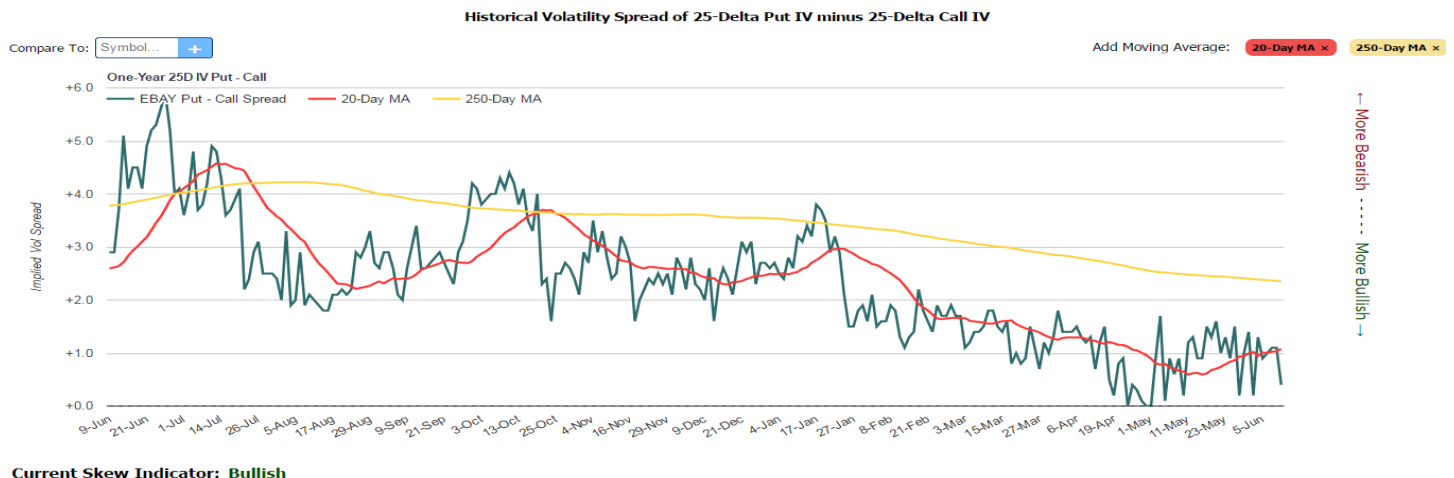


Figure 6: eBay Inc. – Quarterly Adjusted EBITDA and Adjusted EBITDA Margin US\$ in millions



Open Interest, Volatility, and Skew: eBay's 30 day IV at 20% compares to a 52-week range of 16.7% to 46.9%. Its January 2018 options are pricing in a 15.3% move over the next 7 months, and total put/call open interest ratio is at 1.05. Its 30 day IV Skew at 2% compares to a 52-week average of 9.7%. Some notable positions in open interest include a 2/10 buy of \$1.725M of July \$32 calls, a 6/2 buy of \$900K worth of August \$35 calls, and an opening sale of 3,000 October \$33 puts.



Date	Description	Volu	Open	Price	%Chan	De	Impl	Prob.I	Premium F	Symbol
2/10/2017	EBAY 100 21 JUL 17 32 CALL	5,495	822	\$3.14	6.44%	0.63	26.95%	56.21%	\$1,725,430	EBAY170721C32
6/2/2017	EBAY 100 18 AUG 17 35 CALL	5,054	596	\$1.78	39.06%	0.56	23.94%	51.65%	\$894,558	EBAY170818C35
7/7/2016	EBAY 100 19 JAN 18 20 CALL	1,000	2,301	6	5.26%	0.74	32.17%	60.23%	\$600,000	EBAY180119C20
4/6/2017	EBAY 100 18 JAN 19 32 PUT	1,500	397	\$3.50	-7.16%	-0.35	26.91%	48.45%	\$547,500	EBAY190118P32
5/5/2017	EBAY 100 20 OCT 17 33 PUT	3,000	1,350	\$1.70	-6.59%	-0.42	22.89%	48.37%	\$540,000	EBAY171020P33
4/13/2017	EBAY 100 20 OCT 17 33 CALL	1,432	276	\$3.55	2.60%	0.62	28.52%	54.28%	\$515,520	EBAY171020C33
3/13/2017	EBAY 100 19 JAN 18 30 PUT	2,416	3,501	\$1.90	1.06%	-0.31	27.72%	40.81%	\$475,952	EBAY180119P30
3/9/2017	EBAY 100 18 JAN 19 37 PUT	711	135	\$6.65	3.10%	-0.55	24.65%	67.83%	\$472,815	EBAY190118P37
11/9/2016	EBAY 100 19 JAN 18 27.5 CALL	1,081	1,639	\$4.15	5.06%	0.61	29.61%	47.77%	\$448,615	EBAY180119C27.5
4/20/2017	EBAY 100 21 JUL 17 31 CALL	1,523	1,686	\$2.55	-37.04%	0.68	24.07%	63.74%	\$380,750	EBAY170721C31
7/27/2016	EBAY 100 19 JAN 18 32.5 CALL	1,011	382	3.7	2.49%	0.53	26.88%	40.11%	\$374,070	EBAY180119C32.5
6/2/2017	EBAY 100 21 JUL 17 35 CALL	3,027	3,629	\$1.18	1.72%	0.5	24.05%	46.70%	\$363,240	EBAY170721C35

Analyst Notes: Analysts have an average target of \$36 on shares with a high of \$41 and low of \$30, 6 Buy and 11 Hold ratings. BAML rates shares a Buy with a \$38 target. RW Baird is at Outperform with a \$38 target. Barclays started shares at Overweight with a \$41 target on 3/28 and on 4-13 Aegis raised its target to \$40 seeing a stabilizing and improve core, execution at StubHub and Classifieds with potential to unlock value at both, share repurchases, cheap valuation, and a high FCF yield. Aegis also noted potential for EBAY to be acquired this Summer after the 2 year split anniversary. CSFB upgraded shares to Outperform with a \$44 target on 6-5, seeing several paths to value creation. CSFB notes potential for Marketplace growth to accelerate in 2H17 and 2018, also seeing StubHub attractive and Classifieds underappreciated.

Technical View: EBAY shares recently moved up to new highs near \$36.50 before putting in an ugly reversal candle, pulling back to the 50 EMA and recent flag breakout level. Shares should have solid support in the \$33-\$34 zone, a move below would target the 200 MA and April lows of \$32. The flag breakout has an upside objective to \$41.



Seasonality: EBAY shares have seen strong seasonality in July with a 5 year average return of +11% accounting for much of its 20.5% full year average return, while February at +6.4% accounts for much of the rest. The May-June and October-January periods have been weak.

Ownership Trends: Institutional ownership fell 0.79% in Q1 filings with 89 funds taking new positions, 264 adding, 66 closing and 339 reducing. Coatue Mgmt., Two Sigma, Steadfast Capital, Tourbillon, Riverpark and Balyasny were all notable Q1 buyers. Jackson Square is a large holder that reduced its position but EBAY remains a top 5 holding. Short interest is just 1.9% of the float and declining trend over the past few years. EBAY last saw insider buys from Directors in March and November 2016 with shares at \$23.94 and \$28.32 respectively.

Catalyst: User Experience and Conversion Rate Improvements; Accelerating Revenues/GMV 2H17; Stub-Hub Spin-Off; M&A/Buybacks

Optimal Strategy: Long the EBAY October \$35/\$33 Bull Risk Reversal at \$0.25 Debit

Facebook (FB) \$150 – Technology - Internet

Fundamental Snapshot: The \$430B leader in social media that has become an advertising powerhouse trades 25X Earnings, 8X FY18 EV/Sales and 38.2X FCF. FB shares remain quite cheap considering it delivered 54% revenues growth last year and 85% EPS growth, and its outlook is to hit \$60B in revenues by 2019 with EPS growth accelerating each year after 2017. FB has a lot of moving parts with Instagram extremely popular, and also Messenger, WhatsApp and Oculus. Q1 saw another quarter of strong growth but one area to watch is Average Revenue per User (ARPU) which slipped off highs, while expenses also saw an uptick across most categories. Operating margins came in at 41% in Q1, a sharp drop from 52% the prior quarter. The impressive part of Q1 was pricing (+14%), while user growth metrics also exceeded expectations. FB has the ability to raise prices as it is the desired destination for advertisers to see a higher ROI. Graph Search is a new product that many seem to be underestimating, and is yet another optionality factor that makes investing in FB so interesting/fruitful. FB's PE multiple has compressed sharply since 2014 yet its growth outlook looks as healthy as ever, so the long term investment case is quite strong at these levels.

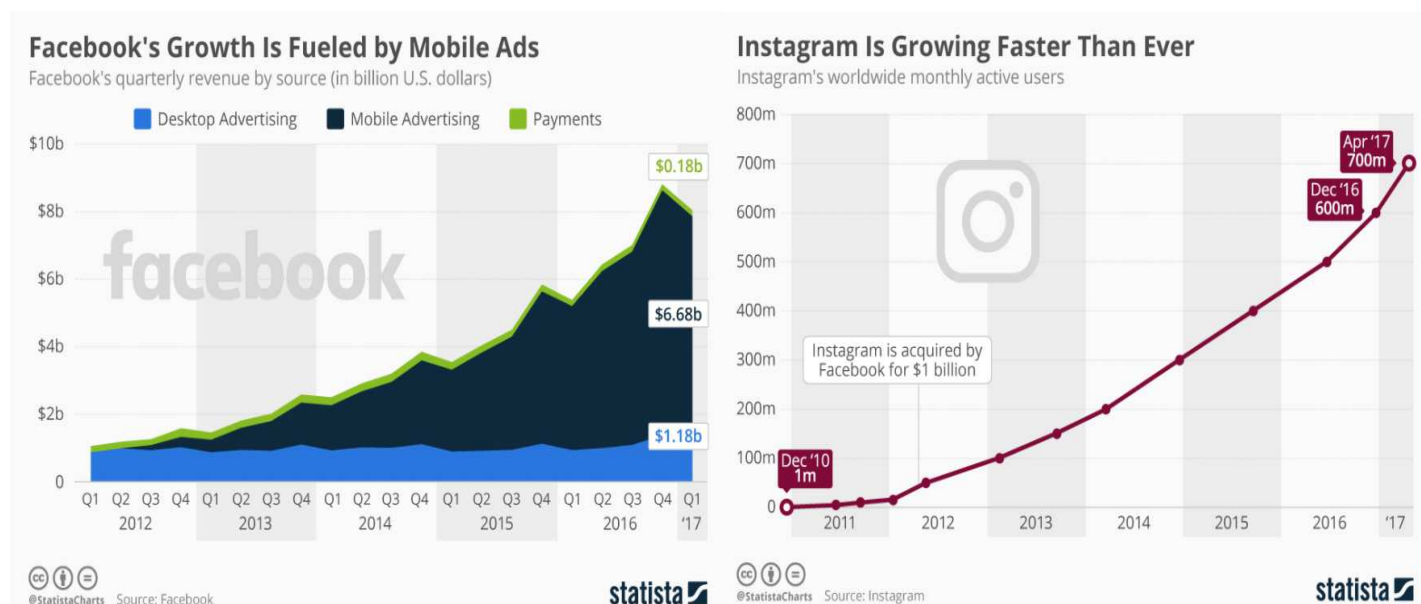


Figure 8: Facebook Inc. – Number of Ad Impressions Year Over Year Growth

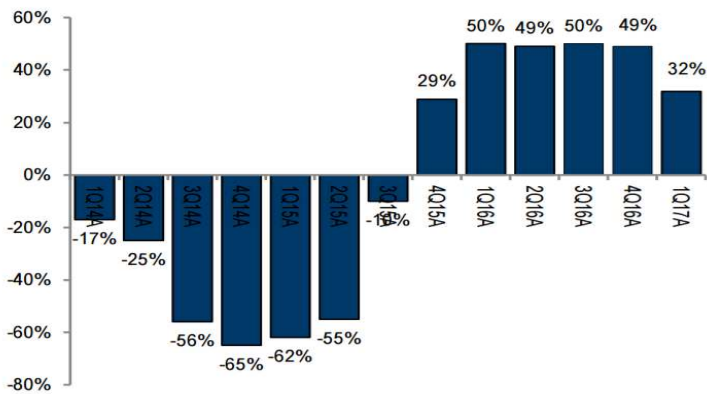
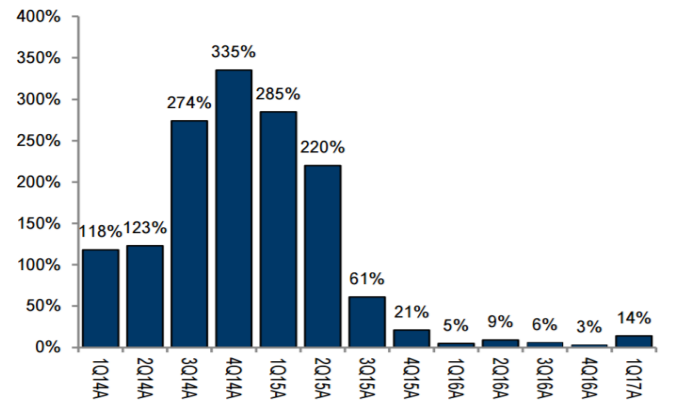


Figure 9: Facebook Inc. – Price Per Ad Year Over Year Growth



Open Interest, Volatility, and Skew: Facebook's 30 day IV at 22.25% compares to a 52-week range of 13.9% to 35.2%. Its December options are pricing in a 14.2% move by year-end, and total put/call open interest is at 0.742. Its 30 day IV Skew at 6.3% compares to a 52-week average of 13.5%. Some notable positions include over 30,000 September \$150 calls mainly from a 4/28 purchase valued at \$21M, a 2/16 buy of 5,400 Jan. 2019 \$155 calls for \$7.25M, and a 5/4 buy of 20,000 August \$170 calls.

Date	Description	Volu	Open	Price	%Chan	De	Impl	Prob.I	Premium	Symbol
4/28/2017	FB 100 15 SEP 17 150 CALL	24,249	6,717	\$8.60	21.64%	0.54	22.10%	48.66%	\$20,975,385	.FB170915C150
2/16/2017	FB 100 18 JAN 19 155 CALL	5,400	1,007	\$12.90	-1.07%	0.43	27.53%	29.10%	\$7,263,000	.FB190118C155
6/5/2017	FB 100 19 JAN 18 150 CALL	4,515	21,686	\$13.85	1.32%	0.6	24.07%	52.14%	\$6,253,275	.FB180119C150
5/10/2017	FB 100 21 JUL 17 150 CALL	11,569	8,646	\$5.35	-1.83%	0.53	19.21%	49.73%	\$6,247,260	.FB170721C150
5/4/2017	FB 100 18 AUG 17 170 CALL	21,188	72	\$1.08	-25.52%	0.14	19.40%	11.96%	\$2,415,432	.FB170818C170
4/21/2017	FB 100 15 JUN 18 155 CALL	2,178	349	\$10.20	-4.40%	0.44	23.16%	34.66%	\$2,254,230	.FB180615C155
5/10/2017	FB 100 21 JUL 17 160 CALL	11,168	5,717	\$1.55	-6.06%	0.23	18.02%	21.10%	\$1,809,216	.FB170721C160
2/8/2017	FB 100 15 SEP 17 165 CALL	10,010	899	\$1.65	24.06%	0.14	22.83%	10.55%	\$1,641,640	.FB170915C165
3/9/2017	FB 100 15 SEP 17 125 PUT	3,606	2,231	\$4.35	-3.12%	-0.26	25.48%	32.03%	\$1,586,640	.FB170915P125
5/1/2017	FB 100 15 SEP 17 175 CALL	10,207	1,604	\$1.40	33.33%	0.15	20.22%	12.23%	\$1,428,980	.FB170915C175
2/8/2017	FB 100 15 DEC 17 145 CALL	1,563	401	\$8.72	14.74%	0.43	25.70%	33.54%	\$1,375,440	.FB171215C145
4/28/2017	FB 100 19 JAN 18 180 CALL	5,184	6,284	\$2.24	23.08%	0.17	20.05%	13.11%	\$1,156,032	.FB180119C180

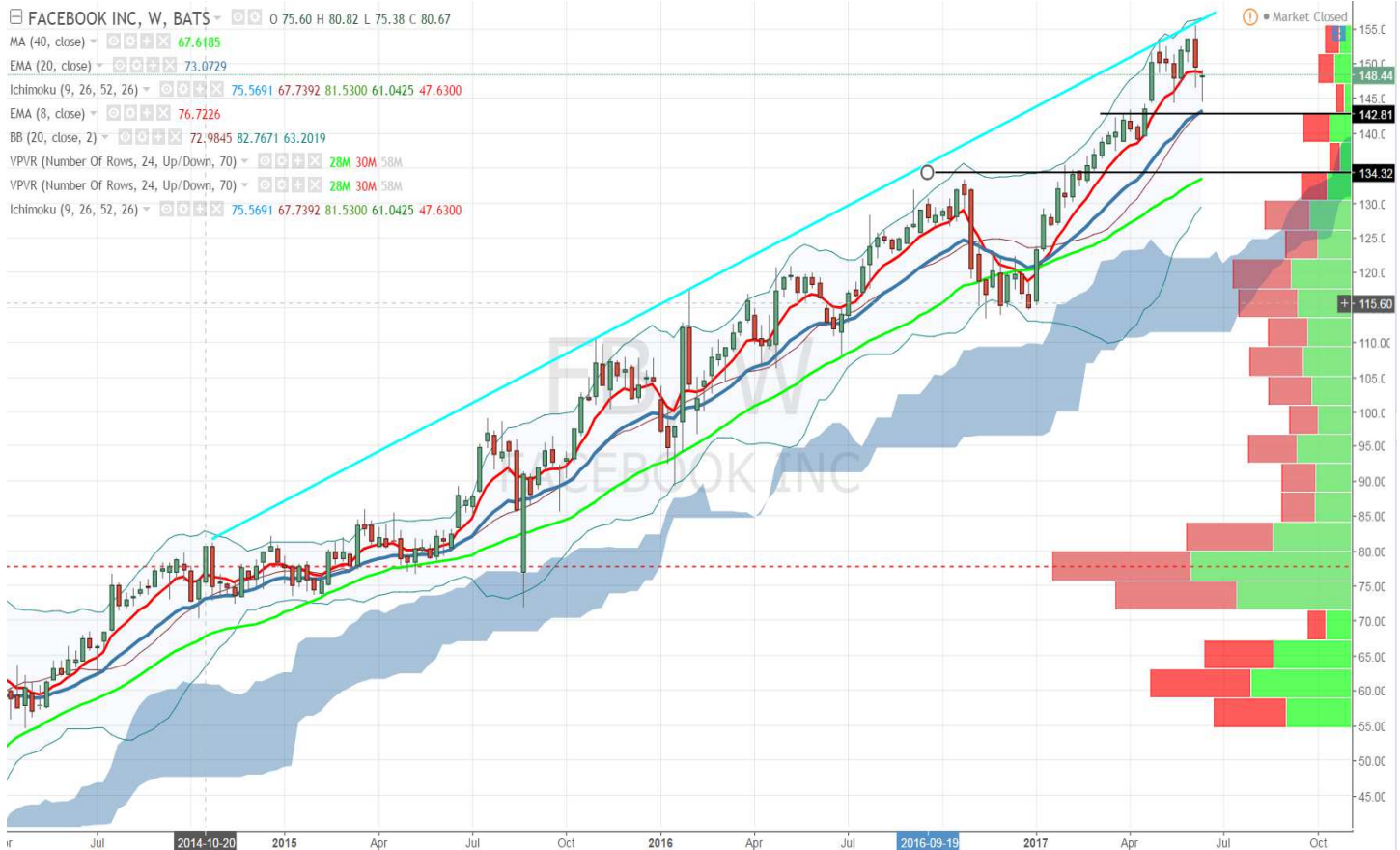
Historical Volatility Spread of 25-Delta Put IV minus 25-Delta Call IV



Current Skew Indicator: Bullish

Analyst Notes: Analysts have an average target of \$170 on shares with 31 Buy and 2 Hold ratings. OTR Global was out recently saying mid-Q2 checks are showing strength in video and Instagram, as well as display advertising driven by traction for dynamic product advertisements. Piper was out saying Facebook revenues can triple by 2022 seeing Instagram revenues growing to \$22B from \$2B, and Messenger disrupting the in-house and outsourced customer care industry. On 5-4 JP Morgan raised its target to \$182 noting Facebook is a rare and impressive combination of sale, growth and profitability.

Technical View: FB shares have done the exact same pattern as other large cap Tech names pulling back off a peak at \$155 which was an extension off its 2014 and 2015 highs. Support levels are at \$143, \$134 and \$131. Prior corrections found support at the weekly lower Bollinger and above the cloud, so if things worsen a level of interest is \$128.



Seasonality: FB shares have shown seasonal strength around earnings reporting dates, but the May-July period has been its strongest.

Ownership Trends: Institutional ownership rose 0.44% in Q1 filings as 195 funds took new positions, 769 added, 84 closed and 670 reduced. Soroban Capital and OZ Mgmt. each disclosed call option positions, and other notable buyers included Melvin Capital, Point-72, and Point-State Capital. Viking Global sold over 3M shares but FB remains its top holding. Short interest is low at 0.9% of the float but has risen 25% since March. There have not been any insider purchases over the last 4 years.

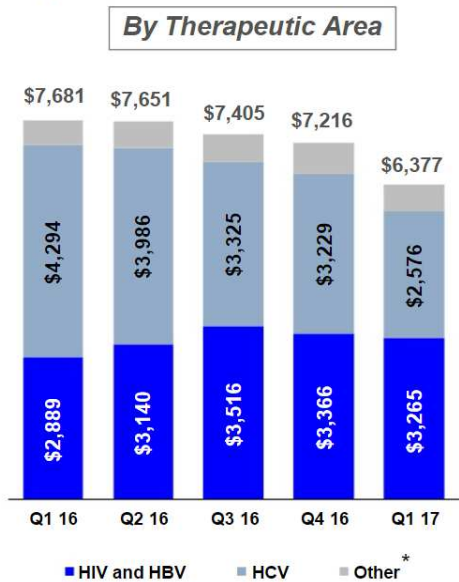
Catalyst: Messenger Monetization; Earnings; Instagram Momentum; Innovation to New Areas; 2H17 Ad Growth

Optimal Strategy: Long the FB July/September \$160 Calendar Call Spreads at \$2.35 Debit

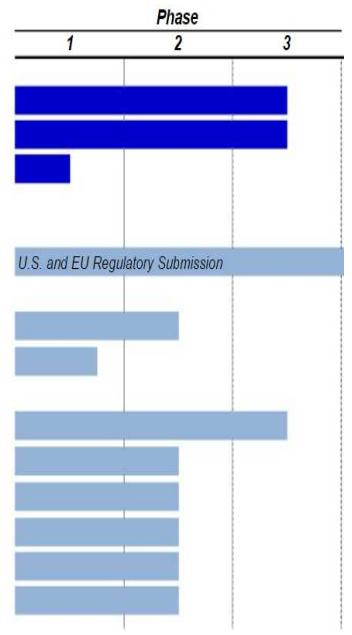
Gilead Sciences (GILD) \$65.40 – Healthcare - Biotech

Fundamental Snapshot: The \$85.55B Biotech trades 8.8X Earnings, 2.94X Sales, and 9.45X FCF with a dividend yield of 3.18%. Gilead has \$27.4B in cash overseas and has long been pressured to make an M&A deal as its hepatitis C franchise is struggling. GILD is extremely cheap on valuation but saw a 7% drop in revenues and 8% fall in EPS in 2016 and a much larger drop coming in 2017. The HCV franchise is seeing lower patient starts and stronger competition, 6 straight quarters of revenue declines. The HIV franchise is performing well, in Q1 13% Y/Y growth. GILD could desperately use M&A to reignite growth and broaden its portfolio but does have a substantial amount of product candidates in Phase 2 or later status for treatments including Gastric Cancer, AML, Rheumatoid Arthritis, Crohn’s, and Ulcerative Colitis. It has a number of catalysts through early 2018, and any signs of its pipeline gaining momentum can cause multiple expansion on hopes of a return to growth. NASH is seen as an area that could be the next big catalyst for GILD.

\$ in millions



- HIV**
 - B/F/TAF*
 - Descovy - PrEP
 - GS-9620 (TLR-7 agonist)
- Liver Diseases**
 - HCV**
 - SOFVELVOX** (pan-genotypic NS3 protease inhibitor)
 - HBV**
 - GS-9620 (TLR-7 agonist)
 - GS-9688 (TLR-8 agonist)
 - NASH/Other Liver Diseases**
 - Selonsertib*** (ASK-1 inhibitor) - NASH
 - Selonsertib*** (ASK-1 inhibitor) - Alcoholic Hepatitis
 - GS-9674 (FXR agonist) - NASH
 - GS-9674 (FXR agonist) - PBC
 - GS-9674 (FXR agonist) - PSC
 - GS-0976 (ACC inhibitor) - NASH



Hematology/Oncology

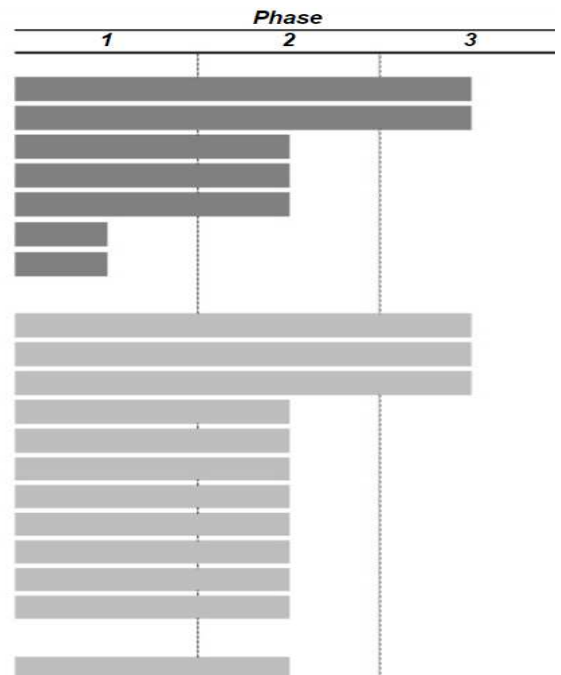
- Idelalisib (PI3K delta inhibitor) - Relapsed/Refractory CLL
- Andecaliximab* (MMP9 mAb inhibitor) - Gastric Cancer
- Entospletinib (Syk inhibitor) - Hematological Malignancies
- Entospletinib (Syk inhibitor) - AML
- Tirabrutinib** (BTK inhibitor) - B-cell Malignancies
- Andecaliximab* (MMP9 mAb inhibitor) - Solid Tumors
- GS-5829 (BET inhibitor) - Solid Tumors

Inflammation/Respiratory

- Filgotinib (JAK1 inhibitor) - Rheumatoid Arthritis
- Filgotinib (JAK1 inhibitor) - Crohn's Disease
- Filgotinib (JAK1 inhibitor) - Ulcerative Colitis
- Filgotinib (JAK1 inhibitor) - Various Inflammatory Diseases
- Presatovir*** (fusion inhibitor) - Respiratory Syncytial Virus
- Entospletinib (Syk inhibitor) - cGVHD
- Andecaliximab* (MMP9 mAb inhibitor) - Cystic Fibrosis
- Andecaliximab* (MMP9 mAb inhibitor) - Rheumatoid Arthritis
- GS-9876 (Syk inhibitor) - Rheumatoid Arthritis
- GS-9876 (Syk inhibitor) - Sjogren's Syndrome
- GS-9876 (Syk inhibitor) - Cutaneous Lupus Erythematosus

Other

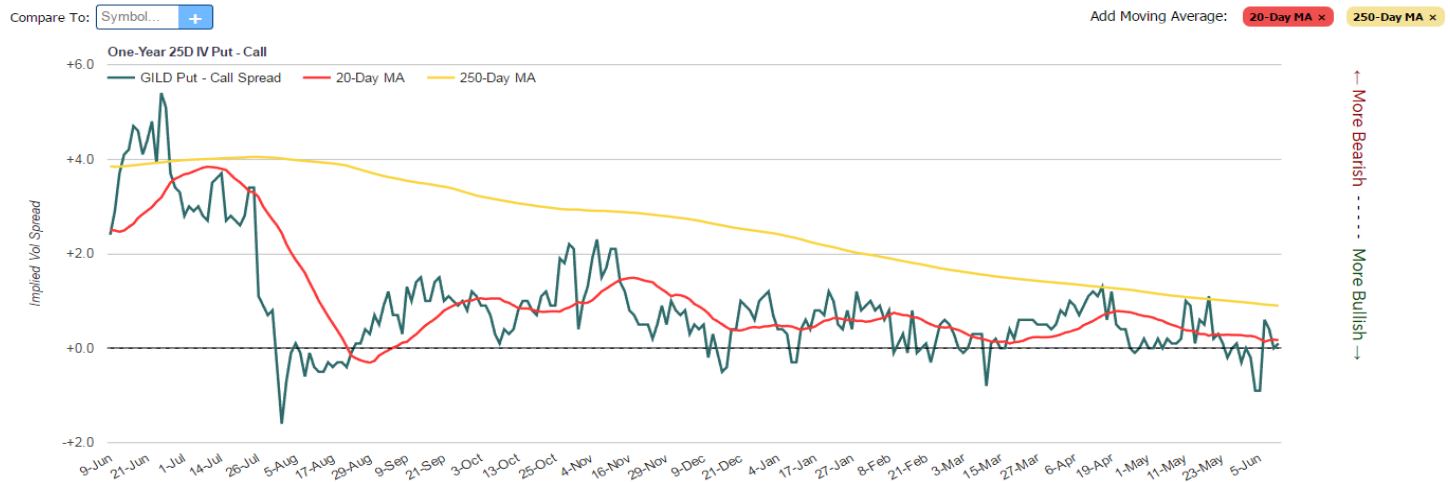
- GS-5734 (Nuc inhibitor) - Ebola



Open Interest, Volatility, and Skew: Gilead's 30 day IV at 17.75% compares to a 52-week range of 15.7% to 36.9%. Its December options are pricing in a move of 13.8% through year-end, and total put/call open interest ratio is at 0.818. Its 30 day IV Skew at 0.6% compares to a 52-week average of 3.9%. Some notable positions in open interest include over 25,000 December \$70 calls in open interest from buys, some large sales of Jan. 2018 \$60 puts and buys in the \$70 calls, and over 10,000 August \$70 calls purchased.

Date	Description	Volu	Open	Price	%Chan	De	Impl	Prob.I	Premium	Symbol
2/8/2017	GILD 100 19 JAN 18 60 PUT	10,768	9,644	\$4.45	51.36%	-0.32	27.92%	43.37%	\$4,791,760	GILD180119P60
5/3/2017	GILD 100 15 DEC 17 70 CALL	10,041	394	\$3.29	-24.89%	0.41	23.82%	33.86%	\$3,363,735	GILD171215C70
12/27/2016	GILD 100 19 JAN 18 75 PUT	2,555	7,372	\$9.37	-3.40%	-0.49	26.66%	60.76%	\$2,394,035	GILD180119P75
5/18/2017	GILD 100 15 DEC 17 70 CALL	10,105	14,452	\$2.30	-1.29%	0.33	23.91%	26.83%	\$2,334,255	GILD171215C70
4/11/2017	GILD 100 18 JAN 19 65 PUT	2,001	3,954	\$9.55	-1.55%	-0.44	26.26%	60.08%	\$2,001,000	GILD190118P65
2/8/2017	GILD 100 18 AUG 17 70 CALL	5,715	370	\$3.00	-54.48%	0.38	25.72%	31.39%	\$1,703,070	GILD170818C70
12/27/2016	GILD 100 19 JAN 18 67.5 PUT	2,547	1,030	\$5.90	-3.28%	-0.34	28.31%	46.54%	\$1,502,730	GILD180119P67.5
2/13/2017	GILD 100 19 JAN 18 70 CALL	2,569	8,990	\$5.15	6.85%	0.45	27.18%	35.04%	\$1,323,035	GILD180119C70
5/19/2017	GILD 100 19 JAN 18 70 CALL	5,056	19,828	\$2.55	0.00%	0.335	23.86%	26.88%	\$1,289,280	GILD180119C70
4/17/2017	GILD 100 18 JAN 19 50 PUT	3,400	666	\$3.36	-13.85%	-0.19	29.73%	33.44%	\$1,275,000	GILD190118P50
8/23/2016	GILD 100 19 JAN 18 65 PUT	2,390	2,310	\$4.42	-6.95%	-0.221	29.77%	34.82%	\$1,056,380	GILD180119P65
2/13/2017	GILD 100 19 JAN 18 60 PUT	2,533	18,158	\$4.12	-4.41%	-0.31	26.98%	41.83%	\$1,051,195	GILD180119P60
3/22/2017	GILD 100 18 JAN 19 60 PUT	1,504	1,466	\$6.80	-0.73%	-0.325	27.17%	48.61%	\$1,022,720	GILD190118P60
5/18/2017	GILD 100 15 JUN 18 60 PUT	2,023	2,589	\$5.05	10.99%	-0.368	24.80%	48.24%	\$1,021,615	GILD180615P60
2/8/2017	GILD 100 18 JAN 19 62.5 PUT	1,022	64	\$8.70	27.94%	-0.39	25.80%	55.32%	\$970,900	GILD190118P62.5
5/9/2017	GILD 100 15 SEP 17 75 PUT	977	29	\$8.70	4.82%	-0.78	21.88%	82.21%	\$893,955	GILD170915P75
4/10/2017	GILD 100 17 NOV 17 65 PUT	1,518	505	\$4.50	-2.17%	-0.44	24.69%	52.36%	\$736,230	GILD171117P65
5/8/2017	GILD 100 15 DEC 17 70 CALL	2,002	11,898	\$3.35	-4.83%	0.42	23.55%	34.81%	\$680,680	GILD171215C70
5/10/2017	GILD 100 15 JUN 18 60 PUT	1,512	101	\$4.30	4.88%	-0.32	24.93%	42.57%	\$657,720	GILD180615P60
5/16/2017	GILD 100 19 JAN 18 57.5 PUT	2,553	4,712	\$2.14	0.47%	-0.24	24.32%	31.46%	\$543,789	GILD180119P57.5
6/9/2017	GILD 100 18 JAN 19 55 PUT	1,055	2,321	\$4.85	-1.22%	-0.29	26.42%	43.45%	\$532,775	GILD190118P55
5/11/2017	GILD 100 15 DEC 17 60 PUT	2,000	734	\$2.54	17.05%	-0.29	24.36%	36.19%	\$508,000	GILD171215P60
6/9/2017	GILD 100 18 JAN 19 72.5 CALL	1,055	1,613	\$4.70	-2.89%	0.37	26.49%	25.54%	\$506,400	GILD190118C72.5

Historical Volatility Spread of 25-Delta Put IV minus 25-Delta Call IV



Current Skew Indicator: **Slightly Bullish**

Analyst Notes: Analysts have an average target of \$80 on shares with a high of \$90 and low of \$68, 10 Buy and 4 Hold ratings. Gabelli was out in May defending shares on valuation noting shares are trading as if the HCV franchise is worth zero. JPM was out positive in late May encouraged by top-line data from four Phase 3 studies of its HIV combo regimen containing bictegravir, and the launch in 2018 could be a key catalyst for shares. Cowen was out on 5-30 with a \$90 target saying GILD is positioned to regain share in the HIV market, and seeing shares undervalued. CSFB was out on 5-2 saying HCV is stabilizing, HIV is strengthening and the company is mobilizing for a deal.

Technical View: GILD shares are in a long downtrend trying to hold \$64 currently as support, seeing some positive developments in RSI, overhead resistance at \$68 and \$72. A move back above \$70 would likely set up a move into the \$80's.



Seasonality: GILD has seen strong seasonal tendencies the last three years with Q2 gaining 9% on average and adding further gains in July and August. Shares have seen a lot of weakness in the September through December period.

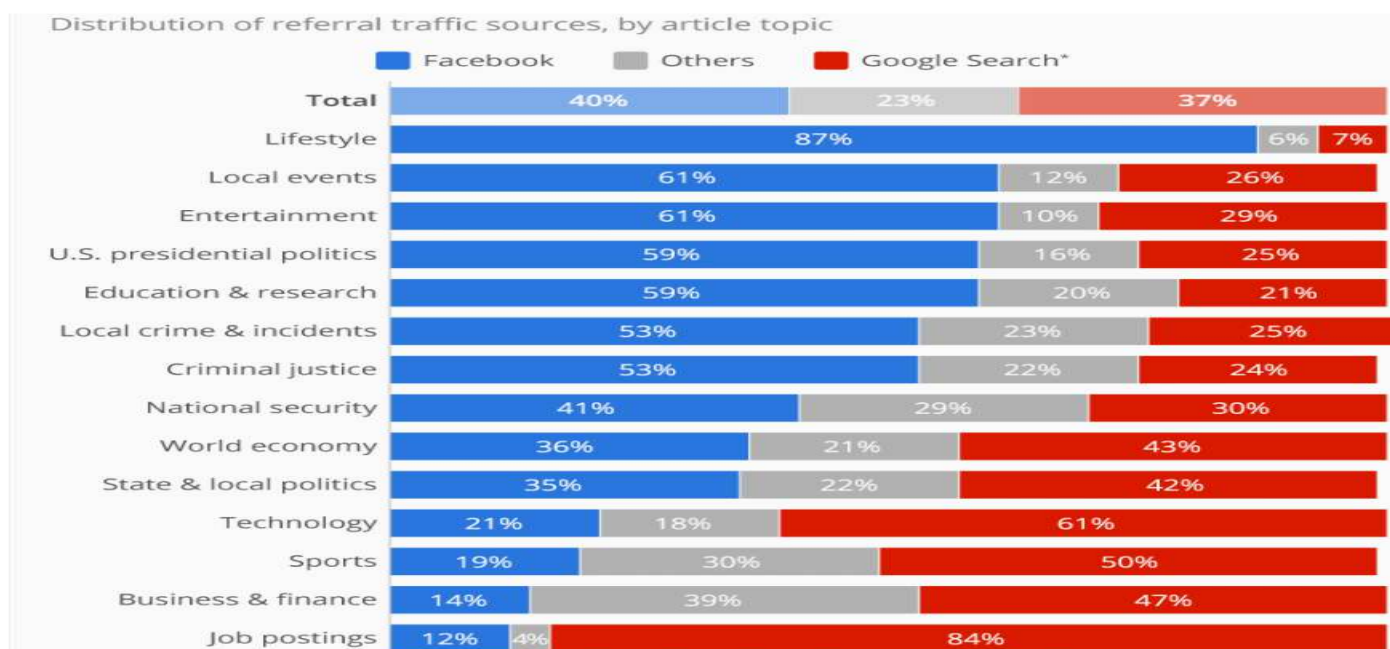
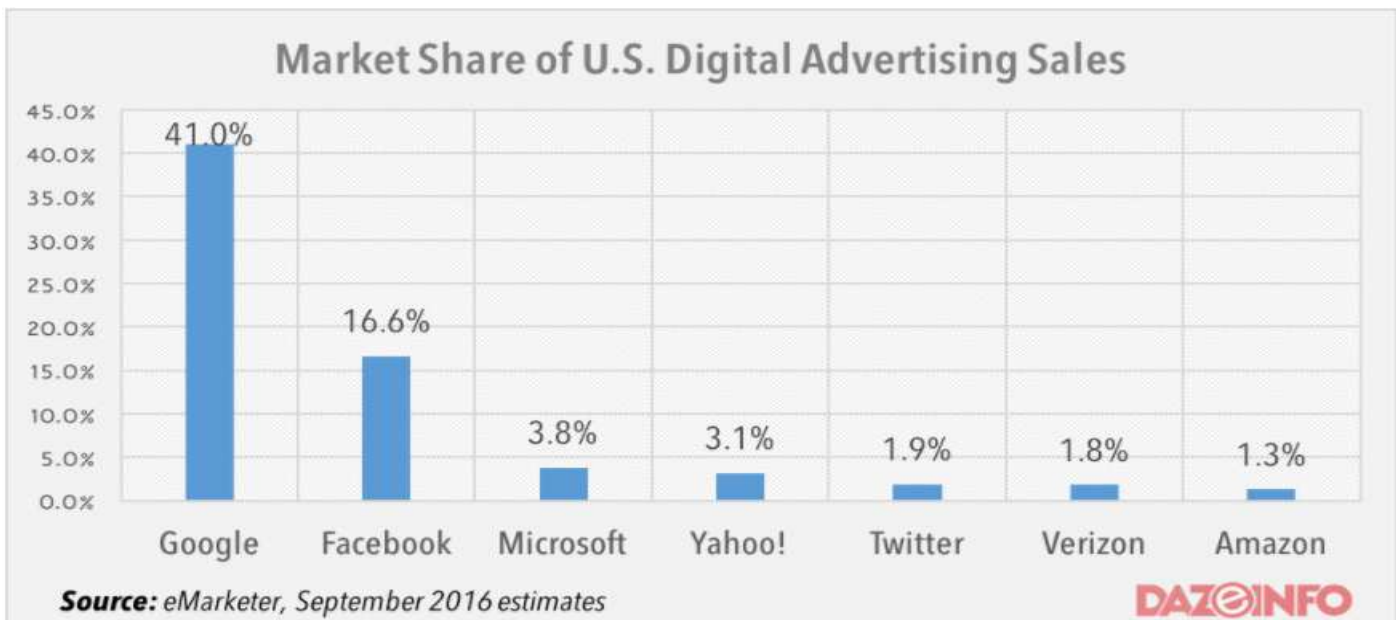
Ownership Trends: Institutional ownership fell 3.23% in Q1 filings with 125 funds taking new positions, 572 adding, 151 closing and 671 reducing. Parnassus holds GILD as its top investment with a \$1B stake, adding in Q1 as did Temasek. Deerfield took a new stake in Q1, a well known Biotech investor. Short interest is low at 0.8% of the float near a 5 year low. The last insider buy was a Director in February 2015 at \$99.92/share for \$999,150.

Catalyst: Cash Utilization via M&A; Tax Reform; Pipeline Success (NASH); HCV Sales Stabilization

Optimal Strategy: Long the GILD December \$70/\$75/\$77.5 Call Butterfly Spread at \$0.70 Debit

Google (GOOG / GOOGL) \$971.50 – Technology - Internet

Fundamental Snapshot: The \$660B Internet Company trades 24X Earnings, 7.15X Sales and 24.55X FCF with more than \$90B in cash on hand. Google is coming off a 20.4% revenue growth year and 16% EPS growth, and 2017 seen to be a transition year with EPS down 1.1% Y/Y but forecasted to return to 19% for 2018 and 2019 while revenue growth remains in the 15-20% annual range. In Q1 the company posted 22% Y/Y revenue growth and operating margins improved to 27%. Aggregate paid clicks jumped 44% Y/Y while cost-per-click fell 19%, advantages of its new ad formats paying off. AI and Machine Learning are key themes for advertising across Google’s platforms going forward that can boost targeting, and image-based ads another future growth river. Rising mobile usage and video will continue to a growth driver for Google, and its YouTube segment is becoming a media powerhouse. New products and innovation with opportunity for further monetization should allow Google to trade at a premium for many years to come. Google Lens is a very interesting image recognition product recently launched, and Google is also leading the way in autonomous driving.



Open Interest, Volatility, and Skew: Google's 30 day IV at 17.85% is at the 36th percentile of the 52-week range of 6.7% to 22.65%. Its December options are pricing in a 12.1% move by year-end, and its total put/call open interest ratio is at 0.902. Its 30 day IV Skew at 0% is bullish compared to the 52-week average of 13.3%. Some notable positions include a \$17M Jan. 2018 \$940 call position, a \$12M September \$980 call position, a \$6.3B December \$1,000 call position, and large positions in December \$935 and \$960 calls.

Date	Description	Volu	Open	Price	%Chan	De	Impl \	Prob.I	Premium F	Symbol
5/25/2017	GOOG 100 19 JAN 18 940 CALL	2,010	1,342	\$84.00	13.90%	0.62	21.42%	54.99%	\$17,245,800	GOOG180119C940
6/9/2017	GOOG 100 15 SEP 17 980 CALL	4,025	464	\$27.93	-31.69%	0.42	20.88%	37.46%	\$12,356,750	GOOG170915C980
4/25/2017	GOOG 100 15 SEP 17 885 CALL	2,743	43	\$36.10	27.74%	0.48	18.64%	43.73%	\$10,203,960	GOOG170915C885
5/5/2017	GOOG 100 15 SEP 17 880 PUT	3,175	75	\$19.36	3.53%	-0.29	18.30%	32.91%	\$6,413,500	GOOG170915P880
5/4/2017	GOOG 100 15 DEC 17 1000 CALL	2,153	68	\$27.00	22.73%	0.34	17.91%	29.46%	\$6,372,880	GOOG171215C1000
5/5/2017	GOOG 100 15 DEC 17 935 CALL	1,007	1	\$55.20	-4.17%	0.52	19.51%	45.99%	\$5,588,850	GOOG171215C935
4/26/2017	GOOG 100 15 DEC 17 960 CALL	2,593	0	\$21.30	N/A	0.28	17.67%	23.71%	\$5,419,370	GOOG171215C960
6/8/2017	GOOG 100 15 SEP 17 920 PUT	3,098	615	\$15.08	-0.26%	-0.24	19.29%	27.76%	\$4,770,920	GOOG170915P920
5/25/2017	GOOG 100 19 JAN 18 1100 CALL	2,095	2,663	\$20.00	25.00%	0.24	19.10%	19.62%	\$4,315,700	GOOG180119C1100
5/17/2017	GOOG 100 19 JAN 18 1020 CALL	1,501	459	\$27.00	-16.54%	0.31	19.30%	25.44%	\$4,112,740	GOOG180119C1020
2/6/2017	GOOG 100 15 SEP 17 830 CALL	1,000	34	\$37.90	-0.26%	0.44	19.78%	37.64%	\$3,750,000	GOOG170915C830
5/8/2017	GOOG 100 18 AUG 17 950 CALL	1,111	4	\$30.90	10.75%	0.46	18.44%	42.12%	\$3,444,100	GOOG170818C950
3/10/2017	GOOG 100 15 SEP 17 920 CALL	2,039	91	\$16.20	14.65%	0.27	17.46%	22.66%	\$3,364,350	GOOG170915C920
3/10/2017	GOOG 100 15 SEP 17 875 CALL	1,020	17	\$32.40	18.25%	0.42	18.61%	36.76%	\$3,345,600	GOOG170915C875
4/27/2017	GOOG 100 21 JUL 17 950 CALL	4,015	0	\$7.40	N/A	0.17	17.68%	15.23%	\$2,971,100	GOOG170721C950
5/23/2017	GOOG 100 15 SEP 17 1000 CALL	1,186	866	\$20.80	19.54%	0.33	18.29%	29.27%	\$2,443,160	GOOG170915C1000
6/6/2017	GOOG 100 18 AUG 17 995 CALL	752	65	\$32.10	9.52%	0.48	19.72%	44.12%	\$2,331,200	GOOG170818C995
4/28/2017	GOOG 100 15 SEP 17 960 CALL	1,128	313	\$18.90	58.82%	0.32	16.14%	28.76%	\$2,120,640	GOOG170915C960
5/16/2017	GOOG 100 21 JUL 17 935 CALL	636	321	\$30.00	10.33%	0.57	15.68%	54.53%	\$1,971,600	GOOG170721C935
5/4/2017	GOOG 100 19 JAN 18 1020 CALL	744	321	\$23.32	16.43%	0.3	17.09%	25.11%	\$1,807,920	GOOG180119C1020
4/25/2017	GOOG 100 15 SEP 17 940 CALL	1,034	335	\$15.90	50.00%	0.27	17.33%	23.72%	\$1,633,720	GOOG170915C940
5/17/2017	GOOG 100 21 JUL 17 935 CALL	706	386	\$21.67	-27.77%	0.46	16.23%	43.22%	\$1,546,140	GOOG170721C935
6/6/2017	GOOG 100 15 SEP 17 1080 CALL	1,336	167	\$8.20	-16.33%	0.17	17.45%	15.15%	\$1,095,520	GOOG170915C1080

Date	Description	Volu	Open	Price	%Chan	De	Impl \	Prob.I	Premium F	Symbol
5/1/2017	GOOGL 100 15 SEP 17 900 CALL	2,027	421	\$62.30	5.59%	0.66	18.45%	61.91%	\$12,628,210	GOOGL170915C900
6/6/2017	GOOGL 100 18 AUG 17 960 CALL	1,581	39	\$68.00	6.67%	0.71	21.59%	67.13%	\$10,592,700	GOOGL170818C960
6/1/2017	GOOGL 100 18 AUG 17 950 CALL	1,356	82	\$60.53	0.88%	0.69	20.10%	65.30%	\$8,325,840	GOOGL170818C950
4/25/2017	GOOGL 100 18 JAN 19 940 CALL	600	1,958	\$75.40	7.56%	0.48	20.06%	37.41%	\$4,590,000	GOOGL190118C940
6/2/2017	GOOGL 100 21 JUL 17 1000 CALL	1,302	998	\$22.50	15.38%	0.49	16.44%	46.70%	\$2,994,600	GOOGL170721C1000
5/4/2017	GOOGL 100 15 DEC 17 1000 CALL	664	559	\$34.56	5.69%	0.41	18.08%	35.41%	\$2,490,000	GOOGL171215C1000
5/8/2017	GOOGL 100 15 SEP 17 1000 CALL	823	324	\$26.70	22.76%	0.38	18.47%	33.88%	\$2,222,100	GOOGL170915C1000
6/6/2017	GOOGL 100 15 SEP 17 1100 CALL	1,054	121	\$9.20	-17.86%	0.19	18.10%	16.43%	\$1,054,000	GOOGL170915C1100

Historical Volatility Spread of 25-Delta Put IV minus 25-Delta Call IV



Analyst Notes: Analysts have an average target of \$1,055 on shares with \$1,250 the high and \$800 the low, 21 Buy and 5 Hold ratings. Wells Fargo recently reiterated an Outperform rating and \$1,150 target seeing the I/O Conference showcasing the future of search and also addressing other future endeavors. CSFB rates shares Outperform with a \$1,150 target, a blue-sky scenario of \$1,260. Deutsche Bank is at Buy with a \$1,250 target seeing Google in a position to dominate the AI product field. Barclays was out with an interesting note in late March seeing the next 5 years as the “Golden Years” in consumer mobile internet as monetization improves rapidly and next disruptive technologies emerge. Morgan Stanley was out with a note in May saying Google could spin-off Waymo to create a \$70B competitor to Tesla (TSLA), and Waymo could eventually reach a \$140B valuation.

Technical View: GOOG shares pulled back recently with the Tech sell-off to test the rising 50 day EMA, peaking right at an extension off its 2014 and 2015 highs. The \$905 level is support 1, and below that shares likely target a gap fill aligning with the rising 20 week EMA near \$875, while major volume support and trend support comes into play at \$840. Although weekly MACD is overbought and rolling over, RSI remains in an uptrend.



Seasonality: Google shares tend to outperform in the second half with Q3 seasonally its strongest followed by Q4, while Q2 is the only negative return quarter on a five-year average. July and October stand out as very strong months with 5 year average returns of 8.66% and 4.11% respectively, and even stronger the last few years, while April tends to be its worst month of the year.

Ownership Trends: Institutional ownership in class C shares GOOG fell 1.56% in Q1 filings, Suvretta Capital and Hound Partners notable new buyers while Passport Capital, Maverick Capital, and Polen Capital added to stakes, and Maplelane Capital & Darsana Capital disclosed call option positions. In the class A GOOGL shares institutional ownership fell 1.6% with Point-State Capital adding significantly to its stake. Short interest is minimal at 0.6% of the float, but is at a 1 year high. It has not seen any insider buying.

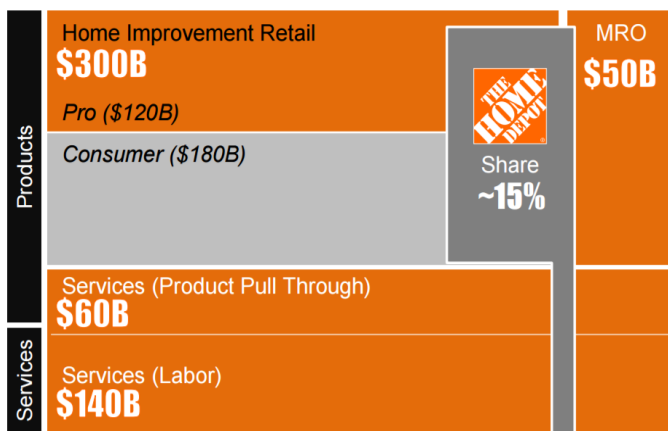
Catalyst: Earnings; Cash Utilization (M&A and Buybacks); Spin-Off (You-Tube, Waymo, etc.)

Optimal Strategy: Long the GOOG December \$960/\$1,080 Call Spread at \$38.00 Debit

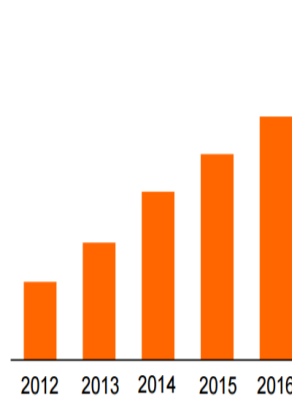
Home Depot (HD) \$153.50 – Consumer – Retail – Home Improvement Stores

Fundamental Snapshot: The \$185.5B home improvement retailer trades 18.75X Earnings, 1.95X Sales and 34.7X FCF with a 2.32% dividend yield, shares climbing 15% YTD as one of the few “Amazon-Proof” plays in retail. HD has impressively been growing revenues 5-7% annually and EPS growth around 20% annually 2011-2017, though expected to normalize to 12-13% in 2018/2019. HD has posted +5.6% comps in FY15 and FY16 as other retailers struggle, a best in class name and operating margins have also expanded. In 2017 HD is guiding for 6 new store openings, +4.6% comps and operating margins expanding 30bps to 14.5% with \$5B in buybacks. HD still only has 15% market share of a \$550B addressable market in the US and has been making progress with its ecommerce, engagement/loyalty to customers with its app, and its service offerings. At 11.4X EBITDA shares trade at a premium to Lowe’s (LOW) at 8.9X, but stronger margins, comps, ROIC, and FCF make that appropriate. HD should also benefit from Millennials buying their first homes and remodeling remains a very strong trend. Already in 2017 the US experienced five natural disasters with \$1B in damages, the most in the first 3 months of a year since 1980 when record began.

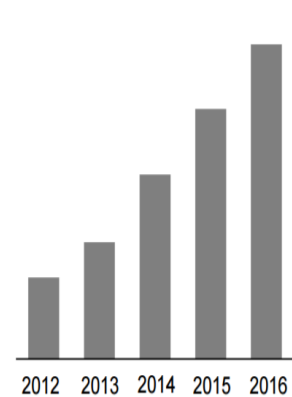
\$550B Total Addressable U.S. Market



Visits



Online Sales

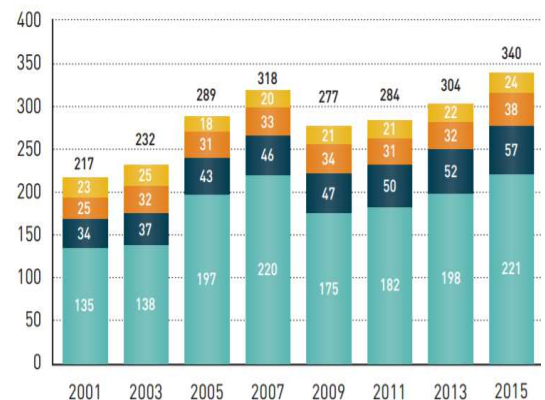


Leading Indicator of Remodeling Activity – First Quarter 2017



With All Segments Growing, the Home Remodeling Market Has Surpassed Its Previous Peak

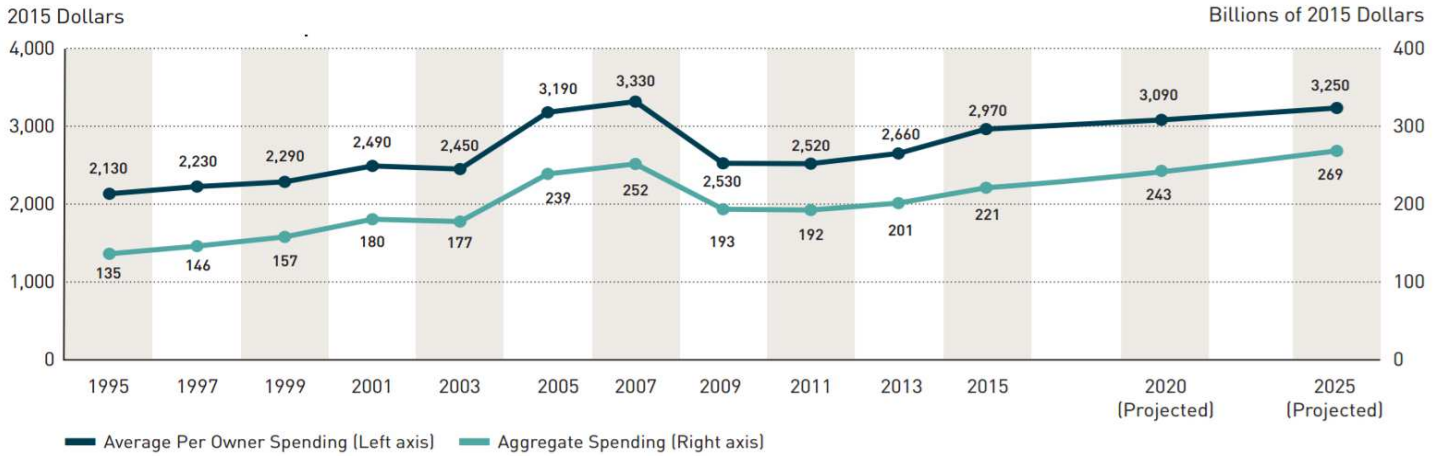
Billions of Dollars



Notes: The former LIRA modeled homeowner improvement activity only, while the re-benchmarked LIRA models home improvement and repair activity. Historical estimates are produced using the LIRA model until American Housing Survey data become available. Source: Joint Center for Housing Studies.

Owner Improvements Rental Improvements
Owner Maintenance Rental Maintenance

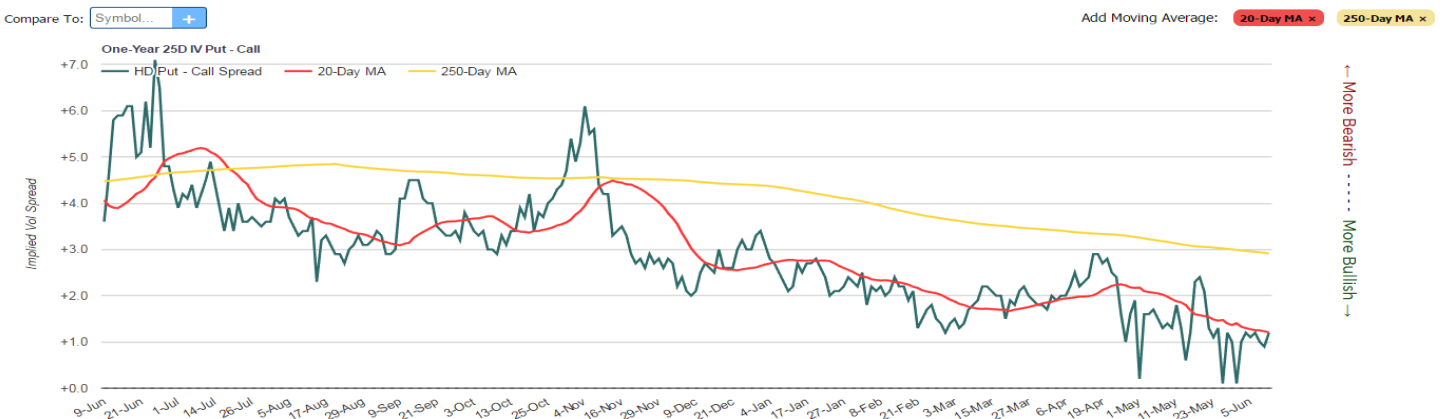
Homeowner Improvement Spending Is Poised for Solid Growth Over the Coming Decade



Open Interest, Volatility, and Skew: Home Depot's 30 day IV at 13.45% compares to a 52-week range of 11.6% to 26.7%. Its Jan. 2018 options are pricing in a 10.9% move, and total put/call open interest ratio is at 0.614. Its 30 day IV Skew is 9.1% compares to an 18.7% 52-week average. Some notable positions in OI include 10,000 September \$170/\$180 call spreads, the Jan. 2019 \$155/\$110 bull risk reversal 1,100X, 10,000 Jan. 2018 \$180/\$185 call spreads, and 10,000 August \$170/\$175 call spreads.

Date	Description	Volu	Open	Price	%Chan	De	Impl V	Prob. I	Premium F	Symbol
3/17/2017	HD 100 19 JAN 18 145 CALL	1,514	3,046	\$11.50	1.32%	0.579	19.43%	50.45%	\$1,741,100	.HD180119C145
5/26/2017	HD 100 18 JAN 19 155 CALL	1,162	394	\$14.10	-5.43%	0.51	20.13%	40.85%	\$1,638,420	.HD190118C155
2/10/2017	HD 100 19 JAN 18 140 PUT	1,134	429	\$11.30	-4.24%	-0.49	18.86%	56.88%	\$1,281,420	.HD180119P140
5/24/2017	HD 100 15 JUN 18 160 CALL	1,231	144	\$8.85	1.14%	0.44	18.88%	36.44%	\$1,089,435	.HD180615C160
2/10/2017	HD 100 19 JAN 18 140 CALL	1,119	2,717	\$9.65	3.76%	0.51	19.74%	43.10%	\$1,079,835	.HD180119C140
4/27/2017	HD 100 15 SEP 17 170 CALL	5,874	31	\$1.49	65.56%	0.18	15.70%	16.05%	\$904,596	.HD170915C170
4/28/2017	HD 100 15 SEP 17 170 CALL	5,018	5,536	\$1.51	-0.66%	0.18	15.91%	15.75%	\$762,736	.HD170915C170
4/27/2017	HD 100 19 JAN 18 180 CALL	5,024	639	\$1.20	44.58%	0.14	15.59%	11.04%	\$713,408	.HD180119C180
4/28/2017	HD 100 19 JAN 18 180 CALL	5,000	5,131	\$1.25	-8.76%	0.13	15.77%	10.92%	\$700,000	.HD180119C180
6/6/2017	HD 100 21 JUL 17 155 PUT	2,067	3,053	\$3.25	8.33%	-0.56	12.05%	57.53%	\$682,110	.HD170721P155
4/28/2017	HD 100 18 AUG 17 170 CALL	5,001	4,862	\$1.08	-10.74%	0.16	16.33%	14.19%	\$615,123	.HD170818C170
4/27/2017	HD 100 18 AUG 17 170 CALL	5,010	371	\$1.00	300.00%	0.16	15.90%	14.21%	\$611,220	.HD170818C170
6/6/2017	HD 100 21 JUL 17 155 CALL	2,190	2,977	\$2.66	-11.33%	0.46	14.65%	43.46%	\$595,680	.HD170721C155
5/26/2017	HD 100 18 JAN 19 110 PUT	1,246	213	\$3.55	0.00%	-0.12	25.25%	20.80%	\$448,560	.HD190118P110
4/27/2017	HD 100 19 JAN 18 185 CALL	5,000	385	\$0.67	157.69%	0.09	15.30%	7.27%	\$440,000	.HD180119C185
4/28/2017	HD 100 19 JAN 18 185 CALL	5,015	4,879	\$0.77	-8.33%	0.09	15.49%	7.24%	\$436,305	.HD180119C185
4/27/2017	HD 100 15 SEP 17 175 CALL	5,250	251	\$0.82	290.48%	0.11	15.34%	9.41%	\$435,750	.HD170915C175
4/28/2017	HD 100 15 SEP 17 175 CALL	5,000	4,920	\$0.72	-8.86%	0.11	15.70%	9.45%	\$410,000	.HD170915C175

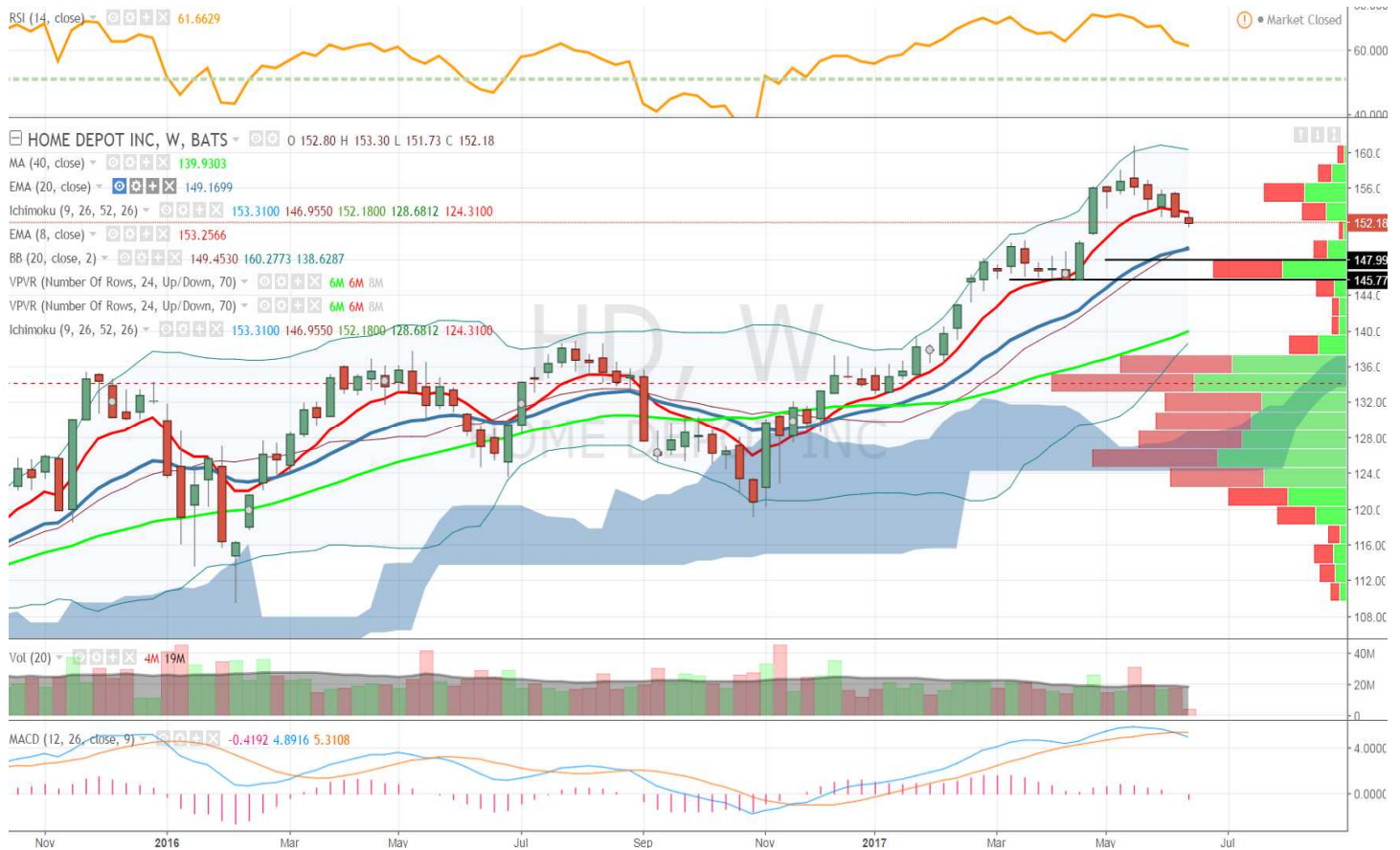
Historical Volatility Spread of 25-Delta Put IV minus 25-Delta Call IV



Current Skew Indicator: Bullish

Analyst Notes: Analysts have an average target of \$173.50 on HD shares with a high of \$182 and low of \$165, 9 Buy ratings and 2 Hold ratings. Morgan Stanley upgraded shares to Overweight back in February saying it was not too late to buy into the housing recovery strength. Stifel raised its target to \$178 after the Q1 beat seeing a robust macro backdrop with more positive revisions to estimates likely. Deutsche Bank raised its target to \$176 from \$155 after Q1 numbers seeing the comp outlook as beatable and the big ticket sales accelerating. RW Baird raised its target to \$175 citing best in class execution and momentum in its online offerings.

Technical View: HD shares are in a strong trend with the most recent big breakout at the \$139 level, a bull flag that measured to an upside target of \$200. Shares have pulled back off recent highs and first major support is the \$146/\$148 zone which aligns with its rising 20 week EMA as well.



Seasonality: HD shares have tended to lag in Q2 with a 5 year average return of +2.44%, while Q3 at +5.97%, Q4 at +8.83% and Q1 at +7.54% have all been strong. November and February have been its strongest months.

Ownership Trends: Institutional ownership in HD fell 1.94% in Q1 filings, 138 funds taking new positions, 595 adding, 72 closing and 802 reducing. Short interest is low at 0.99% of the float, rising to a 1 year high recently. HD has seen some insider buying into strength with a Director making a small buy on 5-17-17, and in 2016 saw some larger buys from Directors in the \$124.73 to \$132.53 range for more than \$7M in stock.

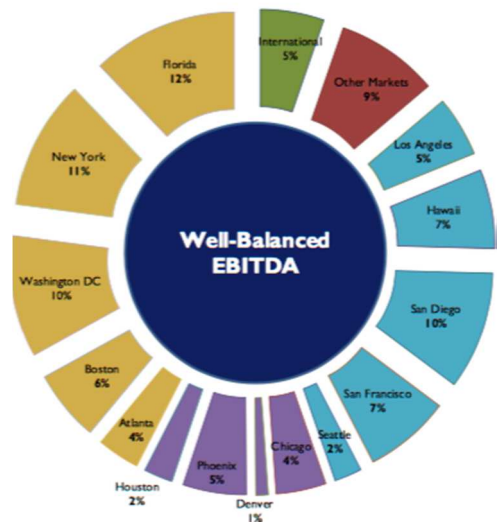
Catalyst: Stronger Hurricane Season; Earnings

Optimal Strategy: Sell the HD September \$145 Puts for \$2.75 Credit

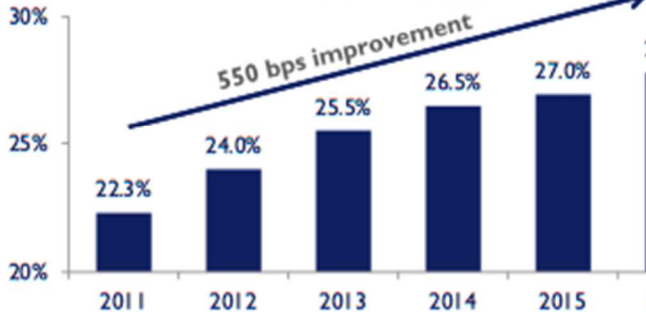
Host Hotels (HST) \$18.50 – Financials - REIT

Fundamental Snapshot: The \$13.5B hotel operator trades 26.7X earnings, 2.49X sales, and 33X cash with a 4.4% yield. HST expects revenues to be flat to slightly negative over the next two years with EPS down from \$1 per share to \$0.70. HST has seen flat growth since 2014 with the number of properties down from 106 to 88 and rooms under management down to 49,376 in the US. RevPAR has risen slightly to \$177 with occupancy percentage at 78.5%, up 1.5% since 2014. The company has smaller JV business in Europe and Asia. HST is coming off a weak quarter and facing a number of headwinds which should continue to pressure including declining RevPar in their major US markets like San Francisco and New York as well as occupancy declines of nearly 2% Y/Y. The company noted that supply, both existing and that coming online, will continue to impact their ability to drive rate and seeing weakness in the EU due to a stronger dollar and effects of Brexit in the UK. The company has exposure to South America as well with Brazil's macroeconomic issues leading to underperformance in their properties. They also face headwinds from lower group booking during the last quarter and a rate which is expected to continue to decline in 2017.

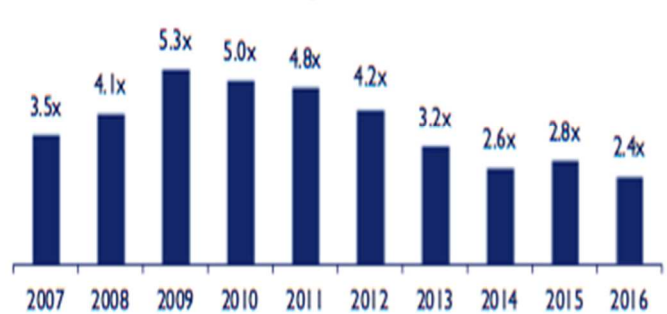
Portfolio as Percent of EBITDA⁽¹⁾
By Market



EBITDA Margin⁽¹⁾
YE 2011 – 2016

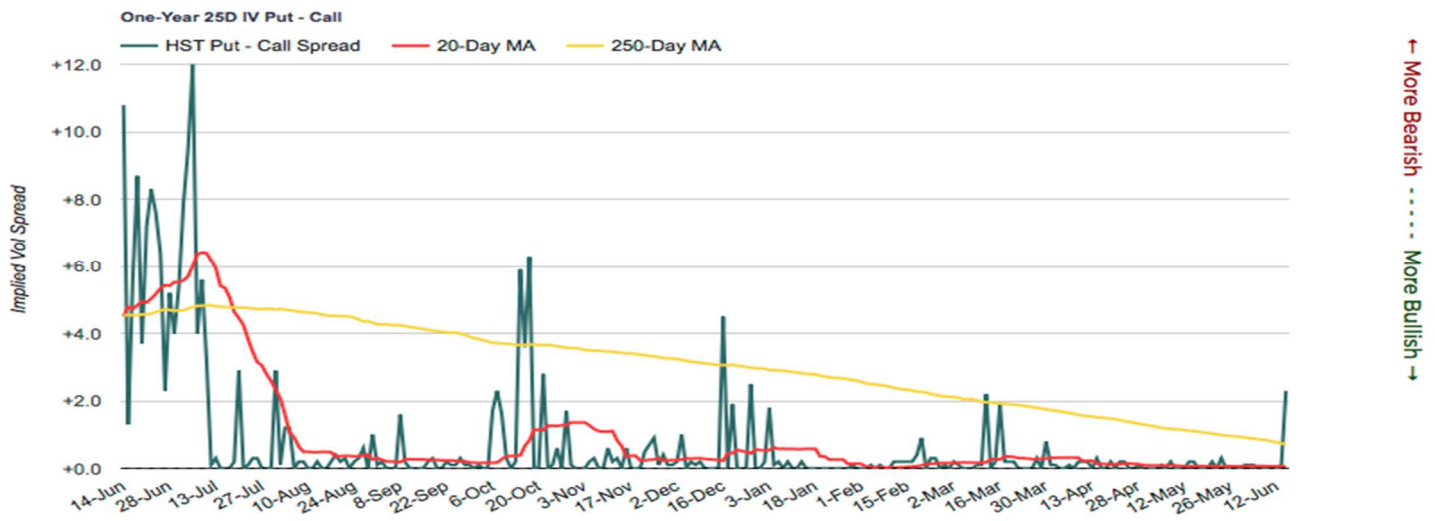


Host Leverage Ratio⁽¹⁾



Open Interest, Volatility, and Skew: HST 30-day IV at 23.72% is in the 7th percentile of its 52-week range of 22.56% to 39.06%. Its January options are pricing in a 15.1% move into year-end and its total put/call open interest ratio is 2.97. Its 30-day IV skew is flat vs a 52-week average of 3.1%. Some notable positions in open interest include the January 2018 \$16 puts.

Date	Description	Volu	Open	Price	%Chan	De	Impl \	Prob.Π	Premium F	Symbol
5/3/2017	HST 100 19 JAN 18 16 PUT	20,000	10	\$0.90	-1.10%	-1	--	100.00%	\$1,800,000	.HST180119P16
5/5/2017	HST 100 19 JAN 18 16 PUT	10,002	30,027	\$0.85	-7.61%	-0.28	28.49%	37.55%	\$900,180	.HST180119P16



Analyst Notes: Analysts have an average target for shares of \$17.85 with 3 buy ratings, 12 hold ratings, and 2 sell ratings. Goldman starting the group at Neutral on 4-10 but noting concerns that supply is poised to ramp in 2018, a concern which impacts HST more than others as they'll see greater competition in some of their key domestic markets.

Technical View: HST shares are trading back near their 200-MA at \$17.25 and vulnerable to a move back to \$15.50 as shares move into a low-volume from the last year. The \$15 level also aligns with the low-end of value for the past five-years. HST shares have underperformed in 2017 among their peers with shares down 5% while stronger names like Marriott (MAR) and Wyndham (WYN) are up by double digits.



Seasonality: HST shares are seasonally strongest in July while August and September the weakest period with a 5-year average return of -6.25%. Shares have returned on average 5% per year since 2012 with a peak to trough range of 9.5%, so not a lot of wider movements in the name.

Ownership Trends: Short interest has climbed since mid-2015 from under 5% to 11.62% of the float. Institutional ownership fell 2%, Millennium Management selling their 1.4M share stake.

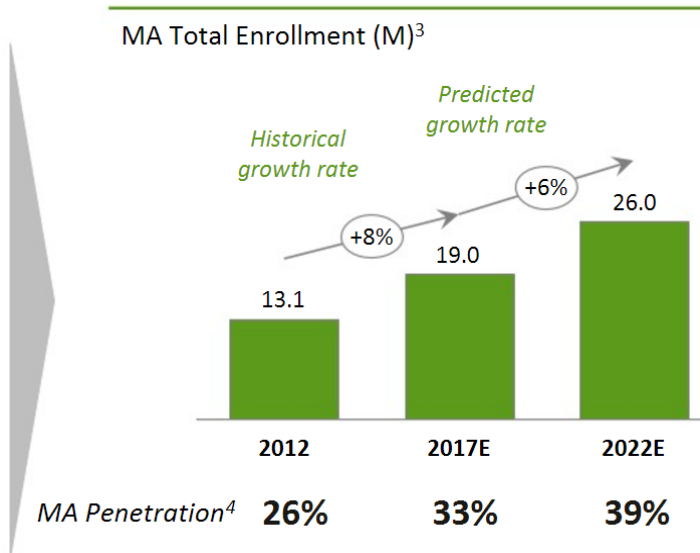
Catalyst: RevPar Comps, International Weakness, FX Headwinds, Lower Group Booking Rates

Optimal Strategy: Long the HST January \$18/\$15 Put Spread for \$0.95 Debit

Humana (HUM) \$234.20 – Healthcare – Managed Care

Fundamental Snapshot: The \$33.9B managed care company trades 19.3X Earnings, 0.62X Sales, and 7.33X FCF with a 0.59% dividend yield and \$8B in cash on hand. HUM grew revenues at a double digit clip in 2014 and 2015 before coming into a tougher environment, but forecasting 4% and 7% growth the next two years forward while EPS set to grow at a 12% 3 year CAGR. HUM is targeting the growing number of seniors living with chronic conditions in Medicare Advantage (MA). The senior population is expected to nearly double by 2050. Humana also has a service unit with the 4th largest Pharmacy Benefits Manager and 1M members engaged in Humana At Home. Humana was engaged with merger talks with Aetna (AET) last year but it was terminated this year, and HUM received a \$1B breakup fee. There has been talk that Humana remains a target, potentially for Cigna (CI), a deal that would face less scrutiny. HUM is one of the best positioned manage care names for growth while having cheap valuation and a robust balance sheet.

Enrollment and penetration expected to grow



Operating Cost Ratio

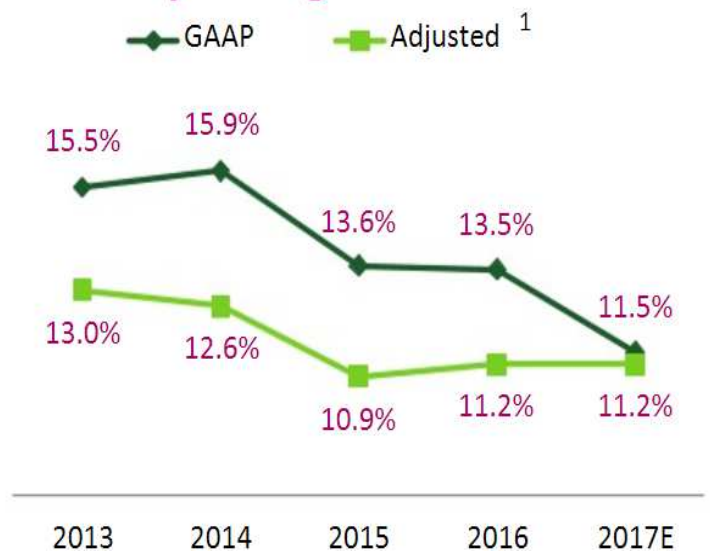
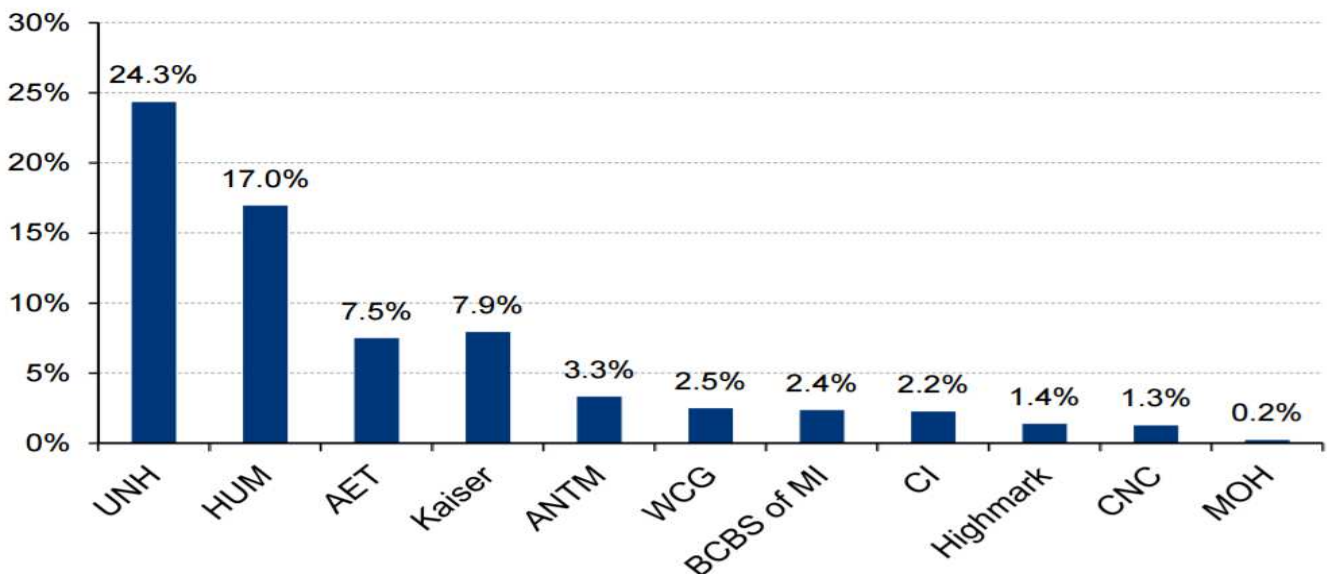


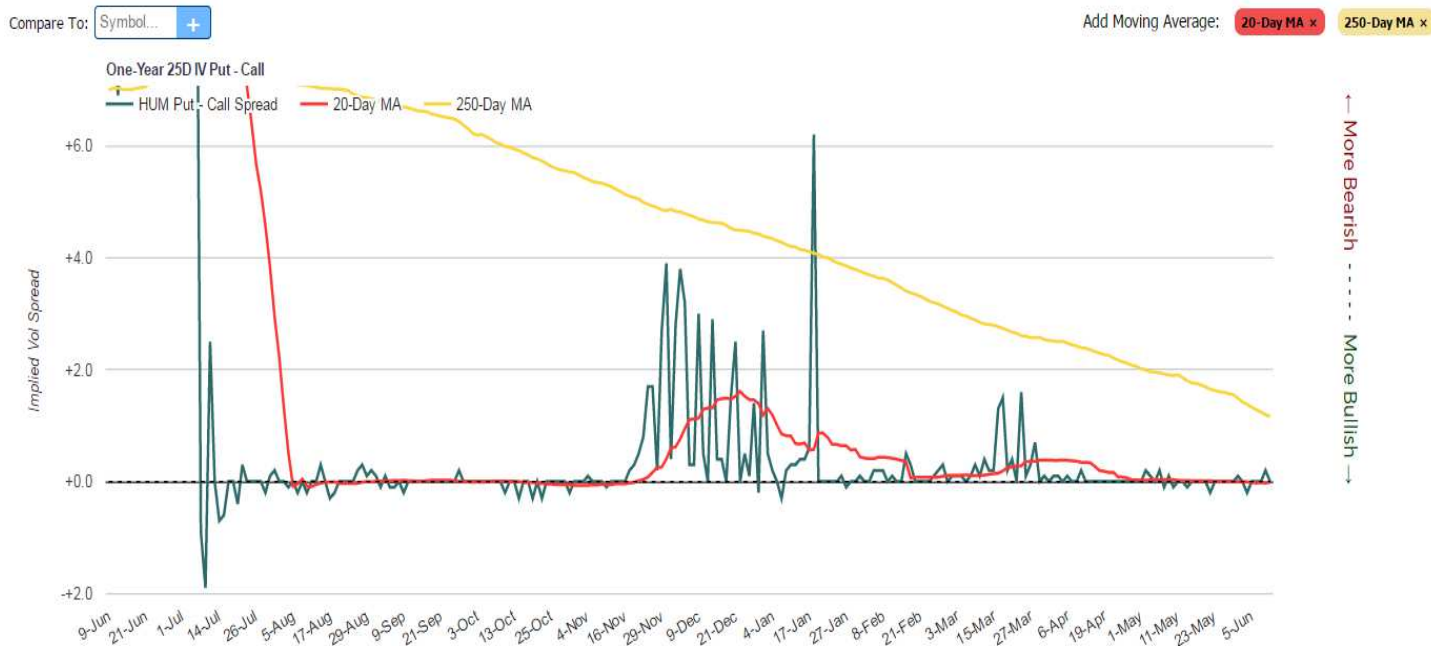
Chart 1: Medicare Advantage Market Share



Open Interest, Volatility, and Skew: Humana's 30 day IV at 20% compares to a 52-week range of 18% to 67%. Its January 2018 options are pricing in a move of 14.5% over the next 7 months, and total put/call open interest ratio is at 0.78. Its 30 day IV Skew at 0% compares to a 52-week average of 4%. Some notable positions in open interest include sizable bull risk reversals in January and some large call buys in August.

Date	Description	Volu	Open	Price	%Chan	De	Impl	Prob.I	Premium F	Symbol
11/28/2016	HUM 100 19JAN 18 240 CALL	7,653	214	\$11.30	25.56%	0.35	25.81%	25.44%	\$8,647,890	.HUM180119C240
3/2/2017	HUM 100 19JAN 18 190 PUT	5,001	237	\$11.20	-7.44%	-0.28	28.76%	38.51%	\$6,101,220	.HUM180119P190
3/2/2017	HUM 100 19JAN 18 240 CALL	5,080	5,519	\$11.00	8.91%	0.35	25.53%	27.09%	\$5,638,800	.HUM180119C240
1/25/2017	HUM 100 18 AUG 17 215 CALL	4,310	172	\$10.75	-2.27%	0	#ERROR!	0.00%	\$4,999,600	.HUM170818C215
5/9/2017	HUM 100 19JAN 18 210 PUT	3,200	56	\$10.20	0.00%	-0.29	26.18%	37.19%	\$3,616,000	.HUM180119P210
5/10/2017	HUM 100 18 AUG 17 230 CALL	2,500	260	\$11.20	-3.45%	0.53	23.00%	48.76%	\$3,075,000	.HUM170818C230
4/13/2017	HUM 100 19JAN 18 240 CALL	2,500	10,328	\$7.50	0.81%	0.3	22.45%	23.83%	\$2,025,000	.HUM180119C240
4/21/2017	HUM 100 18 AUG 17 225 CALL	2,569	243	\$7.60	5.26%	0.35	24.44%	30.48%	\$1,952,440	.HUM170818C225
5/17/2017	HUM 100 19JAN 18 210 PUT	1,600	2,206	\$11.30	9.71%	-0.32	26.55%	39.99%	\$1,888,000	.HUM180119P210
5/15/2017	HUM 100 (Weeklys) 23 JUN 17 245 CALL	7,500	0	\$2.40	N/A	0	#ERROR!	0.00%	\$1,762,500	.HUM170623C245
5/19/2017	HUM 100 18 AUG 17 215 PUT	2,568	146	\$5.50	-11.29%	-0.298	25.06%	34.39%	\$1,412,400	.HUM170818P215
4/20/2017	HUM 100 19 MAY 17 220 PUT	1,300	188	\$9.00	-25.00%	-0.64	24.56%	66.39%	\$1,365,000	.HUM170519P220
3/28/2017	HUM 100 17 NOV 17 210 CALL	800	795	\$14.80	-12.43%	0.49	26.84%	40.45%	\$1,272,000	.HUM171117C210
3/22/2017	HUM 100 18 AUG 17 220 CALL	1,000	50	\$10.50	0.57%	0.454	24.96%	39.26%	\$1,050,000	.HUM170818C220

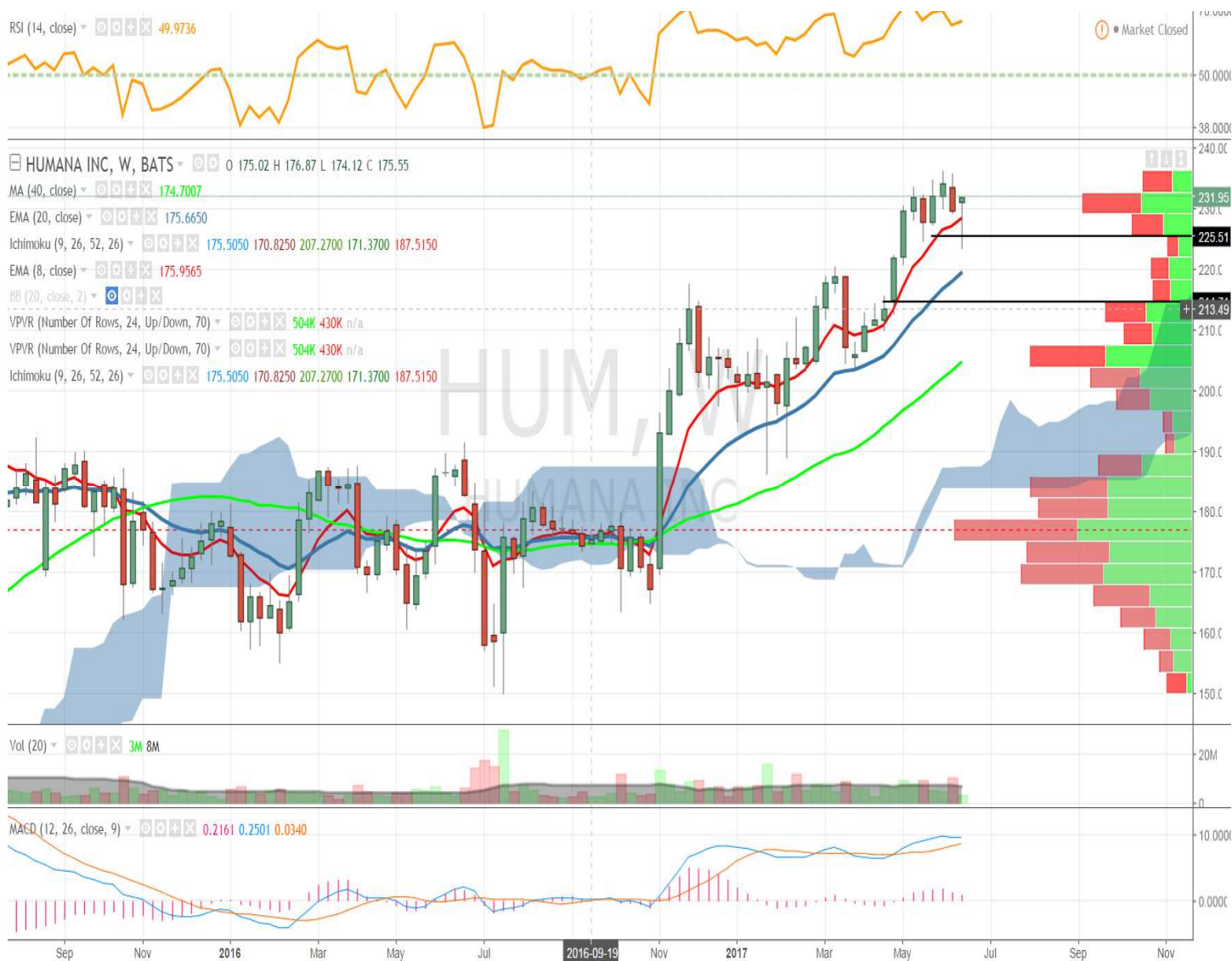
Historical Volatility Spread of 25-Delta Put IV minus 25-Delta Call IV



Current Skew Indicator: **Slightly Bullish**

Analyst Notes: Analysts have an average target of \$221 on shares with a high of \$236 and low of \$200, 3 Buy and 5 Hold ratings. CSFB rates shares Outperform with a \$235 target, raising estimates on strong Q1 trends and management expecting to grow MA membership above the industry average growth rate of +6% through 2022. Leerink raised its target on shares to \$250 on 1/23 seeing Humana as a likely takeover target for Cigna (CI), Anthem (ANTM), Express Scripts (ESRX) or CVS (CVS).

Technical View: HUM shares recently dropped back to the 50 day EMA which is also trend support off the January and March 2017 lows near \$225. A move under that level would put \$215 support back into play. Shares are looking to clear \$235 to target a move up to \$250.



Seasonality: In the last five years HUM shares have seen strength from August-March with May, August, and February its best months while April and July have been weak.

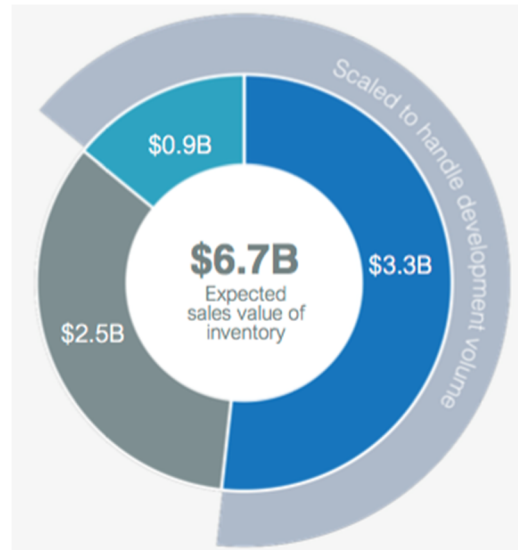
Ownership Trends: Institutional ownership rose 1.27% in Q1 filings with 93 funds taking new positions, 191 adding, 65 closing and 221 reducing. Notable buyers in Q1 included Lone Pine Capital, Renaissance Tech, Steadfast Capital and activist firms Corvex and Sachem Head. Third Point LLC disclosed a call option position. Short interest is near 5% of its float and close to a 5 year high. The last insider purchase was made in November of 2013 at \$79.83/share for \$41,989.

Catalyst: M&A; Healthcare Reform; Earnings Momentum

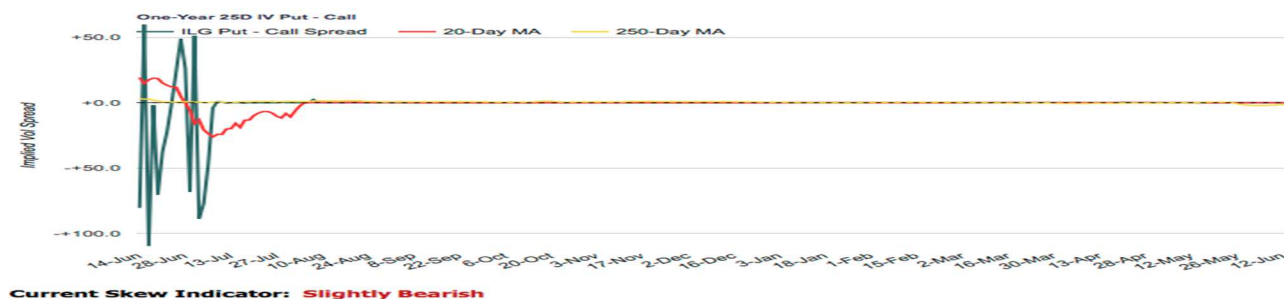
Optimal Strategy: Long the HUM August/Jan. 2018 \$240 Calendar Call Spreads at \$6.50 Debit

ILG Inc (ILG) \$26.70 – Services - Lodging

Fundamental Snapshot: The \$3.34B provider of services to the vacation rental company trades 21X earnings, 2X sales and 2X book with a 2.23% dividend yield. The company is expecting revenue to grow in the mid-single digits up to almost \$2B annually with 11.3% EPS growth in 2018 up to \$1.25 per share. The company operates in two different segments, Exchange and Rental and Vacation Ownership, the latter representing about two-thirds of overall revenue. E&R has 3,000 resorts and 1.8M members with the split roughly 55% traditional and 45% corporate clients and an 85% retention rate. The company announced a transformational acquisition of Starwood Hotels' vacation ownership business in late 2015, a leading developer of high-end vacation ownership resorts which expands their size and scale to over 200 resorts and 500,000 owners. The deal adds Vistana's pipeline of new projects with ILG's recurring fee-for-service model to build a strong long-term FCF profile after generating \$180M last year. ILG has a big opportunity going forward with \$6.7B of inventory and just \$2.5B completed inventory. At their June analyst meeting the company said they currently have \$900M in approved, under development projects and \$3.3B in land held for development, including adding to existing projects. This land can be used to generate fee-based revenue and capture more leisure spending from existing customers as well as build upon operational synergies and cross-selling opportunities from Vistana.



Open Interest, Volatility, and Skew: ILG 30-day IV at 24.07% is in the 29th percentile of its 52-week range of 40.71% to 17.23%. Its December options are pricing in a 15.8% move by year-end and its total put/call open interest ratio is 3.13. Its 30-day IV skew is 0.0% vs a 52-week average of -5.6%. Some notable positions in open interest include over 10,000 September \$25 calls, 200,000 January 2019 \$22 short puts, 30,000 short January 2019 \$20 puts, and 90,000 short January 2019 \$17 puts.



More Bearish
More Bullish

Date	Description	Volu	Open	Price	%Chan	De	Impl \	Prob.Π	Premium F	Symbol
12/12/2016	ILG 100 18 JAN 19 17 PUT	10,000	0	\$1.61	<empty>	-1	--	100.00%	\$1,610,000	.ILG190118P17
4/3/2017	ILG 100 18 JAN 19 20 PUT	5,414	200	\$1.90	9.20%	-1	--	100.00%	\$1,028,660	.ILG190118P20
4/25/2017	ILG 100 15 SEP 17 25 CALL	10,633	500	\$0.90	28.57%	0.38	25.20%	32.05%	\$1,010,135	.ILG170915C25
4/26/2017	ILG 100 15 DEC 17 23 PUT	4,020	23	\$1.47	-22.63%	-0.39	25.06%	47.43%	\$663,300	.ILG171215P23
11/17/2016	ILG 100 19 JAN 18 17 PUT	5,000	539	\$1.19	-11.85%	-1	--	100.00%	\$595,000	.ILG180119P17
3/21/2017	ILG 100 15 DEC 17 19 PUT	4,021	4	\$1.35	1.50%	-1	--	100.00%	\$542,835	.ILG171215P19
5/30/2017	ILG 100 15 SEP 17 28 CALL	5,000	4,068	\$1.00	-9.09%	0	#ERROR!	0.00%	\$525,000	.ILG170915C28
3/20/2017	ILG 100 18 JAN 19 17 PUT	3,157	60,310	\$1.00	-14.89%	-1	--	100.00%	\$315,700	.ILG190118P17
5/31/2017	ILG 100 15 DEC 17 30 CALL	3,500	0	\$0.90	N/A	0.29	24.53%	23.11%	\$315,000	.ILG171215C30
6/5/2017	ILG 100 15 DEC 17 29 CALL	2,500	1	\$1.20	20.00%	0.37	25.52%	30.74%	\$312,500	.ILG171215C29
6/5/2017	ILG 100 15 DEC 17 25 PUT	2,500	20	\$1.05	-19.23%	-0.31	25.53%	38.41%	\$300,000	.ILG171215P25
6/7/2017	ILG 100 15 SEP 17 25 PUT	3,000	21	\$0.82	2.50%	-0.31	26.53%	36.30%	\$270,000	.ILG170915P25
4/18/2017	ILG 100 19 JAN 18 25 CALL	3,429	56	\$0.70	40.00%	0.27	23.41%	21.11%	\$256,425	.ILG180119C25
4/19/2017	ILG 100 15 DEC 17 20 PUT	3,000	202	\$0.80	-27.27%	-0.26	24.51%	33.00%	\$255,000	.ILG171215P20
5/23/2017	ILG 100 15 SEP 17 29 CALL	2,500	601	\$0.85	41.67%	0.33	27.01%	27.89%	\$225,000	.ILG170915C29
6/1/2017	ILG 100 15 DEC 17 30 CALL	2,016	3,500	\$0.90	0.00%	0.3	24.93%	23.91%	\$181,440	.ILG171215C30

Analyst Notes: Analysts have an average target for shares of \$26 with the majority of the Street at a Buy equivalent. Imperial Capital raised their PT to a Street High \$30 on 5-30. Janney started covered in January with a Buy rating and Oppenheimer out positive last Fall noting the Vistana deal offers integration upside in 2017 and defaults have been relatively stable. The firm also thinks ILG could engage in more M&A in the future using their cash flow to expand inventory into new territories.

Technical View: ILG shares have been strong since early 2016 at \$12.50 and climbing to recent highs at \$27.50. Shares have resistance at \$27.50 and above room back to all-time highs near \$32.50. On a monthly-view, shares have channel resistance at \$36. Support is at \$24, \$21.50, and the 200-day down around \$20.



Seasonality: Shares are strongest in February/March with a five-year average of 10% returns before fading throughout the Summer and into September.

Ownership Trends: Institutional ownership rose 6.27% in Q1 filings, 40 funds creating new positions, 81 adding, 41 closing, and 75 reducing. 12 funds hold ILG in their top ten positions. P2 Capital is a top holder with 4.375M shares, their third largest position and a 12.88% weight while Eagle Street Capital owns 2.5M shares. Short interest is 7.85% of the float and up from 3.67% in January. ILG has seen a lot of insider buying since late 2015 with recent purchases including a \$440,000 buy from Director Thomas Ryder, a \$503,000 buy from COB Craig Nash, and a \$249,000 buy from Director Avy Stein.

Catalyst: New Project Announcements, Buybacks, Dividend Raise, M&A

Optimal Strategy: Long the ILG September/December \$29 Call Calendar Spread for \$0.55 Debit

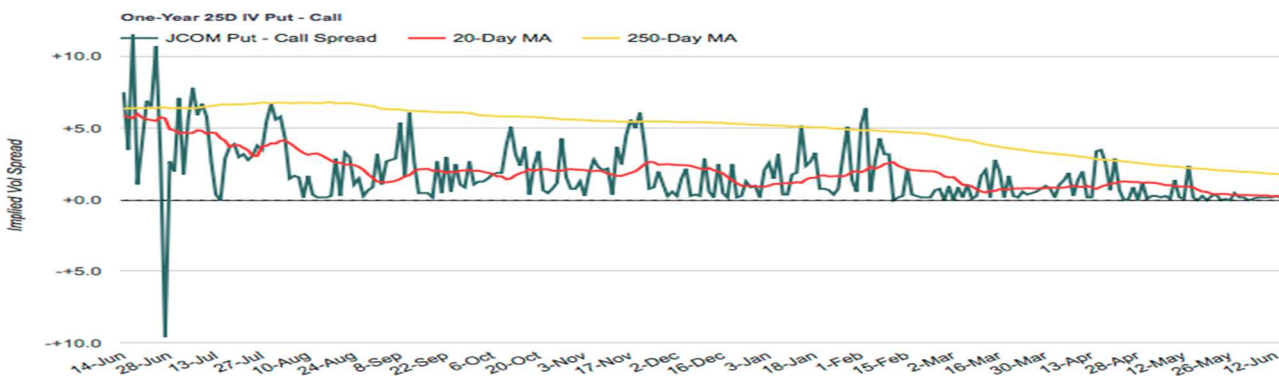
J-2 Global (JCOM) \$87 – Technology - Software

Fundamental Snapshot: The \$4.08B software company trades 13.38X earnings, 4.42X sales, and 21.8X cash with a 1.73% yield. JCOM has seen 17-18% EPS growth over the last five years and expected to remain steady in double digits. JCOM has grown revenue by more than 20% each of the last two years and expecting 32.7% Y/Y growth in 2017 and 8.6% growth in 2018. JCOM operates a portfolio of health and wellness sites and targeting three key areas: Consumer, Professional, and Payer/Provider. They also operate an ad agency for orphan drugs and an SaaS solution for hospitals. Consumer is their largest business by revenue at more than \$150M while Professional the second largest. JCOM looks to benefit from a growing market for spending on health marketing in the US, roughly \$30B as doctors, OTC, payers, and providers all seek to engage with consumers. The firm thinks the rise of specialty drugs, topping 50% of total sales in 2018, will require more targeted media. JCOM is guiding FY17 to over \$1.1B in revenue behind their \$465M acquisition of Everyday Health last Fall. The company will fold the company into their digital media business and expands their B2B offerings into health and wellness. JCOM is now the second largest in the space behind Web-MD (WBMD). The deal is the latest from the company which has been acquisition-heavy in 2016 with over 22 deals done, although mostly smaller.



	Total Unique Visitors/Viewers (000)	% Reach
Total Internet : Total Audience	257,549	100.0
Health - Information	165,067	64.1
1 WebMD Health	64,193	24.9
2 Everyday Health	42,559	16.5
3 Healthgrades	33,262	12.9
4 Healthline	32,017	12.4
5 DRUGS.COM	24,217	9.4
6 LIVESTRONG	23,885	9.3
7 CNN Health	17,450	6.8
8 Lifescript	16,956	6.6
9 VeryWell	14,646	5.7
10 Sharecare Network	12,235	4.8

Open Interest, Volatility, and Skew: JCOM 30-day IV at 24.56% is in the 14th percentile of its 52-week range of 21.54% to 43.72%. Its December options are pricing in a 15.8% move into year-end and its total put/call open interest ratio is 0.143. Its 30-day IV skew is 1.3% vs a 52-week average of 6.4%. Some notable positions in open interest include the December \$100 calls.

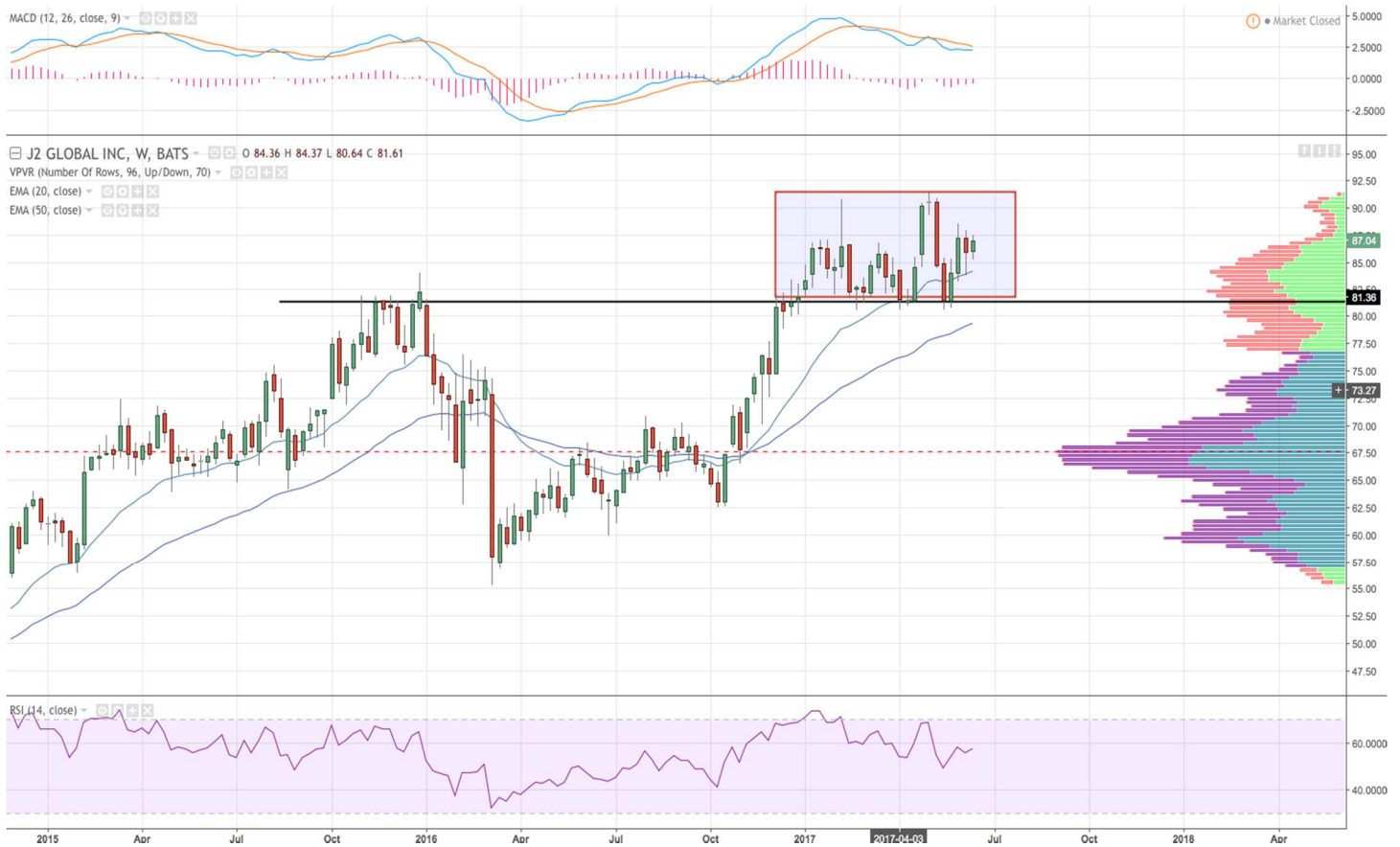


Current Skew Indicator: Slightly Bullish

Date	Description	Volu	Open	Price	%Chan	De	Impl \	Prob.I	Premium F	Symbol
5/9/2017	JCOM 100 15 DEC 17 100 CALL	5,000	1	\$3.50	-12.50%	0.29	25.14%	22.97%	\$1,700,000	JCOM171215C100

Analyst Notes: Analysts have an average target for shares of \$97.25 with 3 buy ratings and 1 hold rating, Susquehanna with a \$120 price target on 5-9 and JMP raising their price target to \$105 on 2-10. The firm thinks margins can rise further as they integrate recent deals and execute on their investment strategy. Citi downgraded shares in late January with an \$88 price target until we get greater clarity on synergies from the EVDY deal.

Technical View: JCOM shares are flagging on the weekly chart under \$91 with a measured move to \$100 and major support around \$80 which aligns with the September 2015 highs. On the daily timeframe, JCOM has a large low-volume gap under \$80 which measures back to \$72.50.



Seasonality: JCOM shares are seasonally strong from July through year-end with a 5-year average return of 23%. February is also a strong month. January is a weak period for shares and then March through June tends to be flat.

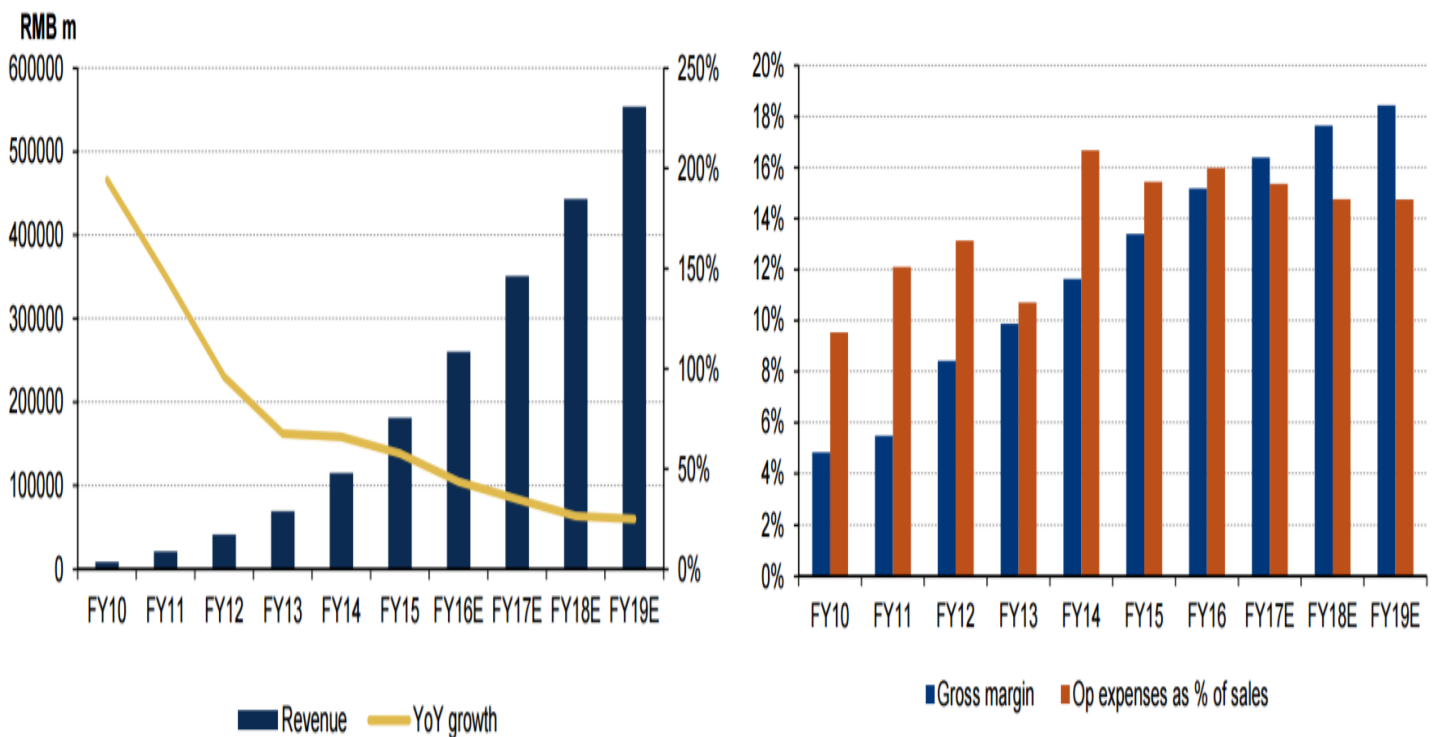
Ownership Trends: Institutional ownership fell 2.93% in Q1 filings, 39 funds creating new positions, 116 adding, 28 closing, and 94 reducing. 7 funds hold JCOM in their top ten. Jackson Square Partners a top holder with 1.68M shares while TimeSquare Capital with 1.88M shares, their thirteenth largest. Short interest is 10.59% of the float and flat since March 2016.

Catalyst: EVDY Synergies, M&A, Partnerships

Optimal Strategy: Long JCOM Shares at \$85 or Better (Option to Sell the December \$100 Calls for \$2.00 or Better Against Your Position)

JD.com (JD) \$40.23 – Technology - Internet

Fundamental Snapshot: The \$57.5B ecommerce company in China trades 50X Earnings, 1.4X Sales and 36.6X FCF. JD revenues doubled from 2014 to 2016 and expecting 38% growth in 2017 and 26% in 2018, while EPS starting to enter a strong growth phase as well, targeting \$1.33/share for 2019 from \$0.38/share in 2017. In its latest quarter JD posted 42% GMV growth y/y. JD is seeing strong growth in customer accounts and mobile orders, on the forefront of a Chinese economy with a lot of consumer spending growth and capturing the shift to online retail sales. Wal-Mart took a significant stake in JD in 2016 and has been raising its stake, starting a Sam's Club outlet through JD and expanding JD's grocery deliver to its China Wal-Mart stores. JD also has derisked a bit after deciding to spin off its Finance unit with completion expected at the end of Q2. Customer growth and order frequency metrics point to a long runway for growth at JD though the main focus now is on its operating leverage with potential to grow margins significantly. JD is expected to step up its investments later this year and also expand geographies and product categories.



Open Interest, Volatility, and Skew: JD's 30 day IV at 34.2% compares to a 52-week range of 22% to 48.8%. Its December options are pricing in a 19.3% move through year-end, and total put/call open interest ratio is at 0.537. Its 30 day IV Skew at 0% compares to a 52-week average of 5.1%. Some notable positions in open interest include sizable September \$30 and \$31 call positions now deep ITM, and overall a combination of sizable call buys and put sales across many months, while Jan. 2018 sees consistent call accumulation.

Date	Description	Volu	Open	Price	%Chan	De	Impl V	Prob. I	Premium f	Symbol
4/24/2017	JD 100 15 SEP 17 30 CALL	10,003	3,623	\$5.85	17.00%	0.77	36.13%	69.52%	\$6,001,800	JD170915C30
5/4/2017	JD 100 15 SEP 17 31 CALL	10,000	2,765	\$5.45	7.92%	0.77	34.14%	69.81%	\$5,500,000	JD170915C31
5/8/2017	JD 100 19 JAN 18 40 PUT	11,107	474	\$4.15	-40.29%	-0.49	27.66%	58.41%	\$4,609,405	JD180119P40
5/16/2017	JD 100 19 JAN 18 38 CALL	6,252	425	\$5.85	9.35%	0.66	33.20%	55.50%	\$3,751,200	JD180119C38
5/16/2017	JD 100 19 JAN 18 40 PUT	8,083	14,822	\$3.65	2.82%	-0.41	30.51%	51.20%	\$2,950,295	JD180119P40
2/3/2017	JD 100 19 JAN 18 35 CALL	10,504	29,821	\$1.90	3.26%	0.34	35.98%	22.42%	\$2,090,296	JD180119C35
12/20/2016	JD 100 19 JAN 18 27 CALL	3,602	579	\$3.55	2.90%	0.53	39.20%	37.11%	\$1,278,710	JD180119C27
5/8/2017	JD 100 15 SEP 17 40 CALL	5,136	437	\$2.34	122.86%	0.48	30.06%	40.77%	\$1,242,912	JD170915C40
5/22/2017	JD 100 21 JUL 17 39 CALL	3,011	0	\$3.50	N/A	0.76	27.56%	72.22%	\$1,114,070	JD170721C39
4/25/2017	JD 100 18 JAN 19 40 CALL	2,116	1,033	\$4.85	4.30%	0.49	35.18%	30.99%	\$1,026,260	JD190118C40
3/2/2017	JD 100 15 SEP 17 31 CALL	3,034	15	\$3.55	14.52%	0.56	34.79%		\$1,016,390	JD170915C31
3/2/2017	JD 100 15 SEP 17 30 CALL	2,562	580	\$3.80	8.57%	0.61	35.04%	51.19%	\$999,180	JD170915C30
5/18/2017	JD 100 15 DEC 17 45 CALL	5,016	26	\$1.96	-10.91%	0	#ERROR!	0.00%	\$983,136	JD171215C45
5/25/2017	JD 100 15 SEP 17 43 CALL	5,353	266	\$1.77	19.59%	0.42	28.12%	35.69%	\$979,599	JD170915C43
5/12/2017	JD 100 15 SEP 17 40 CALL	2,952	7,463	\$3.20	18.52%	0.57	29.68%	50.27%	\$959,400	JD170915C40
5/25/2017	JD 100 15 SEP 17 39 PUT	5,537	198	\$1.69	-11.05%	-0.34	29.32%	40.60%	\$946,827	JD170915P39
6/9/2017	JD 100 15 SEP 17 41 PUT	3,583	2,254	\$2.44	10.41%	-0.46	30.34%	52.12%	\$899,333	JD170915P41
2/2/2017	JD 100 19 JAN 18 40 CALL	9,019	11,575	\$0.88	-11.11%	0.21	35.41%	12.13%	\$793,672	JD180119C40
3/2/2017	JD 100 18 JAN 19 30 CALL	1,054	214	\$6.93	1.91%	0.63	38.51%	42.54%	\$730,422	JD190118C30
5/10/2017	JD 100 15 DEC 17 40 CALL	1,761	58	\$3.37	13.85%	0.53	29.98%	43.27%	\$616,350	JD171215C40
6/8/2017	JD 100 (Weekly) 30 JUN 17 43 CALL	3,511	49	\$1.56	477.78%	0.56	31.25%	53.15%	\$547,716	JD170630C43
5/23/2017	JD 100 21 JUL 17 40 CALL	2,307	20	\$2.13	-26.80%	0.59	26.59%	54.90%	\$502,926	JD170721C40
3/1/2017	JD 100 18 JAN 19 30 PUT	1,000	42	\$5.00	-5.66%	-0.38	34.76%	56.91%	\$500,000	JD190118P30

Historical Volatility Spread of 25-Delta Put IV minus 25-Delta Call IV



Current Skew Indicator: **Slightly Bullish**

Analyst Notes: Analysts have an average target of \$48 with a high of \$46 and low of \$32.50. Benchmark raised its target to \$48 on 5-9 after Q1 results noting healthy top-line growth with an increased focus on quality and category expansions. Benchmark expects further margin expansion to boost the profitability story, and as the JD Finance divesture completes at the end of Q2 it could unlock value of the core asset. BAML raised shares to Buy in March with a \$39 target and recently raised its target to \$46 citing margin potential and new initiatives driving long term competitiveness.

Technical View: JD shares rallied up to near \$44 before pulling back to the 50 day EMA like so many other names in Tech, also retesting the high from 2015 that was cleared with the strong earnings move in May. Shares have some support at \$37.70, followed by \$35.70. The current consolidation sets up for a strong move to \$50 by year-end.



Seasonality: JD shares have performed best in the Q4 to Q1 period with a 2 year average return of +13.69%, its strongest months being November and April.

Ownership Trends: Institutional ownership rose 2.97% in Q1 filings with 56 funds taking new positions, 136 adding, 28 closing and 120 reducing. Tencent now has a \$16B stake in JD and Wal-Mart (WMT) a \$9B stake. Notable buyers in Q1 included Tybourne Capital, OZ Mgmt., Hitchwood Capital and Suvretta Capital. Short interest is 3.9% of the float, declining sharply over the last year to a new 1 year low. JD has not seen any insider buy filings.

Catalyst: Gross Margin Improvement; GMC Growth; New Products and Investments

Optimal Strategy: Long the JD September \$40/\$45 Call Spreads and Sell the Sep. \$35 Puts, Net Debit \$0.40

Coca Cola (KO) \$45.40 – Consumer Goods - Beverages

Fundamental Snapshot: The \$195B beverage company trades 22.9X Earnings, 4.77X Sales, 8.5X Book and 85.3X FCF with a 3.26% dividend yield. KO has seen negative revenue and EPS growth the last few years as the soda market has seen volume growth taper. KO is in a transition year in 2017 with 2018 seen as a year that growth reappears. KO's latest quarter focused on improving price/mix and expanding operating margins as productivity and the reinvestment program now expected to capture another \$800M annualized savings by 2019. The new CEO has a vision of returning to growth via expanding into a total beverage business. KO's 32% EBITDA margins are far superior to Pepsi (PEP) at 20.6%, also a better FCF margin, though its 10.5% ROIC compares to PEP at 17.4% and could use improvement. KO's strategic priorities are to accelerate growth of consumer-centric brand portfolio, drive revenue growth, strengthen its system, digitize, and unlock the power of its people. KO continues to innovate, launching 500 new products in 2016 and 500 more planned for 2017 while also scaling globally.

Expected Value Growth by Category

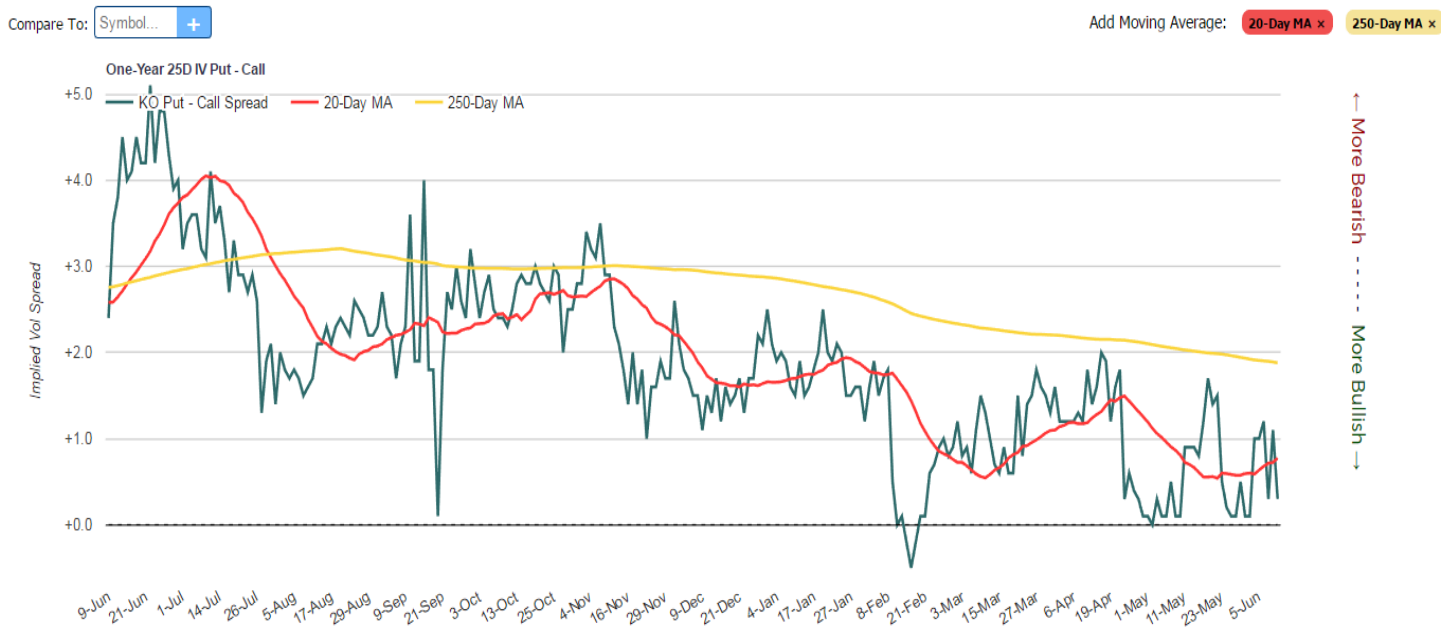
Incremental Value Growth through 2019 (\$B)	CAGR
Sparkling	3-4%
Water	5-7%
Value-Added Dairy	4-6%
Energy	6-8%
Juice & Juice Drinks	2-3%
Other NARTD	4-5%
RTD Tea	3-5%
Sports	3-5%
RTD Coffee	2-4%



Open Interest, Volatility, and Skew: Coca Cola's 30 day IV at 10.4% compares to a 52-week range of 9.2% to 18.3%. Its January options are pricing in a move of 8.4% over the next 6 months, and total put/call open interest ratio is at 0.75. KO's 30 day IV Skew at 3% compares to a 15.8% 52-week average. Some notable positions include a roll to 12,000 June 2018 \$42 calls, two buys of 10,000 November \$44 calls, and an opening sale of 3,000 June 2018 \$40 puts.

Date	Description	Volu	Open	Price	%Chan	De	Impl	Prob.I	Premium F	Symbol
6/8/2017	KO 100 15 JUN 18 42 CALL	12,999	445	\$4.12	-7.42%	0.69	16.25%	58.78%	\$5,654,565	.KO180615C42
5/17/2017	KO 100 17 NOV 17 44 CALL	10,179	15,622	\$1.55	13.97%	0.49	13.95%	43.65%	\$1,577,745	.KO171117C44
5/15/2017	KO 100 17 NOV 17 44 CALL	10,367	4,003	\$1.31	6.50%	0.45	13.43%	40.16%	\$1,358,077	.KO171117C44
5/25/2017	KO 100 19 JAN 18 47 CALL	10,173	10,781	\$0.93	8.14%	0.31	13.24%	27.27%	\$956,262	.KO180119C47
5/24/2017	KO 100 19 JAN 18 42 CALL	2,611	17,159	\$3.25	3.17%	0.7	14.89%	62.03%	\$874,685	.KO180119C42
6/8/2017	KO 100 21 SEP 18 40 CALL	1,395	0	\$5.84	N/A	0.77	17.34%	64.12%	\$830,025	.KO180921C40
1/27/2017	KO 100 18 JAN 19 42 CALL	2,825	3,941	\$2.91	-4.59%	0.45	17.51%	34.14%	\$822,075	.KO190118C42
2/27/2017	KO 100 18 JAN 19 38 PUT	3,004	4,065	\$2.66	-4.32%	-0.37	15.83%	48.12%	\$799,064	.KO190118P38
5/16/2017	KO 100 19 JAN 18 44 PUT	3,402	166	\$2.32	2.20%	-0.55	12.66%	60.19%	\$796,068	.KO180119P44
4/7/2017	KO 100 15 JUN 18 40 PUT	3,000	703	\$2.05	5.67%	-0.38	14.92%	45.80%	\$642,000	.KO180615P40
5/16/2017	KO 100 19 JAN 18 44 CALL	3,400	322	\$1.58	8.97%	0.46	13.59%	40.28%	\$533,800	.KO180119C44
12/23/2016	KO 100 18 JAN 19 45 CALL	2,375	389	\$1.99	-7.44%	0.34	17.92%	25.15%	\$472,625	.KO190118C45
5/5/2017	KO 100 15 JUN 18 40 CALL	1,000	65	\$4.50	4.65%	0.71	16.13%	60.22%	\$450,000	.KO180615C40
4/5/2017	KO 100 17 NOV 17 43 PUT	2,000	13	\$2.15	-15.69%	-0.57	11.99%	61.45%	\$430,000	.KO171117P43
4/11/2017	KO 100 17 NOV 17 43 CALL	2,511	214	\$1.49	-1.32%	0.45	14.52%	39.22%	\$374,139	.KO171117C43

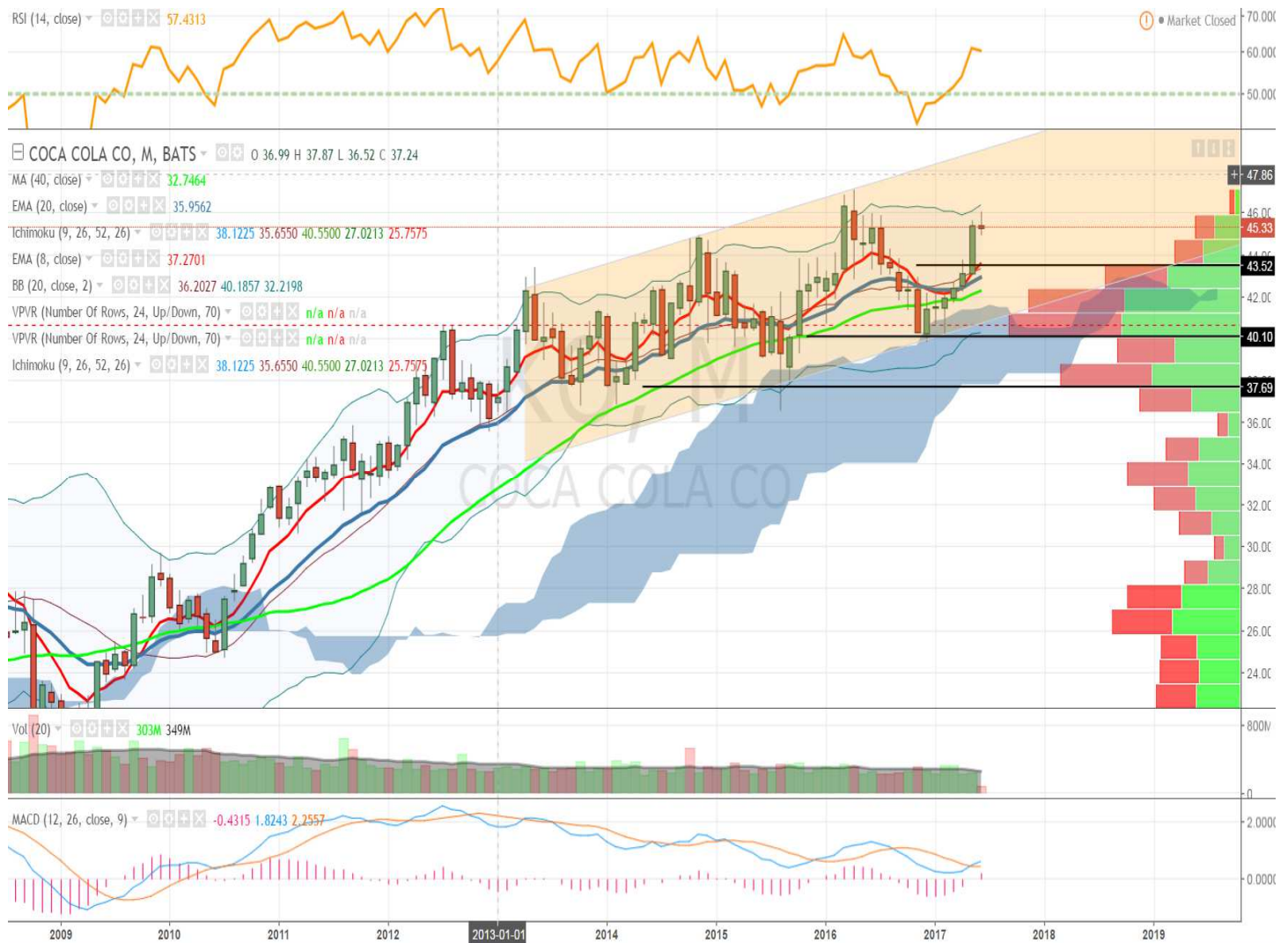
Historical Volatility Spread of 25-Delta Put IV minus 25-Delta Call IV



Current Skew Indicator: **Bullish**

Analyst Notes: Analysts have an average target of \$45.50 on shares with a high of \$49 and low of \$39, 3 Buy and 5 Hold ratings. CSFB recently upgraded shares to Outperform with a \$49 target expecting a lighter, stronger and more aligned company as it completes refranchising efforts later this year. They see M&A potential to bolster growth with names like Monster, AriZona, Yoplait and LaCroix possible targets. RBC raised its target to \$49 on 5-25 and BAML rates shares Buy with a \$48 target, expecting organic growth to accelerate over the next two years with progress on developing new earnings levers to relieve volume pressures.

Technical View: KO shares broke out of a bottoming pattern in early April with a move above its 200 day MA and made a strong push up to \$46, the rising 20 day EMA supportive on dips, while the 50 day EMA near \$44 is also where shares last broke out. Shares are in a longer term channel up pattern, holding the monthly cloud on correction moves to the lower end of its channel. The upside leaves room to \$49-\$50 at year-end.



Seasonality: KO shares have tended to perform better in the first half of the year with a 5 year average return of +4.3% January-June, while July-December has seen a 5 year average return of -3.2%. The February-April period has been especially strong, while October-November has also seen outperformance.

Ownership Trends: Institutional ownership fell 2.48% in Q1 filings as 102 funds took new positions, 570 added, 67 closed out and 792 reduced. Berkshire Hathaway remains the top holder with a \$17B stake, its 4th largest position. Short interest is small at 0.9% of the float. KO saw a good amount of insider buying in 2014 and 2015 with shares in the \$37.25 to \$42.50 range.

Catalyst: M&A; Growth Acceleration; Completion of Refranchising; Higher Cost Savings

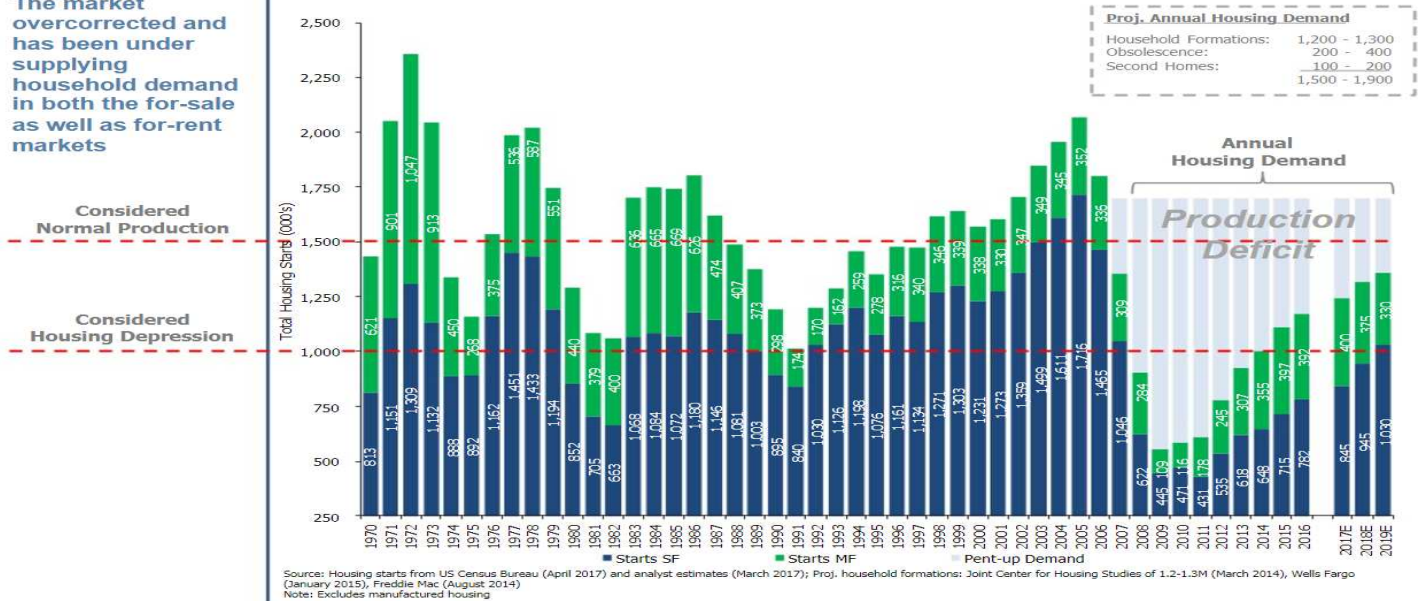
Optimal Strategy: Long the KO Jan. 2018 \$45/\$40 Bull Risk Reversal at \$1 Debit

Lennar (LEN) \$52 – Industrial – Residential Construction

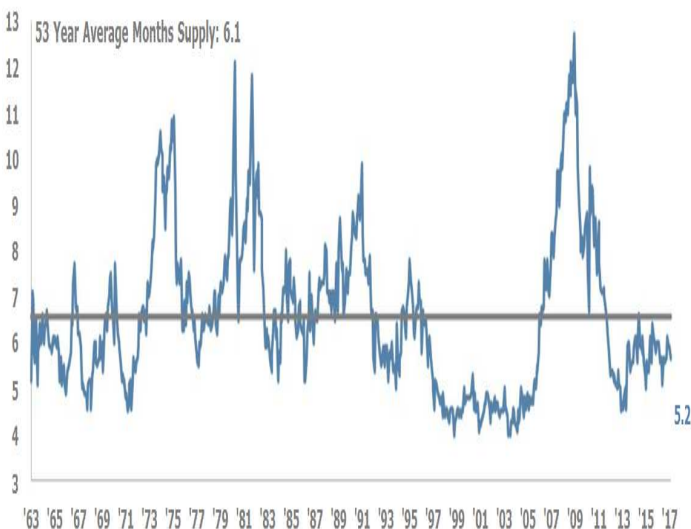
Fundamental Snapshot: The \$11.8B homebuilder trades 11.2X Earnings, 1.05X Sales and 1.7X Book with a 0.31% dividend yield. LEN's 23.4% gross margins are 2nd to only Pulte (PHM) in the homebuilding industry. LEN has been growing revenues rapidly, set to hit \$12.55B in sales in 2017, +14.5% Y/Y and compares to \$4.1B in 2012. EPS is seen growing 9% each of the next two years. LEN is benefitting from a housing market that overcorrected and is now undersupplied both for sale and rental markets. A growing Millennial population entering peak spending years is seen as a key driver for home buying. LEN is positioned on the East and West coasts, Texas, and Illinois for the most part. The company has also been improving efficiencies with SG&A costs down to 9.2% from 14.7% in 2011, while also delivering. In February, LEN purchased WCI Communities for \$643M to boost its presence in Florida. Margins remain an important story for LEN with potential upside in the second half. Homebuilder confidence recently soared to a 12-year high and the measure of buyer traffic jumped to the highest in 12 years as well.

Macro Overview: Production deficit of homes, both for-sale and for-rent

- The market overcorrected and has been under supplying household demand in both the for-sale as well as for-rent markets

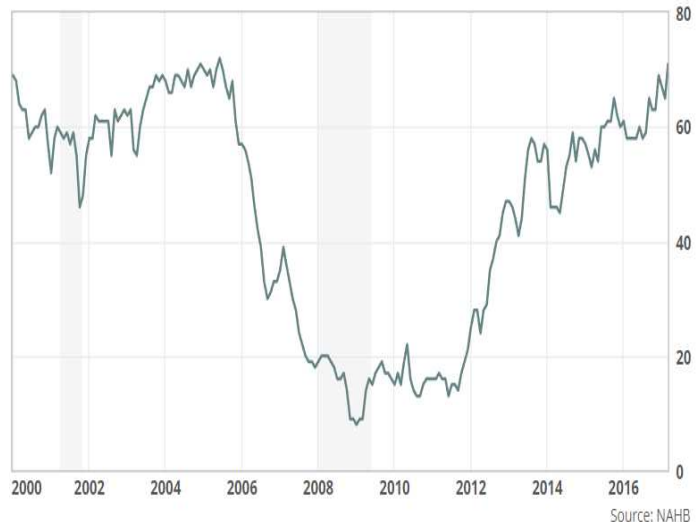


Months Supply of New Residential Sales: Inventory remains tight



NAHB builder sentiment

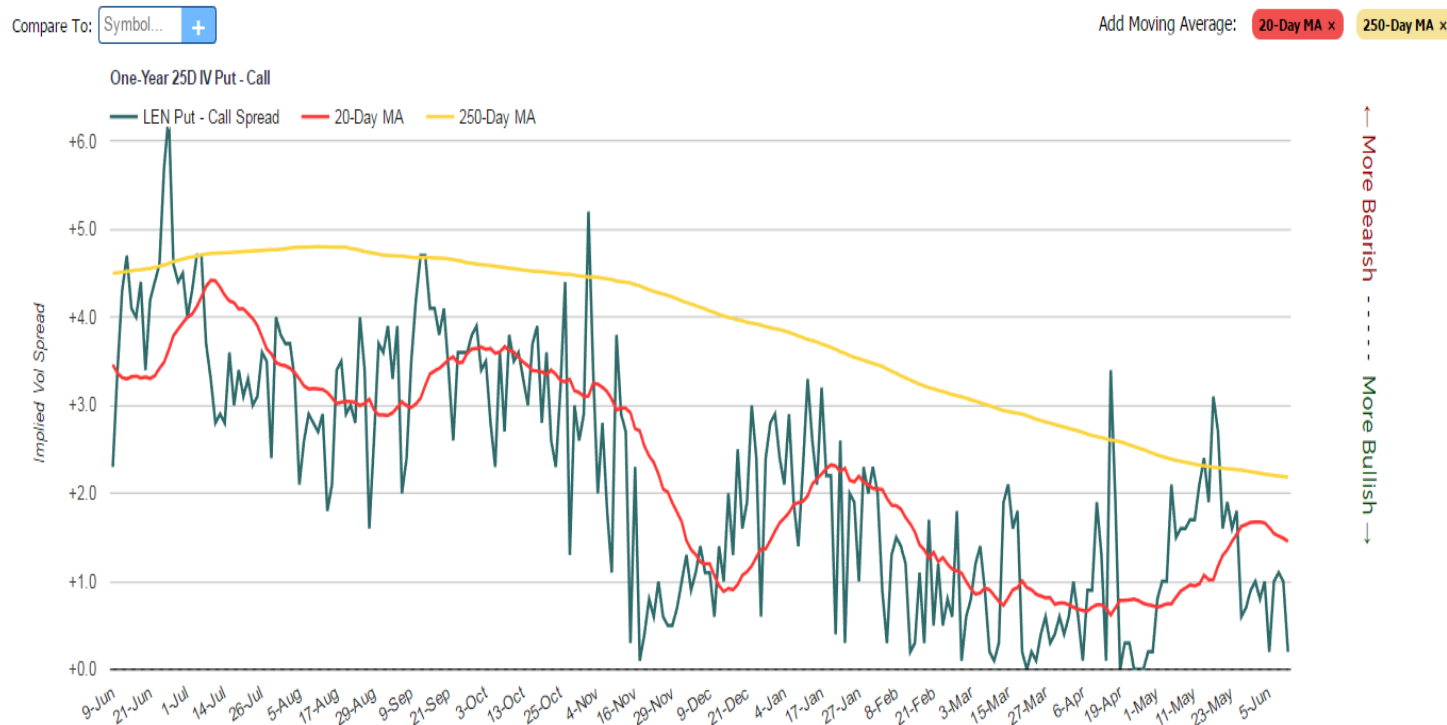
Seasonally adjusted



Open Interest, Volatility, and Skew: Lennar's 30 day IV at 22.8% compares to a 52-week range of 18.4% to 30.2%. Its January 2018 options are pricing in a 15% move over the next 7 months, and total put/call open interest ratio is at 0.808. Its 30 day IV Skew at 0.9% compares to a 52-week average of 9.8%. Some notable positions in open interest include a \$3.6M buy of 5K Jan. 2019 \$55 calls on 6/2, and accumulation of 3,500 August \$50 calls.

Date	Description	Volu	Open.	Price	%Chan	De	Impl	Prob.I	Premium F	Symbol
6/2/2017	LEN 100 18 JAN 19 55 CALL	5,066	10	\$6.90	0.58%	0.53	27.23%	39.38%	\$3,596,860	.LEN190118C55
4/13/2017	LEN 100 18 AUG 17 50 CALL	2,009	1,011	\$4.10	4.59%	0.63	25.25%	56.78%	\$833,735	.LEN170818C50
3/1/2017	LEN 100 18 AUG 17 52.5 CALL	1,090	196	\$2.55	64.52%	0.43	25.76%	35.96%	\$277,950	.LEN170818C52.5
6/2/2017	LEN 100 21 JUL 17 55 CALL	1,946	46	\$0.86	56.36%	0.32	22.54%	29.47%	\$179,032	.LEN170721C55
5/30/2017	LEN 100 21 JUL 17 52.5 CALL	1,351	117	\$1.26	-5.97%	0.43	21.46%	39.33%	\$175,630	.LEN170721C52.5

Historical Volatility Spread of 25-Delta Put IV minus 25-Delta Call IV



Current Skew Indicator: Bullish

Analyst Notes: Analysts have an average target of \$55.60 with a high of \$61 and low of \$43. On 5-16 Mizuho started coverage at Buy with a \$59 target. Barclays has a \$56 target calling LEN best positioned builder based on its strong land, top tier core homebuilding returns, and optionality from growing ancillary businesses. RBC upped its target to \$60 in March seeing improving trends leading to upside to guidance, and the CEO pointed to potential to monetize ancillary businesses.

Technical View: LEN shares are moving out of a great weekly bull flag to levels not seen in 10+ years, the pattern measuring to an upside target near \$65. Shares have support at \$51 and \$49.50.



Seasonality: LEN shares have historically performed very well in the February-March period with a 5 year average return of +11%, and the October-November period with a 5 year average return of +7.5%. April, September, January and December have been weak months.

Ownership Trends: Institutional ownership rose 1.05% in Q1 filings with 71 funds taking new positions, 184 adding, 54 closing, and 147 reducing. Sanders Capital is a top holder with LEN as its 16th largest position and other notable concentrated holders include Eminence Capital, Aristotle Capital, Viking Global, and Greenhaven. Short interest at 3% of the float is hitting a 5 year low. On 3-24-17 a Director purchased 248 shares, very small insider buy, and in June of 2013 a Director bought 3,345 shares at \$37.41.

Catalyst: Ancillary Business Optionality; Housing Data; Earnings/Margins

Optimal Strategy: Long LEN July \$52.5 Calls at \$1.25 Debit

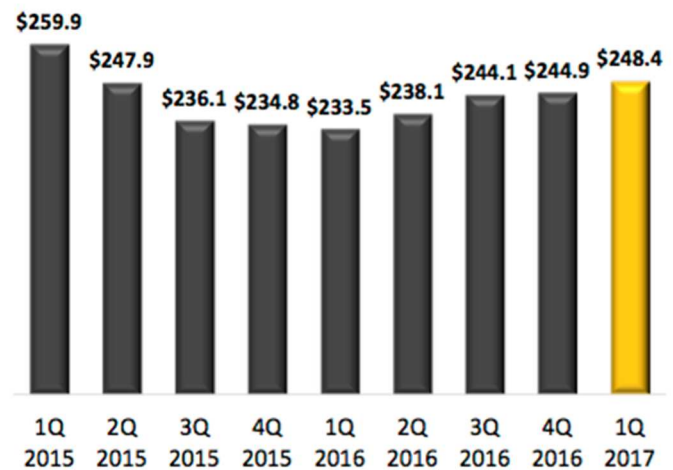
Lumber Liquidators (LL) \$29.52 – Services/Retail – Home Improvement

Fundamental Snapshot: The \$837M specialty retailer which specializes in hardwood flooring trades 132X earnings, 0.86X sales, and 4X book. After seeing revenue contract in both 2015 and 2016, the company is looking for 6.2% Y/Y growth and 6.9% Y/Y growth in 2017/2018 with shares moving to profitability in 2017.

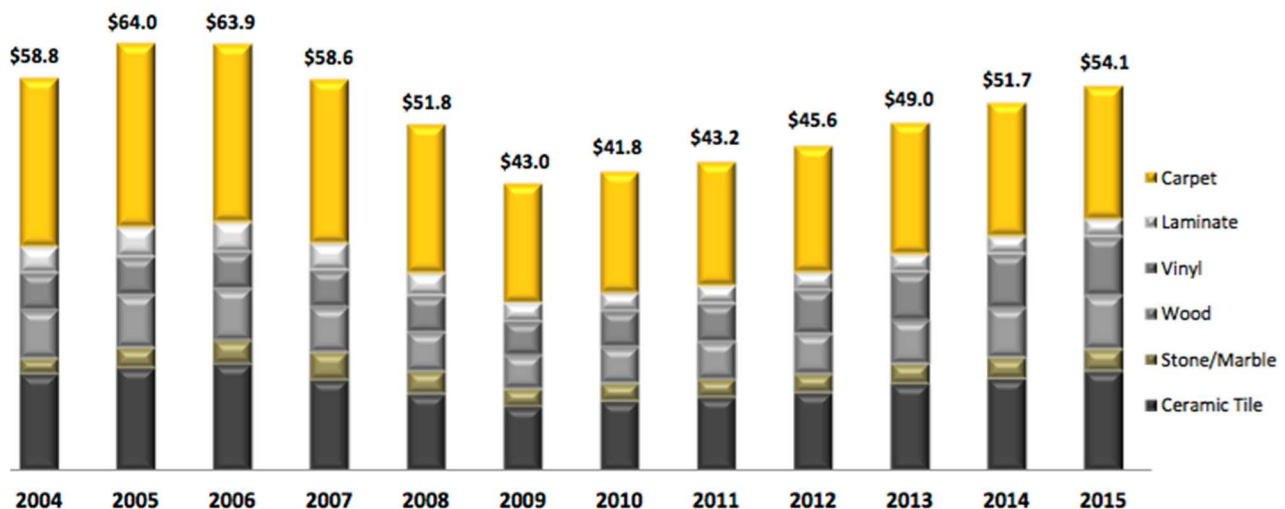
Solid and Engineered hardwood remains the top selling product for the company at more than \$378.5M in sales while Bamboo, Cork and Vinyl Plank, Moldings, and Laminate make up the remainder of products in order from most to least. LL benefits from a general shift in market preferences from carpet/rug flooring to hard surfaces, down from 43% in 2004 to 31% in 2015. Flooring represents a \$55.1B market opportunity so a lot of room for growth with LL just 1.5% of overall sales. The company has grown its footprint from 263 stores in 2011 to over 375 today. The company has struggled since trading as high as \$120 per share in 2013 and then a “60 Minutes”

report in 2015 that claimed the company sold China-made flooring containing dangerous levels of chemicals. LL is in the early stages of a turnaround after appointing new CEO Dennis Knowles in November and a Federal judge ruled in June 2016 that the company’s flooring recall wasn’t necessary given tests found non-toxic levels of formaldehyde. Last quarter, LL reports 4.7% comps gain with strong performance in Vinyl and Engineered products with new orders gaining late in the quarter. Gross margins rose to 34.9% behind pricing discipline and supply chain improvements.

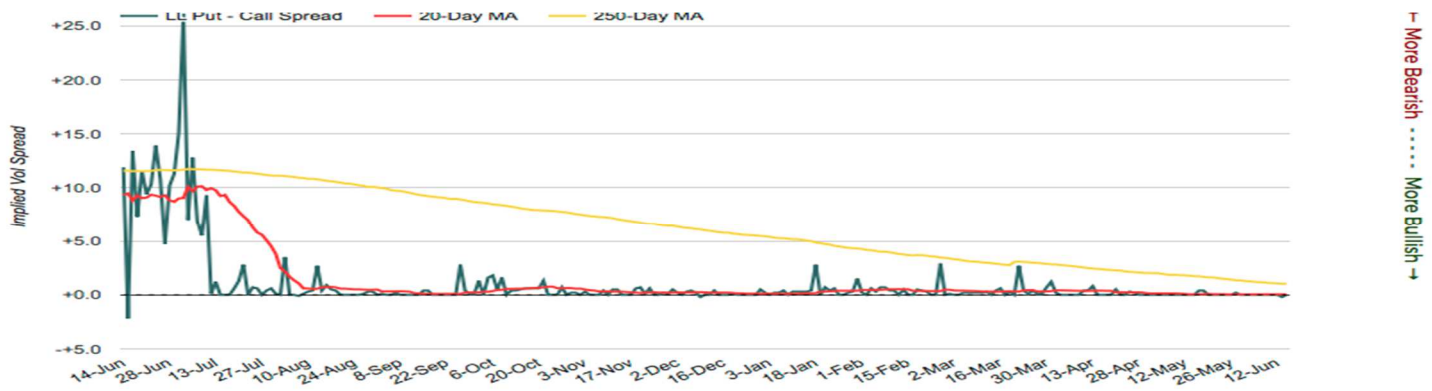
Quarterly Net Sales



Floor Covering Product Sales



Open Interest, Volatility, and Skew: LL’s 30 day IV at 47.2% compares to a 52-week range of 31.2% to 69.9%. Its January 2018 options are pricing in a 30.7% move over the next 7 months, and total put/call open interest ratio is at 0.415. Its 30 day IV Skew at 0.0% compares to a 52-week average of 2.2%. Some notable positions in open interest include the August \$29 and \$30 calls.



Current Skew Indicator: **Slightly Bullish**

Date	Description	Volu	Open	Price	%Chan	De	Impl \	Prob.I	Premium F	Symbol
5/19/2017	LL 100 18 AUG 17 30 CALL	7,611	149	\$2.55	112.50%	0.505	49.40%	40.71%	\$1,940,805	.LL170818C30
5/19/2017	LL 100 18 AUG 17 29 CALL	6,109	98	\$3.10	67.57%	0.561	51.43%	45.84%	\$1,893,790	.LL170818C29
4/3/2017	LL 100 18 AUG 17 21 CALL	5,004	241	\$2.60	14.04%	0.58	45.64%	47.23%	\$1,351,080	.LL170818C21
4/18/2017	LL 100 18 AUG 17 22 CALL	2,500	351	\$2.77	25.91%	0.59	51.34%	47.47%	\$775,000	.LL170818C22
2/14/2017	LL 100 18 AUG 17 25 PUT	300	22	\$9.10	-4.21%	-0.83	48.22%	92.73%	\$282,000	.LL170818P25

Analyst Notes: Analysts have an average target of \$21 on shares with a high of \$34 and low of \$16, 4 Buy ratings and 6 Hold ratings. Oppenheimer upgraded shares to Outperform on 5-19 with a \$34 price target seeing a prolonged recovery starting to take shape under new management. Wedbush upgraded shares to Outperform on 5-10 noting that comps and margins are stabilizing and EPS should rise significantly. Credit Suisse was out on 5-10 noting that a long-term recovery will take time as management changes their overall model and the overall retail environment remains competitive with LOW and HD. CS sees margin expansion into the high-30s and benefits from more installation roll outs driving growth.

Technical View: LL shares have strong momentum on the monthly breaking out of a big twenty-one-month range above \$20. Weekly RSI has been in a steady trend higher since early 2016 and hitting above 70 recently. Shares have a big low-volume gap at \$38.50 from 2013 which measures back above \$50.



Seasonality: LL shares have seasonal strength in Summer from July through September, a 5-year average return of 11.8%. February is also a strong month. The weakest months for shares tend to be February and December.

Ownership Trends: Institutional ownership in Lumber Liquidators rose 0.86% in Q1 filings with 21 funds starting new positions, 46 added, 24 closed, and 37 reduced. Gilder Gagnon and Howe was one of the biggest buyers of shares adding 1.235M. Short interest is 34.01% of the float but steadily lower since October 2015 when it was over 60%. The last open market buys in the name were from Director Macon Brock Jr. who acquired over 7,500 shares between May 2010 and May 2012 at \$25.86 to \$28.93.

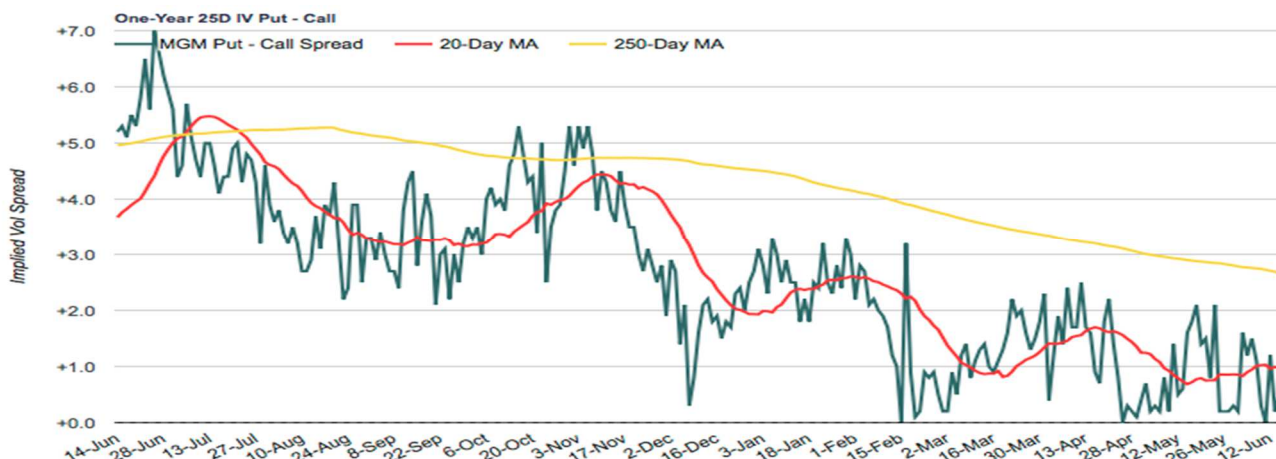
Catalyst: Comps Improvement, Installation Rolls Out to More Stores, Gross Margin Expansion

Optimal Strategy: Long the LL January \$30/\$35 Call Spread for \$1.50 Debit

MGM Resorts (MGM) \$31.50 – Services – Casino

Fundamental Snapshot: The \$17.76B casino operator trades 19.8X earnings, 1.78X sales, and 12.7X cash with a 1.4% yield and 7-8% EPS growth. The company continues to see strong RevPar growth, up 8.6% on the Strip last quarter with CityCenter a standout and both ARIA, Vdara, and Bellagio putting up record numbers. MGM has been driven by better results in the Las Vegas Strip with 2016 revenue up 4% to \$5.5B and property EBITDA up 19%. Macau continues to stabilize as well with MGM China seeing 7% revenue growth and eyeing more capacity with MGM Cotai expected to open later this year which will add 1,400 rooms. The move will triple the company's footprint in the region and opening at an optimal time with Macau traffic on the upswing. MGM differentiates themselves by the quality and scope of their entertainment offerings and MGM China, which the company owns a 56% stake in, continues to climb as well up 56% in 2016. The company has significant opportunities with expansion into new markets such as Brazil and Japan, one the company described as the biggest opportunity globally, and could see more upside as the government moves towards passing the implementation act and then an RFP period.

Open Interest, Volatility, and Skew: MGM 30-day IV at 26.2% is in the 19th percentile of its 52-week range of 22.22% to 43.32% Its December options are pricing in a 18% move into year-end and its total put/call open interest ratio is 0.598. Its 30-day IV skew is 4.7% vs a 52-week average of 10.0%. Some notable positions in open interest include the August \$33 calls, September \$32, \$35, and \$36 calls, and the January \$35 calls.



↑ More Bearish
.....
↓ More Bullish

Date	Description	Volu	Open	Price	%Chan	De	Impl \	Prob. I	Premium F	Symbol
2/17/2017	MGM 100 15 SEP 17 27 CALL	19,920	64	\$2.15	-14.00%	0.49	31.64%	39.74%	\$4,282,800	.MGM170915C27
2/16/2017	MGM 100 15 SEP 17 29 CALL	14,159	113	\$1.65	-41.90%	0.42	28.31%	33.93%	\$2,407,030	.MGM170915C29
4/21/2017	MGM 100 19 JAN 18 27 PUT	9,500	3,041	\$2.33	-0.85%	-0.38	30.03%	48.77%	\$2,213,500	.MGM180119P27
4/24/2017	MGM 100 19 JAN 18 35 CALL	20,027	5,800	\$0.95	18.75%	0.25	28.76%	18.14%	\$2,182,943	.MGM180119C35
5/24/2017	MGM 100 15 SEP 17 31 CALL	8,373	1,090	\$2.13	-3.18%	0.54	29.65%	47.65%	\$1,808,568	.MGM170915C31
5/22/2017	MGM 100 15 SEP 17 35 CALL	20,191	2,773	\$0.85	6.25%	0.29	28.02%	23.59%	\$1,736,426	.MGM170915C35
6/6/2017	MGM 100 18 AUG 17 33 CALL	10,008	2,777	\$1.42	4.41%	0.46	29.64%	40.96%	\$1,411,128	.MGM170818C33
5/22/2017	MGM 100 15 SEP 17 36 CALL	20,000	198	\$0.64	4.92%	0.23	27.82%	18.34%	\$1,300,000	.MGM170915C36
5/26/2017	MGM 100 15 SEP 17 32 CALL	5,996	15,531	\$2.01	4.69%	0.52	30.88%	44.82%	\$1,283,144	.MGM170915C32
6/15/2016	MGM 100 19 JAN 18 22 CALL	2,051	705	6.1	-3.17%	0.69	40.97%	48.64%	\$1,251,110	.MGM180119C22
6/13/2017	MGM 100 19 JAN 18 32 PUT	3,424	734	\$2.90	-6.45%	-0.45	29.66%	54.70%	\$1,023,776	.MGM180119P32
5/31/2017	MGM 100 15 SEP 17 32 CALL	5,053	21,335	\$1.98	-1.00%	0.51	31.00%	44.13%	\$1,000,494	.MGM170915C32
5/19/2016	MGM 100 19 JAN 18 20 PUT	2,749	7202	3.5	0.1111	-0.34	39.90%	54.01%	\$962,150	.MGM180119P20
4/27/2017	MGM 100 18 JAN 19 27 PUT	2,506	57	\$3.15	-14.86%	-0.3	32.35%	46.60%	\$839,510	.MGM190118P27

Analyst Notes: Analysts have an average target for shares of \$34 with 18 buy ratings and 1 hold rating, Aegis recently raising their estimates to \$35 and Stifel up to \$38. Gabelli has shares as their Top Pick in 2017 with better traffic in Las Vegas, especially group and convention momentum, and better longer-term visibility with their profit initiatives. Barclays upgraded the group on 5-12 after four quarters of mass market GGR growth in Macau and in the early innings of a multi-year growth cycle.

Technical View: MGM has been strong since mid-March and flagging above the Q4 range. Shares cleared a big monthly range over \$28.50 and have a measured target of \$40.



Seasonality: MGM is seasonally strongest in the fourth quarter with shares 13.4% on average from September through year-end since 2012. February is also a strong month for shares. The weakest months are May and August.

Ownership Trends: Institutional ownership in MGM rose 1.67% in Q1 filings, 69 funds creating new positions, 168 adding, 73 closing, and 123 reducing. 21 funds hold MGM in their top ten. Harris Associates a top holder with 23.5M shares while Senator Investment with a new 8.75M share position last quarter. Point72 continues to add to their stake, now up to 4.9M shares. Short interest is 3.1% of the float.

Catalyst: Macau Data, Better LV Strip Metrics, Cotai Resort Opening, Japan Legalization Progress

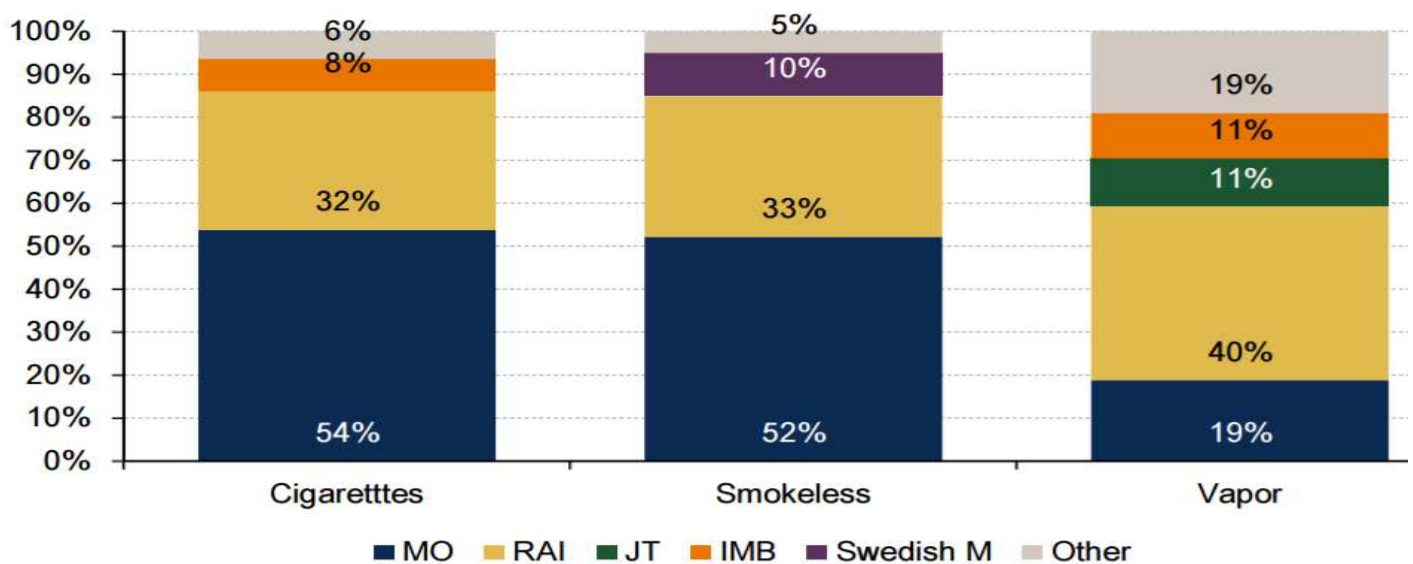
Optimal Strategy: Long the **MGM** January \$35/\$27 Bull Risk Reversal for \$0.85 Debit

Altria Group (MO) \$75.40 – Consumer Goods - Cigarettes

Fundamental Snapshot: The \$146B cigarette company trades 21.1X Earnings, 5.68X Sales and yields a 3.24% dividend. MO is a low revenue growth name but delivers consistent 8% annual EPS growth and a lot of recent discussion about a potential merger with Phillip Morris (PM) with all the consolidation in the cigarette industry. MO has the fastest growing e-vapor brand, MarketTen XL and also owns 10% of ABInBev. MO has increased its dividend 50 times in 47 years and maintains an 80% payout ratio. Marlboro remains the market leader in all 50 states and it acquired Nat Sherman recently, a provider of super premium cigarettes and cigars. Its Copenhagen and Skoal brands account for more than half of the smokeless category. It also owns Ste. Michelle Wine Estates which grew OCI 10% in 2016. US retail tobacco trends for May showed strong price growth across all categories including 33% growth in Vapor sales. Risks are the \$2/pack tax hike in California effective 4-1-17 and a number of states proposing bills on higher excise tax hikes on tobacco.

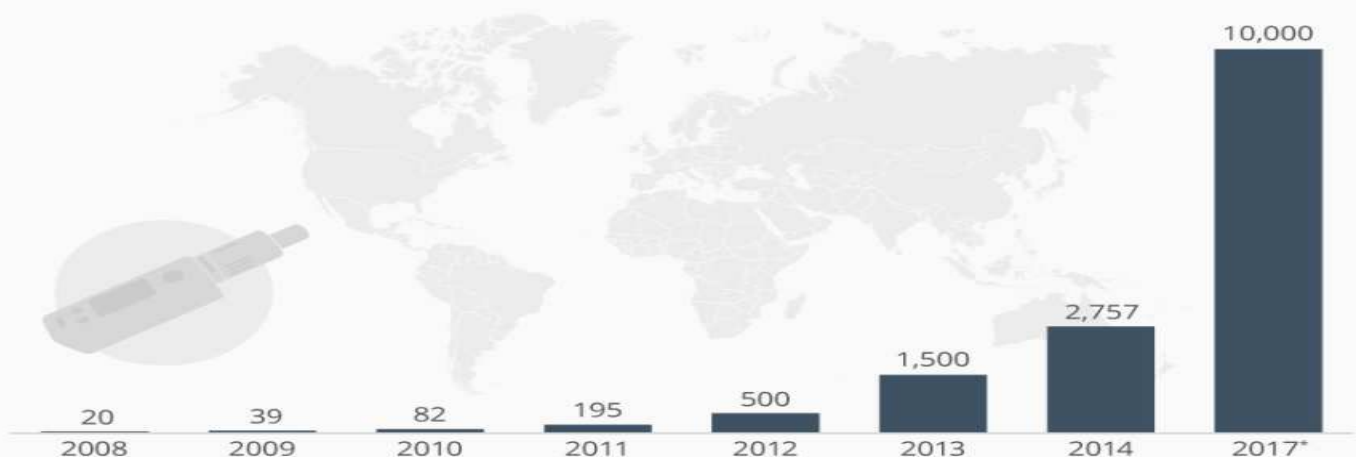
US tobacco volume share by segment

Chart 1: US tobacco volume share by segment and manufacturer*



Vast Vaping

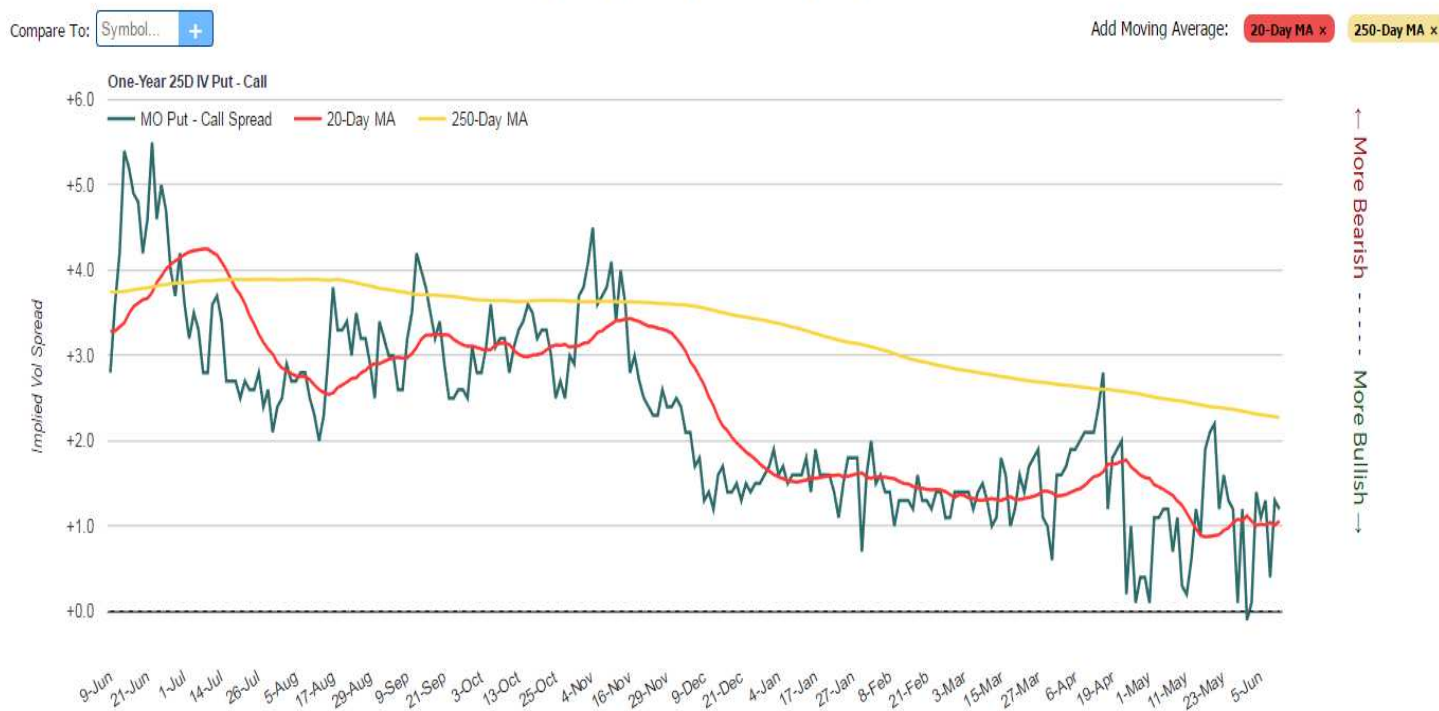
Electronic cigarettes dollar sales worldwide from 2008 to 2017 (in million U.S. dollars)



Open Interest, Volatility, and Skew: Altria's 30 day IV at 12.7% compares to a 52-week range of 11.1% to 21.4%. Its December options are pricing in a 9.6% move by year-end, and total put/call open interest is at 1.135. Its 30 day IV Skew at 9.5% compares to a 52-week average of 16.1%. Some notable positions in open interest include a recent trend of June 2018 bull risk reversals buying \$72.5 and \$75 calls and selling \$70, \$67.5, and \$65 puts.

Date	Description	Volu	Open	Price	%Chan	De	Impl	Prob.I	Premium F	Symbol
5/23/2017	MO 100 15 JUN 18 72.5 CALL	2,760	34	\$4.90	24.05%	0.48	19.74%	39.57%	\$1,352,400	.MO180615C72.5
5/23/2017	MO 100 15 JUN 18 67.5 PUT	2,877	118	\$4.52	-5.83%	-0.37	20.54%	47.03%	\$1,337,805	.MO180615P67.5
5/3/2017	MO 100 15 SEP 17 75 PUT	2,000	399	\$6.35	13.39%	-0.77	15.08%	80.92%	\$1,300,000	.MO170915P75
4/25/2017	MO 100 18 JAN 19 75 PUT	1,051	216	\$9.75	0.00%	-0.56	16.86%	68.15%	\$1,029,980	.MO190118P75
4/25/2017	MO 100 18 JAN 19 72.5 PUT	1,051	28	\$8.30	0.36%	-0.51	17.04%	62.49%	\$877,585	.MO190118P72.5
5/24/2017	MO 100 15 JUN 18 75 CALL	2,060	48	\$4.07	11.20%	0.43	19.35%	35.05%	\$844,600	.MO180615C75
6/1/2017	MO 100 15 JUN 18 75 CALL	1,556	2,219	\$5.10	7.37%	0.5	19.27%	41.94%	\$824,680	.MO180615C75
5/24/2017	MO 100 15 JUN 18 65 PUT	2,087	80	\$3.35	-4.01%	-0.3	21.38%	38.90%	\$740,885	.MO180615P65
6/1/2017	MO 100 15 JUN 18 70 PUT	1,557	298	\$4.48	-6.86%	-0.36	20.90%	45.22%	\$724,005	.MO180615P70
5/25/2017	MO 100 19 JAN 18 75 CALL	2,084	9,324	\$3.30	24.06%	0.45	17.56%	39.38%	\$698,140	.MO180119C75
4/1/2016	MO 100 JAN 18 60 CALL	1,001	8,702	6.8	3.03%	0.56	21.44%	42.57%	\$680,680	.MO180119C60
5/25/2017	MO 100 19 JAN 18 70 PUT	2,178	2,727	\$2.91	-18.03%	-0.36	18.74%	42.37%	\$664,290	.MO180119P70
5/22/2017	MO 100 (Weeklys) 23 JUN 17 71 CALL	2,729	34	\$1.46	39.05%	0.61	12.74%	58.57%	\$409,350	.MO170623C71
10/24/2016	MO 100 19 JAN 18 60 PUT	1,002	934	\$3.75	-14.77%	-0.37	18.42%	46.54%	\$375,750	.MO180119P60

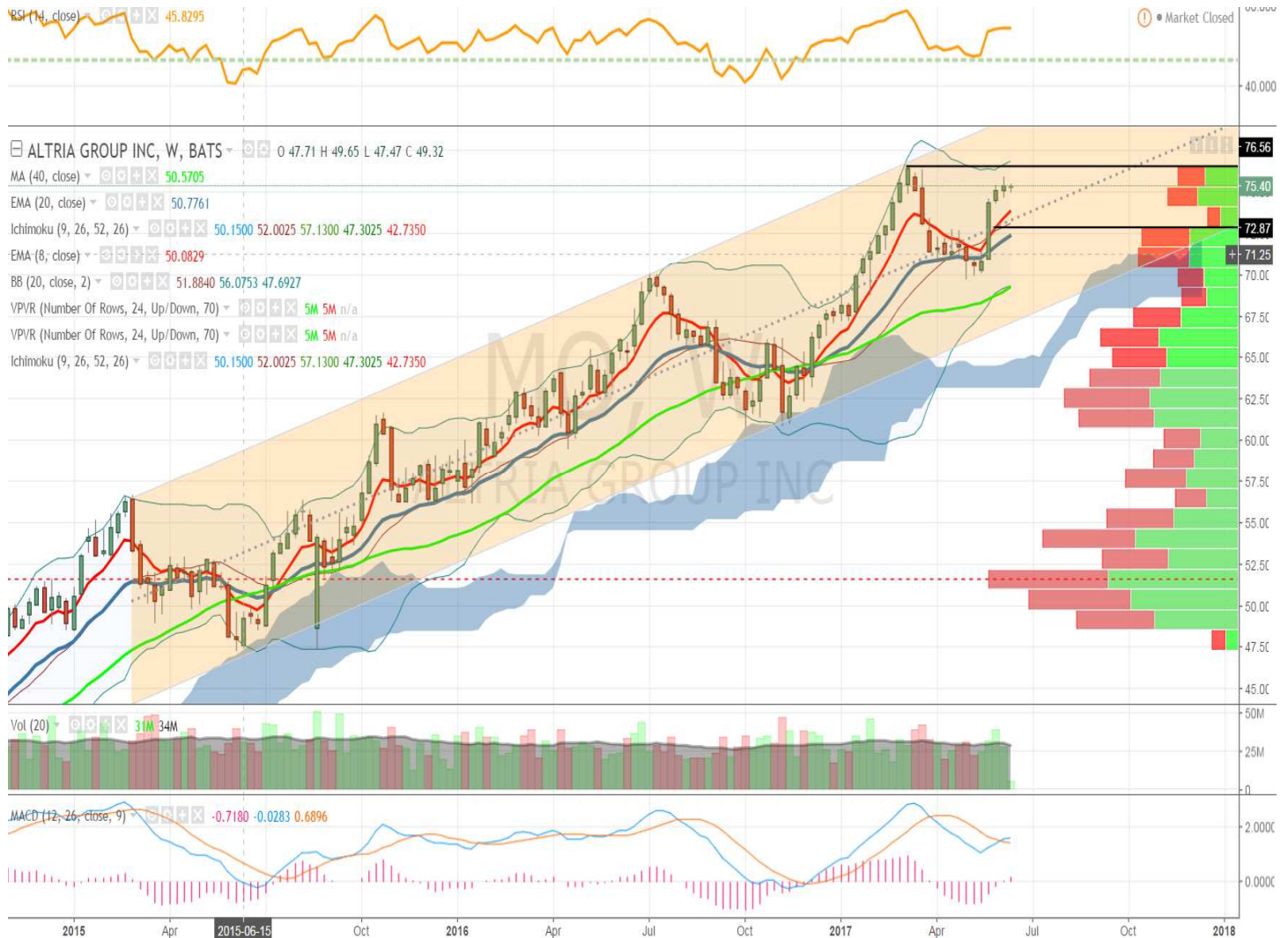
Historical Volatility Spread of 25-Delta Put IV minus 25-Delta Call IV



Current Skew Indicator: **Slightly Bullish**

Analyst Notes: Analysts have an average target of \$74 on shares with an \$82 high and \$62 low. Piper recently started shares at Overweight while RBC cut shares to Underperform with a \$62 target on 3-23 seeing only a 5% chance that MO is acquired by PM. Stifel rates shares Buy with a \$77 target. BAML rates shares a Buy with an \$82 target, a 23X multiple on 2018 EPS of \$3.56.

Technical View: MO shares are nearing record highs after pulling back in March/April and basing near the \$70 level. Shares are in a long term channel pattern with \$76.55 the next hurdle to clear for a push to \$80 and above. Current support comes into play near \$72.85.



Seasonality: MO shares have lagged in Q3 with a 5 year average performance of +1.45% but have performed well the rest of the year with Q2 the strongest. Its best months are October, April and February.

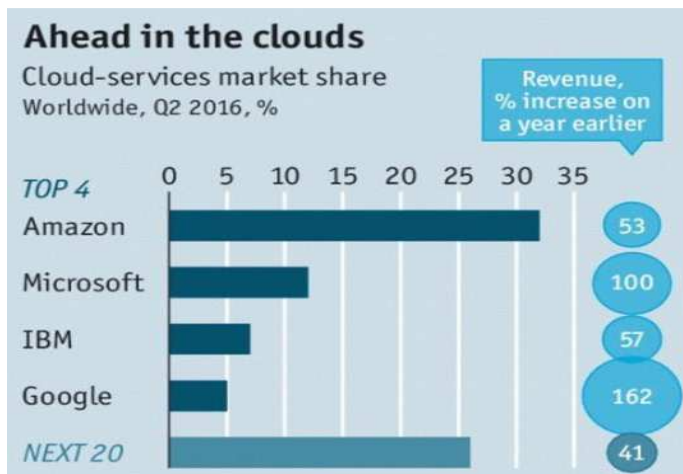
Ownership Trends: Institutional ownership rose 0.29% in Q1 filings with 104 funds taking new positions, 544 adding, 63 closing out and 685 reducing. Millennium and Two Sigma were notable buyers. Short interest at just 0.4% of the float is hitting a 10 year low. On 5-24-16 a Director bought \$252,800 worth of stock at \$63.20 and the same Director on 11-17-15 bought \$255,768 at \$56.44.

Catalyst: M&A Deal with Phillip Morris (PM); Tax Reform; iQQS Smokeless Cigarette Commercialization in US; Buybacks; Vapor Growth

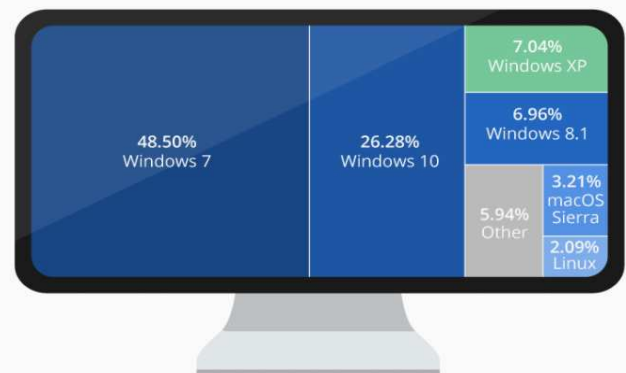
Optimal Strategy: Long the MO June 2018 \$75/\$80 Call Spreads and Sell the \$67.50 Put, Net \$0.50 Credit

Microsoft (MSFT) \$70 – Tech – Software & Services

Fundamental Snapshot: The \$535B Tech giant that has returned to an era of growth under new leadership with its leading position in the cloud trades 21.1X Earnings, 6.15X Sales, 32X FCF with a 2.23% dividend yield and \$126B in cash. MSFT is set for a 12.8% revenue growth year, strongest since 2008, and forecasting 7.5% growth each of the next two years forward with EPS growth in the 8-12% annual range. In 2016 MSFT put some cash to work with its \$26.2B deal for LinkedIn. MSFT is now positioned in major growth areas with its move to the cloud including Productivity, Business Apps, Application Innovation, Data & Intelligence, and Security. MSFT is seeing strong growth in its new initiatives and a better product mix as it moves away its reliance on PC, Azure posting 93% growth last quarter. Office 365 is only 10% penetrated in the 500M user base and the opportunity to grow in the gaming space with Xbox Live and Game Pass will also aid in sustaining above-average growth. Accelerating EPS growth through 2019 should allow MSFT to carry a 20-25X multiple.



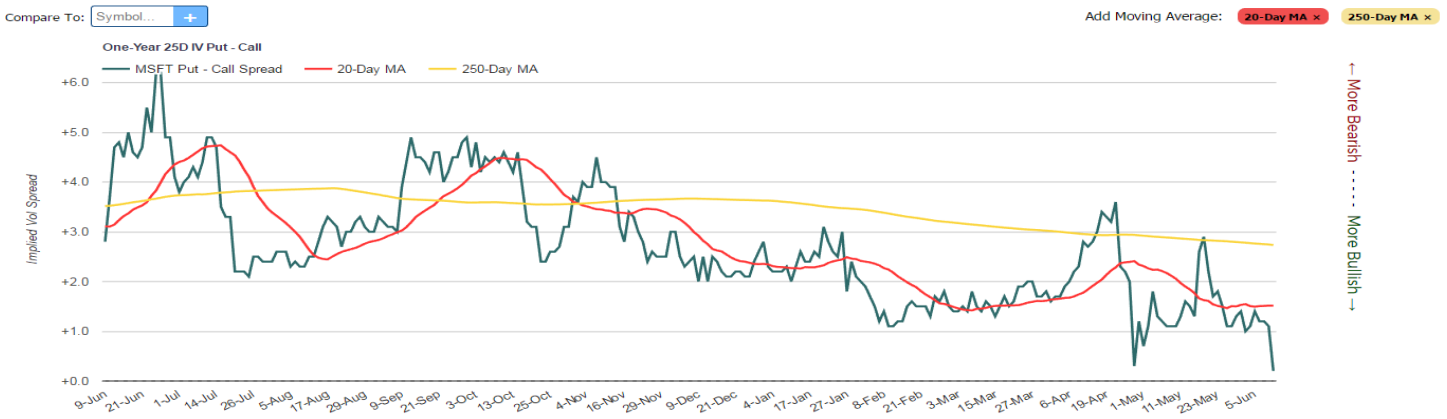
Millions of PCs Still Run Windows XP
Worldwide desktop operating system market share in April 2017



Open Interest, Volatility, and Skew: Microsoft's 30 day IV at 17.7% is at the 27th percentile of its 52-week range of 6.6% to 27.6%. Its December options are pricing in an 11.9% move by year-end, and total put/call open interest ratio at 0.984. Its 30 day IV skew of 1.1% compares bullish to a 52-week average of 16.5%. Some notable positions include large bullish risk reversals in July, October, and December as well as sizable October upside call buys. The December \$77.5/\$65 bull risk reversals recently opened 11,000X.

Date	Description	Volu	Open	Price	%Chan	De	Impl	Prob.I	Premium F	Symbol
4/24/2017	MSFT 100 20 OCT 17 67.5 CALL	24,291	7,435	\$3.59	20.88%	0.51	20.11%	45.11%	\$8,744,760	.MSFT171020C67.5
12/13/2016	MSFT 100 21 JUL 17 67.5 CALL	20,186	777	\$2.49	18.01%	0.35	22.88%	29.26%	\$5,026,314	.MSFT170721C67.5
5/25/2017	MSFT 100 20 OCT 17 72.5 CALL	14,252	20,591	\$2.01	16.86%	0.37	19.18%	32.29%	\$2,864,652	.MSFT171020C72.5
11/9/2016	MSFT 100 21 JUL 17 62.5 CALL	9,946	843	\$2.84	-8.68%	0.42	21.51%	35.14%	\$2,824,664	.MSFT170721C62.5
4/24/2017	MSFT 100 20 OCT 17 62.5 PUT	12,154	3,076	\$1.98	-15.02%	-0.29	21.24%	34.75%	\$2,479,416	.MSFT171020P62.5
4/10/2017	MSFT 100 20 OCT 17 60 PUT	12,010	4,283	\$1.73	4.22%	-0.27	20.50%	32.37%	\$2,125,770	.MSFT171020P60
5/25/2017	MSFT 100 20 OCT 17 70 CALL	6,667	19,193	\$3.10	13.55%	0.48	20.07%	43.21%	\$2,066,770	.MSFT171020C70
1/5/2017	MSFT 100 21 JUL 17 60 PUT	6,244	2,670	\$3.20	-7.25%	-0.4	22.68%	46.94%	\$2,060,520	.MSFT170721P60
4/24/2017	MSFT 100 20 OCT 17 72.5 CALL	12,804	19,911	\$1.55	30.25%	0.3	18.74%	25.30%	\$2,048,640	.MSFT171020C72.5
12/13/2016	MSFT 100 21 JUL 17 55 PUT	10,215	1,865	\$1.82	-10.34%	-0.23	25.60%	30.13%	\$1,859,130	.MSFT170721P55
1/20/2017	MSFT 100 20 OCT 17 70 CALL	11,543	383	\$1.53	-4.97%	0.26	19.84%	20.85%	\$1,835,337	.MSFT171020C70
3/20/2017	MSFT 100 20 OCT 17 57.5 PUT	12,229	3,269	\$1.48	-1.99%	-0.222	21.75%	27.87%	\$1,809,892	.MSFT171020P57.5
4/24/2017	MSFT 100 20 OCT 17 60 PUT	12,118	17,250	\$1.42	-13.41%	-0.22	22.42%	26.68%	\$1,769,228	.MSFT171020P60
2/13/2017	MSFT 100 20 OCT 17 55 PUT	11,500	1,759	\$1.50	-6.25%	-0.19	23.50%	25.50%	\$1,713,500	.MSFT171020P55
6/9/2017	MSFT 100 21 SEP 18 70 CALL	2,015	37	\$5.87	-25.79%	0.53	23.70%	42.47%	\$1,501,175	.MSFT180921C70

Historical Volatility Spread of 25-Delta Put IV minus 25-Delta Call IV



Analyst Notes: Analysts have an average target of \$74.20 on shares with a high of \$81 and low of \$45, 15 Buy, 1 Hold, and 1 Sell rating. CSFB rates shares Outperform with an \$80 target, citing 85% of enterprises yet to upgrade to Windows 10, so a long upgrade cycle ahead, and strong earnings power from commercial cloud growth and higher cloud margins. On 5-16 Bernstein reiterated Outperform with an \$81 target, seeing shares cheap when looking at a 14X multiple to FCF two years forward with 17% CAGR.

Technical View: MSFT, like many Tech names, pulled back the past week to test the rising 50 EMA, first support level \$67.35 followed by the \$66 level. The bull flag breakout at \$66 measures up to a \$75 objective that remains in play.



Seasonality: MSFT shares have seen strength in April, July and October, likely due to its earnings report cycle and a 5 year average return of +7.12% in Q4. Shares have tended to trade sideways outside of those months with January and June notable weak months.

Ownership Trends: Institutional ownership fell 1.9% in Q1 filings, Viking Global adding to its stake now valued near \$2B as its 2nd largest holding while other notable buyers with top 10 positions in MSFT include Duquesne Family Office, Steadfast Capital, Winslow Capital, Egerton Capital, and Hoplite Capital. Short interest at 0.5% of the float is negligible and near a 10 year low. MSFT has not seen any insider buys since 2014-2015 with buyers in the \$39.55 to \$43.12 range.

Catalyst: Earnings; Cloud Momentum; Cash Utilization; Xbox Game Pass Launch

Optimal Strategy: Long the MSFT December \$75/\$65 Bull Risk Reversal at a Net Credit of \$0.50

Netflix (NFLX) \$165 – Technology - Media

Fundamental Snapshot: The \$70.25B streaming media leader trades 86.55X Earnings and 7.4X Sales. NFLX has been growing revenues rapidly and 2016 saw 30% Y/Y growth, its best since 2011 and 2017 seen at +27.5% hitting \$11.25B in revenues, which compares to just \$5.5B in 2014. On the EPS side NFLX long was investing to expand its membership base and EPS was flat 2010 to 2016, but now it is becoming an earnings story more with EPS set to reach \$3.19/share in 2019 from \$0.43/share in 2016, and is likely conservative. Original content has really been a game changer with its strong show lineup making the service hard for many to let go, while continuing to expand geographically. NFLX also has significant pricing power with its service quite cheap compared to HBO and other networks, and this will result in even stronger earnings/margins down the road. As of Q1, Netflix had 98.75M streaming members with 47.89M on the International side. Q1 was the first quarter that the International segment was profitable and saw ASP's rise 12%. Rising broadband penetration, a shift to on-demand viewing, and a desire for quality content have made Netflix a media powerhouse and is changing content consumption across the globe. NFLX margins will also improve as a mix-shift story as more move to streaming and 4K, and the ability for it to raise prices is underappreciated. NFLX has a great Q2 lineup for content with House of Cards, Orange is the New Black, and Master of None, but 2H17 will introduce even more new series like Defenders. In April, Netflix signed a licensing agreement with Baidu's (BIDU) iQiyi, an important step for an entrance into the China market. NFLX has around 50% household penetration in the US, while International subscriptions only penetrating 5.7% of broadband households, so major subscriber additions are likely ahead for many years to come.

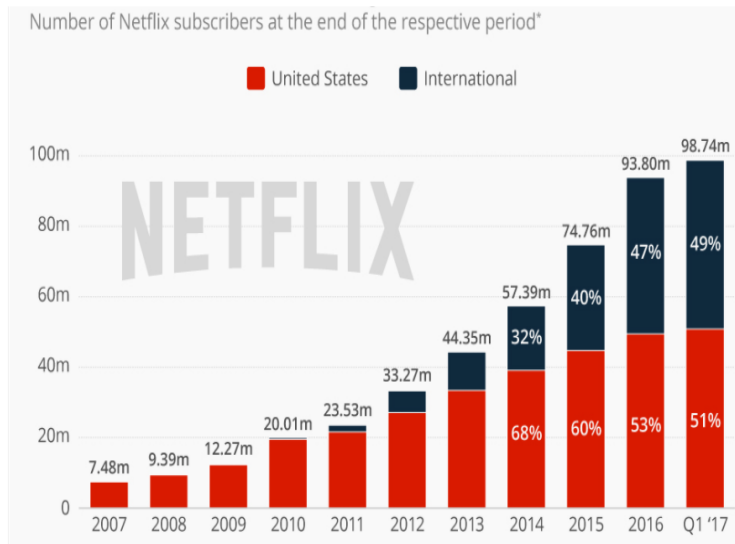
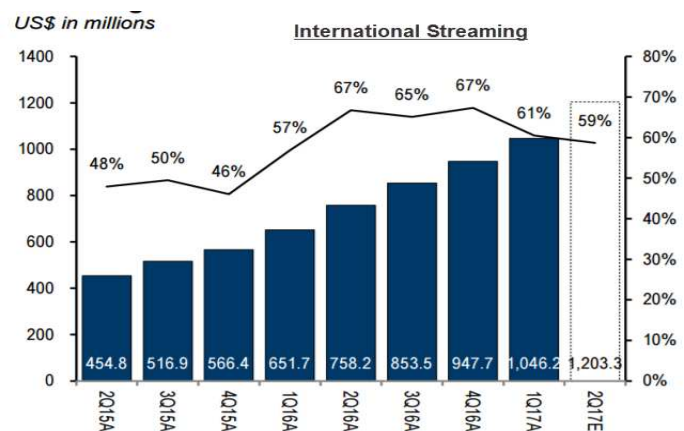
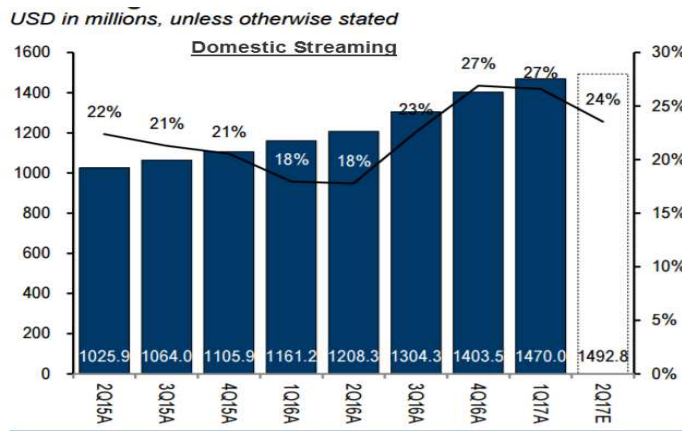
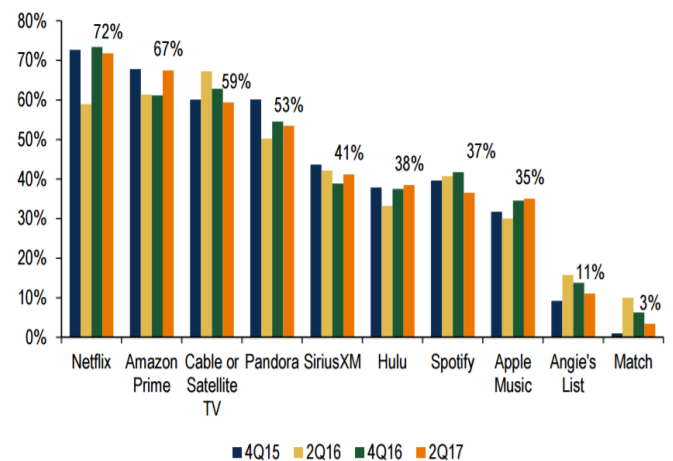


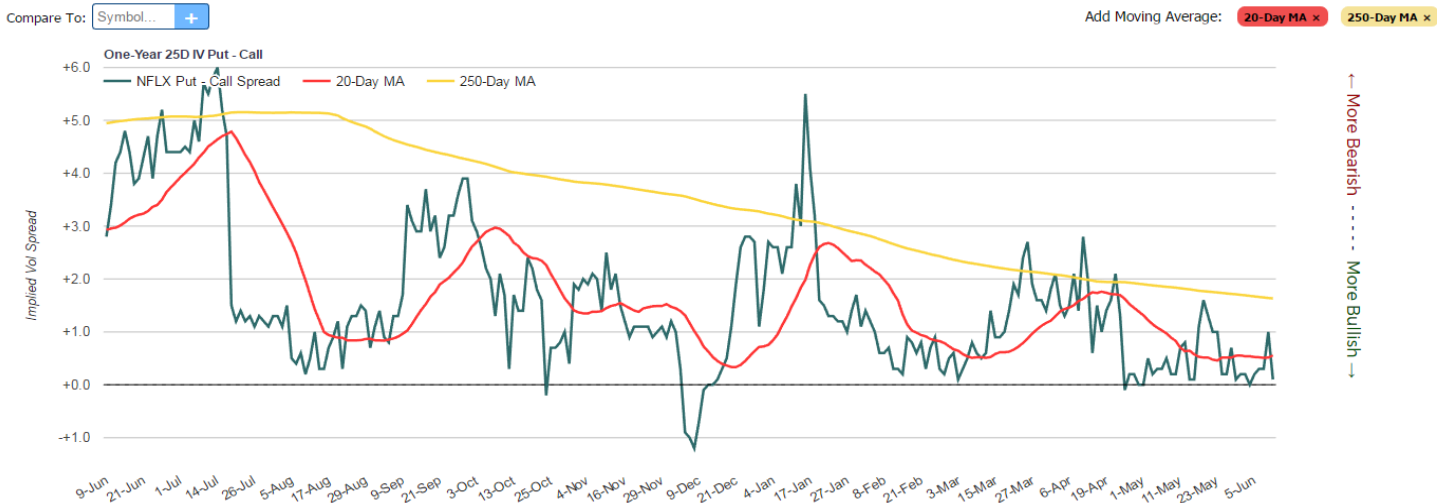
Chart 25: On a scale of 1 to 5, how likely are you to keep the following services?
Below is percentage of respondents who chose 5 (Most Likely)



Open Interest, Volatility, and Skew: Netflix's 30 day IV at 25.75% compares to a 52-week range of 20.6% to 65%. Its December options are pricing in an 18.7% move through year-end, and total put/call open interest ratio is at 1.401. Its 30 day IV Skew at 0.4% compares to a 52-week average of 4.6%. Some notable positions in open interest include over 10,000 Jan. 2018 \$150/\$125 bull risk reversals, a 5/12 trade bought 5,000 July \$160 straddles, and scattered large buys in August and September calls. A \$14M buy of 5,150 August \$120 calls now deep ITM remains in open interest.

Date	Description	Volu	Open	Price	%Chan	De	Impl	Prob.I	Premium F	Symbol
3/14/2017	NFLX 100 18 AUG 17 120 CALL	5,150	86	\$27.80	8.05%	0.8	38.09%	71.90%	\$14,317,000	.NFLX170818C120
1/27/2017	NFLX 100 19 JAN 18 150 CALL	5,254	5,503	\$18.40	11.92%	0.52	38.36%	37.45%	\$9,877,520	.NFLX180119C150
1/27/2017	NFLX 100 19 JAN 18 125 PUT	5,437	1,494	\$12.95	-5.95%	-0.3	38.96%	43.97%	\$7,122,470	.NFLX180119P125
2/1/2017	NFLX 100 19 JAN 18 145 CALL	3,241	1,449	\$1,792.00	1.77%	0.55	40.02%	39.21%	\$6,530,615	.NFLX180119C145
5/12/2017	NFLX 100 21 JUL 17 160 CALL	5,239	2,472	\$9.50	13.10%	0.54	32.84%	48.25%	\$5,108,025	.NFLX170721C160
5/12/2017	NFLX 100 21 JUL 17 160 PUT	5,134	114	\$8.63	-8.19%	-0.46	32.25%	51.67%	\$4,569,260	.NFLX170721P160
2/1/2017	NFLX 100 19 JAN 18 125 PUT	3,144	6,231	-\$3,087.00	2.28%	-0.31	40.41%	46.07%	\$4,464,480	.NFLX180119P125
1/19/2017	NFLX 100 19 JAN 18 160 CALL	1,982	958	\$13.80	24.10%	0.43	36.66%	29.35%	\$2,735,160	.NFLX180119C160
1/17/2017	NFLX 100 19 JAN 18 135 CALL	1,043	720	\$21.55	-1.73%	0.57	41.72%	40.71%	\$2,273,740	.NFLX180119C135
5/11/2017	NFLX 100 18 AUG 17 160 CALL	2,009	1,711	\$9.62	-14.87%	0.5	31.94%	43.70%	\$1,932,658	.NFLX170818C160
4/19/2017	NFLX 100 18 AUG 17 145 CALL	2,073	969	\$8.95	-6.38%	0.5	30.56%	42.70%	\$1,865,700	.NFLX170818C145
5/10/2017	NFLX 100 19 JAN 18 160 PUT	1,049	419	\$16.69	-5.87%	-0.45	31.85%	55.03%	\$1,772,810	.NFLX180119P160
3/9/2017	NFLX 100 15 DEC 17 150 CALL	1,250	12	\$13.25	-2.07%	0.48	35.08%	35.91%	\$1,725,000	.NFLX171215C150
5/18/2017	NFLX 100 18 JAN 19 135 PUT	1,035	521	\$16.39	9.27%	-0.286	35.25%	45.52%	\$1,696,365	.NFLX190118P135
4/18/2017	NFLX 100 18 AUG 17 150 CALL	2,244	1,197	\$7.37	-30.47%	0.44	30.05%	36.98%	\$1,671,780	.NFLX170818C150
4/25/2017	NFLX 100 21 JUL 17 150 CALL	1,698	308	\$8.80	53.85%	0.53	30.17%	47.18%	\$1,545,180	.NFLX170721C150
4/24/2017	NFLX 100 15 DEC 17 145 CALL	1,001	540	\$14.20	4.03%	0.54	30.98%	44.28%	\$1,411,410	.NFLX171215C145
4/18/2017	NFLX 100 18 AUG 17 140 CALL	1,132	589	\$12.27	-21.60%	0.59	31.06%	52.21%	\$1,392,360	.NFLX170818C140
3/13/2017	NFLX 100 15 JUN 18 125 PUT	1,014	55	\$13.35	-11.00%	-0.29	36.29%	43.97%	\$1,379,040	.NFLX180615P125
5/31/2017	NFLX 100 18 JAN 19 190 PUT	300	3	\$41.60	-7.86%	-0.58	29.21%	71.33%	\$1,246,500	.NFLX190118P190
4/20/2017	NFLX 100 15 DEC 17 135 PUT	932	371	\$10.88	-0.18%	-0.37	31.32%	47.26%	\$1,015,880	.NFLX171215P135
4/20/2017	NFLX 100 18 AUG 17 135 PUT	1,509	871	\$6.85	-11.61%	-0.35	30.78%	42.17%	\$1,011,030	.NFLX170818P135
3/28/2017	NFLX 100 15 SEP 17 145 PUT	717	518	\$12.18	-9.78%	-0.45	32.60%	53.62%	\$917,760	.NFLX170915P145
5/22/2017	NFLX 100 18 JAN 19 220 CALL	1,033	723	\$7.85	-4.27%	0.26	30.19%	15.23%	\$893,545	.NFLX190118C220
2/23/2017	NFLX 100 15 SEP 17 160 CALL	1,108	57	\$7.95	-5.92%	0.37	33.19%	28.00%	\$886,400	.NFLX170915C160
5/5/2017	NFLX 100 15 SEP 17 150 PUT	1,091	288	\$7.89	3.82%	-0.37	29.98%	43.59%	\$878,255	.NFLX170915P150
3/28/2017	NFLX 100 15 SEP 17 150 CALL	729	618	\$11.56	8.65%	0.49	32.84%	40.43%	\$831,060	.NFLX170915C150
4/20/2017	NFLX 100 15 DEC 17 160 CALL	1,101	605	\$7.27	11.85%	0.35	30.01%	26.83%	\$809,235	.NFLX171215C160
2/22/2017	NFLX 100 15 SEP 17 140 PUT	600	480	\$12.90	-0.39%	-0.41	33.80%	50.77%	\$750,000	.NFLX170915P140
5/11/2017	NFLX 100 18 AUG 17 170 CALL	1,246	2,028	\$6.05	-10.64%	0.36	31.09%	30.32%	\$741,370	.NFLX170818C170
3/30/2017	NFLX 100 15 DEC 17 135 CALL	282	26	\$23.99	2.30%	0.68	35.54%	56.98%	\$702,180	.NFLX171215C135
2/27/2017	NFLX 100 15 DEC 17 160 CALL	500	0	\$11.80	N/A	0.43	34.67%	31.20%	\$602,500	.NFLX171215C160
4/6/2017	NFLX 100 18 AUG 17 155 CALL	700	216	\$7.62	-4.39%	0.4	34.11%	32.50%	\$539,000	.NFLX170818C155
3/7/2017	NFLX 100 18 JAN 19 150 CALL	202	107	\$26.00	-1.07%	0.56	37.22%	36.25%	\$529,240	.NFLX190118C150
6/6/2017	NFLX 100 (Weeklys) 30 JUN 17 155 CALL	409	80	\$12.60	15.07%	0.86	26.67%	84.32%	\$517,385	.NFLX170630C155

Historical Volatility Spread of 25-Delta Put IV minus 25-Delta Call IV



Current Skew Indicator: Bullish

Analyst Notes: Analysts have an average target of \$160 on shares with a high of \$195 and low of \$73. BAML rates shares Buy with a \$184 target, seeing the most important takeaway from the Q1 report is management looking to raise ARPU by mid-single digits CAGR for the foreseeable future. Cantor Fitzgerald is early June out with a raised \$190 target, raising subscriber estimates to keep pace with broadband household growth, seeing major potential internationally, and at an inflection path to higher operating margins. MKM raised its target to \$195 on 5-25 seeing Netflix achieving the high-end of its long-term goal of 90M US subscribers. Piper also has a \$190 target seeing the Street modeling 2020 profitability too low by as much as 100%, underestimating International subscriber additions and rising contribution margins.

Technical View: NFLX shares were hit hard with Tech names pulling back to the rising 20 week EMA and near its most recent key breakout, also holding the daily cloud with the \$146 level being volume support. A 3 month channel up looks to be developing, and the recent bull flag breakout at \$146.50 still has an upside objective to \$182. The \$135.65 level would be a 38.2% Fibonacci retracement with the rising 200 day MA just below at \$131.25.



Seasonality: NFLX shares have performed best in the Q4 to Q1 period with October and January major outperformance months the last five years, while May and August also notable strong. March and September are the only negative return months.

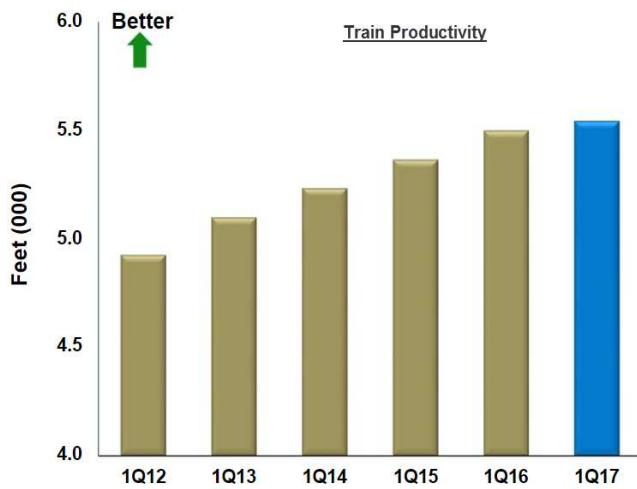
Ownership Trends: Institutional ownership fell 1.77% in Q1 filings as 129 funds took new positions, 311 added, 65 closed and 267 reduced. Viking Global holds NFLX as its 10th largest position but did reduce in Q1 while Edgewood added to its position with NFLX now its 21st largest holding. Scopia, Tybourne, and Coatue are other notable concentrated holders while Anchorage Capital disclosed a call option position. Short interest is at 6.8% of the float, climbing by 20% since March. Director Jay Hoag bought a total of 900,000 shares at \$86.43 and \$94.31 in July and August of 2016.

Catalyst: China Expansion; Price Hikes; Membership Growth; New Original Content; Earnings/Margin Growth

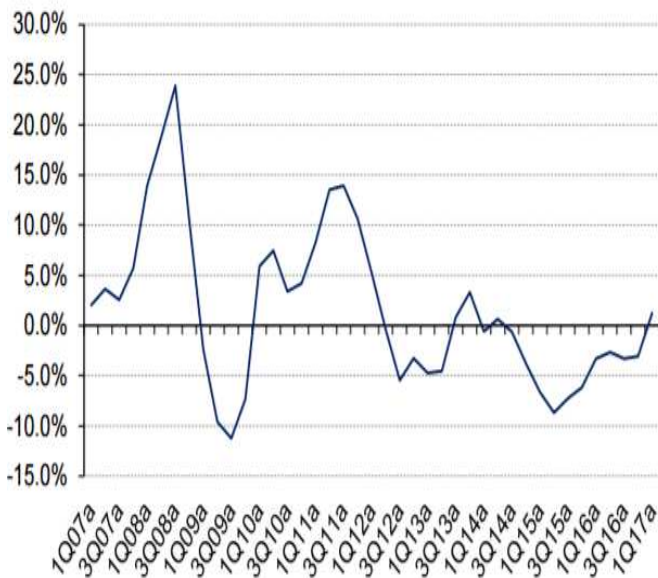
Optimal Strategy: Long the NFLX December \$160/\$180 Call Spread at \$6.00 Debit

Norfolk Southern (NSC) \$123.64 – Industrial – Transports - Rail

Fundamental Snapshot: The \$35.5B regional rail trades 17.55X Earnings, 3.57X Sales and 2.87X Book with a 1.97% dividend yield. NSC trades cheap to peers at 9.6X EBITDA and 4.1X EV/Sales, but it clearly could use an activist to improve performance as its margins are well below industry peers. NSC suffered through two tough years along with peers with the commodity crunch, but set for 4-5% annual revenue growth through 2019 with 10-12% EPS growth. NSC posted a record 70% operating ratio in Q1, though still well below its more efficient peers, and saw solid growth in Intermodal and Coal. Energy and Auto markets look challenged ahead while Steel and Construction seeing a more positive outlook. ARC grew 2.1% which ended 10 consecutive quarters of declines. NSC's strategic plan includes a sub-65 operating ratio by 2020 and further productivity improvements. NSC has a great position in the East that could make it an interesting M&A target for Union Pacific (UNP) who could then control a network across the entire US. NSC could also look to acquire more volume from CSX which is set to shed business as it revamps its new network under new management.



ARC Growth Y-Y



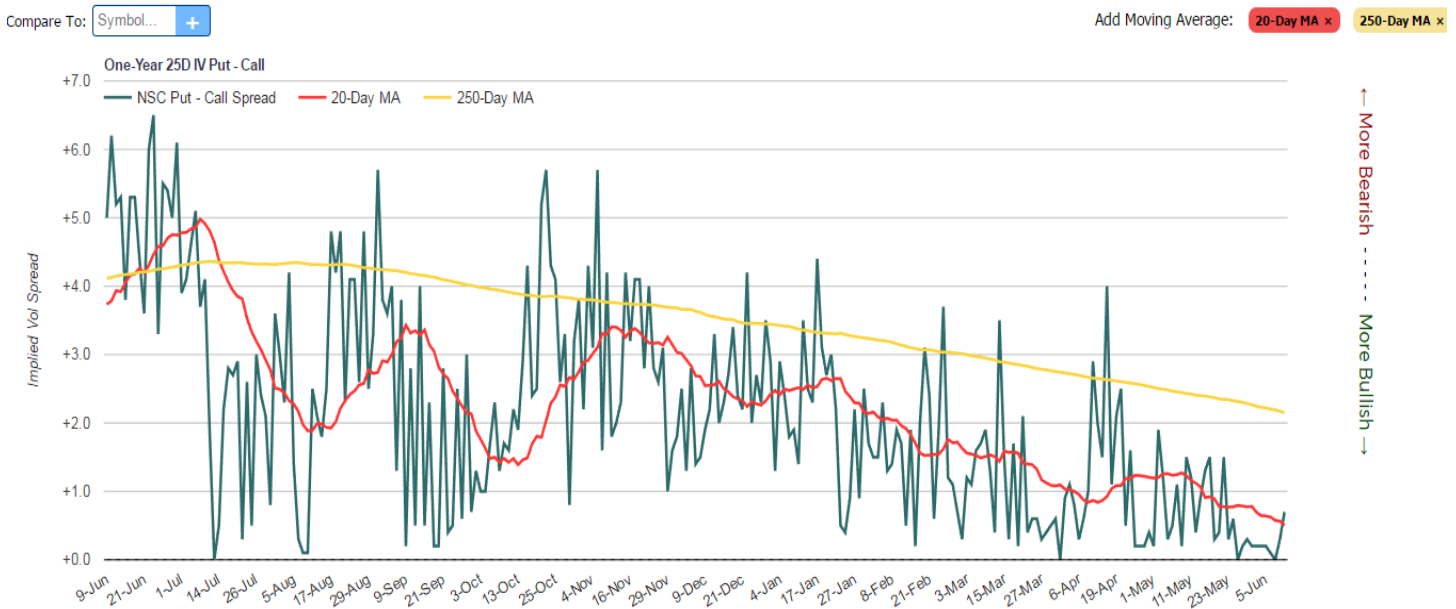
Carload Growth Y-Y



Open Interest, Volatility, and Skew: Norfolk Southern's (NSC) 30 day IV at 21.7% compares to a 52-week range of 18.1% to 33.3%. Its December options are pricing in a 13.8% move through year-end, and total put/call open interest ratio is at 0.143. Its 30 day IV Skew at 3.2% compares to a 52-week average of 10%. Some notable positions in open interest include 50,000 Jan. 2019 \$150/\$180 call spreads, 17,500 June 2018 \$140/\$170 call spreads, and buyers of September and December \$125 calls.

Date	Description	Volu	Open	Price	%Chan	De	Impl	Prob.I	Premium F	Symbol
4/26/2017	NSC 100 18 JAN 19 150 CALL	50,105	80	\$4.50	21.62%	0.25	24.22%	16.49%	\$26,054,600	.NSC190118C150
4/26/2017	NSC 100 18 JAN 19 180 CALL	50,007	2	\$1.05	-58.00%	0.1	23.47%	5.65%	\$9,001,260	.NSC190118C180
5/25/2017	NSC 100 15 JUN 18 140 CALL	17,502	0	\$3.82	N/A	0.27	24.05%	19.61%	\$7,875,900	.NSC180615C140
5/25/2017	NSC 100 15 JUN 18 170 CALL	17,501	0	\$0.67	N/A	0.07	22.73%	4.26%	\$1,575,090	.NSC180615C170
2/8/2017	NSC 100 19 JAN 18 115 PUT	1,387	176	\$9.50	-11.21%	-0.39	25.66%	49.22%	\$1,317,650	.NSC180119P115
5/25/2017	NSC 100 18 JAN 19 130 CALL	559	179	\$10.69	-0.09%	0.44	26.36%	31.77%	\$654,030	.NSC190118C130
6/8/2017	NSC 100 15 DEC 17 125 CALL	1,006	26	\$6.26	0.16%	0.43	24.69%	36.78%	\$643,840	.NSC171215C125
5/1/2017	NSC 100 15 DEC 17 95 CALL	229	0	\$24.05	N/A	0.87	26.68%	81.22%	\$561,050	.NSC171215C95
4/21/2017	NSC 100 19 JAN 18 110 PUT	602	472	\$7.20	2.86%	-0.37	24.11%	45.35%	\$433,440	.NSC180119P110
5/25/2017	NSC 100 15 DEC 17 135 CALL	1,232	374	\$2.75	83.33%	0.25	22.67%	20.28%	\$394,240	.NSC171215C135
5/25/2017	NSC 100 15 SEP 17 125 CALL	800	622	\$3.40	89.94%	0.38	22.37%	33.12%	\$304,000	.NSC170915C125
3/14/2017	NSC 100 15 SEP 17 115 CALL	239	58	\$9.52	-9.33%	0.59	24.98%	51.59%	\$236,610	.NSC170915C115
5/5/2017	NSC 100 19 JAN 18 140 CALL	1,000	55	\$2.10	5.00%	0.18	22.51%	13.80%	\$210,000	.NSC180119C140
5/4/2017	NSC 100 15 JUN 18 155 CALL	1,000	0	\$1.94	N/A	0.14	23.41%	9.24%	\$195,000	.NSC180615C155

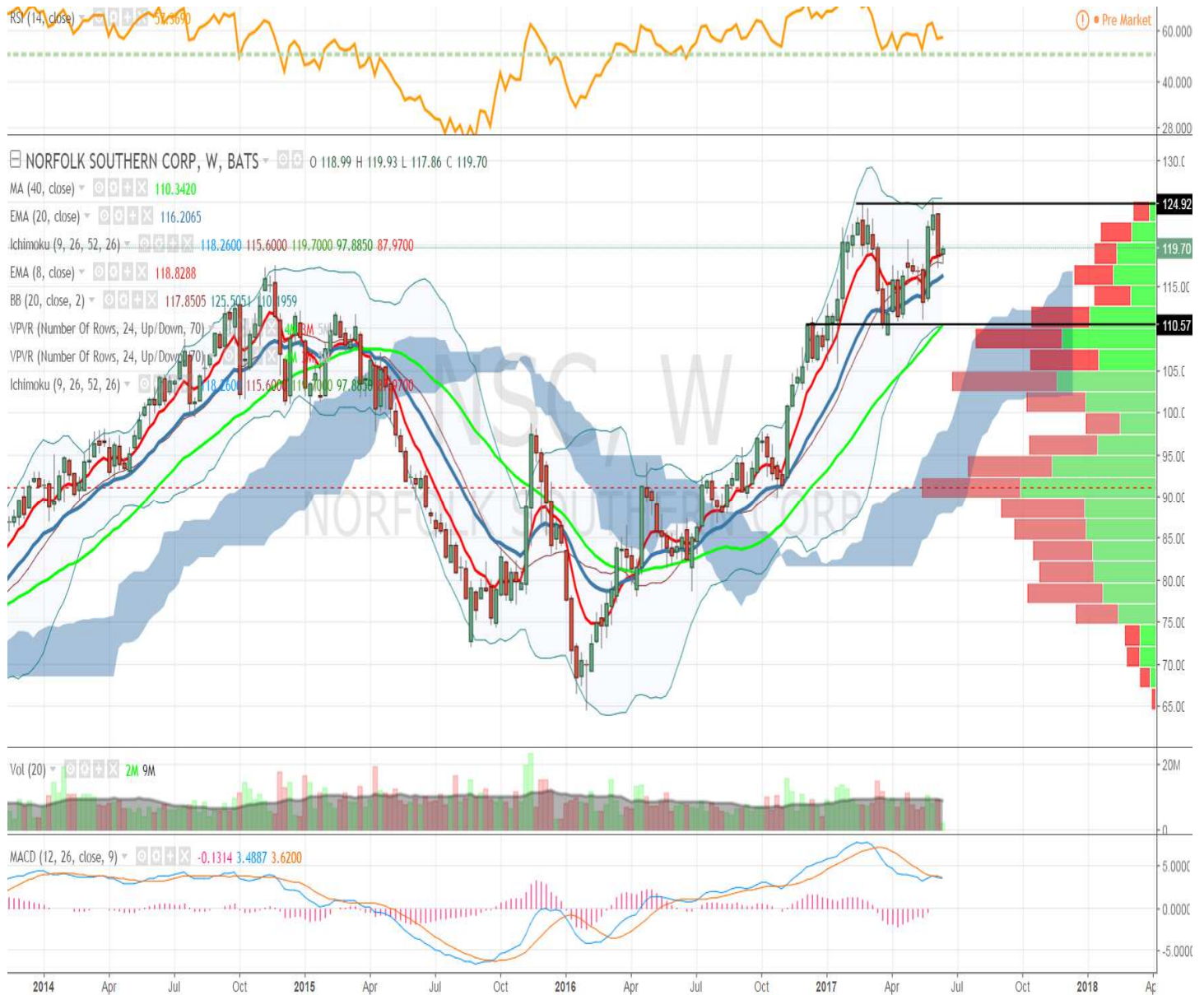
Historical Volatility Spread of 25-Delta Put IV minus 25-Delta Call IV



Current Skew Indicator: **Slightly Bullish**

Analyst Notes: Analysts have an average target of \$125 with a high of \$135 and low of \$115, 2 Buy, 5 Hold, and 1 Sell rating. BAML rates shares Buy with a \$132 target seeing a double-digit EPS CAGR and potential for tax reform upside. CSFB is at Outperform with a \$133 target citing strong cost performance in Q1 and expectations of y/y margin improvement the rest of the year. RBC downgraded shares to Underperform on 3-23 seeing valuation at peak levels with risk to achieving its cost cutting targets. UBS raised its target to \$135 on 1/26, noting coal and intermodal volume growth along with productivity and margin expansion.

Technical View: NSC shares have moved sideways in the first half of 2017 with a recent pullback off \$125 highs to test the 50 day EMA and recent mini breakout. The weekly pattern shows a large bull flag, a move through \$125 targeting a longer term move to \$185. Shares have major support at \$110.



Seasonality: NSC shares have tended to be weak in Q2/Q3 while the Q4 to Q1 period has averaged a +9.9% return over the last five years with March-April a strong period, and November very strong.

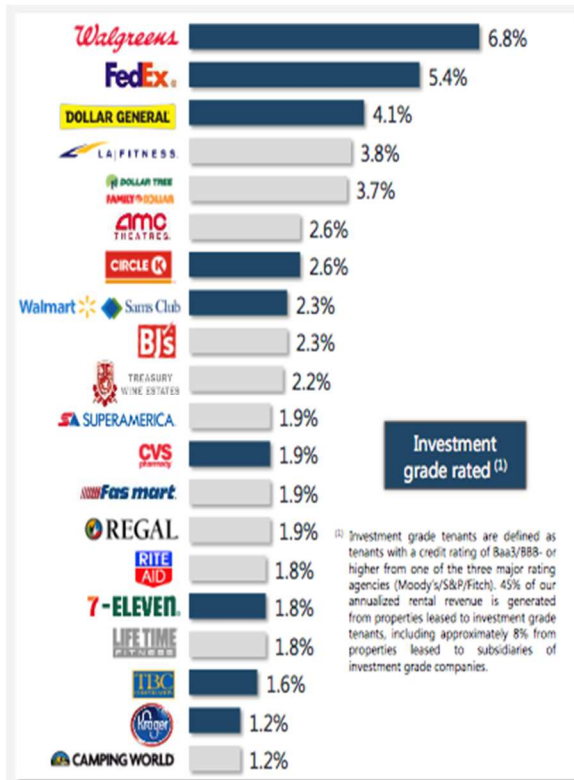
Ownership Trends: Institutional ownership fell 0.5% in Q1 filings with 88 funds taking new positions, 274 adding, 68 closing and 440 reducing. It does not really have any notable concentrated investors. Short interest is low at 1.3% of its float. The last insider buy with August 2015 with \$244,127 of stock bought at \$81.38.

Catalyst: Operating Ratio Improvements; M&A/Activism; Tax Reform; Margin Expansion

Optimal Strategy: Long the NSC December \$125/\$135 Call Spreads at \$2.75 Debit

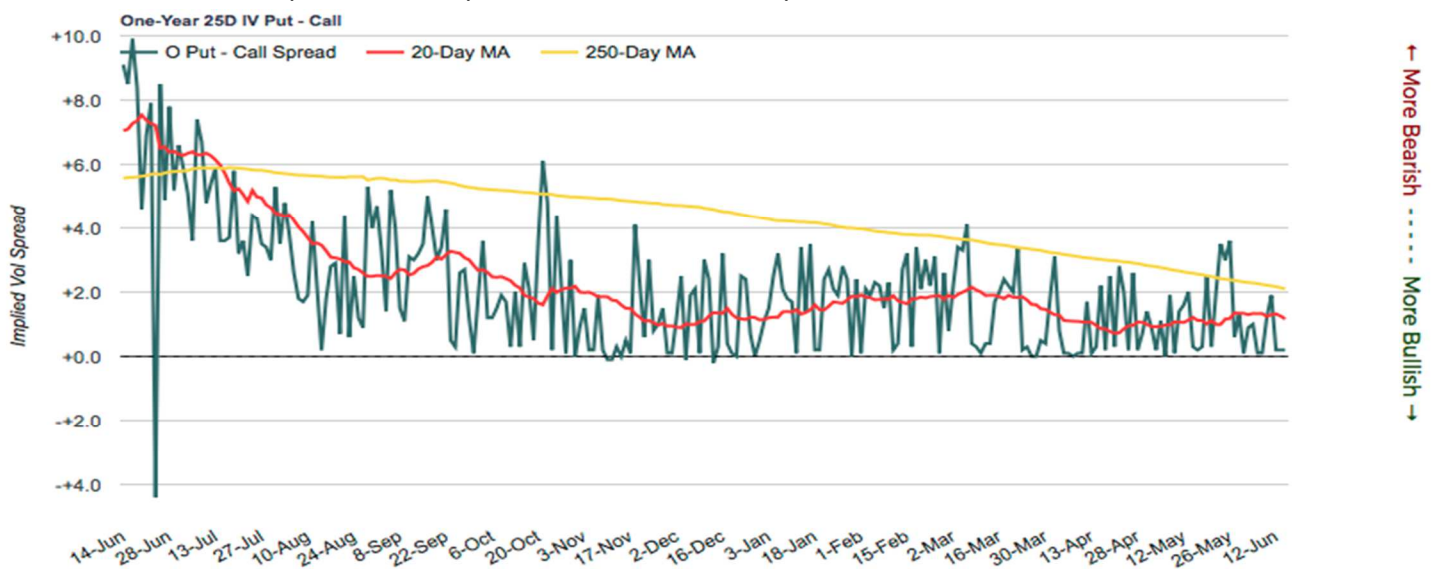
Realty Income (O) \$57 – Financial - REIT

Fundamental Snapshot: The \$15.57B REIT trades 42.86X earnings, 2.11X book and 7.76X PEG with a 4.5% dividend yield. O is guiding for 9.7% revenue growth in 2017 and 5.0% growth in 2018 after four years of sequential declines and slowing momentum. O has a high debt/equity balance on their books with 26.5% debt-to-market cap ratio and 5.5X debt/EBITDA. The company has had steady occupancy rates above 98% since 2012 and seeing same-store rent growth tick higher in Q1 2017 by its largest rate since late 2014. The



company has a diverse tenant list with Walgreen (WBA), Fed-Ex (FDX), Dollar General (DG) and LA Fitness the top four and over 20% of overall occupancy. The top industry served are drug stores at 11.1% and could see some disruption from the pending WBA/RAD merger as the combined company could cut store count where they have redundancies. Retail accounts for 79.5% of overall revenues which is concerning given the number of red-flags in the space. The company focuses on Service-Oriented businesses which they see as e-commerce resilient including convenience stores and theaters, the latter although could see closures if traffic continues to fall and studios push more towards a shorter exclusivity window. Dollar stores and quick service restaurants also a big portion of their business. Texas is their largest market with 9.7% of revenue and region which has faced pressure in the past with oil price volatility. O focuses a lot on their dividend, 78 straight quarters of increases, and flattening growth or a cut would be devastating.

Open Interest, Volatility, and Skew: O 30-day IV at 17.45% is in the 12th percentile of its 52-week range of 16.17% to 27.26%. Its January options are pricing in a 12.2% move into year-end and its total put/call open interest ratio is 1.64. Its 30-day IV skew is 1.2% vs a 52-week average of 11.0%. Some notable positions in open interest include the September \$55 puts and December \$50 puts.



Current Skew Indicator: Slightly Bullish

Date	Description	Volu	Open	Price	%Chan	De	Impl \	Prob.Π	Premium F	Symbol
1/25/2017	O 100 15 SEP 17 55 PUT	3,009	7	\$2.70	19.47%	-0.34	21.46%	40.97%	\$812,430	.O170915P55
5/24/2017	O 100 15 SEP 17 55 PUT	2,061	5,786	\$2.75	-11.29%	-0.54	18.28%	58.68%	\$577,080	.O170915P55
5/15/2017	O 100 15 DEC 17 50 PUT	2,071	2,120	\$2.00	0.00%	-0.32	21.38%	39.00%	\$445,265	.O171215P50
5/9/2017	O 100 15 DEC 17 50 PUT	2,132	145	\$1.85	15.63%	-0.29	21.67%	35.96%	\$394,420	.O171215P50

Analyst Notes: Analysts have an average target of \$60 on shares with 3 buy ratings, 4 hold ratings, and 3 sell ratings. Raymond James reiterated a Sell rating a few months ago and cautious on free standing retail sector while O's valuation is above those of peers. MSCO was out cautious on the group in December seeing rising rates and slower growth headwinds into 2017/2018.

Technical View: O shares have been strong since 2009 when they traded as low as \$15 per shares and broke above a big volume shelf in early 2016 at \$54.50. Shares have major trend support at \$50 and below opens up to a move back to \$45-\$40. RSI is a bit oversold on the weekly basis while MACD curling higher.



Seasonality: O shares are seasonally strong in Q1, especially in January and March. The weakest months over the last five years have been May and then August/September, the latter two with an 8% decline on average.

Ownership Trends: Institutional ownership jumped 6.75% in Q1 filings with 54 funds creating new positions, 227 adding, 49 closing, and 202 reducing. 6 funds hold O in their top ten positions. Short interest is 9.15% of the float and down from 2014 peak near 20%. It has risen from 8% in March 2017.

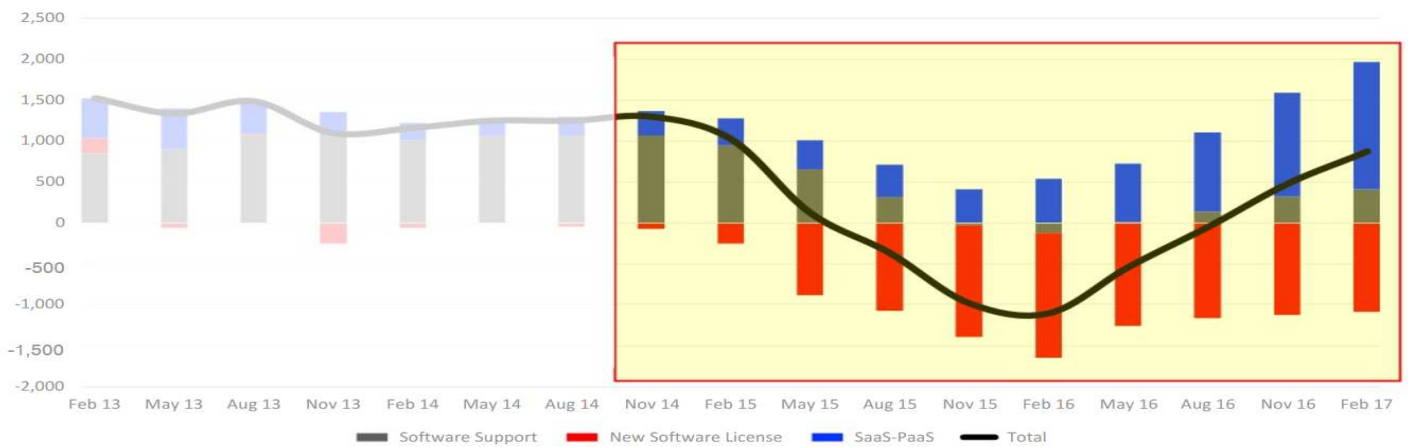
Catalyst: Occupancy Levels Drop, Movie Theater Closures, WBA/RAD announce closures post-merger, Dividend Cut

Optimal Strategy: Long the O December \$55/\$45 Put Spread for \$2.40 Debit

Oracle (ORCL) \$45.40 – Technology – Application Software

Fundamental Snapshot: The \$188B software company trades 16.2X Earnings, 5X Sales, 3.7X Book and yields a 1.4% dividend with more than \$50B in cash. ORCL has seen revenues slump the past few years and 2017 remains a transition year before returning to 7.5-10% annual EPS growth as it moves into a cloud/subscription model. Its core licensing business looks to have troughed as well while SaaS/PaaS is showing impressive growth. Oracle feels like how Microsoft was a few years ago and will become a multiple expansion story as its cloud business becomes a greater mix leading to higher margins and stronger growth. Oracle also has plenty of opportunity to utilize its cash for adding to its cloud offerings and boosting growth through M&A. ORCL spent \$9B last year to acquire NetSuite, a smart deal. As a smaller player across various growth markets currently, but with a big reach to acquire more market share, the outlook over the next 3-5 years looks very strong.

Revenue \$ Growth – Trailing Twelve Month

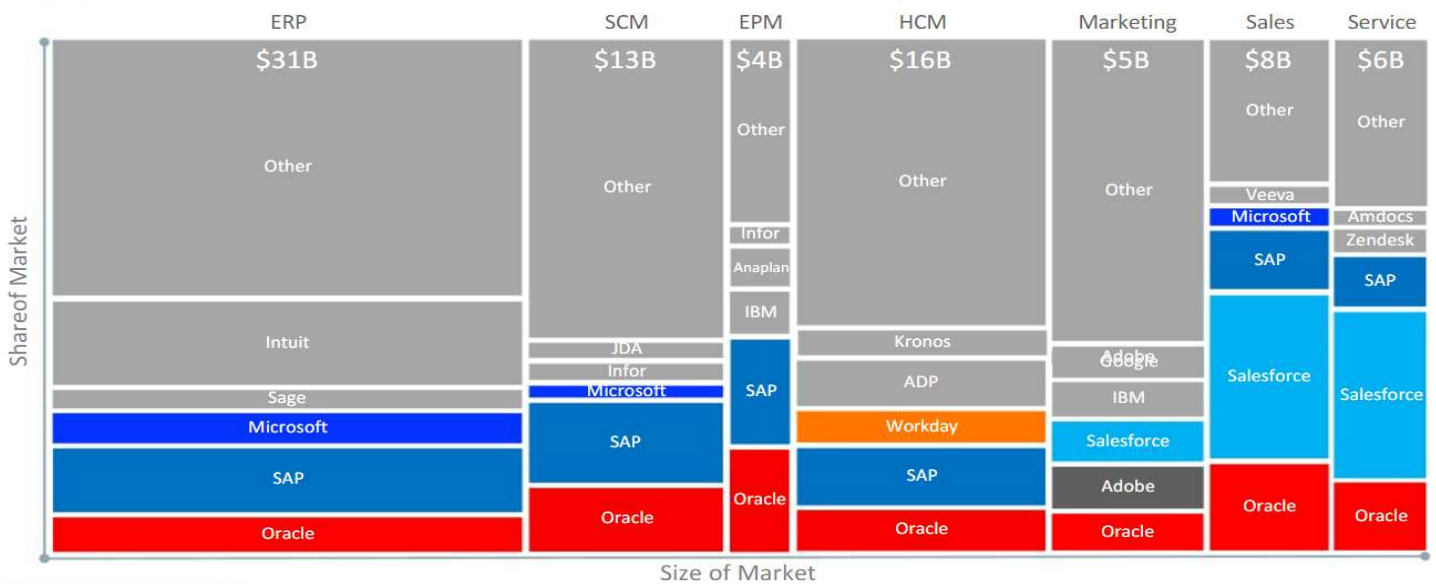


ORACLE

Trailing 12 Month Non-GAAP results in USD. Columns represent y/y dollar growth of TTM results, while line represents total of columns.

17

Applications/SaaS Market Size & Players



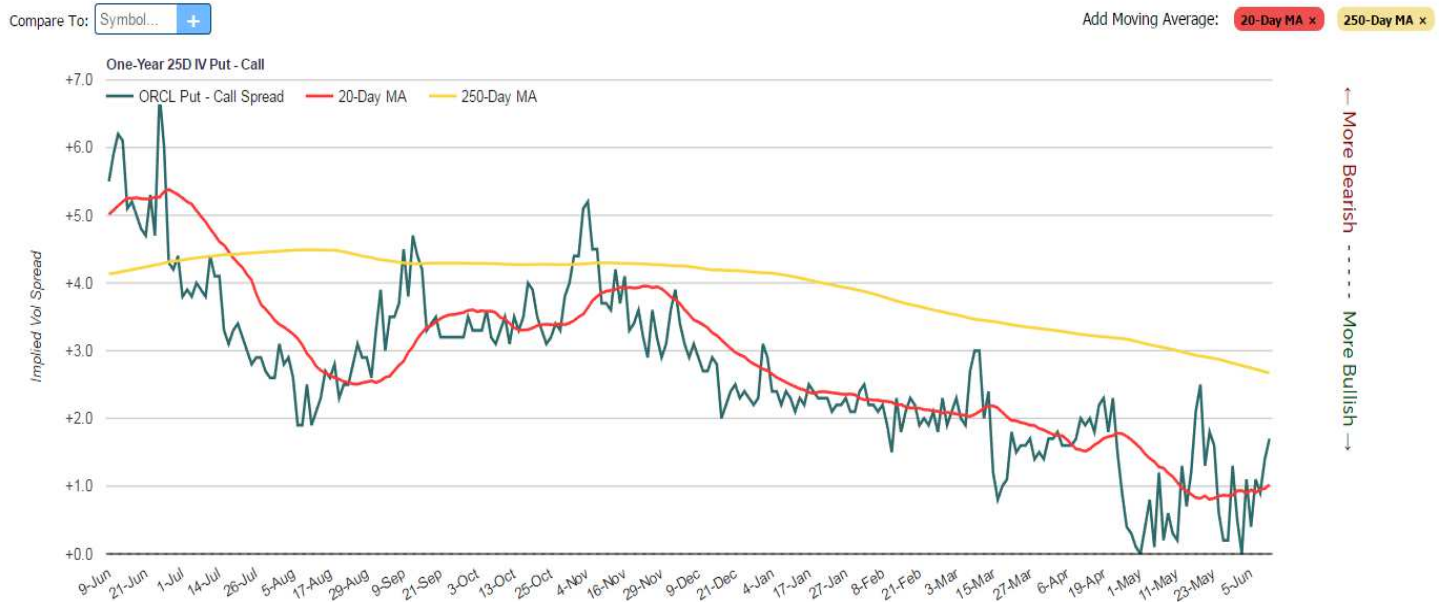
ORACLE

Source: Annualized data from IDC 2016 1H Software Tracker, including pure-play cloud companies.

Open Interest, Volatility, and Skew: Oracle's 30 day IV at 24.45% compares to a 52-week average of 11.3% to 32.3%. Its December options are pricing in an 11.5% move by year-end, and total put/call open interest ratio is at 0.718. Its 30 day IV Skew at 7.2% compares to a 52-week average of 16.6%. Some notable positions in open interest include a \$3.7M position in September \$46 calls, a \$2.7M position in June 23rd (W) \$44 calls, and a \$2.5M position in Jan. 2019 \$55 calls.

Date	Description	Volu	Open	Price	%Chan	De	Impl	Prob.I	Premium F	Symbol
4/3/2017	ORCL 100 15 SEP 17 46 CALL	23,218	4,202	\$1.58	8.22%	0.43	17.79%	38.02%	\$3,668,444	.ORCL170915C46
5/19/2017	ORCL 100 (Weeklys) 23 JUN 17 44 CALL	20,305	45	\$1.34	-30.57%	0.55	21.56%	52.23%	\$2,720,870	.ORCL170623C44
3/16/2017	ORCL 100 18 JAN 19 55 CALL	12,151	453	\$2.04	72.88%	0.29	20.18%	20.46%	\$2,478,804	.ORCL190118C55
6/2/2017	ORCL 100 (Weeklys) 23 JUN 17 47 CALL	5,000	2,216	\$0.52	4.00%	0.32	21.71%	30.21%	\$260,000	.ORCL170623C47
1/18/2017	ORCL 100 19 JAN 18 45 CALL	8,320	2,166	\$1.18	2.61%	0.26	20.48%	20.28%	\$981,760	.ORCL180119C45
5/30/2017	ORCL 100 21 JUL 17 43 PUT	20,018	4,513	\$0.48	-4.00%	-0.23	19.69%	25.51%	\$960,864	.ORCL170721P43
4/7/2017	ORCL 100 18 JAN 19 47 CALL	2,400	1,159	\$3.75	4.17%	0.45	21.86%	34.07%	\$900,000	.ORCL190118C47
3/17/2017	ORCL 100 21 JUL 17 47 CALL	7,906	461	\$1.13	-11.02%	0	#ERROR!	0.00%	\$893,378	.ORCL170721C47
6/5/2017	ORCL 100 19 JAN 18 46 PUT	2,525	701	\$2.93	-3.93%	-0.48	18.91%	54.95%	\$732,250	.ORCL180119P46
4/6/2017	ORCL 100 21 JUL 17 44 CALL	4,000	538	\$1.68	-19.62%	0.53	17.06%	48.89%	\$672,000	.ORCL170721C44
4/3/2017	ORCL 100 18 JAN 19 50 CALL	2,010	2,273	\$2.83	1.07%	0.37	21.26%	27.36%	\$580,890	.ORCL190118C50
5/10/2017	ORCL 100 15 SEP 17 45 PUT	3,000	2,156	\$1.85	5.71%	-0.46	18.10%	50.65%	\$561,000	.ORCL170915P45
4/18/2017	ORCL 100 15 SEP 17 44 PUT	2,750	661	\$2.01	-3.37%	-0.46	18.50%	50.90%	\$555,500	.ORCL170915P44
5/25/2017	ORCL 100 (Weeklys) 23 JUN 17 43.5 PUT	9,243	23	\$0.41	-12.77%	-0.25	19.99%	26.53%	\$388,206	.ORCL170623P43.5
3/8/2017	ORCL 100 15 SEP 17 40 PUT	2,500	996	\$1.41	-1.40%	-0.31	20.57%	36.95%	\$355,000	.ORCL170915P40
5/4/2017	ORCL 100 (Weeklys) 23 JUN 17 45.5 CALL	2,425	0	\$1.14	N/A	0.5	18.43%	46.99%	\$300,700	.ORCL170623C45.5
4/28/2017	ORCL 100 21 JUL 17 48 CALL	9,188	2,753	\$0.32	-11.11%	0.17	15.98%	15.31%	\$294,016	.ORCL170721C48
3/29/2017	ORCL 100 15 SEP 17 45 PUT	1,100	176	\$2.44	-1.61%	-0.51	17.74%	56.70%	\$275,000	.ORCL170915P45
4/24/2017	ORCL 100 15 SEP 17 47 CALL	2,506	3,531	\$1.04	-0.95%	0.33	17.48%	29.29%	\$260,624	.ORCL170915C47

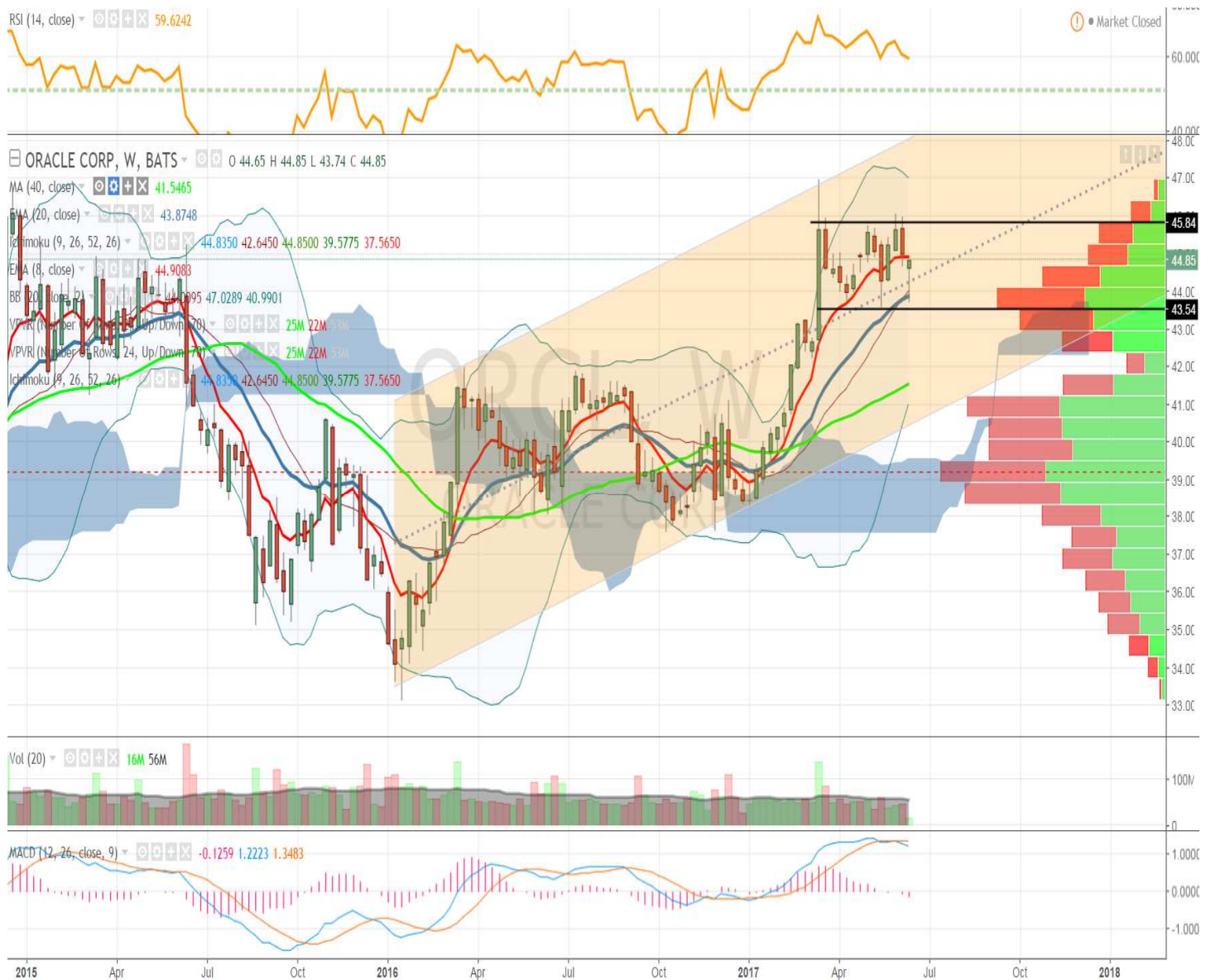
Historical Volatility Spread of 25-Delta Put IV minus 25-Delta Call IV



Current Skew Indicator: **Slightly Bullish**

Analyst Notes: Analysts have an average target of \$49 on shares with a high of \$55 and low of \$42, 16 Buy and 7 Hold ratings. Benchmark started coverage at Buy on 4-27 with a \$55 target. BAML raised its target to \$54 after last quarter seeing it as a breakout quarter with positive inflection in Cloud which saw ARR bookings +70% and increased margins. JP Morgan upgraded shares to Overweight on 3-16 with a \$51 target as cloud subscription growth more than offsets declines in license revenues, and recurring revenue mix is heading higher.

Technical View: ORCL shares have pulled in off highs to test the rising 20 week EMA and volume support, setting up a great looking weekly bull flag within its channel up pattern. The pattern measures to an upside objective of \$54, while support below \$43.50 comes into play at a retest of its former breakout that aligns with the rising 200 MA at \$41.50.



Seasonality: ORCL shares have performed best in the Q4 through Q1 period while being down on average the last 5 years Q2 to Q3. Its best months are March and December.

Ownership Trends: Institutional ownership was flat in Q1 filings with 139 funds taking new positions, 525 adding, 77 closing, and 673 reducing. Polen Capital is a top holders with ORCL its 13th largest and added in Q1. Short interest is low at 1% of the float near a 1 year low. On 5-31 a Director made a tiny purchase, otherwise no insider buys over the last 4 years. Active manager exposure is well below its 5 year average in Oracle.

Catalyst: Repatriation; M&A; Cloud Growth

Optimal Strategy: Long the ORCL December \$46 Calls at \$2.00 Debit

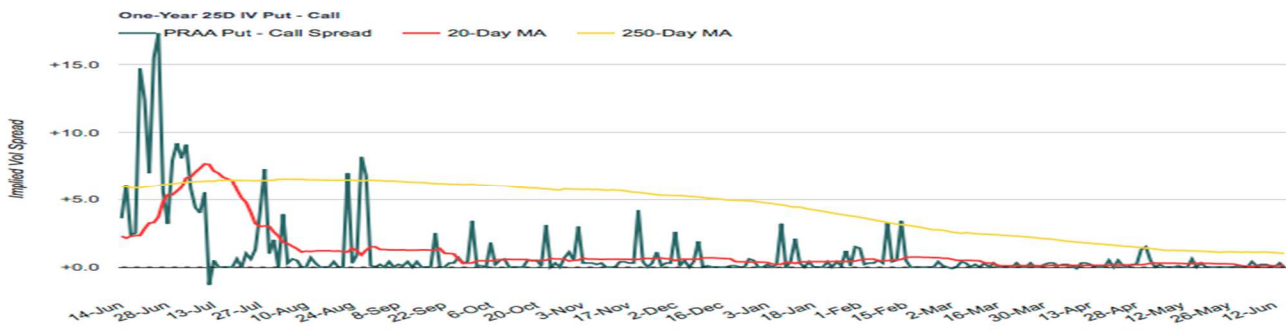
PRA Group (PRAA) \$36 – Business Services - Credit

Fundamental Snapshot: The \$1.69B company trades 13.7X earnings, 2.08X sales, and 20.6X cash with 15% EPS growth. PRAA manages a portfolio of non-performing loans in America and Europe from vendors such as Visa and MasterCard. 2016 was the first down year for the company since 2004 and expecting to see double-digit sales growth in 2018 with EPS moving back to \$3 per share. PRAA has focused on operational execution in their Americas business while building out their Brazil and Canadian businesses and seeing an uptick in Chapter 13s in 2017 which is reversing trend. The company has seen their European core business grow as an overall source of revenue with insolvency dropping in 2015 and 2016. International has become a big opportunity for the company with \$5.1B in estimated remaining collections, up from around \$2B in 2012. The British Isles, Central Europe, and Northern Europe the biggest areas of opportunity. PRAA has seen short-term pressures with weakness in the Americas and cash collections down Y/Y but outlined a number of potential catalysts longer-term including changes to the T CPA, increases in the domestic supply of non-performing loans, consolidation in Europe, and potential changes from the Trump administration regarding regulations overseeing collections. The company announced a new CEO in February who will take over on June 1.



Open Interest, Volatility, and Skew: PRAA 30-day IV at 31.16% is in the 10th percentile of its 52-week range of 27.44% to 63.37%. Its December options are pricing in a 20.9% move into year-end and its total put/call open interest ratio is 1.06. Its 30-day IV skew is flat vs a 52-week average of 2.7%. Some notable positions in open interest include the September \$35/\$25 bull risk reversal.

Date	Description	Volu	Open	Price	%Chan	De	Impl	Prob.1	Premium F	Symbol
4/18/2017	PRAA 100 15 SEP 17 35 CALL	6,600	40	\$2.00	12.99%	0	#ERROR!	0.00%	\$1,386,000	.PRAA170915C35
4/18/2017	PRAA 100 15 SEP 17 25 PUT	6,600	6	\$0.75	-24.24%	-1	--	100.00%	\$759,000	.PRAA170915P25



↑ More Bearish
..... More Bullish
↓

Current Skew Indicator: **Slightly Bullish**

Analyst Notes: Analysts have an average target for shares of \$38 with the majority at a Buy equivalent, although limited coverage. Sun Trust out positive in October noting that the company is potentially nearing a long-term turning point with 2017 expected to see a rising domestic supply of credit card charge offs while the US business should generate higher returns.

Technical View: PRA shares were hit hard on earnings last quarter, down from \$42.50 in February but forming a base recently at \$32 and the 61.8% retracement of the run from November. Above \$38 shares have room to move into a low-volume gap back to \$40 in short-order before moving to new highs.



Seasonality: PRAA shares are seasonally strongest in March, June, and February while June 1st to November 1st has returned, on average since 2012, 15.6%. November is by far the weakest month of the calendar year.

Ownership Trends: PRAA has seen some notable insider buying recently with Director Geir Olsen buying 286,000 shares at \$34.84 on behalf of Ubon Partners, an investment firm he formed with Fredrik Halvorsen. Institutional ownership fell 1.7% last quarter, Turtle Creek, a \$541M fund out of Toronto, buying 1M shares and now their second largest position. Short interest is 11.9% of the float but down sharply.

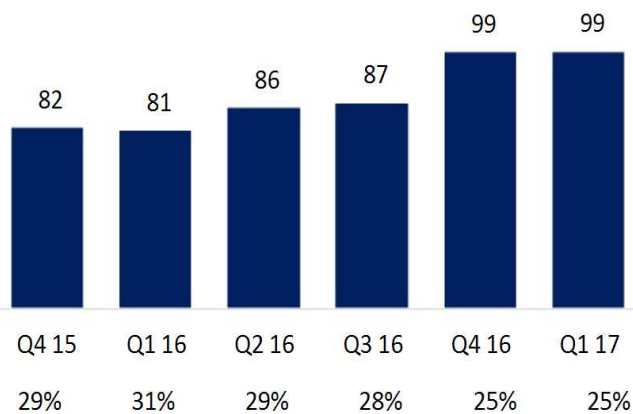
Catalyst: Changes to the TCPA, More Supply in Core Americas, Rising American Insolvency, Consolidation in Europe, Regulation on Collections

Optimal Strategy: Long **PRAA** Stock at \$36

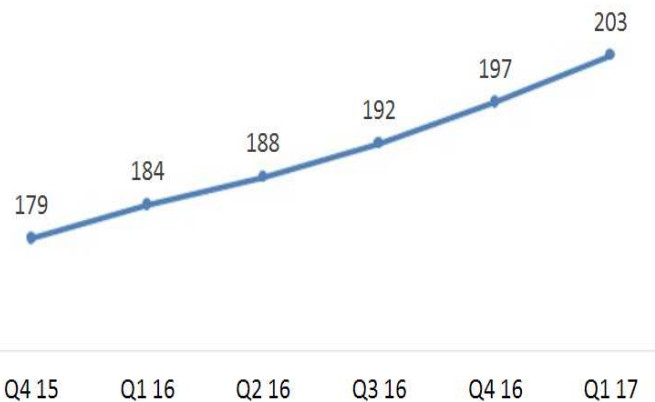
PayPal Holding (PYPL) \$53.80 – Financial – Payment Technology

Fundamental Snapshot: The \$64.2B leader in online and mobile payments trades 25.4X Earnings, 5.7X Sales and 25.8X FCF with a debt-free balance sheet. PYPL has posted 15% and 17% revenue growth the last two years since splitting away from eBay (EBAY), and forecasts 15-17% annual growth through 2019 with EPS at similar growth rates. In Q1 PYPL did \$99B in total payment volume, +25% Y/Y and added 6M accounts bringing the total to 203M with payment transactions per account rising 12% Y/Y. PayPal also expanded its partnerships with Google, Wells Fargo, & Visa. Mobile volumes saw 51% growth, now accounting for 32% of total, and Venmo volume jumped 114%. PYPL also expanded operating margins as new customer active accounts grew the fastest in three years, so strong momentum into 2017. PayPal is launching a feature allowing Venmo as a mobile payment option via PayPal which should be a positive for growth. PYPL also announced a new \$5B buyback. PayPal is a great combination of margin expansion, accelerating growth, and rising market share in a growth market.

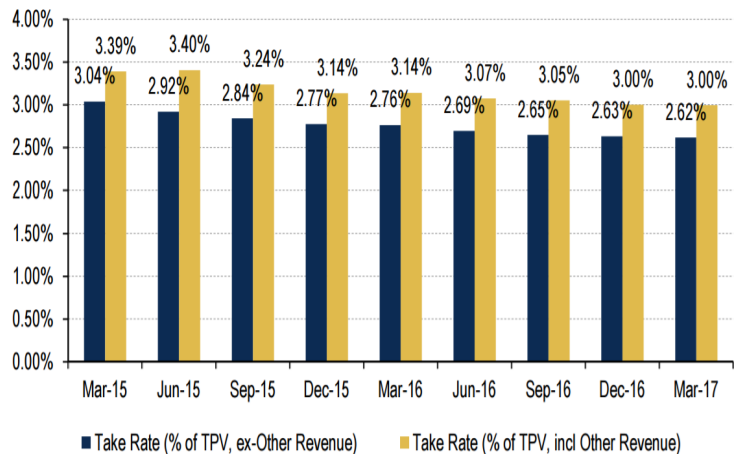
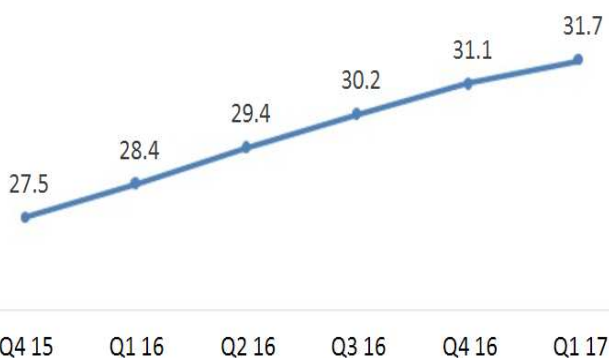
Total Payment Volume (TPV) (\$B)⁽¹⁾



Active Customer Accounts (M)⁽¹⁾



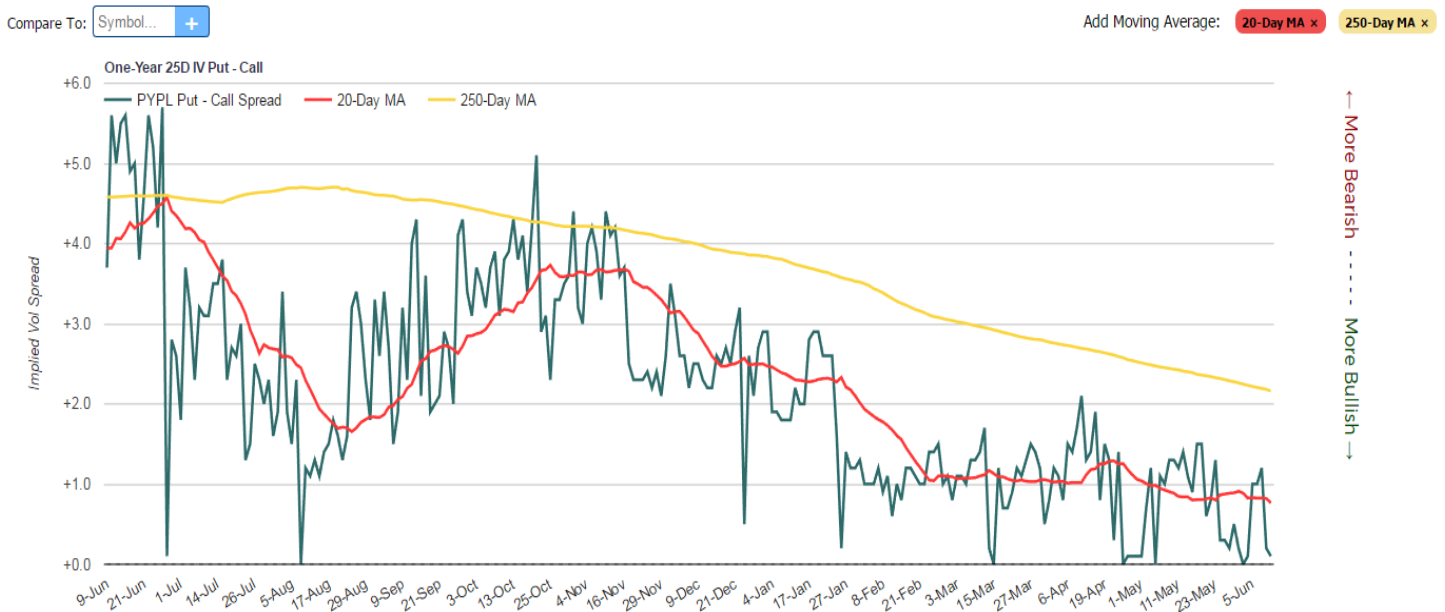
Number of Payment Transactions per Active Customer Account⁽¹⁾



Open Interest, Volatility, and Skew: PayPal's 30 day IV at 20.8% compares to a 52-week range of 14.4% to 37.3%. Its January 2018 options are pricing in a 15.3% move over the next 7 months, and total put/call open interest ratio is at 0.78. Its 30 day IV Skew at 0.5% compares to a 52-week average of 9.8%. Some notable positions in open interest include 4,000 Jan. 2018 long \$50 straddles, a roll out to 6,700 October \$50 calls as a near \$4M position, a buy of 5K October \$52.50 calls, and 1,500 Jan. 2019 \$47 calls bought back in February.

Date	Description	Volu	Open	Price	%Chan	De	Impl	Prob.I	Premium f	Symbol
6/5/2017	PYPL 100 20 OCT 17 50 CALL	6,733	1,534	\$5.90	11.32%	0.71	26.74%	65.43%	\$3,938,805	.PYPL171020C50
5/22/2017	PYPL 100 19 JAN 18 50 CALL	4,027	7,318	\$3.80	2.43%	0.54	23.86%	46.45%	\$1,590,665	.PYPL180119C50
5/22/2017	PYPL 100 19 JAN 18 50 PUT	4,000	243	\$3.75	-3.85%	-0.46	22.44%	53.30%	\$1,480,000	.PYPL180119P50
5/25/2017	PYPL 100 20 OCT 17 52.5 CALL	5,288	357	\$2.39	1.27%	0.46	23.23%	40.09%	\$1,306,136	.PYPL171020C52.5
2/6/2017	PYPL 100 19 JAN 18 42 PUT	2,500	994	\$4.93	-5.01%	-0.54	24.37%	63.08%	\$1,287,500	.PYPL180119P42
11/29/2016	PYPL 100 21 JUL 17 42 CALL	3,548	500	\$2.59	-15.08%	0.45	26.69%	36.97%	\$918,932	.PYPL170721C42
5/23/2017	PYPL 100 19 JAN 18 50 PUT	2,500	4,243	\$3.60	0.00%	-0.45	22.60%	52.20%	\$900,000	.PYPL180119P50
4/27/2017	PYPL 100 19 JAN 18 50 CALL	3,274	4,133	\$2.52	80.00%	0.43	21.99%	35.33%	\$851,240	.PYPL180119C50
2/6/2017	PYPL 100 19 JAN 18 42 CALL	2,500	2,980	\$3.13	-0.63%	0.47	25.35%	37.05%	\$800,000	.PYPL180119C42
6/2/2017	PYPL 100 20 OCT 17 52.5 CALL	2,042	5,645	\$3.70	1.37%	0.57	24.57%	51.34%	\$755,540	.PYPL171020C52.5
5/23/2017	PYPL 100 19 JAN 18 52.5 CALL	2,500	0	\$2.82	N/A	0.45	23.09%	37.54%	\$727,500	.PYPL180119C52.5
2/14/2017	PYPL 100 18 JAN 19 47 CALL	1,500	300	\$4.00	6.67%	0.44	26.24%	30.30%	\$645,000	.PYPL190118C47
12/21/2016	PYPL 100 19 JAN 18 40 PUT	1,500	2,513	\$4.14	-5.91%	-0.44	26.15%	54.29%	\$621,000	.PYPL180119P40
2/24/2017	PYPL 100 20 OCT 17 41 PUT	2,502	4	\$2.33	-6.80%	-0.36	23.92%	43.49%	\$592,974	.PYPL171020P41
3/28/2017	PYPL 100 20 OCT 17 43 PUT	2,000	440	\$2.73	-5.54%	-0.45	22.50%	51.94%	\$578,000	.PYPL171020P43
5/12/2017	PYPL 100 21 JUL 17 49 CALL	2,705	1,960	\$2.05	4.06%	0.56	20.66%	52.11%	\$565,345	.PYPL170721C49
2/24/2017	PYPL 100 20 OCT 17 46 CALL	2,502	10	\$2.03	8.56%	0.4	23.05%	33.00%	\$540,432	.PYPL171020C46
1/3/2017	PYPL 100 19 JAN 18 37 PUT	2,006	2,448	\$2.63	-11.74%	-0.31	27.48%	41.47%	\$527,578	.PYPL180119P37
5/10/2017	PYPL 100 20 OCT 17 47 CALL	1,002	1,609	\$4.50	3.93%	0.66	23.35%	60.12%	\$450,900	.PYPL171020C47
4/5/2017	PYPL 100 19 JAN 18 47 CALL	2,015	1,259	\$2.04	7.37%	0.39	22.84%	31.12%	\$447,330	.PYPL180119C47
3/28/2017	PYPL 100 18 JAN 19 40 PUT	1,000	86	\$4.10	-3.76%	-0.34	26.50%	47.12%	\$445,000	.PYPL190118P40
5/2/2017	PYPL 100 21 JUL 17 48 CALL	1,710	953	\$2.25	50.00%	0.62	19.40%	58.03%	\$417,240	.PYPL170721C48
5/12/2017	PYPL 100 21 JUL 17 48 CALL	1,506	2,563	\$2.71	2.65%	0.66	21.07%	62.10%	\$414,150	.PYPL170721C48
1/26/2017	PYPL 100 21 JUL 17 44 CALL	2,087	180	\$1.73	-7.98%	0.4	23.48%	34.08%	\$396,530	.PYPL170721C44
5/4/2017	PYPL 100 21 JUL 17 50 CALL	2,288	2,076	\$1.57	15.44%	0.46	20.27%	42.03%	\$359,216	.PYPL170721C50
6/5/2017	PYPL 100 21 JUL 17 50 PUT	5,251	1,755	\$0.62	-6.06%	-0.2	26.85%	23.32%	\$346,566	.PYPL170721P50
6/6/2017	PYPL 100 20 OCT 17 57.5 CALL	2,018	480	\$1.68	-2.89%	0.35	23.80%	29.53%	\$343,060	.PYPL171020C57.5

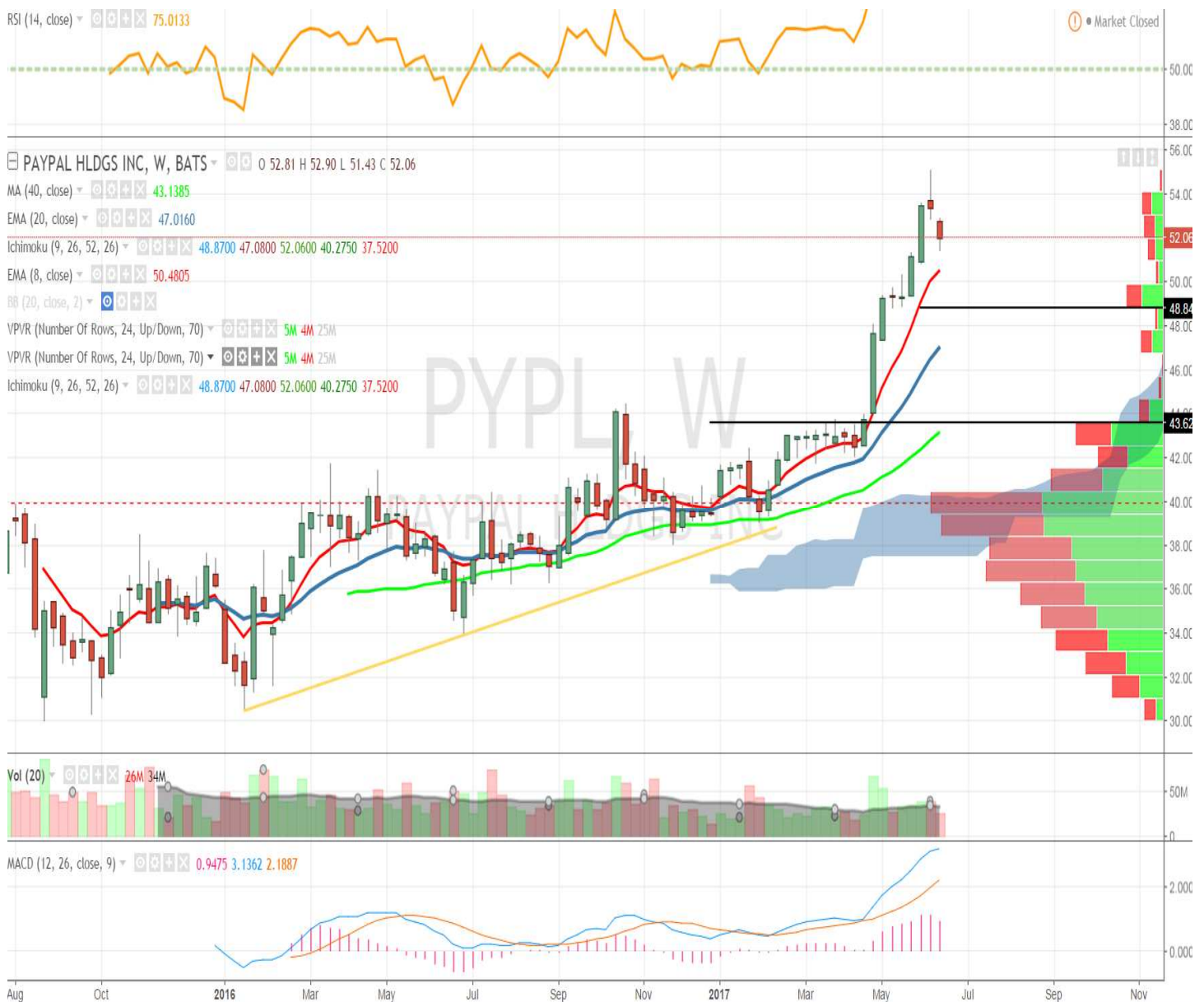
Historical Volatility Spread of 25-Delta Put IV minus 25-Delta Call IV



Current Skew Indicator: **Bullish**

Analyst Notes: Analysts have an average target of \$52.40 on shares with a high of \$61 and low of \$45, 14 Buy and 3 Hold ratings. Stifel downgraded shares to Hold with a \$51 target on 5-25 seeing shares fully valued but noted strong customer engagement with rapid One Touch adoption, growth at Venmo, and strategic partnerships. RW Baird was out reiterating Outperform on 6-2 with a raised \$59 target, expecting strong earnings momentum to continue as it takes online payment market share and strong loyalty from customers. Citi raised its target to \$62 from \$52 on 6-9.

Technical View: PYPL shares made a strong move after earnings in April and saw strong post-earnings drift up to a high of \$55 before pulling back with Tech names to its 20 day EMA. Shares also have support at the 50 EMA at \$49 which aligns with volume by price support. The upside is tough to measure with shares in uncharted territory, but \$60 is a fair target.



Seasonality: PayPal has only traded for two years with strong seasonal tendencies in October and February, and weak in November.

Ownership Trends: Institutional ownership fell 1.76% in Q1 filings as 99 funds took new positions, 410 added, 71 closed, and 382 reducing. Riverpark, DSM Capital, and Duquesne Family Office took new stakes in Q1 and both Edgewood and Wedgewood added to positions with PYPL a top 10 holding. Short interest at 3% of the float is rising back to near record highs. PYPL has not seen any insider buying.

Catalyst: Venmo Monetization; Operating Margin Expansion; Partnerships

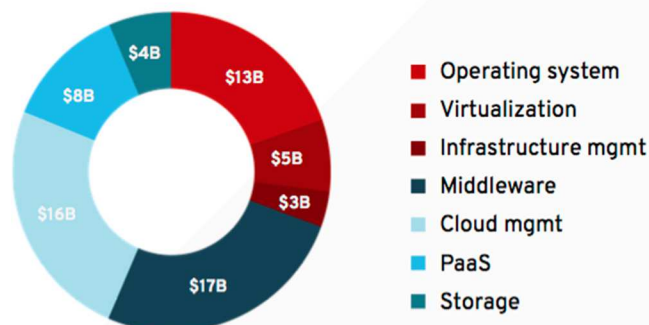
Optimal Strategy: Long the PYPL July \$55 / October \$52.50 Call Diagonal Spreads at \$2.25 Debit

Red Hat (RHT) \$89 – Technology - Software

Fundamental Snapshot: The \$15.75B company trades 28.8X earnings, 6.5X sales, and 22X FCF with 16-17% EPS growth and sales looking to top \$3B by 2018. RHT sees significant growth opportunities in Storage, Cloud Management, and PaaS with a greater than \$66B TAM by 2020. The company has turned their focus to more partnerships and current cloud partners including Microsoft, AWS, and Google while adding HP, Huawei, and IBM recently to expand their OpenStack private cloud service to more customers. They have a three-tiered initiative for FY18 which includes building out Enterprise Linux, Hybrid Cloud Infrastructure, and Containers. RHT is benefitting from growth in their emerging cloud technologies and capitalizing on larger deals in 2017 with \$1M+ deals up 30% and a record number of \$20M+ contracts. They also continue to win major government deals including a significant win with the US Navy in January. RHT is coming off of a strong quarter with subscription revenue up 17% and guiding to operating margins over 20% on more than \$2.72B in sales next year.

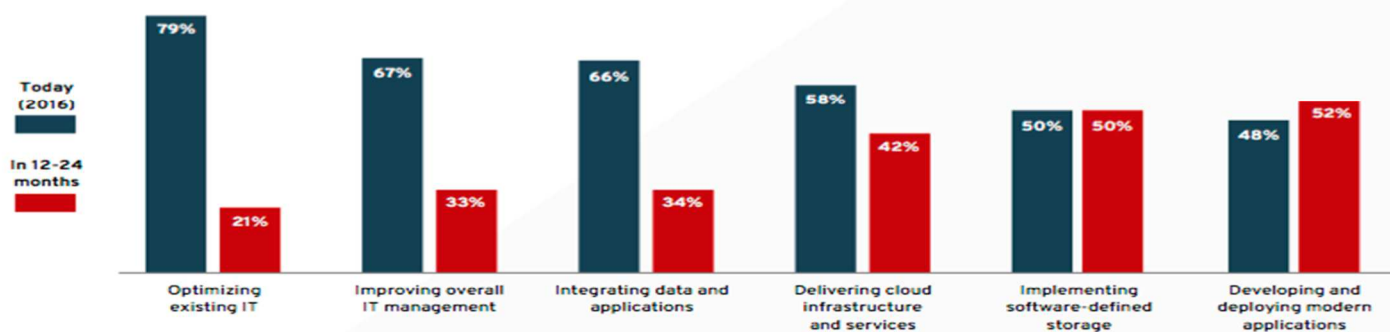
GROWTH OPPORTUNITY

Total addressable market estimated at ~\$66 billion in 2020

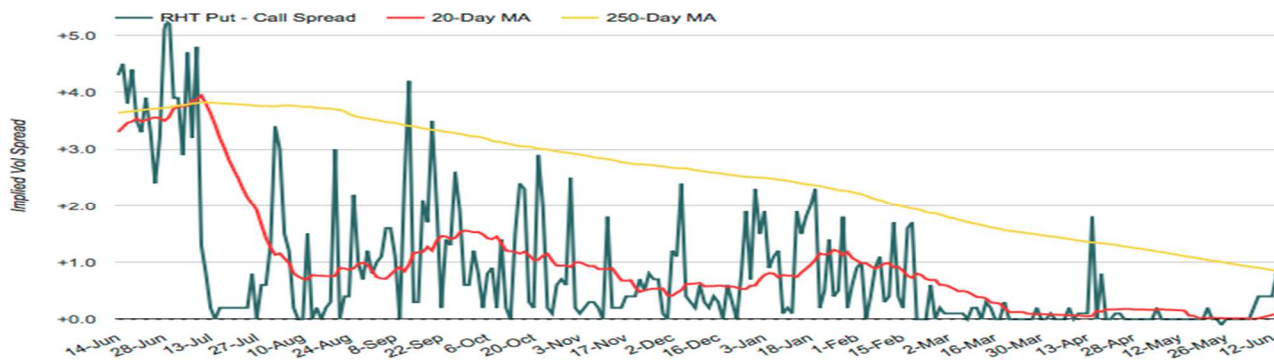


SHIFT INVESTMENT TO INNOVATION

IT optimization to shift from 79% to 21% over next 24 months



Open Interest, Volatility, and Skew: RHT 30-day IV at 39.38% is in the 100th percentile of its 52-week range of 17.03% to 38.05%. Its December options are pricing in a 15.8% move into year-end and its total put/call open interest ratio is 0.617. Its 30-day IV skew is 1.0% vs a 52-week average of 3.7%. Some notable positions in open interest include the September \$75, \$85, \$90, and \$92.50 calls.



Current Skew Indicator: Slightly Bullish

← More Bearish More Bullish →

Date	Description	Volu	Open	Price	%Chan	De	Impl	Prob.II	Premium F	Symbol
5/24/2017	RHT 100 19 JAN 18 75 CALL	1,835	59	\$16.00	-7.51%	0.79	29.81%	71.10%	\$3,027,750	.RHT180119C75
5/12/2017	RHT 100 15 SEP 17 90 CALL	3,144	46	\$4.24	3.92%	0.48	24.04%	42.05%	\$1,414,800	.RHT170915C90
3/6/2017	RHT 100 18 JAN 19 80 PUT	1,002	502	\$10.70	0.94%	-0.39	27.59%	53.68%	\$1,102,200	.RHT190118P80
6/9/2017	RHT 100 21 JUL 17 95 CALL	5,607	766	\$1.65	-32.65%	0.3	32.76%	25.99%	\$1,093,365	.RHT170721C95
5/18/2017	RHT 100 15 SEP 17 85 CALL	1,224	475	\$5.90	5.36%	0.56	27.15%	49.47%	\$746,640	.RHT170915C85
1/31/2017	RHT 100 19 JAN 18 85 CALL	1,000	67	\$5.21	4.20%	0.4	28.75%	29.45%	\$560,000	.RHT180119C85
3/2/2017	RHT 100 18 JAN 19 80 PUT	503	1	\$10.60	-10.92%	-0.39	27.00%	53.36%	\$538,210	.RHT190118P80
5/15/2017	RHT 100 15 SEP 17 90 CALL	1,126	3,134	\$4.80	12.68%	0.5	24.38%	43.91%	\$517,960	.RHT170915C90
6/7/2017	RHT 100 15 SEP 17 92.5 CALL	1,004	1,198	\$5.05	7.45%	0.52	26.37%	46.93%	\$512,040	.RHT170915C92.5
6/6/2017	RHT 100 21 JUL 17 90 CALL	538	261	\$4.80	0.00%	0.59	29.69%	55.16%	\$263,620	.RHT170721C90
5/15/2017	RHT 100 15 SEP 17 92.5 CALL	627	98	\$3.75	13.64%	0.43	25.00%	37.18%	\$238,260	.RHT170915C92.5

Analyst Notes: Analysts have an average target for shares of \$91 with 20 buy ratings, 8 hold ratings, and 1 sell rating. Oppenheimer raising their PT to \$96 on 5-10. Stephens has \$100 price target seeing larger deals helping grow revenue, the Navy deal and a \$100M/year telco deal key. Cowen out positive on 3-28 noting that they see RHEL and middleware to continue taking meaningful market share in future quarters and public cloud momentum to continue.

Technical View: RHT shares have been one of the strongest among tech in 2017, up over 25% and recovering from a drop last Fall after concerns over Enterprise Linux and their CFO leaving. Shares have a long-term measured move to \$105 after clearing a big 2015/2016 range.



Seasonality: Institutional ownership fell 3.2% in Q1 filings, 78 creating new positions, 198 adding, 42 closing, 169 reducing. 15 funds hold RHT in their top ten positions. Jericho Asset Management with a 1M share position and Tremblant Capital a top holder with 1.8M shares. Short interest is 2.7%.

Ownership Trends: Institutional ownership in RHT fell 3.21% in Q1 filings, 78 funds creating new positions, 198 adding, 42 closing, and 169 reducing. 15 funds had RHT in their top ten. DF Dent a notable concentrated holder with 1.8M shares, their second largest position at 4.4% weight. Short interest is 2.7% of the float and down from February 2017 when it was over 5%.

Catalyst: Partnerships, Public Cloud Adoption, Market Share Gains for RHEL

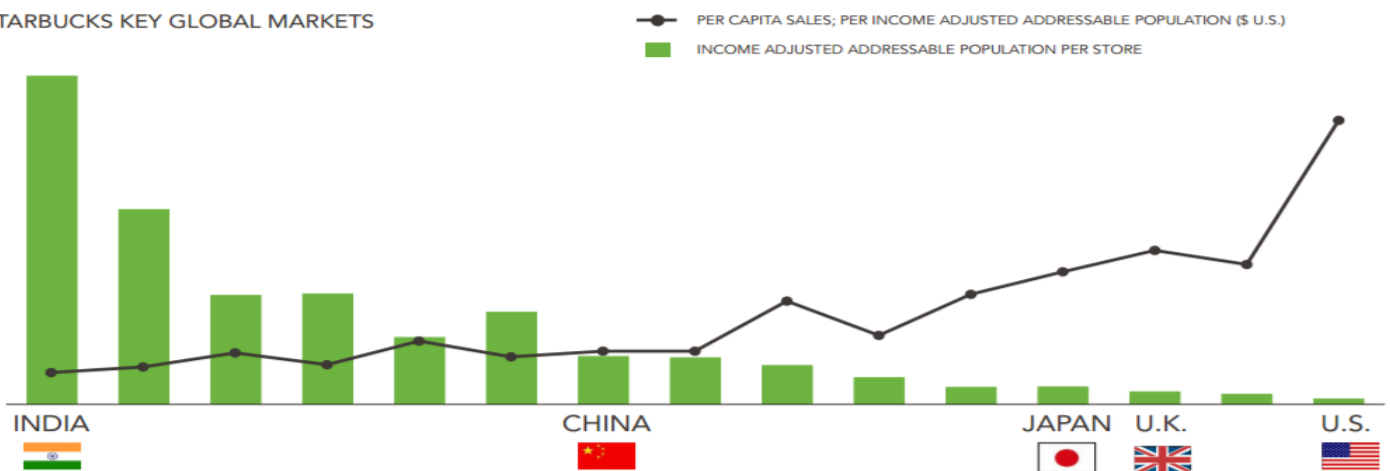
Optimal Strategy: Long the RHT September \$92.50 Calls for \$3.50 Debit

Starbucks (SBUX) \$64.50 – Consumer – Restaurants/Eatery

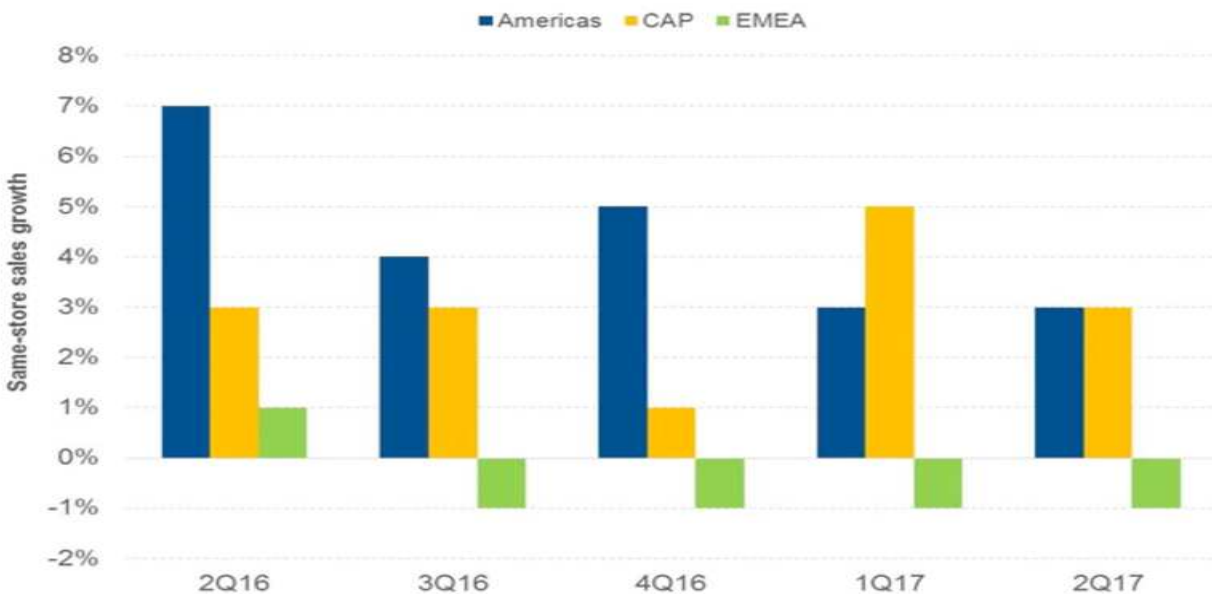
Fundamental Snapshot: The \$92.9B coffee leader trades 26.65X Earnings, 4.23X Sales and 57.9X FCF with a 1.55% dividend yield. In its most recent quarter SBUX posted 3% US comps and 7% in China while active US membership in Starbucks Rewards grew 11% Y/Y and mobile payments reached 29% of transactions. SBUX has been delivering double digit revenue growth every year since 2012, though 2017 seen at just 6.6% before reaccelerating in 2018/2019 with much of the new growth derived from India/China. SBUX continue to deliver double digit EPS growth. SBUX has 26,000 stores in 75 countries and continues to be a major leader in technology supporting online ordering while its loyalty program drives consistent sales. Its 5 year strategic plan includes building 12,000 new stores, grow its share of the home coffee market, expand internationally, and launch new products. Its acquisition of Teavana is seen driving new growth opportunities and Food is seen to double over the next five years as it really increases its presence.

Global store footprint opportunity versus the addressable market

STARBUCKS KEY GLOBAL MARKETS



SBUX's Same-Store Sales Growth

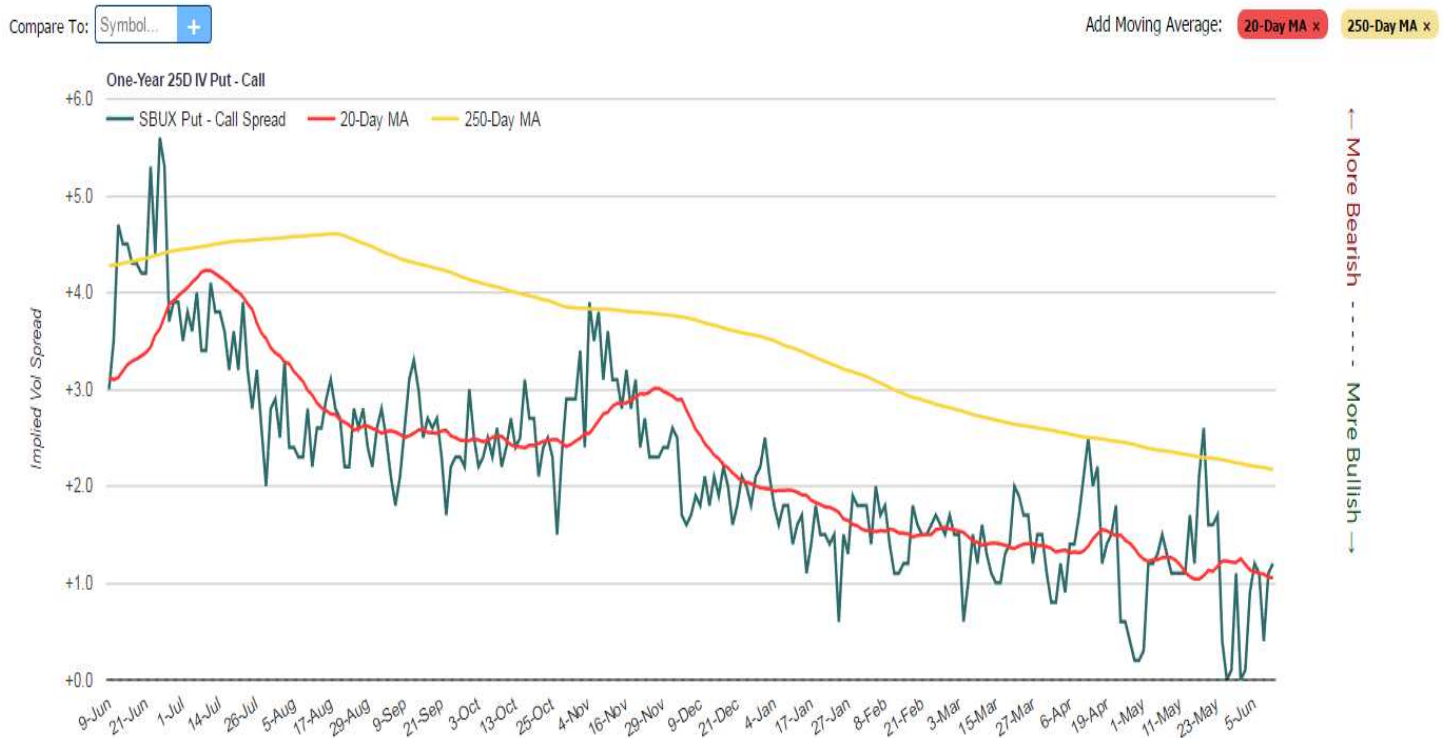


Open Interest, Volatility, and Skew: Starbucks's 30 day IV at 15.9% compares to a 52-week range of 11.9% to 32.3%. Its January 2018 options are pricing in a 12.2% move, and total put/call open interest ratio is at 1.19.

Its 30 day IV Skew at 7.5% compares to a 52-week average of 13.2%. Some notable positions include a \$3.5M buy of Jan. 2019 \$60 calls, a \$1.59M buy of Jan. 2019 \$55 calls, sizable buys in Jan. 2018 calls, and over 8,500 June 2018 \$57.5 calls bought to open recently.

Date	Description	Volu	Open	Price	%Chan	De	Impl	Prob.I	Premium F	Symbol
3/13/2017	SBUX 100 18 JAN 19 60 CALL	9,002	1,179	\$3.90	0.00%	0.39	21.70%	29.10%	\$3,510,780	.SBUX190118C60
3/13/2017	SBUX 100 19 JAN 18 52.5 CALL	6,129	1,765	\$5.15	0.98%	0.59	22.14%	51.33%	\$3,187,080	.SBUX180119C52.5
5/10/2017	SBUX 100 15 JUN 18 57.5 CALL	3,505	5,399	\$6.58	-5.46%	0.61	22.06%	52.23%	\$2,365,875	.SBUX180615C57.5
4/19/2017	SBUX 100 15 JUN 18 57.5 CALL	2,602	189	\$6.00	9.49%	0.57	22.18%	48.26%	\$1,613,240	.SBUX180615C57.5
4/13/2017	SBUX 100 18 JAN 19 55 CALL	2,000	814	\$7.70	0.79%	0.59	23.14%	47.75%	\$1,590,000	.SBUX190118C55
9/29/2016	SBUX 100 18 JAN 19 40 PUT	5,200	116	\$2.86	-4.67%	-0.19	27.62%	33.48%	\$1,487,200	.SBUX190118P40
1/30/2017	SBUX 100 19 JAN 18 65 CALL	10,134	4,831	\$1.34	0.00%	0.23	20.04%	17.42%	\$1,347,822	.SBUX180119C65
4/11/2017	SBUX 100 18 JAN 19 60 PUT	1,500	207	\$7.60	10.95%	-0.52	18.90%	63.51%	\$1,155,000	.SBUX190118P60
3/14/2017	SBUX 100 15 JUN 18 50 PUT	3,350	1,255	\$3.32	0.61%	-0.34	21.02%	43.68%	\$1,139,000	.SBUX180615P50
5/4/2017	SBUX 100 20 OCT 17 50 CALL	923	37	\$10.98	13.43%	0.89	24.67%	84.95%	\$1,024,530	.SBUX171020C50
4/7/2017	SBUX 100 18 JAN 19 62.5 CALL	2,169	707	\$4.25	-15.00%	0.42	20.93%	31.90%	\$943,515	.SBUX190118C62.5

Historical Volatility Spread of 25-Delta Put IV minus 25-Delta Call IV



Current Skew Indicator: **Slightly Bullish**

Analyst Notes: Analysts have an average target of \$65 on shares with a high of \$70 and low of \$57, 13 Buy and 2 Hold ratings. On 5-15 Deutsche Bank upgraded shares to Buy seeing the company “righting the ship” after a year of comp misses. UBS rates shares Buy with a \$70 target seeing continued US market share gains and International leading to the next leg of growth. On 4-28 Piper raised its target to \$70 with an Overweight rating seeing momentum in sales outweighing the Q2 comp miss with it being a second-half story.

Technical View: SBUX shares recently cleared a key \$59 level and made a run to near \$65, breaking out of a monthly bull wedge, but since have come back to test its 50 day EMA at \$61. Shares should reverse near \$61,

but if move lower the \$59 level is ideal support, and a new up leg looks to be starting that can carry shares to \$75.



Seasonality: SBUX shares have tended to lag in Q3 and Q4, outside of November which has a 5 year average return of +5.67%. Q1 is its best quarter with March standing out at +5.24% on average.

Ownership Trends: Institutional ownership fell 1.44% in Q1 filings with 116 funds taking new positions, 504 adding, 98 closing, and 599 reducing. Two Creeks Capital added to its large stake with SBUX its 2nd largest holding, and Polen Capital a top holder added to its position with SBUX now its 6th largest holding. Short interest is 1.5% of the float, rising 85% since Q1 and hitting a 5 year high. The last insider buys in the name came in 2013.

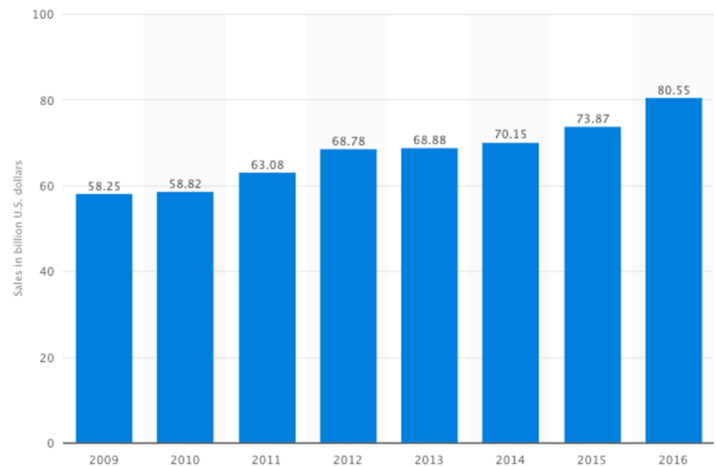
Catalyst: 2H Comps; Tech Rollouts

Optimal Strategy: Long the SBUX September \$65/\$57.5 Bull Risk Reversal at \$0.20 Credit

Scientific Games (SGMS) \$23.15 – Services – Gaming

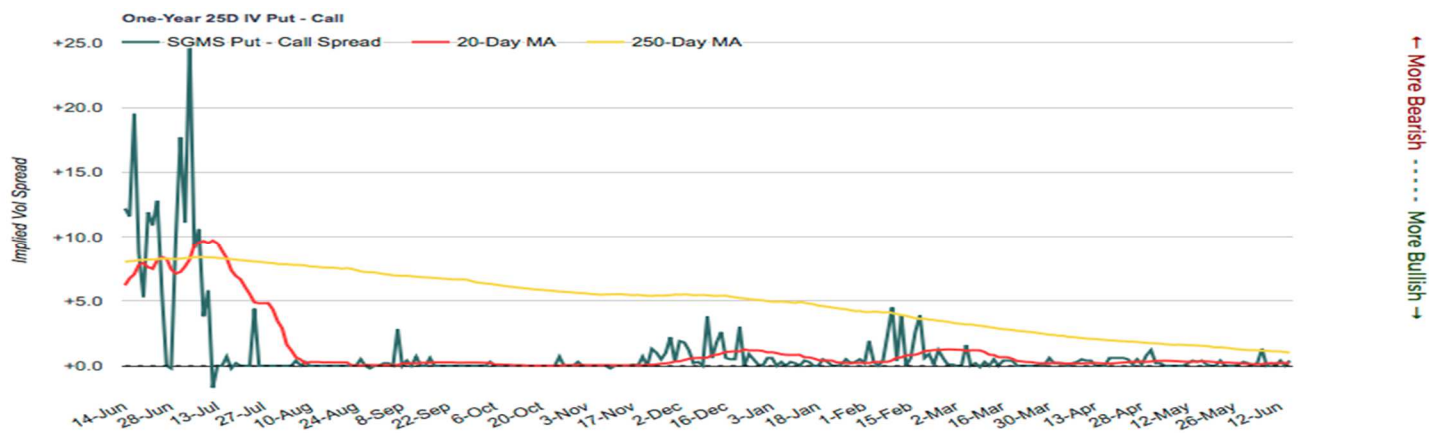
Fundamental Snapshot: The \$2.05B maker of technology-based products for gaming and lottery industries trades 0.70X sales and 15.5X cash with strong gross margins, above 61%. SGMS is expecting steady revenue growth between 3-4% up to over \$3B in annual sales by 2018. The company is a leading provider of gaming machines, content, casino management systems, table game products, and instant/draw-based lottery games. Their gaming segment caters to clubs, truck stops, bars, bingo and arcade halls, among others, with an installed base of 975,000 machines while their lottery segment has a huge TAM with US instant retail sales topping \$43B last year and draw games over \$25B. Interactive games maybe the biggest area for potential growth with games across Facebook, the Apple eco-system, Google Play, Kindle, and others. Longer-term revenue expansion in IG is seen through new channels and the expansion of legal jurisdictions, especially in the US. SGMS announced a \$5.1B deal for Bally Technologies in 2014 which expanded their size and scale in slot machines and interactive gaming with best-in-class social gaming apps, most notably real-money iGaming. Last quarter, revenue rose 6% to \$725M with global shipments up 24% and interactive up 33%.

Sales of state lotteries in the United States from 2009 to 2016 (in billion U.S. dollars)



Open Interest, Volatility, and Skew: SGMS's 30 day IV at 40.3% compares to a 52-week range of 33.9% to 99.4%. Its January 2018 options are pricing in a 30.5% move, and total put/call open interest ratio is at 0.179. Its 30 day IV Skew at 1.0% compares to a 52-week average of 2.0%. Some notable positions include the October \$22 calls, the January 2018 \$22, \$25, and \$28 calls, and the January 2019 \$30 calls.

Date	Description	Volu	Open	Price	%Chan	De	Impl	Prob.Π	Premium F	Symbol
2/23/2017	SGMS 100 20 OCT 17 22 CALL	19,468	1	\$3.10	3.33%	0.53	56.21%	35.36%	\$6,424,440	.SGMS171020C22
6/13/2017	SGMS 100 19 JAN 18 28 CALL	12,500	0	\$3.50	N/A	0.53	48.26%	37.74%	\$4,625,000	.SGMS180119C28
2/21/2017	SGMS 100 18 JAN 19 30 CALL	10,000	0	\$3.85	N/A	0	#ERROR!	0.00%	\$3,850,000	.SGMS190118C30
6/1/2017	SGMS 100 19 JAN 18 25 CALL	8,031	1,076	\$3.04	4.83%	0.52	47.09%	37.44%	\$2,569,920	.SGMS180119C25
2/27/2017	SGMS 100 19 JAN 18 22 CALL	5,000	5,015	\$4.20	5.00%	0	#ERROR!	0.00%	\$2,150,000	.SGMS180119C22
3/16/2017	SGMS 100 20 OCT 17 20 PUT	7,500	7	\$2.50	-23.78%	-0.34	52.58%	49.83%	\$2,025,000	.SGMS171020P20
2/24/2017	SGMS 100 19 JAN 18 22 CALL	5,000	15	\$3.80	0.00%	0.55	56.79%	33.57%	\$2,000,000	.SGMS180119C22
3/16/2017	SGMS 100 20 OCT 17 27 CALL	7,500	10	\$1.50	3.45%	0.36	49.99%	22.65%	\$1,387,500	.SGMS171020C27
5/18/2017	SGMS 100 20 OCT 17 27 CALL	7,421	7,559	\$1.20	0.00%	0	#ERROR!	0.00%	\$890,520	.SGMS171020C27
3/30/2017	SGMS 100 21 JUL 17 26 CALL	4,000	2,975	\$1.23	1.65%	0.36	45.92%	26.82%	\$492,000	.SGMS170721C26
5/9/2017	SGMS 100 20 OCT 17 20 PUT	3,000	7,462	\$1.55	-34.04%	-1	--	100.00%	\$480,000	.SGMS171020P20
3/29/2017	SGMS 100 19 JAN 18 25 CALL	1,001	72	\$3.70	48.00%	0.53	52.69%	34.28%	\$380,380	.SGMS180119C25
3/3/2017	SGMS 100 20 OCT 17 23 CALL	1,000	0	\$3.30	N/A	0.55	51.26%	38.85%	\$350,000	.SGMS171020C23
5/9/2017	SGMS 100 21 JUL 17 24 CALL	3,000	2,012	\$0.95	-20.83%	0	#ERROR!	0.00%	\$315,000	.SGMS170721C24
5/4/2017	SGMS 100 21 JUL 17 26 CALL	3,216	7,103	\$0.60	-36.84%	0.25	37.00%	19.51%	\$192,960	.SGMS170721C26
6/1/2017	SGMS 100 20 OCT 17 28 CALL	1,534	6	\$1.18	-31.40%	0.32	44.19%	23.20%	\$191,750	.SGMS171020C28
3/8/2017	SGMS 100 21 JUL 17 26 CALL	1,000	504	\$1.15	-7.26%	0	#ERROR!	0.00%	\$130,000	.SGMS170721C26
4/10/2017	SGMS 100 21 JUL 17 27 CALL	1,000	10	\$0.85	13.33%	0	#ERROR!	0.00%	\$95,000	.SGMS170721C27



Current Skew Indicator: Slightly Bullish

Analyst Notes: Analysts have an average target for shares of \$23.50 with a high of \$32 and a low of \$16 on 1 Buy rating and 4 Hold ratings. BAML upgraded shares to Buy from Sell on 1-26 with a \$20 price target seeing notable catalysts from earnings beats driven by better costs, a potential doubling in free cash flow, and possible balance sheet restructuring which should off-set concerns over leverage.

Technical View: On the chart, shares have been very strong in 2017 and broke out of a more than \$10 range in February. Shares have a longer-term measured target to \$27.50-\$30 but traded has high as \$37.50-\$40 in 2005. Shares cleared a big volume area above \$20 which would be ideal support on a pullback.



Seasonality: SGMS shares are seasonally strong in Q4 with September through year-end return averaging 22.5% since 2012. The best performing months are February, June, and September while May and August weak.

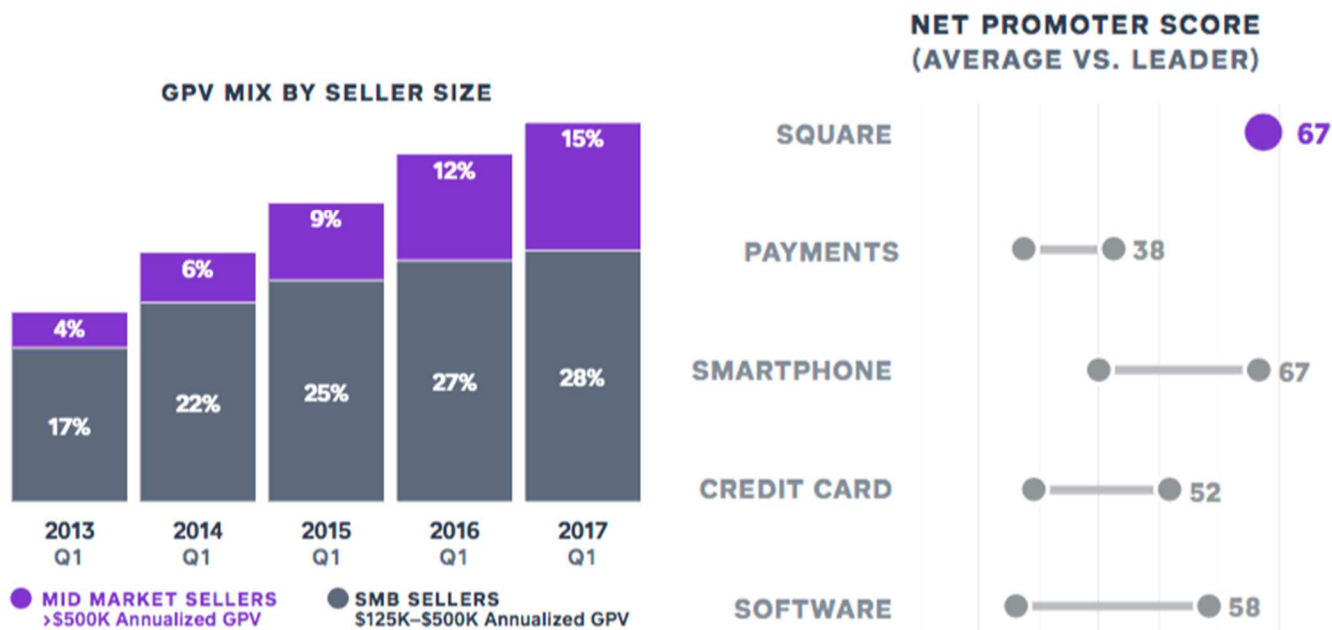
Ownership Trends: Institutional ownership fell 2.01% in Q1 filings, 43 funds creating new positions, 60 funds adding, 14 closing, and 54 reducing. Six funds hold SGMS in their top ten holdings. Fine Capital Partners, a \$1.5B fund based in NY, holds SGMS as their top position and more than 13% weight in their portfolio. The firm owns 5.8M shares but sold over 640,000. They have been holders since 2010.

Catalyst: Casino openings and new contracts, Maryland and Pennsylvania deals, Italy deal, Online poker legalization

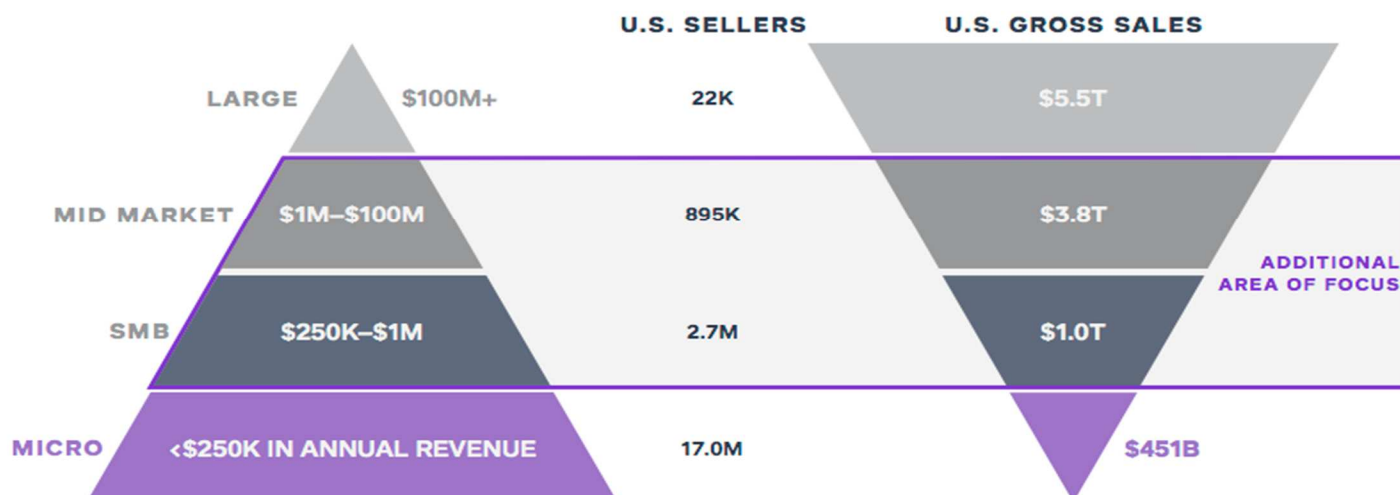
Optimal Strategy: Long the **SGMS** January \$28/\$33 Call Spread for \$1.75 and Sell the January \$20 Put for \$1.40, net debit of \$0.35 and willing to own stock at \$20.

Square (SQ) \$23.50 – Technology – Financial Services

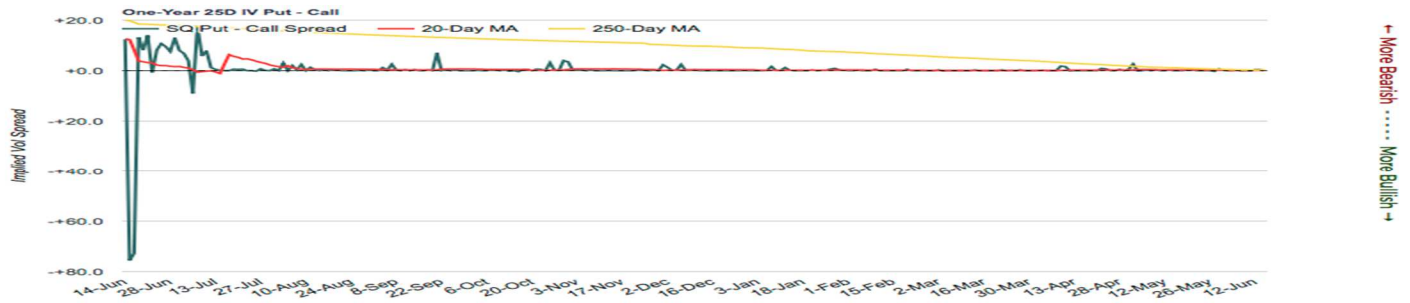
Fundamental Snapshot: The \$5.1B mobile payments company for small business trades 3.13X sales and 9.9X cash with 20% EPS growth. SQ has seen strong revenue growth each of the last two years and expecting 34% Y/Y growth in 2017 and 24.7% growth in 2018 with e-commerce and mobile continuing to be dominant trends in retail. The company announced a tie-up with Apple Pay in December which continues to expand their footprint and should drive engagement. The company held an investor day in May which outlined the keys to their growth strategy including adding scale through M&A, growing their base, and building out Internationally. SQ sees a massive addressable market through managed payments, POS, and growth services with their Caviar business. In the US, they see the opportunity at 21M applicable businesses and a \$3T GPV. The company currently has just \$53B in GPV which is less than 3% penetrated. Global opportunities are 6-7X that of the US. The company has grown GPV to \$14B, up from \$10B at their IPO, and total revenue up to \$462M. The firm sees up-market sellers as a big market opportunity seeing mid-market (\$1M-\$100M) and small-market (\$250K-\$1M) as their main areas of focus. In Q1, their GPV mix was 28% SMB and 15% MMS so considerable room for expansion.



Up-market sellers are a large opportunity



Open Interest, Volatility, and Skew: SQ 30-day IV at 44.62% is in the 37th percentile of its 52-week range of 27.84% to 72.91%. Its December options are pricing in a 26.3% move into year-end and its total put/call open interest ratio is 0.287. Its 30-day IV skew is 0.9% vs a 52-week average of 0.7%. Some notable positions in open interest include the September \$20 calls, December \$19 and \$20 calls, the January 2018 \$30 calls, and the January 2019 \$35 calls.

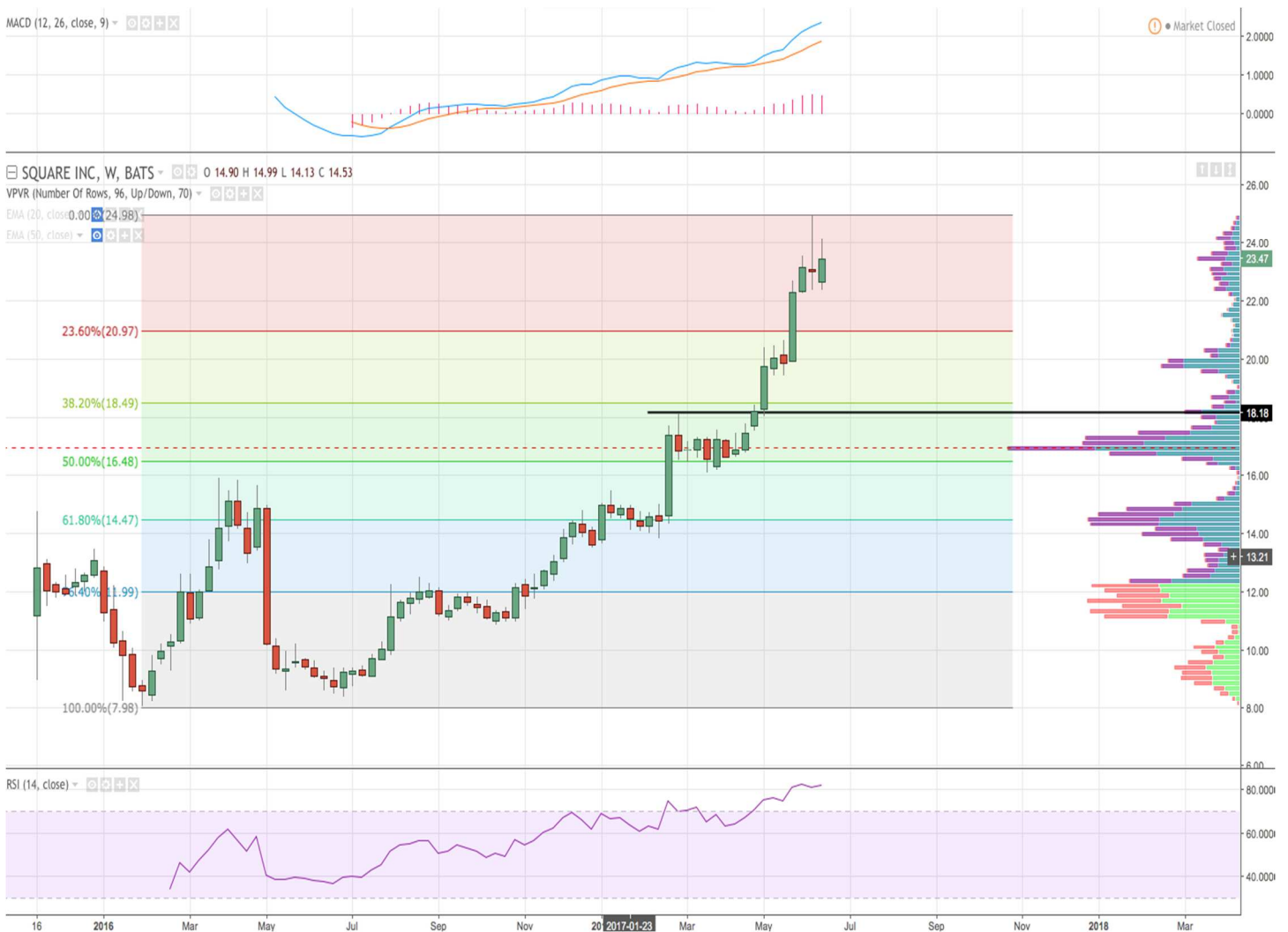


Current Skew Indicator: Slightly Bullish

Date	Description	Volu	Open	Price	%Chan	De	Impl \	Prob.Π	Premium F	Symbol
5/4/2017	SQ 100 15 DEC 17 20 CALL	9,185	90	\$2.38	19.00%	0	#ERROR!	0.00%	\$2,204,400	.SQ171215C20
6/7/2017	SQ 100 19 JAN 18 30 CALL	12,297	563	\$1.50	15.38%	0.33	43.82%	21.39%	\$1,906,035	.SQ180119C30
5/22/2017	SQ 100 15 DEC 17 19 CALL	4,033	3,655	\$3.40	23.19%	0	#ERROR!	0.00%	\$1,411,550	.SQ171215C19
5/23/2017	SQ 100 15 DEC 17 19 CALL	3,159	7,186	\$4.10	16.81%	0.72	42.59%	60.10%	\$1,326,780	.SQ171215C19
5/24/2017	SQ 100 15 DEC 17 20 CALL	3,134	6,955	\$3.66	1.67%	0.67	42.26%	54.79%	\$1,190,920	.SQ171215C20
5/18/2017	SQ 100 15 DEC 17 19 CALL	3,026	630	\$2.85	5.56%	0.62	39.53%	50.47%	\$907,800	.SQ171215C19
6/7/2017	SQ 100 18 JAN 19 35 CALL	3,230	1,324	\$2.50	13.64%	0.36	43.82%	18.08%	\$823,650	.SQ190118C35
5/9/2017	SQ 100 15 SEP 17 20 CALL	3,345	2,588	\$1.74	16.00%	0.55	36.49%	46.02%	\$602,100	.SQ170915C20
6/6/2017	SQ 100 21 JUL 17 25 CALL	4,430	456	\$1.10	100.00%	0.45	39.67%	39.65%	\$487,300	.SQ170721C25
6/6/2017	SQ 100 18 JAN 19 35 CALL	1,557	247	\$2.20	12.82%	0.34	41.18%	17.31%	\$365,895	.SQ190118C35
5/23/2017	SQ 100 19 JAN 18 22 CALL	1,177	581	\$2.70	28.57%	0.55	40.66%	42.19%	\$329,560	.SQ180119C22
5/9/2017	SQ 100 19 JAN 18 23 PUT	700	0	\$4.10	N/A	-0.62	35.07%	72.68%	\$308,000	.SQ180119P23
2/21/2017	SQ 100 15 SEP 17 15 CALL	1,043	50	\$1.53	0.66%	0.53	39.59%	40.85%	\$172,095	.SQ170915C15
5/2/2017	SQ 100 15 SEP 17 20 CALL	1,100	334	\$1.39	11.20%	0.46	40.19%	36.19%	\$165,000	.SQ170915C20
2/17/2017	SQ 100 15 SEP 17 16 CALL	1,009	1	\$1.10	0.92%	0.43	38.37%	31.67%	\$121,080	.SQ170915C16

Analyst Notes: Analysts have an average target for shares of \$18 with 19 buy ratings and 10 hold ratings. MSCO out with a \$20 PT on 5-19. Compass Point boosted their PO to \$19 on 1-10 and Pac Crest out highlighting shares as their best idea in the space this year with their small-and-medium business software market opportunity underappreciated in a very fragmented space. Guggenheim started shares at Buy on 12-20 seeing the 'electronification' of money a major tailwind for the group with merchant acquirers the biggest beneficiary.

Technical View: SQ shares have traded very strong in 2017 up 73% YTD with a wide-range from \$14-\$25. Shares are pulling back to the rising 20-EMA at \$22.50 recently with weakness in the Nasdaq while the rising 50-day at \$20 also stands out as support and lines up with the 5/22 breakout. Shares hit the measured target from the 2016 range breakout at \$23.25 and could see a pullback to the 23.6% Fibonacci at \$21.



Seasonality: SQ doesn't have a long history but seasonal strength so far in March/April and August. The weakest months for shares are May and January.

Ownership Trends: Institutional ownership jumped 33% last quarter after climbing 66% in the prior quarter, 69 funds creating new positions, 97 adding, 29 closing, and 51 reducing. 12 funds hold SQ in their top ten holdings. Melvin Capital a notable buyer of 1.8M shares while PDT Partners adding a new 1.2M shares. SQ short interest is 6.25% of the float.

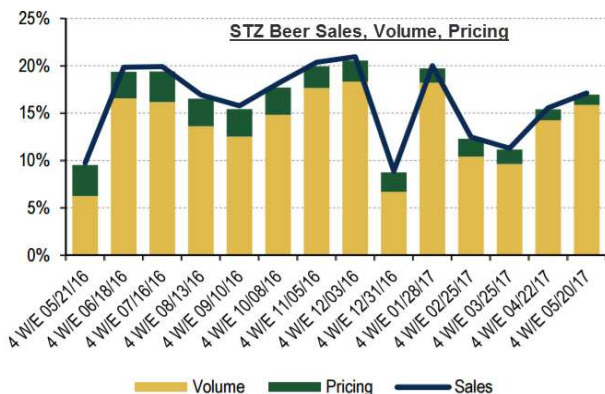
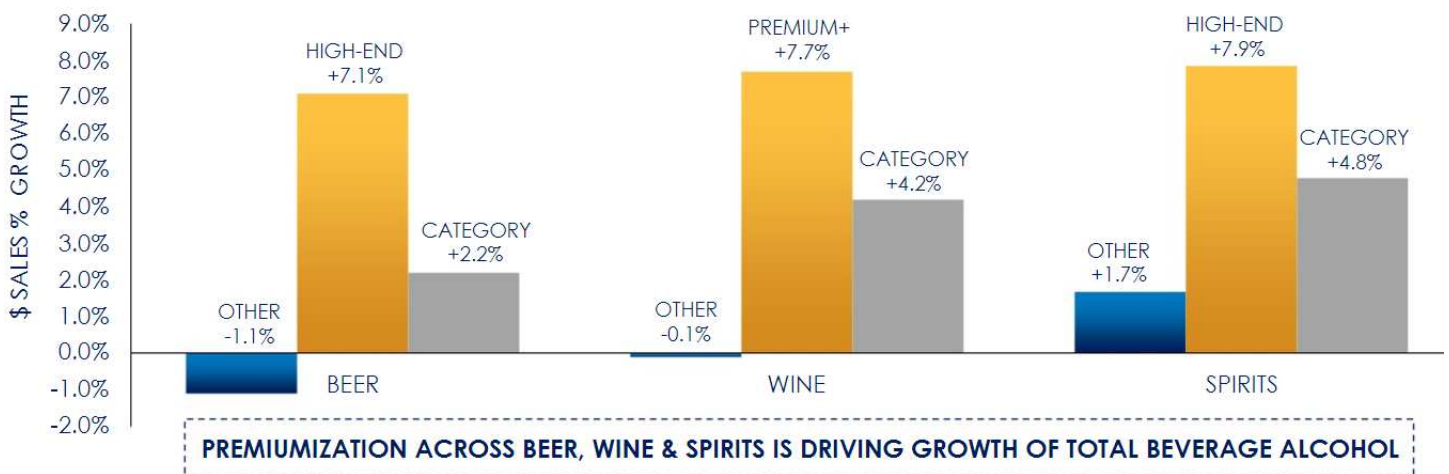
Catalyst: Growth Among Up-Market Retailers, International Expansion, GPV Expansion, Business Partnerships, Acquisitions

Optimal Strategy: Long the **SQ** January \$26/\$19 Bull Risk Reversal for \$1.15 Debit

Constellation Brands (STZ) \$184.75 – Consumer Goods - Beverages

Fundamental Snapshot: The \$35.9B beer, wine and spirits maker trades 21X Earnings, 4.89X Sales and 75.75X FCF with a 1.13% dividend yield. STZ has posted impressive revenue growth the last few years, a lot through acquisitions, and is guiding for 4-6% annual revenue growth with 10-17% EPS growth. STZ is the top high-end beer company in the US as well as the #1 imported beer company in the US, while also having the World's leading premium wine company and the #1 imported vodka with SVEDKA. STZ's average price per case of beer is \$31, comparing to the \$23 industry average. The company is also looking at building out its premium spirits brands and has not been shy with M&A in the past. Reports recently noted Constellation Brands' attempt to acquire Brown Foreman, but BF.B said the company is not for sale. Growing purchasing power of Millennials and Hispanics should continue the trends seen below in premium alcohol segments. STZ is posting strong growth, expanding margins, and actively using its balance sheet and cash flow. STZ is also targeting new distribution opportunities and packaging to drive beer growth.

PREMIUM SEGMENT GROWTH BY CATEGORY

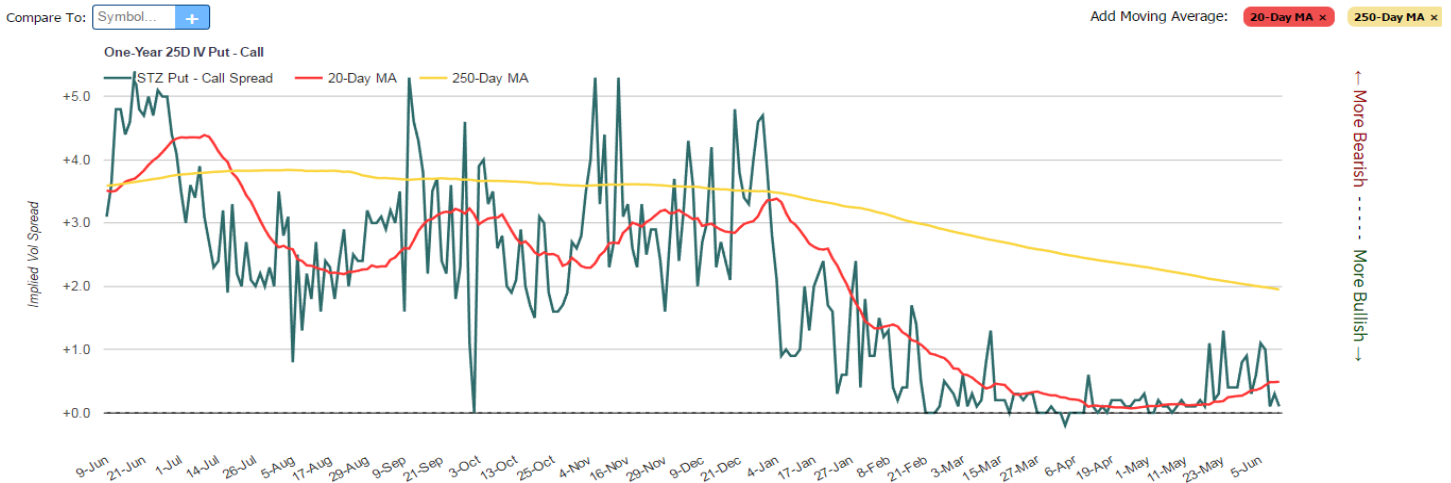


Open Interest, Volatility, and Skew: Constellation Brands' 30 day IV at 24.45% compares to a 52-week range of 15.1% to 31.8%. Its January 2018 options are pricing in a 14.4% move over the next 7 months, and total put/call open interest ratio is at 0.544. Its 30 day IV skew at 0.5% compares to a 52-week average of 9.3%. Some notable positions in open interest include sizable covered bull risk reversals in October and Jan. 2018

with sales of puts at \$165 strike in October and \$130/\$125 strikes in January, while buying of Jan. \$165 and \$170 calls and the October \$170 and \$185 calls.

Date	Description	Volu	Open.	Price	%Chan	De	Impl V	Prob. F	Premium F	Symbol
1/24/2017	STZ 100 19 JAN 18 165 CALL	8,522	4,297	\$11.20	18.64%	0	#ERROR!	0.00%	\$9,544,640	.STZ180119C165
1/31/2017	STZ 100 19 JAN 18 165 CALL	6,278	13,029	\$9.00	5.88%	0.38	25.13%	29.56%	\$5,650,200	.STZ180119C165
3/30/2017	STZ 100 20 OCT 17 170 CALL	5,739	394	\$8.25	-8.33%	0.44	23.52%	36.93%	\$4,992,930	.STZ171020C170
5/15/2017	STZ 100 20 OCT 17 185 CALL	6,000	8,884	\$8.00	1.91%	0.43	22.28%	37.93%	\$4,800,000	.STZ171020C185
12/22/2016	STZ 100 21 JUL 17 155 CALL	5,137	56	\$8.90	-3.26%	0.45	26.28%	37.36%	\$4,571,930	.STZ170721C155
1/27/2017	STZ 100 19 JAN 18 170 CALL	5,700	301	\$7.50	-17.13%	0.33	25.98%	24.52%	\$4,332,000	.STZ180119C170
12/20/2016	STZ 100 19 JAN 18 165 CALL	4,201	87	\$10.30	-17.60%	0.42	24.14%	32.55%	\$4,327,030	.STZ180119C165
1/27/2017	STZ 100 19 JAN 18 165 CALL	4,301	4,424	\$9.00	-16.97%	0.39	26.18%	29.38%	\$4,085,950	.STZ180119C165
1/24/2017	STZ 100 19 JAN 18 185 CALL	8,513	4,269	\$4.60	4.55%	0	#ERROR!	0.00%	\$3,915,980	.STZ180119C185
1/31/2017	STZ 100 19 JAN 18 125 PUT	7,628	16,828	\$5.10	-16.39%	-0.21	26.78%	29.70%	\$3,890,280	.STZ180119P125
2/13/2017	STZ 100 19 JAN 18 165 CALL	3,556	19,007	\$10.60	-2.48%	0.43	24.71%	34.48%	\$3,769,360	.STZ180119C165
1/30/2017	STZ 100 19 JAN 18 165 CALL	4,298	8,733	\$8.50	-7.71%	0.37	26.30%	27.72%	\$3,739,260	.STZ180119C165
2/24/2017	STZ 100 19 JAN 18 165 CALL	2,843	25,513	\$13.00	-3.70%	0.47	26.34%	37.58%	\$3,667,470	.STZ180119C165
2/15/2017	STZ 100 19 JAN 18 165 CALL	2,845	22,570	\$10.83	3.14%	0.45	24.91%	35.59%	\$3,186,400	.STZ180119C165
2/27/2017	STZ 100 19 JAN 18 170 CALL	2,844	10,629	\$10.60	-6.19%	0.42	26.20%	32.67%	\$3,014,640	.STZ180119C170
5/15/2017	STZ 100 20 OCT 17 165 PUT	6,000	181	\$4.70	-6.00%	-0.27	22.84%	32.42%	\$3,000,000	.STZ171020P165
1/27/2017	STZ 100 19 JAN 18 125 PUT	4,300	4,727	\$6.30	5.00%	-0.22	28.36%	32.01%	\$2,881,000	.STZ180119P125
1/30/2017	STZ 100 19 JAN 18 125 PUT	4,298	12,530	\$6.40	8.47%	-0.23	27.39%	32.63%	\$2,750,720	.STZ180119P125
2/9/2017	STZ 100 19 JAN 18 175 CALL	3,500	133	\$7.20	12.50%	0.34	23.99%	25.92%	\$2,695,000	.STZ180119C175
4/7/2017	STZ 100 20 OCT 17 180 CALL	3,028	51	\$9.00	20.81%	0.44	22.53%	37.84%	\$2,694,920	.STZ171020C180
3/8/2017	STZ 100 19 JAN 18 170 CALL	2,829	14,216	\$9.00	-7.22%	0.4	25.16%	31.18%	\$2,546,100	.STZ180119C170
3/30/2017	STZ 100 20 OCT 17 185 CALL	5,739	66	\$3.50	-8.38%	0.25	22.86%	20.27%	\$2,410,380	.STZ171020C185
5/15/2017	STZ 100 20 OCT 17 200 CALL	6,000	9,692	\$3.30	0.61%	0.24	21.76%	19.65%	\$2,100,000	.STZ171020C200
2/9/2017	STZ 100 19 JAN 18 130 PUT	3,500	1,047	\$4.90	-9.26%	-0.21	26.52%	29.26%	\$2,065,000	.STZ180119P130
1/27/2017	STZ 100 19 JAN 18 185 CALL	4,296	4,413	\$3.80	-29.10%	0.22	25.06%	15.47%	\$1,933,200	.STZ180119C185
4/7/2017	STZ 100 20 OCT 17 160 PUT	3,020	10	\$5.30	-11.67%	-0.29	22.68%	34.68%	\$1,812,000	.STZ171020P160
2/24/2017	STZ 100 19 JAN 18 185 CALL	2,843	25,875	\$5.70	-14.93%	0.29	25.26%	21.30%	\$1,791,090	.STZ180119C185
2/13/2017	STZ 100 19 JAN 18 185 CALL	3,551	19,446	\$4.60	-8.00%	0.24	23.38%	18.04%	\$1,739,990	.STZ180119C185
1/24/2017	STZ 100 19 JAN 18 115 PUT	4,207	4,367	\$3.90	-7.14%	-1	--	100.00%	\$1,640,730	.STZ180119P115
2/24/2017	STZ 100 19 JAN 18 130 PUT	2,843	7,134	\$5.20	10.64%	-0.19	27.77%	27.77%	\$1,620,510	.STZ180119P130
12/20/2016	STZ 100 19 JAN 18 115 PUT	4,200	58	\$3.80	15.15%	-0.14	29.16%	22.17%	\$1,596,000	.STZ180119P115
2/27/2017	STZ 100 19 JAN 18 130 PUT	2,843	9,978	\$5.00	0.00%	-0.2	27.81%	28.04%	\$1,563,650	.STZ180119P130
2/13/2017	STZ 100 19 JAN 18 125 PUT	3,553	23,703	\$4.10	0.00%	-0.17	26.62%	24.44%	\$1,563,320	.STZ180119P125
3/30/2017	STZ 100 20 OCT 17 135 PUT	5,739	13	\$2.30	-46.76%	-0.14	25.65%	18.99%	\$1,549,530	.STZ171020P135

Historical Volatility Spread of 25-Delta Put IV minus 25-Delta Call IV



Current Skew Indicator: Bullish

Analyst Notes: Analysts have an average target of \$196 on shares with a high of \$220 and low of \$171, 7 Buy and 2 Hold ratings. RBC raised its target to \$205 on 4-7 after STZ posted much stronger than expected numbers, and Pivotal raised its target to \$220 citing a wonderful environment for craft and imported beer as well as premium wine segments. Goldman Sacs has a \$200 target saying concerns of a slowdown in beer sales is overdone and STZ is the best combination of growth and value in its coverage. Wells Fargo reiterated STZ as

its top beverage stock in early April and Cowen at Outperform with a \$195 target as the company posted strong numbers in a challenging beer landscape and is expanding margins.

Technical View: STZ shares pulled back from \$185 highs to test the rising 50 day EMA for the first time since shares based in March before busting through its 200 day MA and rallying sharply after April earnings. Shares have major support near \$165 but should also find support at \$171.50. The range break leaves an upside price objective of \$200 in play.



Seasonality: STZ shares have performed well over the past five years with little seasonal tendencies, notable strength in February, June, August and October with some weakness in the April-May period and November-December period.

Ownership Trends: Institutional ownership fell 0.74% in Q1 filings with 85 funds taking new positions, 217 adding, 84 closing, and 309 reducing. Notable buyers included Soroban Capital, Melvin Capital, Lone Pine Capital, Samlyn Capital, 3G Capital and Hoptlite, as well as others. Short interest is 3% of its float, recently declining off a 3 year high. On 1-18-17 an Executive VP bought \$111,766 worth of stock at \$148.62/share.

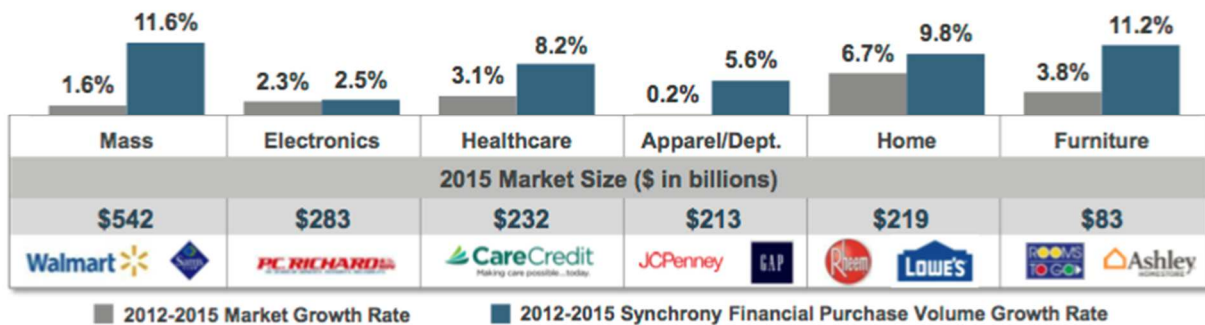
Catalyst: M&A Moves; Earnings; Distribution Agreements

Optimal Strategy: Sell the STZ Jan. 2018 \$175/\$165 Put Spread for a \$4.00 Credit

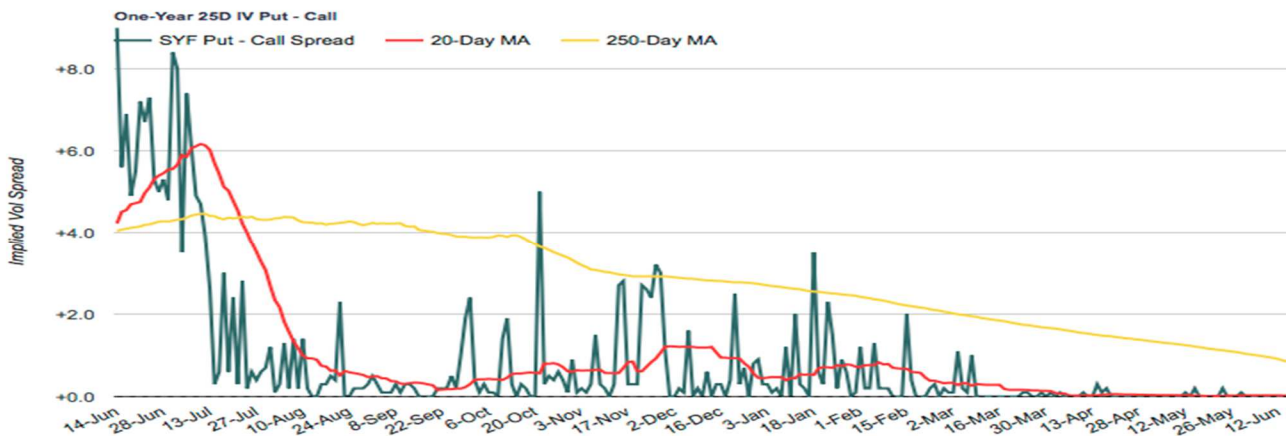
Synchrony (SYF) \$29 – Financials – Credit Services

Fundamental Snapshot: The \$23.68B credit services company trades 9.07X earnings, 1.64X book and 2.08X cash with strong FCF and a 1.79% yield. SYF manages a portfolio of credit services including financing for customer purchases, financing for elective healthcare procedures and their largest business in private label credit cards with such partners as Wal-Mart (WMT), Lowe’s (LOW) and Amazon (AMZN) and more. SYF comprises 7% of all credit card receivables in the US and a market which is growing at 3% CAGR since 2011 while total loan receivables are rising at 9% CAGR. The company credits better analytics and deeper integration for their growth outperformance vs the industry (see chart). They’ve also been expanding their digital capabilities with online sale rising 26% in Q3 after 18% and 21% growth prior. SYF is looking for 8-10% revenue growth over the next two years and showed both loan growth and 11.8% sales growth this quarter which topped estimates. Investor caution in the recent quarter was due largely to a rise in net charge offs to 5.33% and allowance for loan losses rose to 6.37%, also seeing a marginal increase in 30+ past due loans. SYF has noted that the uptick in charge offs is largely due to overall growth in loans as rising consumer confidence and spending has pushed total credit card debt in the US over \$1T. The underlying business remains healthy with growth in NIM, expected to be 16- 16.25% in 2017 and deposits rising.

Deep Integration Drives 2-3x Market Growth Rate



Open Interest, Volatility, and Skew: SYF 30-day IV at 26.77% is in the 19th percentile of its 52-week range of 23% to 42.37%. Its December options are pricing in a 16.9% move into year-end and its total put/call open interest ratio is 1.01. Its 30-day IV skew is flat vs a 52-week average of 3.4%. Some notable positions in open interest include the July \$26 and \$27 calls, January 2019 \$30/\$23 bull risk reversal, September \$30 calls, and September \$32 short puts.



Current Skew Indicator: **Slightly Bullish**

↑ More Bearish More Bullish ↓

Date	Description	Volu	Open	Price	%Chan	De	Impl \	Prob.Π	Premium F	Symbol
4/19/2017	SYF 100 19 JAN 18 28 PUT	12,200	16,367	\$1.35	-14.01%	-0.23	31.22%	32.55%	\$1,769,000	.SYF180119P28
8/2/2016	SYF 100 19 JAN 18 35 CALL	13,130	115	1.3	-10.34%	0.27	29.04%	17.48%	\$1,706,900	.SYF180119C35
4/28/2017	SYF 100 19 JAN 18 25 CALL	3,005	445	\$4.29	-48.62%	0.69	32.25%	58.61%	\$1,382,300	.SYF180119C25
5/8/2017	SYF 100 15 SEP 17 32 PUT	3,176	89	\$4.15	12.16%	-0.76	25.11%	81.26%	\$1,365,680	.SYF170915P32
4/28/2017	SYF 100 19 JAN 18 30 CALL	5,411	1,295	\$2.25	-59.09%	0.46	29.74%	36.11%	\$1,271,585	.SYF180119C30
5/24/2017	SYF 100 18 JAN 19 30 CALL	4,000	14,330	\$3.00	9.49%	0.44	31.46%	29.98%	\$1,240,000	.SYF190118C30
5/17/2017	SYF 100 18 JAN 19 30 CALL	4,000	4,298	\$2.76	-8.00%	0.44	32.11%	28.94%	\$1,240,000	.SYF190118C30
5/15/2017	SYF 100 18 JAN 19 30 CALL	4,000	273	\$2.90	18.37%	0.44	29.40%	30.05%	\$1,160,000	.SYF190118C30
5/17/2017	SYF 100 18 JAN 19 23 PUT	4,000	5,047	\$2.51	11.56%	-0.3	30.99%	45.94%	\$1,080,000	.SYF190118P23
5/24/2017	SYF 100 18 JAN 19 23 PUT	4,000	15,127	\$2.44	5.17%	-0.28	30.36%	44.02%	\$1,020,000	.SYF190118P23
5/15/2017	SYF 100 18 JAN 19 23 PUT	4,000	45	\$2.30	5.50%	-0.28	30.40%	43.81%	\$1,020,000	.SYF190118P23
4/28/2017	SYF 100 19 JAN 18 25 PUT	5,270	2,316	\$1.55	112.33%	-0.27	32.25%	37.72%	\$869,550	.SYF180119P25
5/1/2017	SYF 100 18 JAN 19 25 CALL	1,310	84	\$5.69	-2.40%	0.66	34.62%	49.04%	\$864,600	.SYF190118C25
3/17/2017	SYF 100 15 SEP 17 30 PUT	7,926	22	\$1.00	-22.48%	-0.209	29.94%	27.70%	\$792,600	.SYF170915P30
5/25/2017	SYF 100 21 JUL 17 27 CALL	5,041	4,722	\$1.40	33.33%	0.55	30.39%	49.77%	\$756,150	.SYF170721C27
5/1/2017	SYF 100 18 JAN 19 30 PUT	1,301	31	\$5.53	4.34%	-0.51	27.45%	66.67%	\$754,580	.SYF190118P30

Analyst Notes: Analysts have an average target for shares of \$37 with 16 buy ratings and 7 hold ratings. Jefferies positive on 6-9 with a \$40 target while BTIG out on 5-24 and \$36 objective. Wells Fargo out positive recently with a Buy rating and \$39-\$41 price target, seeing SYF as best leveraged to a recovery in credit card growth. Stephens noted last Fall that the company has over \$5B in excess capital it can return to shareholders once regulations are lifted which will allow for a sizable buyback or increased dividend.

Technical View: SYF shares have given back all the run since November and back at a big area of support around \$26-\$27 from 2016. Shares have a low volume gap above \$29 back to \$32 to fill but more likely works out a base at support first.



Seasonality: SYF shares haven't traded for long but have seasonal strength in Q1 and Q4. The weakest months for shares are June, August, and September.

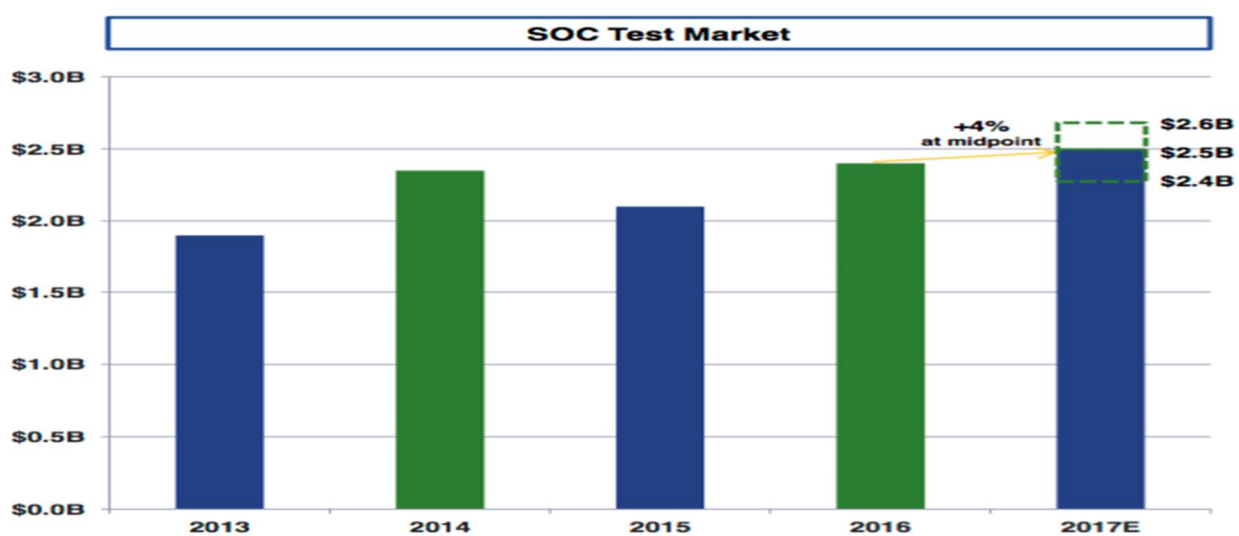
Ownership Trends: Institutional ownership fell 2.34% in Q1 filings, 65 funds creating new positions, 248 adding, 57 closing, and 235 reducing. 20 funds hold SYF in their top ten. Baupost a top holder with 17.66M shares, their fifth largest, while CI Investments and Senator Investment both with more than 8M shares. Short interest is 1.94% of the float.

Catalyst: Capital Return, Regulatory Reform, Tax Reform, Rising Consumer Confidence, New Partnerships

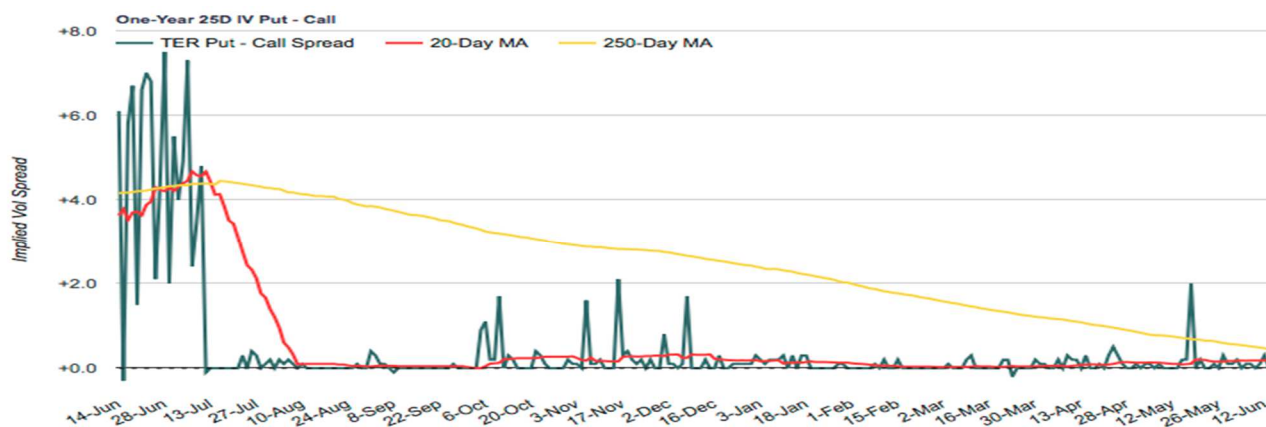
Optimal Strategy: Long the SYF January \$30/\$35 Call Spread for \$1.65 and Sell the January \$25 Put for \$1.00, net debit of \$0.65 and willing to own shares at \$25.

Teradyne (TER) \$35 – Technology - Semiconductor

Fundamental Snapshot: The \$7.02B company trades 16.8X earnings, 3.95X sales, and 5.75X cash with a 0.80% dividend yield and expanding gross margins, now over 55%. The company focuses on test systems for semiconductors, defense/aerospace instrumentation, wireless and storage. In 2015, the company acquired Universal Robots, a top supplier for collaborative robots which gives them entry to the growing and attractive industrial automation market. TER has seen sales grow by high-single digits since 2015 and expecting 11.8% growth in 2017 and 5.6% growth in 2018 with 22.7% EPS growth this year to over \$2 per share. TER is coming off a strong quarter with 6% revenue growth and momentum building in mobility, automotive, image sensor, and analog end-markets. Universal Robots Q1 sales jumped 117% from Q1 last year. The company sees the SoC test market to be \$2.4-\$2.6B in 2017, up from their January estimates and now expecting to add one point of market share this year. They also see the memory test market at the high-end of the \$450-\$550M range. TER is benefitting from rising device complexity which is boosting both their system test business and wireless test business, the latter seeing new Wi-Fi and cellular standards helping demand in the mid-term. TER has over \$1.48B in cash, including over \$700M off-shore which will benefit from a potential repatriation holiday.



Open Interest, Volatility, and Skew: TER 30-day IV at 31.06% is in the 63rd percentile of its 52-week range of 36.92% to 21.01%. Its January options are pricing in a 22% move by year-end and its total put/call open interest ratio is 0.272. Its 30-day IV skew is 1.0% vs a 52-week average of 1.9%. Some notable positions in open interest include the ITM July \$30 and \$31 calls and October \$39 calls.



Current Skew Indicator: Slightly Bullish

Date	Description	Volu	Open	Price	%Chan	De	Impl	Prob.Π	Premium F	Symbol
12/14/2016	TER 100 21 JUL 17 30 CALL	9,965	0	\$0.85	<empty>	0.26	28.24%	19.70%	\$847,025	.TER170721C30
2/9/2017	TER 100 21 JUL 17 31 CALL	6,057	54	\$1.26	5.00%	0.38	27.04%	31.81%	\$787,410	.TER170721C31
2/28/2017	TER 100 21 JUL 17 31 CALL	6,404	5,456	\$1.04	-10.34%	0.33	27.21%	27.39%	\$666,016	.TER170721C31
5/1/2017	TER 100 20 OCT 17 39 CALL	3,259	122	\$1.30	-16.13%	0.34	26.24%	27.76%	\$439,965	.TER171020C39
5/31/2017	TER 100 20 OCT 17 35 PUT	1,668	83	\$2.40	-7.69%	-0.43	30.16%	51.10%	\$425,340	.TER171020P35
5/2/2017	TER 100 20 OCT 17 39 CALL	2,029	3,198	\$1.41	4.44%	0.35	26.34%	28.87%	\$304,350	.TER171020C39
5/12/2017	TER 100 20 OCT 17 39 CALL	1,526	5,457	\$1.25	-7.41%	0.33	28.21%	26.13%	\$198,380	.TER171020C39

Analyst Notes: Analysts have an average target for shares of \$30 with 8 buy ratings and 4 hold ratings, UBS recently raising their PT to a Street High \$42 seeing the growing robotics story as undervalued and better trends in semiconductor testing. Citi was out positive on 4-5 noting better robotics sales should drive multiple expansion in 2018/2019 while the YTD rally in shares is more focused on a stabilizing test business. Cowen out with a \$41 target recently seeing Mobility benefitting from their Apple ties and auto/industrial in the early stages of growth.

Technical View: TER shares closed higher ten of the last twelve months back up above the 2004 highs at \$30.50. Shares have consolidated under \$36.50 with a measured move to \$40 on a breakout. Shares moved below the 50-day recently and the 200-day below at \$28 would be major support.



Seasonality: TER shares are strongest in Q4 with a five-year average move from October through year-end of 14.25%. April, September, and October are the weakest months for shares.

Ownership Trends: Institutional ownership fell 2.92% in Q1 filings, 64 funds creating new positions, 121 adding, 48 closing, and 133 reducing. 3 funds hold TER in their top ten holdings. Alkeon Capital is a top holder with 3.5M shares. TER short interest is 4.33% of the float, ticking higher since October when it was 2.64% of the float.

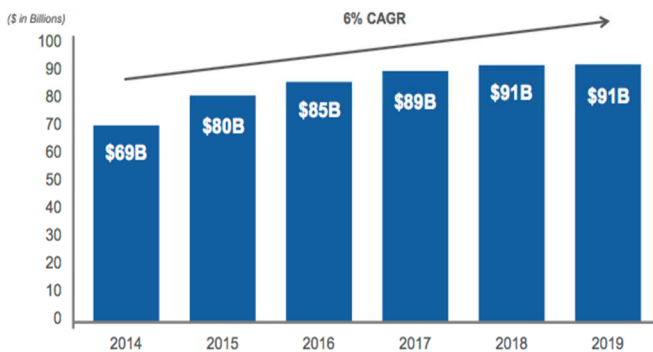
Catalyst: Robotics Growth, Multiple Expansion, Stabilizing Test Business

Optimal Strategy: Long the TER January \$35/\$29 Bull Risk Reversal for \$0.80 Debit

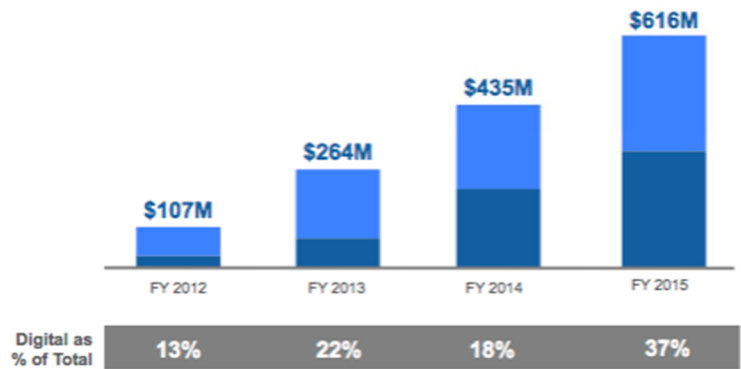
Take-Two Interactive (TTWO) \$79.75 – Technology – Video Games

Fundamental Snapshot: The \$8.33B video game developer trades 21.45X earnings, 4.68X sales, and 6X cash with 20% EPS growth over the next five years. TTWO doesn't have the number of releases upcoming as peers Activision (ATVI) and Electronic Arts (EA) but does benefit from highly sticky legacy titles such as Grand Theft Auto, Mafia, Bioshock, and others. The company sees 60% of its revenue from 2K, 34% from their Rockstar label, and 6% from Social Point. The biggest release on the calendar in the 2H will be NBA 2K 18 in mid-September. GTA has by far been the most successful franchise for TTWO to date and their latest iteration, GTA V, released in November 2014, continues to pay off hitting over 80M units last quarter with strong traction in their Online extension which continues to see strong recurrent spending. TTWO is coming off a strong quarter with revenues up 52% and digitally delivered revenue up 43% to more than \$278M, almost of half of which is recurrent spending which is the highest percentage ever. Bookings rose 14%. The story at TTWO is about 2018 when they are expected to release the next Red Dead Redemption title as well as potentially see more information on the next GTA. The next RDR will be the first title for Take-Two built for the next generation console and the company pushed back the release date to improve the quality of the title versus a quick release. The company is also likely to release a new Bioshock, although yet unannounced.

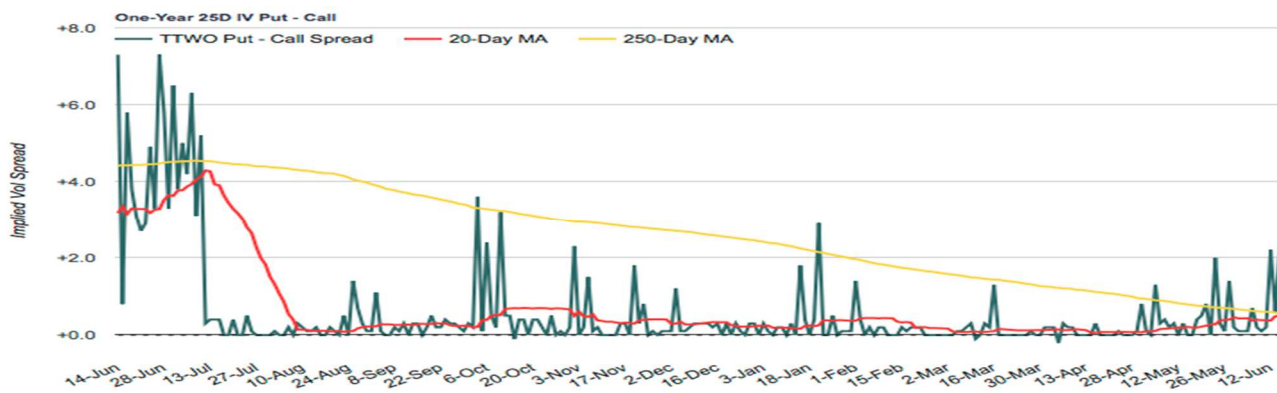
Estimated Global Video Game Market



Digitally-Delivered Revenue



Open Interest, Volatility, and Skew: TTWO 30-day IV at 34.24% is in the 54th percentile of its 52-week range of 43.85% to 23.20%. Its December options are pricing in a 20.7% move by year-end and its total put/call open interest ratio is 0.743. Its 30-day IV skew is 6.7% vs a 52-week average of 2.0%, slightly bearish. Some notable positions in open interest include the September \$70 and \$80 calls as well as the September \$65 short puts from a 5/22 bull risk reversal. The January 2018 \$65 calls also with notable buyer from early May.



Current Skew Indicator: **Bearish**

↑ More Bearish More Bullish ↓

Date	Description	Volu	Open	Price	%Chan	De	Impl	Prob.Π	Premium F	Symbol
6/9/2017	TTWO 100 15 SEP 17 70 CALL	2,008	2,395	\$8.90	-25.83%	0.69	37.32%	61.37%	\$1,807,200	.TTWO170915C70
5/22/2017	TTWO 100 15 SEP 17 70 CALL	2,879	292	\$5.10	30.43%	0.52	33.20%	44.67%	\$1,497,080	.TTWO170915C70
5/22/2017	TTWO 100 15 SEP 17 65 PUT	2,738	43	\$3.20	0.00%	-0.33	34.95%	40.60%	\$958,300	.TTWO170915P65
11/28/2016	TTWO 100 19 JAN 18 50 CALL	1,000	69	\$7.00	11.11%	0.55	34.67%	40.11%	\$700,000	.TTWO180119C50
5/5/2017	TTWO 100 19 JAN 18 65 CALL	1,000	64	\$6.30	7.51%	0.54	30.26%	43.52%	\$630,000	.TTWO180119C65
5/24/2017	TTWO 100 15 SEP 17 80 CALL	1,651	2,929	\$3.60	47.54%	0.42	30.49%	35.03%	\$627,380	.TTWO170915C80
5/22/2017	TTWO 100 15 SEP 17 80 CALL	2,878	35	\$1.65	35.25%	0.23	31.49%	18.35%	\$474,870	.TTWO170915C80
6/13/2017	TTWO 100 19 JAN 18 70 PUT	406	63	\$5.90	-5.60%	-0.35	36.24%	45.89%	\$243,600	.TTWO180119P70
4/12/2017	TTWO 100 19 JAN 18 70 CALL	1,001	1,003	\$2.25	-2.17%	0.27	28.46%	19.44%	\$230,230	.TTWO180119C70
4/6/2017	TTWO 100 19 JAN 18 70 CALL	978	25	\$2.30	0.00%	0.27	27.90%	19.60%	\$224,940	.TTWO180119C70
6/13/2017	TTWO 100 19 JAN 18 65 PUT	503	155	\$4.10	-6.82%	-0.26	37.48%	36.52%	\$211,260	.TTWO180119P65
6/7/2017	TTWO 100 21 JUL 17 85 CALL	1,121	278	\$1.15	43.75%	0.25	28.09%	22.23%	\$140,125	.TTWO170721C85

Analyst Notes: Analysts have an average target for shares of \$72 with 14 buy ratings, 2 hold ratings, and 1 sell rating. Piper Jaffray raised their estimates to \$83 in June and BMO with a Street High \$87 on 5-25. Oppenheimer raised estimates on 5-26 seeing long-term earnings potential of \$5.00 per share while BAML has shares as a Top Idea and \$85 PT behind best-in-class studio talent, industry leading titles, and expanding earnings potential as they transition to digital.

Technical View: TTWO shares have been very strong since November up almost \$30 per share and pulling back recently with the sell-off in the Nasdaq below its rising 20-EMA. The 50-EMA at \$68.75 was support in April while cloud support below aligns with the 23.6% Fibonacci of the major weekly move since 2012. Shares have a low-volume gap back to \$60 which aligns with the April breakout.



Seasonality: TTWO shares have strong seasonal tendencies in July, October, and November while April and June weak. Q4 has returned on average 13.65% since 2012.

Ownership Trends: Institutional ownership fell 3.18% in Q1 filings, 64 funds creating new positions, 110 adding, 31 closing, and 128 reducing. 20 funds hold TTWO in their top ten holdings. Alkeon Capital a notable buyer of 1.26M shares last quarter. Short interest is 6.61% of the float, down sharply from around 16% in October 2016.

Catalyst: Red Dead Redemption 2 Release Date, New GTA Franchise, International Distribution Deal for Rockstar franchises, Higher Microtransactions Monetization, BioShock Announcement

Optimal Strategy: Long the **TTWO** January \$80/\$90 Call Spread for \$3.55 and Sell the \$60 Put for \$2.65, net debit of \$0.90 and willing to own shares at \$60.

Union Pacific (UNP) \$111.20 – Industrial – Transports - Rail

Fundamental Snapshot: The \$90.25B rail leader trades 17.3X Earnings, 4.46X Sales, and 53.1X FCF with a 2.18% dividend yield. UNP has seen revenues fall sharply the last two years with weakness in Energy and Coal, but anticipates a return to 4.5-5% annual growth starting in 2017 and EPS growth 10-13%. In Q1 UNP saw Coal rebound with 16% growth as well as 6% growth from Ag, while Automotive and Chemical declined. The Ag move was driven by grain, while Chemicals declines was driven by Petroleum and LPG. UNP plans on improving its operating ratio, a key metric in rails, to 60% in 2019 from 2016 levels at 63.5%. Its focus on pricing and productivity make it a best of class rail. UNP is a return to growth story which can lead to multiple expansion with pricing set to inflect in 2H17. UNP's margins also would have been stronger in Q1 if not for weather and fuel headwinds. UNP's 36.5% tax rate makes it a beneficiary of any tax reform as well.

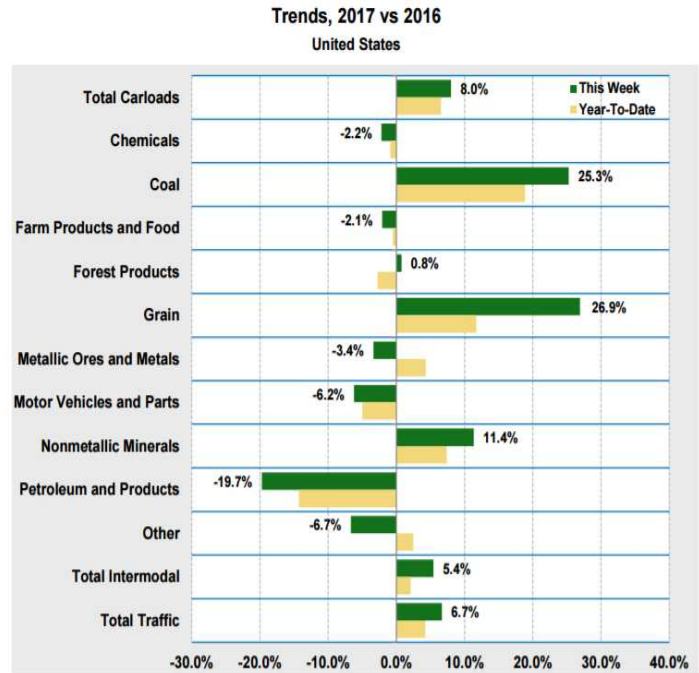
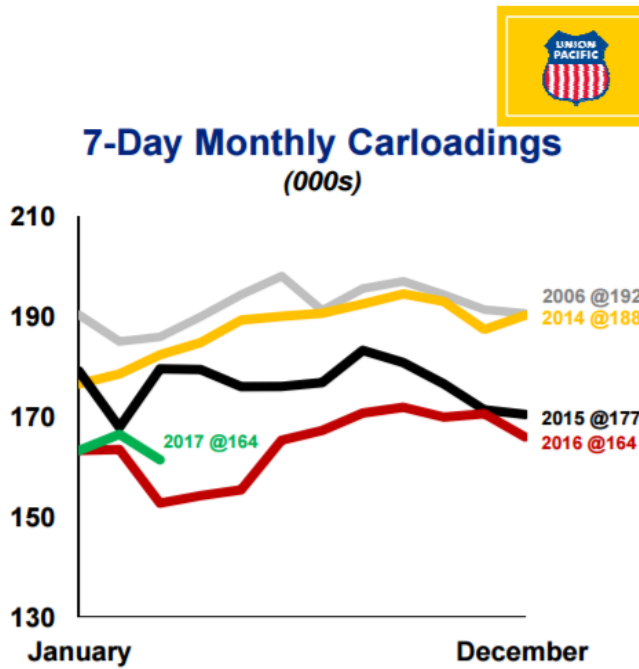
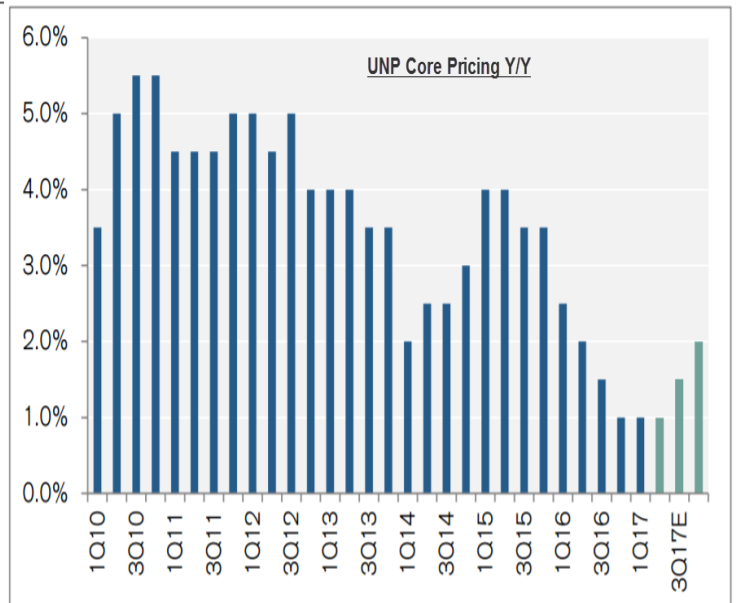
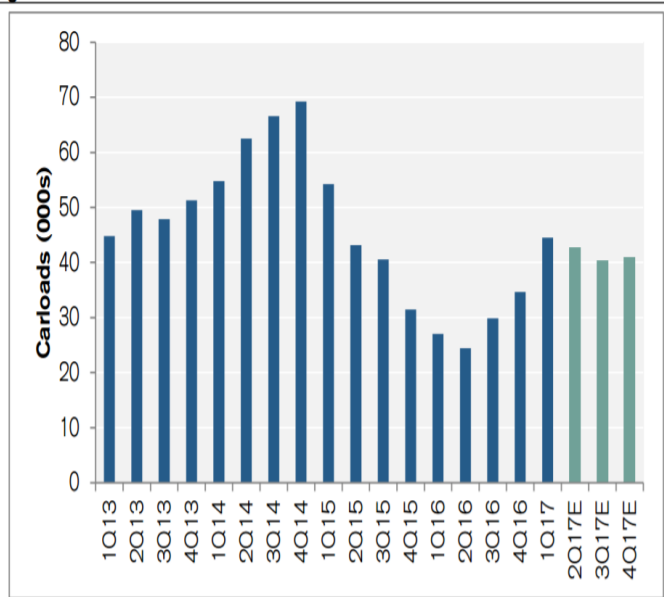


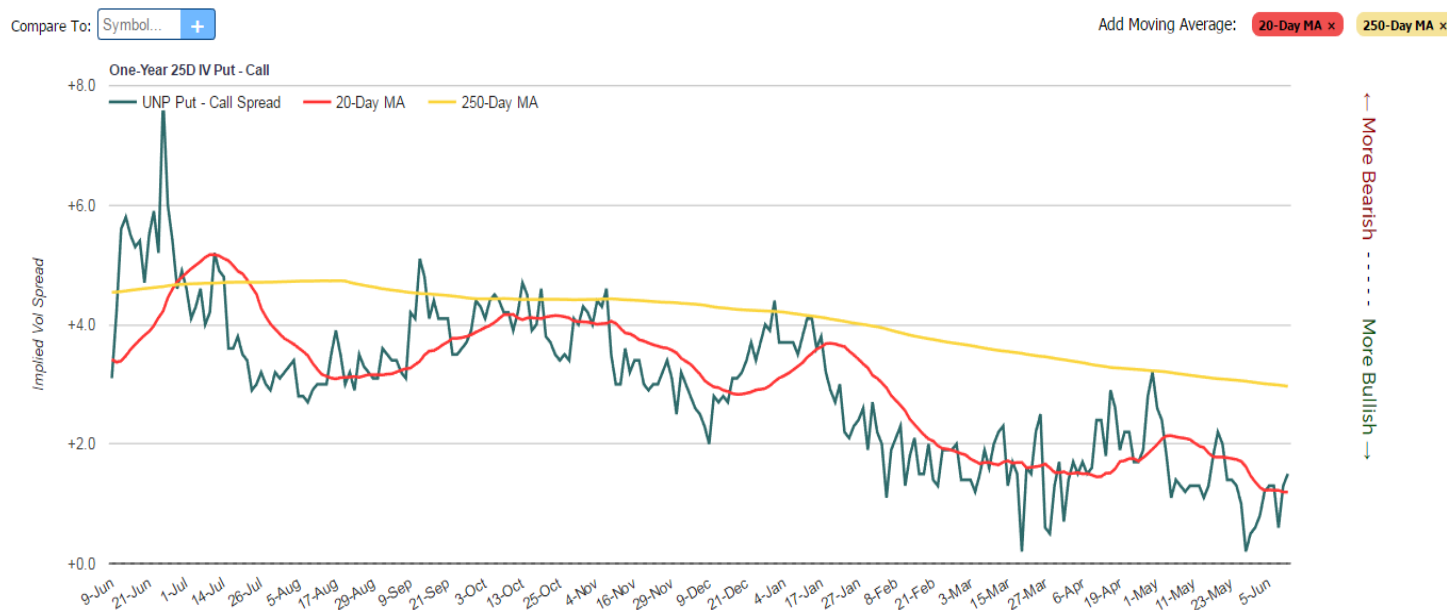
Figure 1: UNP Frac Sand Volumes



Open Interest, Volatility, and Skew: Union Pacific's 30 day IV at 17.9% compares to a 52-week range of 16.3% to 28.4%. Its December options are pricing in a 12.7% move by year-end, and total put/call open interest ratio is at 0.25. Its 30 day IV Skew at 8.5% compares to a 52-week average of 14.8%. Some notable positions in open interest include 140,000 Jan. 2018 \$130/\$150 call spreads, 50,000 Jan. 2019 \$140/\$160 call spreads, a sale of 4,500 June 2018 \$105 puts to open, and a purchase of 2,000 June 2018 \$105 calls.

Date	Description	Volu	Open	Price	%Chan	De	Impl V	Prob.I	Premium F	Symbol
2/17/2017	UNP 100 19 JAN 18 130 CALL	71,211	68,716	\$2.65	-0.38%	0.22	22.46%	16.11%	\$19,226,970	UNP180119C130
4/4/2017	UNP 100 18 JAN 19 140 CALL	50,000	26	\$3.00	-25.93%	0.19	22.46%	12.47%	\$15,250,000	UNP190118C140
1/30/2017	UNP 100 19 JAN 18 130 CALL	25,001	223	\$2.57	-11.99%	0.21	22.44%	15.50%	\$6,550,262	UNP180119C130
4/4/2017	UNP 100 18 JAN 19 160 CALL	50,000	47	\$1.04	-43.78%	0.08	21.53%	4.92%	\$6,300,000	UNP190118C160
2/10/2017	UNP 100 19 JAN 18 130 CALL	20,004	35,884	\$2.69	4.26%	0.21	23.26%	15.72%	\$5,381,076	UNP180119C130
2/17/2017	UNP 100 19 JAN 18 150 CALL	71,105	68,569	\$0.63	-17.11%	0.07	21.84%	4.51%	\$4,906,245	UNP180119C150
6/1/2017	UNP 100 15 JUN 18 105 PUT	4,500	59	\$8.30	-7.78%	-0.38	23.80%	48.72%	\$3,847,500	UNP180615P105
2/13/2017	UNP 100 19 JAN 18 130 CALL	11,033	55,204	\$2.91	10.65%	0.23	23.38%	16.59%	\$3,221,636	UNP180119C130
6/8/2017	UNP 100 19 JAN 18 115 CALL	5,800	4,698	\$5.05	5.21%	0.41	22.70%	34.06%	\$3,016,000	UNP180119C115
2/8/2017	UNP 100 19 JAN 18 130 CALL	11,025	25,884	\$2.52	-0.79%	0.21	23.24%	15.16%	\$2,899,312	UNP180119C130
5/16/2017	UNP 100 15 JUN 18 105 CALL	2,075	8	\$13.20	5.60%	0.61	24.20%	51.05%	\$2,739,000	UNP180615C105
12/5/2016	UNP 100 19 JAN 18 97.5 CALL	1,750	3,565	\$13.40	5.51%	0.61	26.41%	50.05%	\$2,345,000	UNP180119C97.5
10/13/2016	UNP 100 19 JAN 18 97.5 CALL	2,001	222	\$9.11	-0.98%	0.51	25.20%	40.17%	\$1,822,911	UNP180119C97.5
4/12/2017	UNP 100 17 NOV 17 100 CALL	1,500	1,153	\$11.12	15.11%	0.65	25.25%	56.93%	\$1,680,000	UNP171117C100
2/13/2017	UNP 100 19 JAN 18 95 PUT	3,003	1,151	\$5.30	-5.36%	-0.27	26.72%	36.52%	\$1,621,620	UNP180119P95
2/10/2017	UNP 100 19 JAN 18 150 CALL	20,000	35,230	\$0.67	9.84%	0.07	22.44%	4.53%	\$1,340,000	UNP180119C150
3/21/2017	UNP 100 17 NOV 17 100 CALL	1,153	0	\$9.66	N/A	0.589	25.27%	50.81%	\$1,113,798	UNP171117C100
6/8/2017	UNP 100 19 JAN 18 90 PUT	5,800	5,711	\$1.85	-2.12%	-0.15	25.53%	20.20%	\$1,102,000	UNP180119P90
6/6/2017	UNP 100 21 SEP 18 105 CALL	700	0	\$14.50	N/A	0.59	26.72%	47.42%	\$1,018,500	UNP180921C105
2/2/2017	UNP 100 19 JAN 18 115 CALL	1,552	1,213	\$6.20	-5.20%	0.39	24.24%	30.95%	\$977,760	UNP180119C115

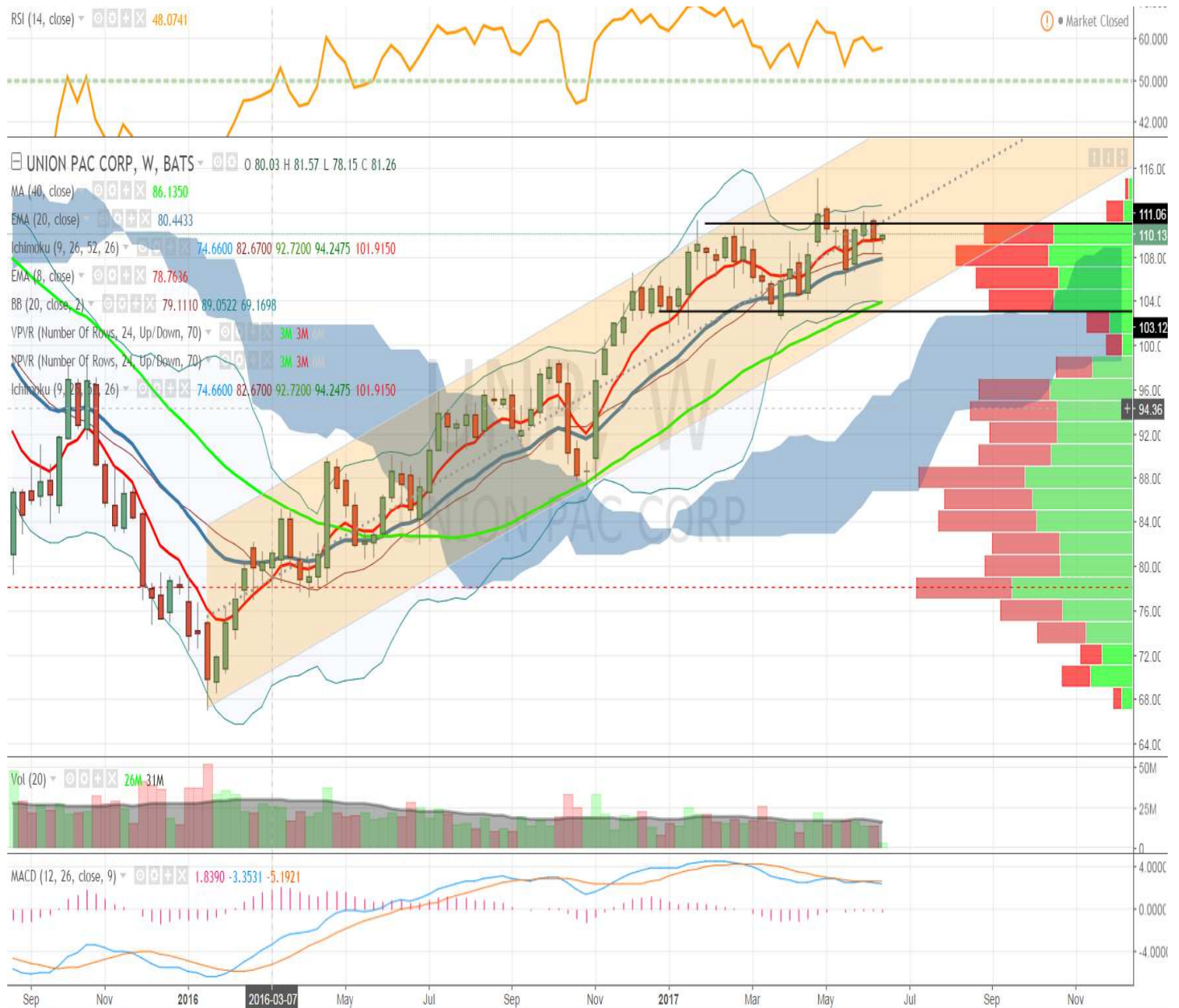
Historical Volatility Spread of 25-Delta Put IV minus 25-Delta Call IV



Current Skew Indicator: Bullish

Analyst Notes: Analysts have an average target of \$121 on shares with a high of \$131 and low of \$112, 3 Buy ratings and 4 Hold. CSFB has an Outperform rating and \$129 target seeing robust and profitable frac sand volume growth, a pricing bottom, and powerful operating leverage driven by volume growth and productivity gains. Barclays raised shares to Overweight early in 2017 with a \$122 target seeing strength for US cyclical stocks in 2017.

Technical View: UNP shares are in an 18 month channel up pattern and for 2017 in a high volume zone of \$103 to \$111, targeting a breakout of this range and a move up to \$120, while the channel leaves room to move as high as \$130 by year-end. The rising 20 week EMA has been supportive all year.



Seasonality: UNP shares have seen strong performance over the last five years in February, April, July and November while March and August the notably weak months.

Ownership Trends: Institutional ownership fell 1.48% in Q1 filings, Soroban Capital with a large position as its 8th largest and also disclosed a large call option position. Impala Asset Mgmt. disclosed a new stake as well. Short interest is low at 1% of the float and near a two year low. In February 2016 a Director bought \$78,980 worth of stock at \$78.98 and in December 2015 another Director bought \$3,903,240 of stock at \$78.06.

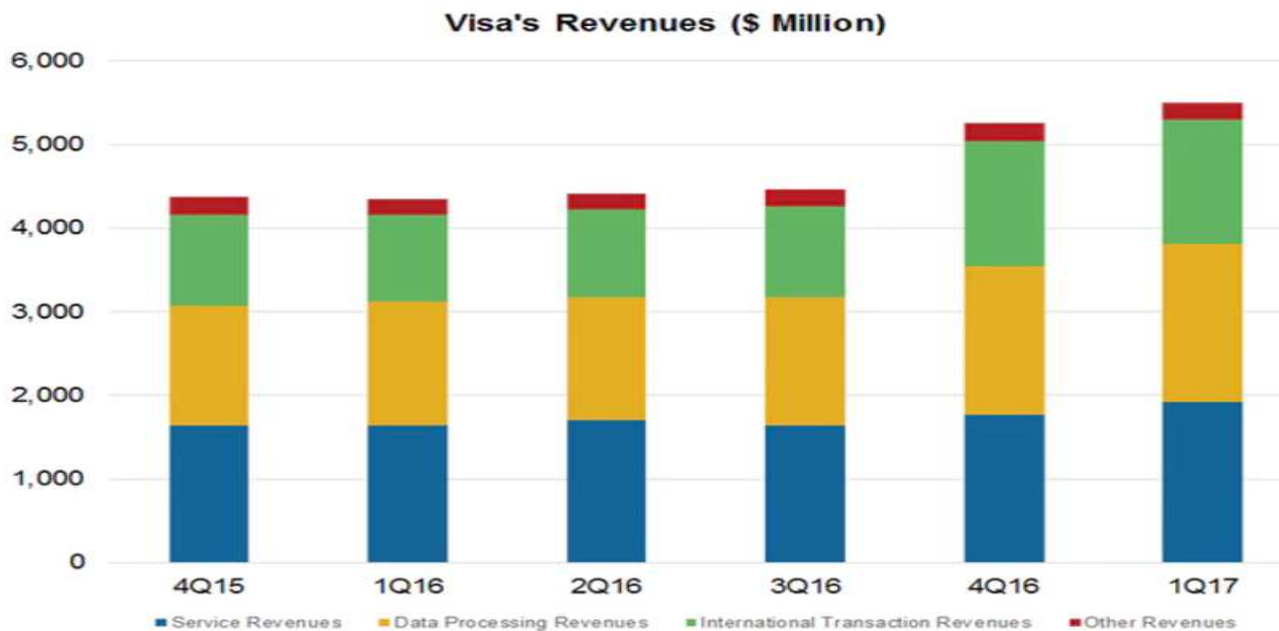
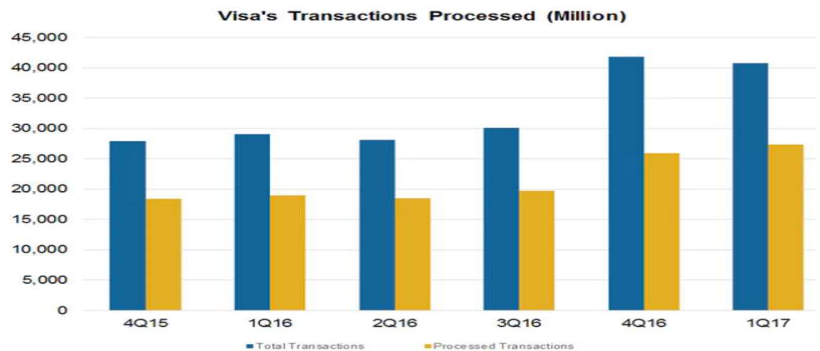
Catalyst: Earnings; Rail Consolidation; Improved Pricing/Productivity; Tax Reform

Optimal Strategy: Long the UNP December \$115 Calls at \$4.50 Debit

Visa (V) \$94.65 – Financial - Payments

Fundamental Snapshot: The \$220B payments leader trades 24X Earnings, 13X Sales and 61X FCF with a 0.7% dividend yield. V has consistently posted strong growth with revenues growing 13%/year 2011-2013 and 8-9.5% for 2014-2016. V has returned to double digit revenue growth, boosted by its acquisition of Visa Europe, while EPS seen growing 15-20% annually through 2019. V has superior EBITDA margins to peers, a 20.9% ROIC and strong FCF. In Q1 they posted 38% Y/Y transaction growth with 34% credit and 66% debit with 41% growth in international transaction revenues, 17% growth in service revenues, and 25% growth in data processing revenues. Key metrics such as payment volumes, processed transactions and cross-border volumes continue to show healthy growth. V is doubling merchant locations in India which is a major growth market opportunity.

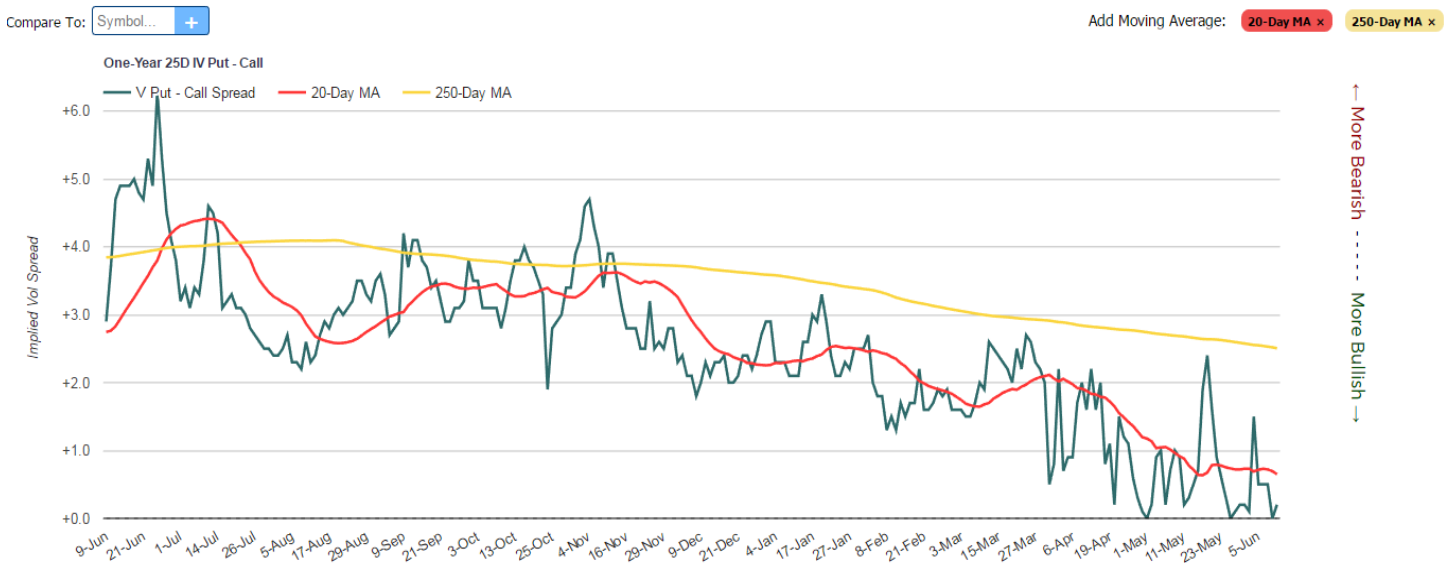
U.S. Credit Card Purchases (\$ bil)	Q1 2017	Mkt Share
Visa	404	52.5%
Mastercard	170	22.1%
American Express	165	21.5%
Discover	30	3.9%
Total U.S. Credit Card Purchases	769	100.0%



Open Interest, Volatility, and Skew: Visa's 30 day IV at 15.8% compares to a 52-week range of 12.2% to 26.7%. Its December options are pricing in a 10.1% move by year-end, and total put/call open interest ratio is 0.379. Its 30 day IV Skew at 1.3% compares to a 52-week average of 15.6%. Some notable positions include 50,000 Jan. 2018 \$110/\$120 call spreads, a 4/22 buyer of \$5.85M of Jan. 2018 \$100 calls, and sizable accumulation in July and September calls.

Date	Description	Volu	Open	Price	%Chan	De	Impl \	Prob.l	Premium F	Symbol
6/8/2016	V 100 19 JAN 18 110 CALL	50,000	145	1.35	14.41%	0.14	20.15%	9.30%	\$6,750,000	.V180119C110
4/22/2016	V 100 JAN 18 100 CALL	20,604	210	2.84	-13.41%	0.24	21.40%	16.40%	\$5,851,536	.V180119C100
1/23/2017	V 100 19 JAN 18 92.5 CALL	10,013	939	\$3.10	1.64%	0.31	20.97%	24.28%	\$3,104,030	.V180119C92.5
5/25/2017	V 100 19 JAN 18 95 CALL	4,178	15,901	\$6.05	-0.82%	0.53	19.76%	47.00%	\$2,569,470	.V180119C95
5/17/2017	V 100 21 JUL 17 95 CALL	11,688	8,739	\$1.95	-4.88%	0.37	20.40%	34.04%	\$2,290,848	.V170721C95
5/12/2017	V 100 21 JUL 17 92.5 CALL	7,260	543	\$2.62	10.55%	0.51	16.36%	48.42%	\$1,931,160	.V170721C92.5
5/30/2017	V 100 19 JAN 18 97.5 CALL	4,020	810	\$4.44	-3.48%	0.45	18.97%	39.08%	\$1,809,000	.V180119C97.5
6/2/2017	V 100 18 AUG 17 95 CALL	4,935	454	\$3.60	11.46%	0.57	17.60%	53.34%	\$1,801,275	.V170818C95
4/21/2017	V 100 15 SEP 17 97.5 CALL	7,290	1,424	\$2.09	0.48%	0.32	17.87%	27.99%	\$1,560,060	.V170915C97.5
11/15/2016	V 100 19 JAN 18 82.5 CALL	2,274	1,232	\$6.56	1.55%	0.47	24.34%	37.01%	\$1,491,744	.V180119C82.5
4/21/2017	V 100 15 SEP 17 95 CALL	4,813	3,583	\$3.00	1.01%	0.4	19.05%	35.66%	\$1,443,900	.V170915C95
4/27/2017	V 100 15 SEP 17 95 CALL	5,757	7,929	\$2.46	-7.52%	0.38	16.95%	34.28%	\$1,427,736	.V170915C95
5/15/2017	V 100 21 JUL 17 95 CALL	6,216	4,210	\$2.10	27.27%	0.42	17.74%	39.13%	\$1,305,360	.V170721C95
5/22/2017	V 100 19 JAN 18 95 CALL	2,518	12,523	\$5.07	2.22%	0.48	19.99%	41.28%	\$1,296,770	.V180119C95
5/10/2017	V 100 15 SEP 17 95 CALL	4,591	22,214	\$2.76	5.75%	0.41	17.57%	37.18%	\$1,257,934	.V170915C95
5/5/2017	V 100 15 SEP 17 95 CALL	4,635	13,748	\$2.70	-6.25%	0.4	17.29%	36.19%	\$1,232,910	.V170915C95
6/2/2017	V 100 18 AUG 17 97.5 CALL	5,054	264	\$2.32	13.17%	0.43	16.90%	40.44%	\$1,172,528	.V170818C97.5
5/9/2017	V 100 15 SEP 17 95 CALL	4,428	18,238	\$2.61	4.82%	0.4	17.47%	35.83%	\$1,137,996	.V170915C95
5/12/2017	V 100 18 JAN 19 95 CALL	1,043	503	\$9.45	3.28%	0.52	22.07%	41.08%	\$1,011,710	.V190118C95
5/16/2017	V 100 21 JUL 17 95 CALL	4,420	6,476	\$2.05	-2.38%	0.42	18.10%	38.59%	\$932,620	.V170721C95
3/6/2017	V 100 15 SEP 17 90 CALL	2,031	943	\$4.45	-0.89%	0.48	19.85%	42.54%	\$913,950	.V170915C90
3/3/2017	V 100 18 JAN 19 120 CALL	3,100	133	\$2.12	8.72%	0.17	20.71%	11.08%	\$675,800	.V190118C120

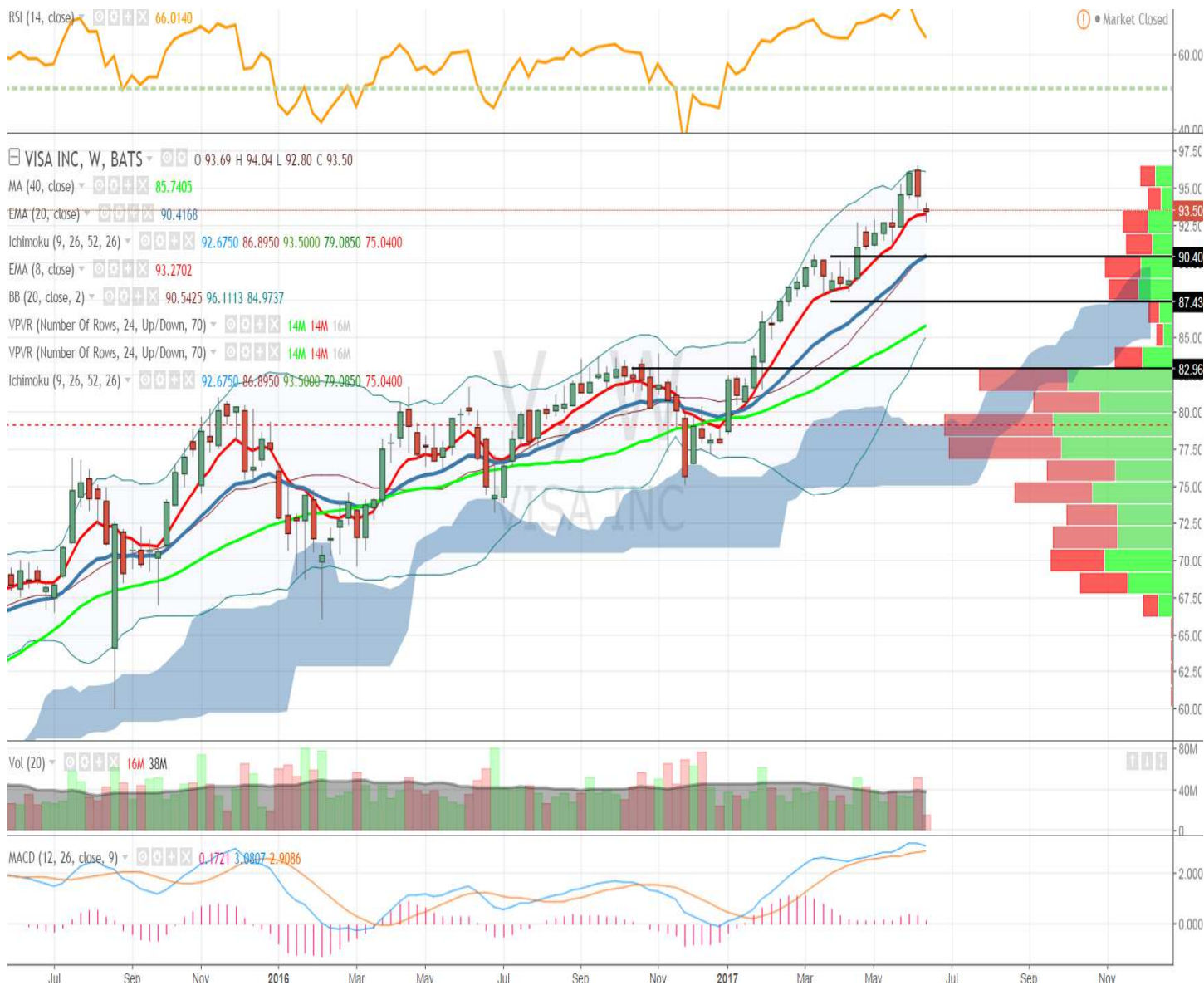
Historical Volatility Spread of 25-Delta Put IV minus 25-Delta Call IV



Current Skew Indicator: **Bullish**

Analyst Notes: Analysts have an average target of \$102.50 on shares with a high of \$111 and low of \$96, 9 Buy ratings. Morgan Stanley was in March calling Visa a top pick for the year, encouraged by the Visa Europe integration and numerous governments support for the move to a cashless economy. Deutsche Bank was out with a Buy in March and \$103 target citing upbeat with large deals like Costco, the USAA migration, India demonetization, and strong expense management. Barclays out on 4-13 at Overweight and a \$103 target, noting growth is inflecting with the roll on of new deals, expecting the trend of beat and raise quarters to continue.

Technical View: V shares broke out at the \$93 level in May and then came back to retest that level with recent weakness, also the rising 50 day EMA, putting that \$92.50 level as support. The next volume support level is \$90.40 which aligns with the rising 20 week EMA, and then major support back at \$83 would fill its February earnings gap and also put shares under its 200 MA that sits near \$85.



Seasonality: V shares have outperformed in Q3/Q4 with a 5 year average return of +5.93% and +11.59% respectively, October, February and July its best months. Over the last 3 years it has seen negative returns in both Q1 and Q2 with June, January and November its weakest months.

Ownership Trends: Institutional ownership fell 1.4% in Q1 filings, notable buyers included Egerton Capital, Akre Capital, Riverpark Advisors, Polen Capital, Two Creeks Capital, Edgewood, Cantillon Capital, and Criterion Capital. Short interest at 2.6% of the float has been rising steadily since February. The last insider purchase in Visa was by Director Alfred Kelly in March of 2014.

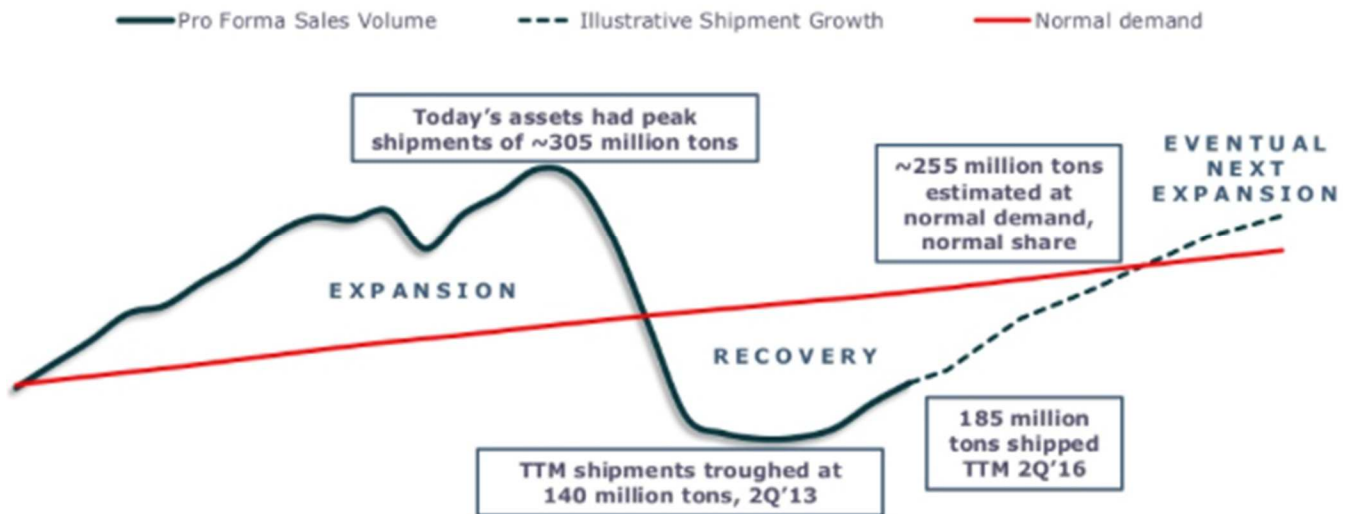
Catalyst: Earnings; Visa Europe Synergies; China/India Market Opportunity; Tax Reform

Optimal Strategy: Long the V September \$95 Calls at \$3 or Better

Vulcan Materials (VMC) – Industrials – Building Materials

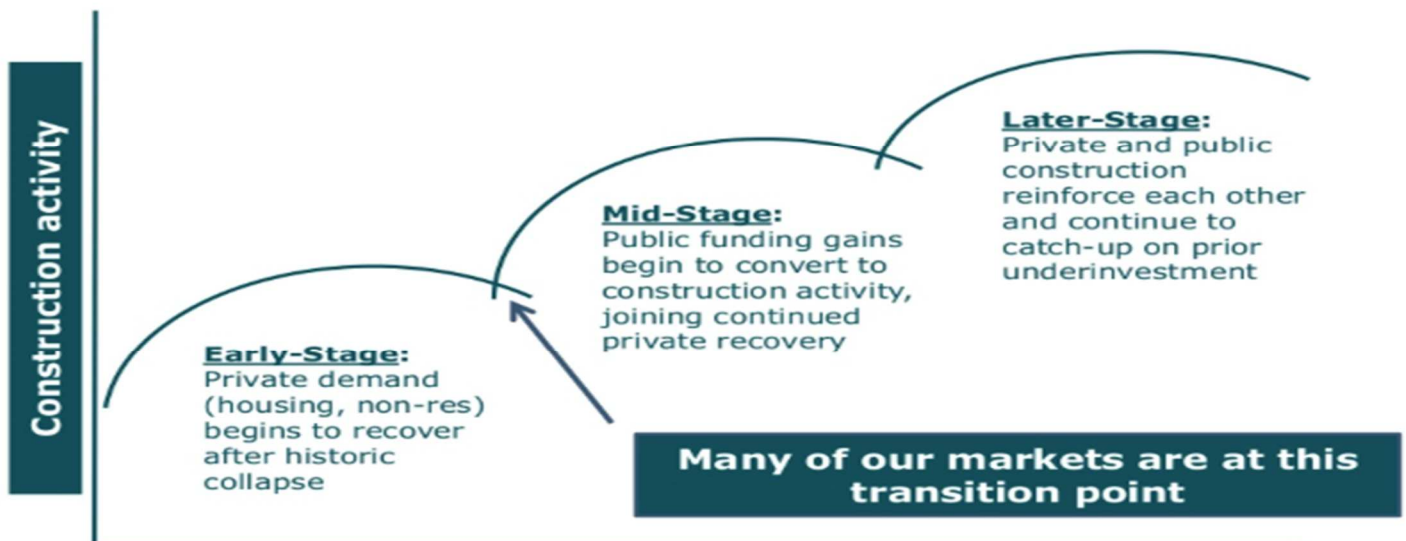
Fundamental Snapshot: The \$16.65B building materials company trades 22.8X earnings, 4.59X sales, and 3.66X book with a 0.80% yield. VMC is expecting 12.7% Y/Y and 13.1% Y/Y revenue growth in 2017 and 2018 respectively. EPS has grown from \$1.56 in 2014 to more than \$4 and expected to rise 34.5% in 2018 to \$5.46. The company gains most of their business from mining and selling aggregates, primarily crushed stone and sand, for infrastructure projects such as roads and bridges and buildings. They see most of their business from new projects and increases in funding from the government for municipal improvements. Public investments in infrastructure are still well below the historical average so room for improvement as the company sees the early stages of a multi-year recovery. Their largest markets are California and Texas with the latter returning to growth in 2017 and the former expected to turn positive this year. The company has seen better pricing and a growing backlog of projects as business confidence improves, populations continue to grow, and housing continues to be firm. VMC is coming off a strong quarter with 4.3% revenue growth and better shipments volumes. On 5-25, the company announced a \$900M deal for Aggregates USA which expands their offerings in Georgia, South Carolina, and Florida.

Illustrative: VMC Aggregates Shipments in Context of Cycles



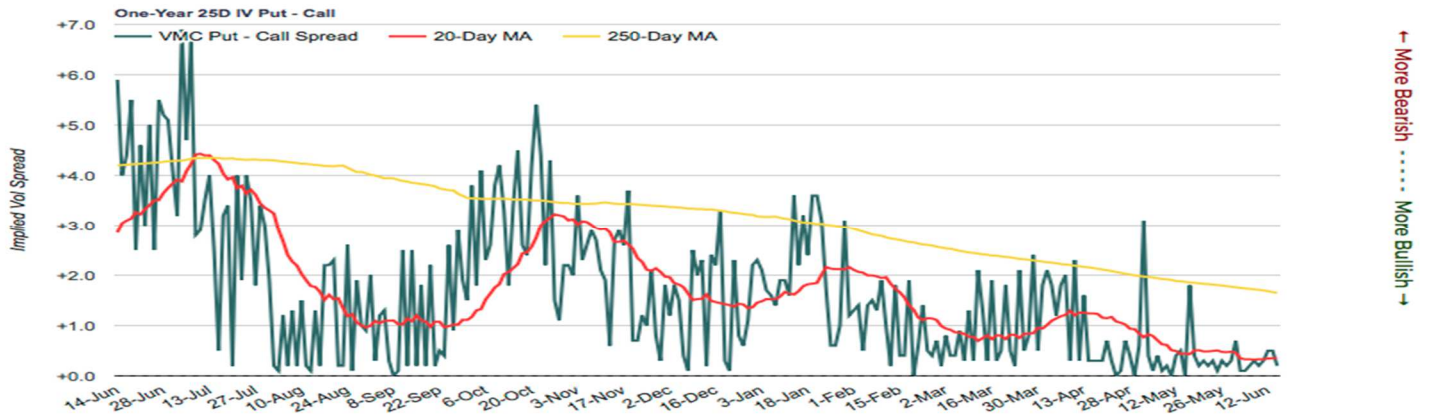
THE UNFOLDING RECOVERY

Materials Company



Open Interest, Volatility, and Skew: VMC's 30 day IV at 23.5% compares to a 52-week range of 19.5% to 33.6%. Its January options are pricing in a 16.6% move by year-end, and total put/call open interest ratio is 0.603. Its 30 day IV Skew at 0.9% compares to a 52-week average of 6.5%. Some notable positions include the August \$120 and \$125 Calls.

Date	Description	Volu	Open	Price	%Chan	De	Impl	Prob.I	Premium F	Symbol
5/24/2017	VMC 100 18 AUG 17 125 CALL	4,354	69	\$6.40	-16.88%	0.5	28.64%	44.07%	\$2,786,560	.VMC170818C125
4/20/2017	VMC 100 18 AUG 17 120 CALL	2,126	131	\$7.50	13.12%	0.5	29.76%	43.51%	\$1,637,020	.VMC170818C120
3/7/2017	VMC 100 19 JAN 18 100 PUT	950	488	\$5.15	7.29%	-0.23	29.95%	32.58%	\$489,250	.VMC180119P100



Current Skew Indicator: Bullish

Analyst Notes: Analysts have an average target for shares of \$131.50 with 5 buy ratings and 5 hold ratings, a Street high at \$160 and a low of \$114. Sun Trust out positive on 5-10 noting that Q1 is likely to top estimates despite rainy weather in California. On 3-30, the firm was out positive noting that the California \$52.4B transportation bill is a positive tailwind for the company with 80% of new spending benefitting the concrete makers including VMC. The firm thinks revenue could rise by 3.5% and EBITDA by 7% with the win.

Technical View: Shares have been in a strong long-term uptrend since 2014 and flagging on the weekly under \$138 with a breakout measuring to \$170.



Seasonality: VMC shares are seasonally strongest early in the year from February to March and then late in the year from October to November. The weakest months for shares are March and September. Shares tend to trade flat in Q2 and Q3.

Ownership Trends: Institutional ownership fell 1.98% in Q1 filings with 79 new positions, 199 adding, 55 closing, and 205 reducing. 11 funds hold VMC in their top 10 holdings. Balyasny a top holder with 1.5M shares, their sixth largest position, while Maverick Capital owns 2.6M shares, their tenth largest and a 4% weight. Short interest is 2.15% of the float down from over 4% in 2015 and steady since last Summer.

Catalyst: New Infrastructure Spending (Federal, Local), CA Project Announcements, Earnings

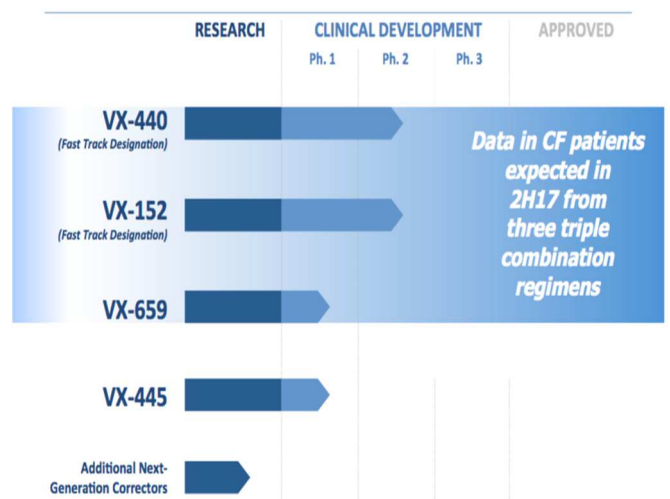
Optimal Strategy: Long the VMC January \$140/\$115 Bull Risk Reversal for \$2.00 Debit

Vertex (VRTX) \$128.50 – Healthcare – Biotechnology

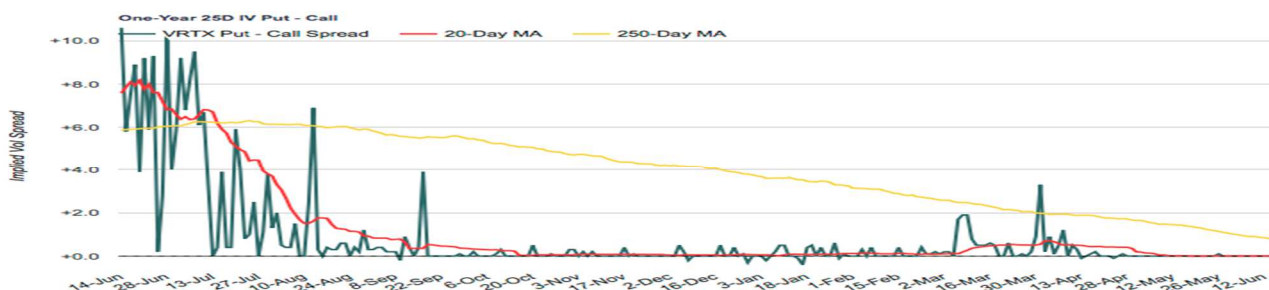
Fundamental Snapshot: The \$31.74B biotech trades at 41.68X earnings, 15.7X sales, and 21X book with over \$5.75 per share in cash. The company is expecting 30.4% and 17.1% Y/Y revenue growth in 2017 and 2018 respectively with EPS climbing over \$3. VRTX is a leader in cystic fibrosis treatment with marketed medicines KALYDECO and ORKAMBI. In Q1, the company had \$186M and \$295M in revenues respectively for the two.

The company sees room for significant expansion in patient coverage for CF with recent positive Phase 3 trials of Tezacaftor in combination of Kalydeco including label expansion and use in further combinations. They expect to file an NDA in US and Europe in Q3. In May, the FDA approved the company's expanded use of Kalydeco up to 33 genetic mutations. VRTX has a growing pipeline including VX-440, VX-659 and VX-152 in Phase 2 trials with data expected in the 2H of the year from triple combination regimens, a key catalyst. Earlier in the year, VRTX outlined key goals for 2017 which include \$1.81-\$2.03B in total CF revenues, reimbursement for ORKAMBI in International markets, and using M&A to boost their CF and non-CF pipeline assets.

Broad Portfolio of Next-Generation Correctors



Open Interest, Volatility, and Skew: VRTX 30-day IV at 29.75% is in the 11th percentile of its 52-week range of 58.68% to 26.17%. Its December options are pricing in a 23% move by year-end and its total put/call open interest ratio is 0.355. Its 30-day IV skew is flat vs a 52-week average of 2.1%. Some notable positions in open interest include 10,000 October \$160/\$170 call spreads and 3,500 October \$130/\$160 call spreads.



Current Skew Indicator: Slightly Bullish

More Bearish ... More Bullish

Date	Description	Volu	Open	Price	%Chan	De	Impl	Prob.II	Premium F	Symbol
4/4/2017	VRTX 100 20 OCT 17 130 CALL	3,565	86	\$7.20	20.00%	0.35	38.96%	25.32%	\$2,709,400	.VRTX171020C130
4/6/2017	VRTX 100 20 OCT 17 160 CALL	10,000	4,578	\$1.70	-2.86%	0.12	34.85%	7.79%	\$2,000,000	.VRTX171020C160
4/6/2017	VRTX 100 20 OCT 17 170 CALL	10,000	0	\$0.60	N/A	0.07	32.69%	4.02%	\$1,150,000	.VRTX171020C170
12/28/2016	VRTX 100 21 JUL 17 75 PUT	1,017	26	\$10.20	-3.77%	-0.43	47.23%	57.11%	\$1,037,340	.VRTX170721P75
4/4/2017	VRTX 100 20 OCT 17 160 CALL	3,500	0	\$0.80	N/A	0.1	34.92%	6.51%	\$700,000	.VRTX171020C160
6/5/2017	VRTX 100 19 JAN 18 140 CALL	529	134	\$11.30	6.60%	0.46	36.69%	35.21%	\$624,220	.VRTX180119C140
4/28/2017	VRTX 100 19 JAN 18 120 PUT	300	11	\$16.50	-0.60%	-0.46	38.67%	58.71%	\$510,000	.VRTX180119P120
4/5/2017	VRTX 100 20 OCT 17 135 CALL	306	64	\$7.00	32.08%	0.35	39.05%	25.04%	\$244,800	.VRTX171020C135
1/27/2017	VRTX 100 21 JUL 17 80 PUT	250	0	\$7.20	N/A	-0.34	44.38%	45.38%	\$180,000	.VRTX170721P80

Analyst Notes: Analysts have an average target for shares of \$116 with 16 buy ratings and 8 hold ratings, Morgan Stanley raising their PT to \$153 recently. On 6-5, Oppenheimer upgraded shares to Outperform with a \$150 target seeing 70% change that the upcoming Phase 1 and Phase 2 triplet data will be successful and also positioned well for long-term sales and earnings growth. Argus has a \$145 PT and Baird positive on 5-1 seeing their next-generation CF products moving to treat 80-90% of CF patients. The firm thinks 2017 will be a transformational year for the company. Credit Suisse positive on 5-17 raising their Kalydeco sales guidance to \$721M-\$750M and seeing France reimbursement of Orkambi adding \$140M. The firm thinks 75% probability of success from its triplet data which can be key to successfully treat the HetMin population.

Technical View: VRTX shares are climbing back towards the 2015 highs near \$140 with support below at the March gap near \$105. Shares have a long-term measured move to \$200 from the 2015/2016 range breakout over \$140. Weekly RSI is elevated around 70 while MACD is near its highest-levels since late 2014. Shares have a low-volume gap at \$100.



Seasonality: VRTX shares are strongest in Spring and early Summer with shares peaking in August and fading in Q4, a five-year average return of -3.8%. Its best months are May and June while February also strong.

Ownership Trends: Institutional ownership fell 1.17% in Q1 filings, 82 funds creating new positions, 178 adding, 40 closing, and 178 reducing. 8 funds hold VRTX in their top ten holdings. Clearbridge is a top holder with 8.75M shares and Orbimet with 2.1M shares, their ninth largest position. Pointstate added a new position last quarter. Short interest is 1.86% and hitting 1-year lows recently.

Catalyst: Triple Combination Data, M&A

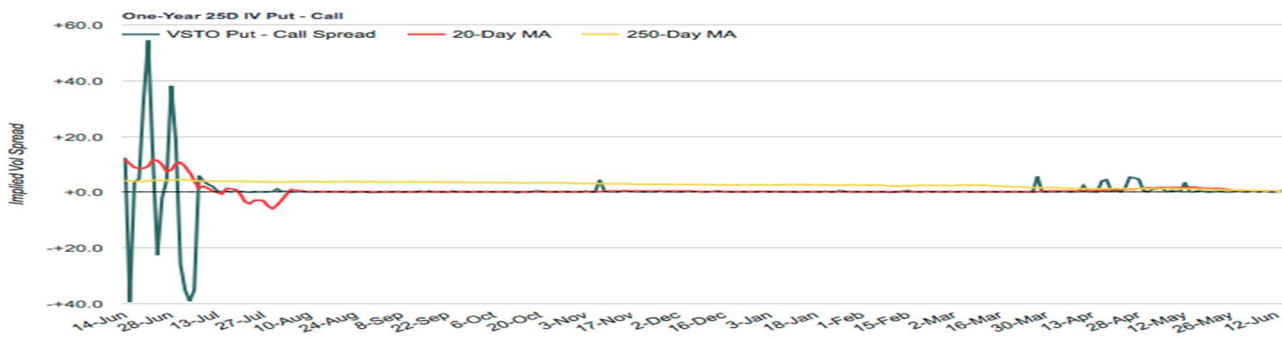
Optimal Strategy: Long the VRTX January \$140/\$160 Call Spread for \$6.00 Debit

Vista Outdoors (VSTO) \$22.75 – Consumer – Sporting Goods

Fundamental Snapshot: The \$1.19B sporting goods company trades 12.95X earnings, 0.47X sales, and 0.97X book with a debt-heavy balance sheet. VSTO expects sales to fall 6% in 2017 and flat to modest growth in 2018 after years of double-digit gains, slowing momentum. VSTO has fallen under pressure due to weaker than expected gun and ammunition sales since the Election coupled with a weak retail environment and warned last quarter on “unprecedented” decline in demand. Margins contracted by more than 17% in Q4 behind lower sales, an unfavorable mix, and worsening inventories. The latter is expected to be a multi-quarter issue with the Gander Mountain inventory liquidation in the marketplace, particularly in wholesale. The company noted that they, along with peers in the industry, ramped production of inventory ahead of the November election anticipating a different outcome and now are sitting on significant excess. The company cut their outlook to \$2.36B in sales vs \$2.43B consensus and continues to see pricing challenges from competitors such as Dick’s (DKS), Cabelas (CAB), and Sportsman Warehouse (SPWH). VSTO continues to invest in their business as sales slump, playing catch-up in the e-commerce space with just 20% of their sales online.

Open Interest, Volatility, and Skew: VSTO 30-day IV at 40.6% is in the 34th percentile of its 52-week range of 22.9% to 85.4%. Its November options are pricing in a 27.9% move into year-end and its total put/call open interest ratio is 1.56. Its 30-day IV skew is flat vs a 52-week average of 0.7%. Some notable positions in open interest include the August \$22.50 puts and November \$22.50 puts, the latter seeing steady accumulation in mid-May on four different days.

Date	Description	Volu	Open.	Price	%Chan	De	Impl \	Prob. I	Premium F	Symbol
6/8/2017	VSTO 100 18 AUG 17 22.5 PUT	5,045	1,001	\$2.20	4.76%	-0.44	57.85%	54.01%	\$1,160,350	.VSTO170818P22.5
5/25/2017	VSTO 100 17 NOV 17 22.5 PUT	2,351	4,628	\$3.77	21.61%	-0.5	49.02%	63.56%	\$893,380	.VSTO171117P22.5
5/17/2017	VSTO 100 17 NOV 17 22.5 PUT	1,500	3,065	\$3.30	11.86%	-0.46	45.56%	59.30%	\$495,000	.VSTO171117P22.5
5/16/2017	VSTO 100 17 NOV 17 22.5 PUT	1,687	1,515	\$2.85	16.33%	-0.42	44.52%	54.63%	\$480,795	.VSTO171117P22.5
5/15/2017	VSTO 100 17 NOV 17 22.5 PUT	1,501	78	\$2.45	-47.87%	-0.4	42.22%	52.33%	\$382,755	.VSTO171117P22.5
5/23/2017	VSTO 100 21 JUL 17 22.5 CALL	2,240	0	\$1.10	N/A	0.45	37.45%	39.01%	\$246,400	.VSTO170721C22.5
6/9/2017	VSTO 100 18 AUG 17 25 CALL	1,001	290	\$1.45	0.00%	0.42	55.20%	33.17%	\$165,165	.VSTO170818C25
5/31/2017	VSTO 100 18 AUG 17 22.5 CALL	1,002	251	\$1.20	-33.33%	0.42	48.27%	33.90%	\$140,280	.VSTO170818C22.5



Analyst Notes: Analysts have an average target for shares of \$30 with 5 buy ratings and 6 hold ratings. DaDa this morning positive seeing their fundamentals bottoming and the top name in the outdoor category. KeyBank out cautious in February noting a domino effect from lower demand is likely to see retailers to significantly cut back on orders in the near-term. Roth negative downgrading shares in Q1 noting the company is likely losing its distribution competitive advantage with more consumer shopping online.

Technical View: Shares have been trading in a narrow range since February and higher today by more than 8% earlier after an upgrade at DA Davidson. Longer-term, an ugly retail chart which traded as high as \$50 in August and room back to \$20-\$18 levels from March/April.



Seasonality: VSTO shares show seasonal strength in February and March while June also a strong month. The weakest period for shares has averaged a 14% move lower since 2012.

Ownership Trends: Institutional ownership rose modestly last quarter while short interest is 12.64% of the float and rising sharply since October when it was under 4%.

Catalyst: June 21 Jefferies Consumer Conference, Monthly NICS Background Check Data, Comps

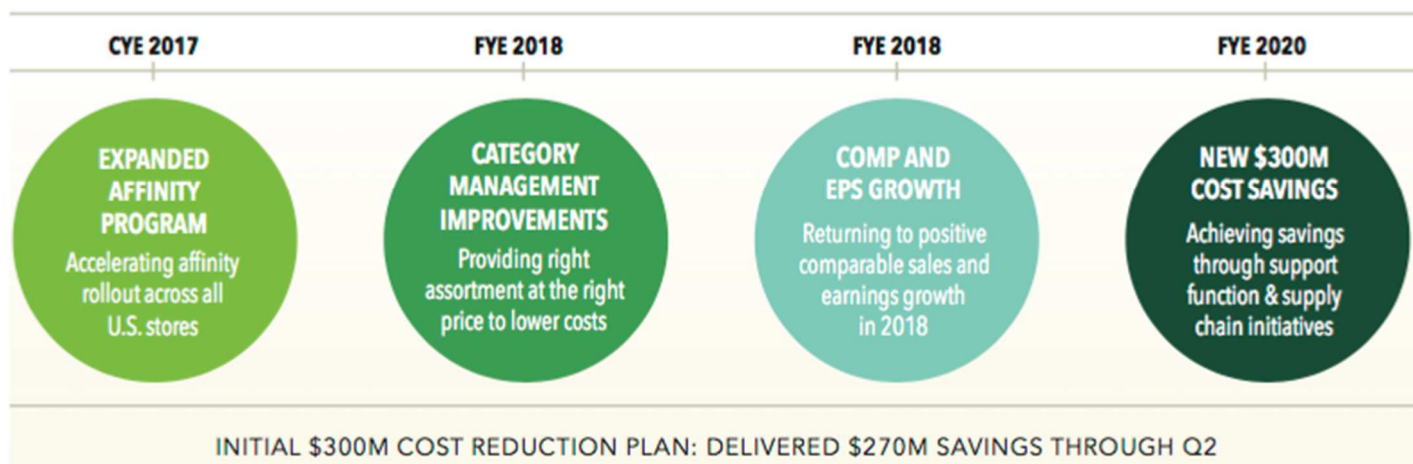
Optimal Strategy: Long the VSTO November \$22.50 Puts for \$2.50 Debit

Whole Foods (WFM) \$34.75 – Services – Grocery

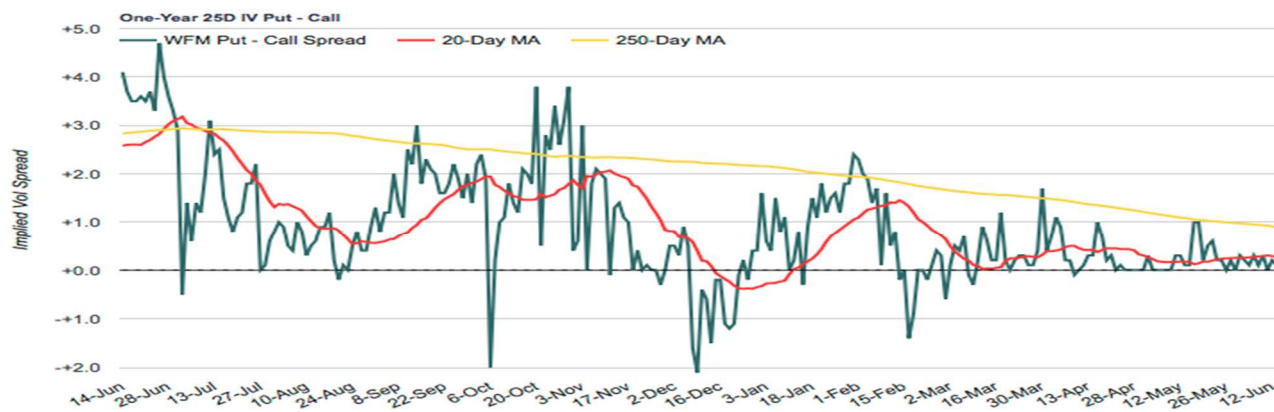
Fundamental Snapshot: The \$11.27B organic grocer trades 25.49X earnings, 0.71X sales, and 48X FCF with a 2.05% dividend yield and over \$2.75 per share in cash. WFM has seen sales growth fall steadily since 2013 to low-single digits last year but seeing 2017 as a transition year before 3.5% growth in 2018 and EPS up 5.3% to \$1.38 per share. WFM has faced consistent pressure from more entrants to the organic foods space including Kroger (KR), Wal-Mart (WMT) and Costco (COST) who have size and scale necessary to put pricing pressure on the company and take valuable market share. The company has rolled out smaller, cost-conscious stores under the Whole 365 label in recent years looking to reignite growth and likely to start seeing results in 2017 and 2018. The company is coming off another weak quarter with gross margins down 84 basis points, average basket size down 0.2%, and transaction volumes down 3%. Comps fell 2.8% which was slightly better than expected. In May, the company announced a major shake-up on their board after activist Jana Partners took a greater than 8.5% stake and urged the company to explore a sale. The fund took aim at multiple operational challenges the company is facing including leveraging their brand, better distribution and analytics, and customer engagement. They also announced a \$1.25B buyback and raised dividend.

OUR PATH TO SUSTAINED GROWTH AND INCREASED PROFITABILITY

TOTAL OF \$600 MILLION IN COST SAVINGS FROM 2015 TO 2020



Open Interest, Volatility, and Skew: WFM 30-day IV at 22.77% is in the 8th percentile of its 52-week range of 46.73% to 20.64%. Its January options are pricing in a 16.45% move by year-end and its total put/call open interest ratio is 0.825. Its 30-day IV skew is 0.9% vs a 52-week average of 3.3%. Some notable positions in open interest include the August \$34 calls, November \$34 calls, and the January \$35 and \$38 calls.



Current Skew Indicator: Slightly Bullish

Date	Description	Volu	Open	Price	%Chan	De	Impl \	Prob.Π	Premium F	Symbol
1/11/2017	WFM 100 18 AUG 17 40 PUT	3,048	27	\$9.82	3.04%	-0.96	18.79%	97.79%	\$2,993,136	.WFM170818P40
4/18/2017	WFM 100 17 NOV 17 34 CALL	5,018	58	\$3.40	18.06%	0.58	29.42%	48.79%	\$1,731,210	.WFM171117C34
4/19/2017	WFM 100 17 NOV 17 34 CALL	4,172	3,964	\$3.65	7.99%	0.58	31.59%	48.73%	\$1,543,640	.WFM171117C34
4/12/2017	WFM 100 18 AUG 17 34 CALL	4,517	2,098	\$2.45	25.64%	0.54	30.11%	46.71%	\$1,124,733	.WFM170818C34
4/19/2017	WFM 100 18 JAN 19 35 CALL	2,211	294	\$4.60	11.38%	0.54	26.56%	41.07%	\$1,050,225	.WFM190118C35
5/22/2017	WFM 100 17 NOV 17 50 PUT	400	0	\$13.75	N/A	-0.99	0.02%	100.00%	\$560,000	.WFM171117P50
2/28/2017	WFM 100 18 JAN 19 30 PUT	1,000	110	\$4.05	-4.48%	-0.41	25.71%	56.86%	\$430,000	.WFM190118P30
5/11/2017	WFM 100 19 JAN 18 38 CALL	1,507	4	\$2.88	21.52%	0.48	24.54%	40.36%	\$417,439	.WFM180119C38

Analyst Notes: Analysts have an average target for shares of \$33 with 7 buy ratings, 13 hold ratings, and 6 sell ratings. RBC has a Street High \$42 price target for shares. Wells Fargo out positive on 5-11 raising to Outperform and citing multiple ways to win going forward amid a much clearer path to value creation and limited downside. The firm was positive on how management has engaged with Jana so far and showing a willingness to improve results. JP Morgan was out on 4-12 noting that Jana is likely looking for a strategic partner for WFM and as a firm which has deep connections to the industry could be communicating with third parties. Amazon (AMZN), Kroger (KR), and Albertson's have been mentioned as potential buyers.

Technical View: WFM shares have traded in a big base since late 2015 between \$36 and \$28 and recently breaking out with a measured target of \$42. Shares traded as high as \$65 in 2013 and held the 61.8% Fibonacci on the recent pullback with positive RSI divergence on the weekly and MACD improving.



Seasonality: WFM is historically weakest in Q2 with shares down 6.9% over the last five years but also showing weakness in August. Shares perform best from September to early December.

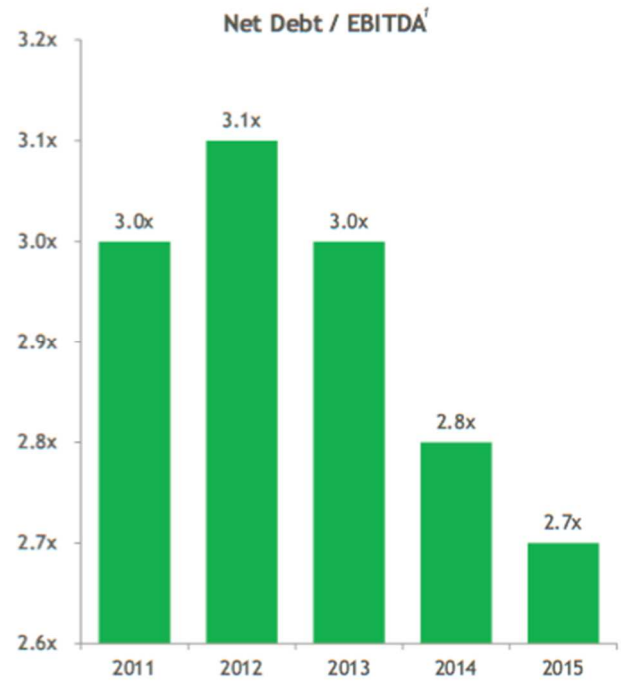
Ownership Trends: Institutional ownership rose 6.05% in Q1 filings, 49 creating new positions, 225 adding, 92 closing, and 209 reducing. 6 funds hold WFM in their top ten positions while Jana remains the only 13D filing with 26M shares, their largest position and a 15.8% weight. Sands Capital owns 11.6M shares and Shapiro Capital owns 3.3M shares, other notable holders. Short interest is 10.14% of the float, down slightly from recent highs near 13%. WFM last saw insider buying in late 2015/early 2016 as Director John Elstrott bought around 4,000 shares between \$28 and \$30.

Catalyst: M&A, Improving Comps, More 365 Openings, Capital Return, Expanded Affinity Program

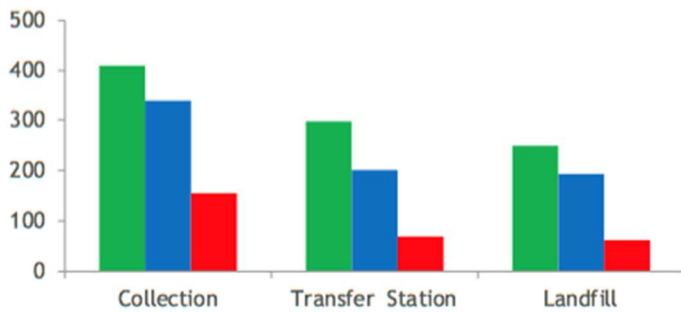
Optimal Strategy: Long the **WFM** January \$37/\$42 Call Spread for \$1.40 and Sell the January \$31 Put for \$1.10, net debit of \$0.30 and willing to own shares at \$30.

Waste Management (WM) \$73.45 – Industrials – Waste Management

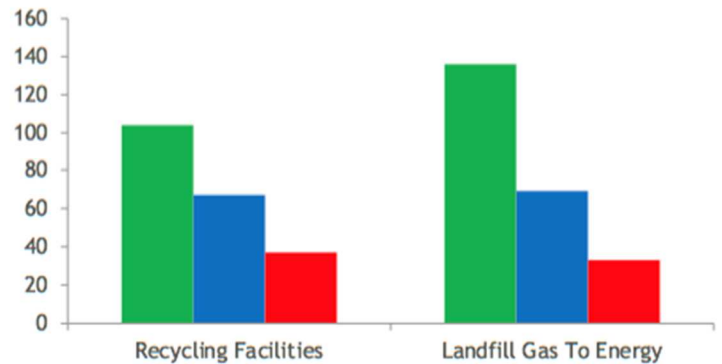
Fundamental Snapshot: The \$32.34B waste management company trades 21X earnings, 2.33X sales, and 5.8X book with a 2.31% dividend yield. WM is targeting 5.2% and 3.7% Y/Y growth respectively in 2017 and 2018 after stagnant results the prior three with EPS expected to climb over \$3.50 per share. The company is the largest provider of waste and environmental services to commercial, industrial, and municipal customers in the US. The company operates 248 landfill areas and over 300 transfer stations to compact and transport waste. They also provide recycling of paper, cardboard, and glass. Collection remains the largest revenue generator for the company (\$8.8B) while Landfill (\$3.1B), Transfer (\$1.5B) and Recycling (\$1.2B) make up the remaining. Revenues tend to be better in Summer months with higher volumes of construction and demolition waste. The company is coming off a strong quarter with 8.3% revenue growth with better volumes and higher recycling commodity prices.



Traditional Solid Waste Service Facilities

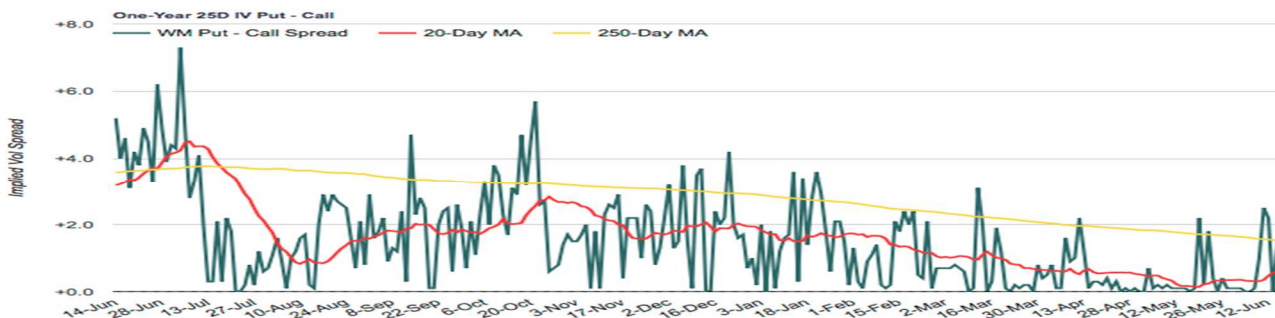


Waste Conversion Facilities



Green (WM), Blue (RSG), Red (WCN)

Open Interest, Volatility, and Skew: WM 30-day IV at 16.39% is in the 64.5th percentile of its 52-week range of 19.64% to 10.46%. Its January options are pricing in a 9.6% move by year-end and its total put/call open interest ratio is 0.836. Its 30-day IV skew is 14.1% vs a 52-week average of 11.7%. Some notable positions in open interest include January \$65 and \$70 calls.



Current Skew Indicator: In Line with Historical

← More Bearish More Bullish →

Date	Description	Volu	Open	Price	%Chan	De	Impl \	Prob. I	Premium F	Symbol
2/17/2017	WM 100 18 JAN 19 65 CALL	917	361	\$9.40	10.46%	0.69	18.15%	56.72%	\$861,980	.WM190118C65
2/9/2017	WM 100 19 JAN 18 70 CALL	1,955	1,846	\$3.77	4.72%	0.5	15.76%	43.13%	\$737,035	.WM180119C70
6/9/2017	WM 100 21 JUL 17 70 PUT	8,435	746	\$0.74	64.44%	-0.27	16.85%	29.35%	\$632,625	.WM170721P70
3/31/2017	WM 100 19 JAN 18 70 CALL	1,252	3,836	\$5.00	6.38%	0.62	14.80%	56.00%	\$626,000	.WM180119C70
2/7/2017	WM 100 19 JAN 18 70 CALL	1,301	519	\$3.70	-2.63%	0.49	15.73%	41.97%	\$481,370	.WM180119C70
1/25/2017	WM 100 21 JUL 17 70 CALL	1,452	545	\$2.65	11.81%	0.48	15.61%	43.82%	\$399,300	.WM170721C70
3/31/2017	WM 100 19 JAN 18 75 CALL	1,204	830	\$2.25	-2.17%	0.4	14.19%	34.66%	\$307,020	.WM180119C75
5/31/2017	WM 100 20 OCT 17 72.5 CALL	1,291	140	\$2.34	59.18%	0.52	12.53%	48.01%	\$303,385	.WM171020C72.5
5/15/2017	WM 100 18 JAN 19 77.5 CALL	614	76	\$3.00	-3.23%	0.35	15.72%	27.64%	\$190,340	.WM190118C77.5
6/5/2017	WM 100 19 JAN 18 67.5 PUT	1,001	727	\$1.25	2.46%	-0.22	15.78%	26.16%	\$135,135	.WM180119P67.5
5/15/2017	WM 100 20 OCT 17 75 CALL	1,022	2,489	\$0.90	5.88%	0.28	11.30%	25.15%	\$102,200	.WM171020C75

Analyst Notes: Analysts have an average target for shares of \$71 with 5 buy ratings, 4 hold ratings, and 1 sell rating. Many analysts have downgraded shares in recent months with the stock's rally with Wedbush raising their PT to a Street High \$75 on 2-21 but remains Neutral rated. Barclays downgraded shares to Equal Weight on 3-1 citing higher valuations in the municipal solid waste space while tax reform benefits from lower US statutory corporate rates is already reflected in share value. Goldman started coverage with a Sell rating last Fall and a \$63 PT noting the company is more susceptible to customer churn from its urban footprint.

Technical View: On a daily timeframe, shares have traded in a bull flag under \$74.50 since February with a measured move to \$78 on a breakout. The 200-MA is just below at \$69. WM shares have traded very strong since 2012 clearing major resistance at \$58/\$60 in 2016 and the 23.6% Fibonacci of the run from 2011's lows to the recent highs is at \$63.45 while the 38.2% level is at \$56.60.



Seasonality: Shares are strongest in Q4 with a five-year average move of 5.75% with February, July, and October the best performing months. Shares are weakest in August and September.

Ownership Trends: Institutional ownership fell 1% in Q1 filings with 72 funds creating new positions, 282 adding, 63 closing, and 391 reducing. 18 funds hold WM in their top ten holdings. Cascade Investments, a Kirkland, WA-based fund, holds 31.8M shares while the Bill & Melinda Gates Foundation holds more than 18.6M shares, their second-largest position. Short interest is 1.26% of the float and the 5-year trend has been steadily declining from almost 5%. The last insider buy for WM was in November 2016 when a SVP of Field Operations bought a less than \$10,000 position.

Catalyst: Improved Construction Waste Volumes, Tax Reform

Optimal Strategy: Long the WM January \$75 Calls for \$2.50 Debit

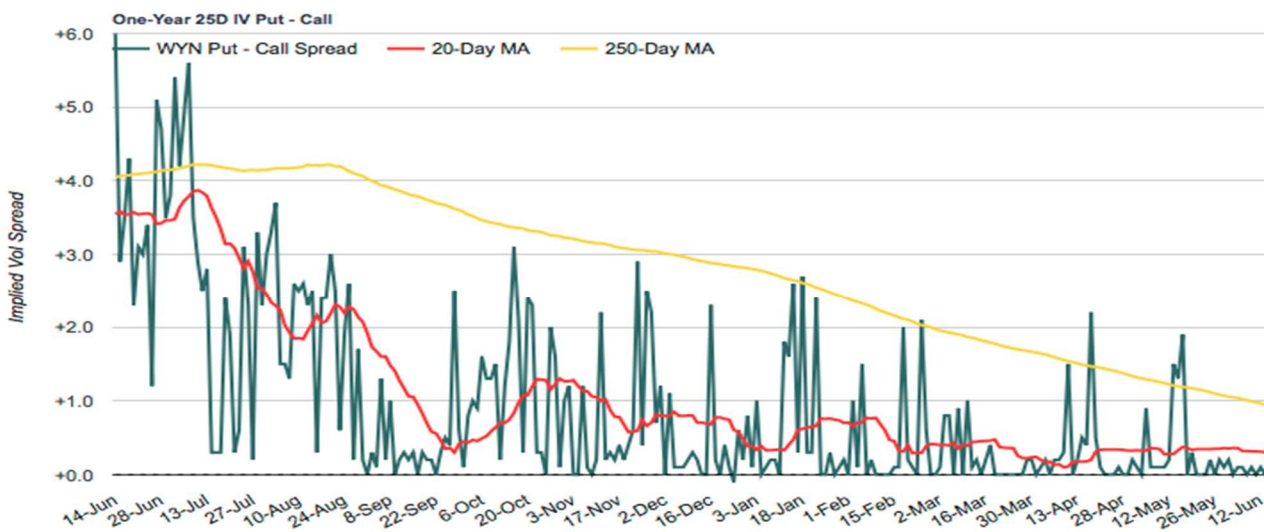
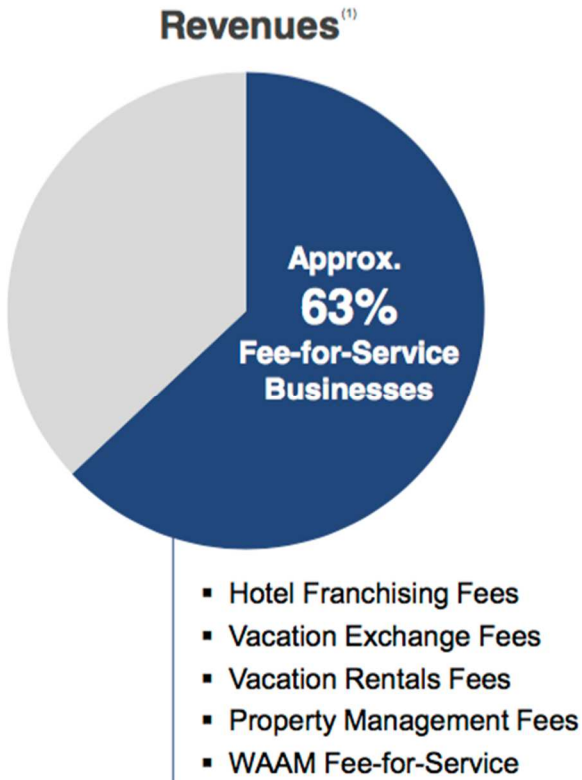
Wyndham Worldwide (WYN) \$101.50 – Services - Lodging

Fundamental Snapshot: The \$10.6B hotel operator trades 14.6X earnings, 1.89X sales, and 48X cash with a 2.28% dividend yield and strong ROE. WYN has seen positive revenue growth each of the last three years but slowing from mid-single digits to just 1.1% in 2016 with growing concerns about over-capacity in the hospitality industry and growing use of AirBnb. The company is looking for a return to 4-5% growth in 2017/2018 with EPS up double-digits to almost \$7 per share. The company has three main business segments.

Their Hotels group comprises of their more than 8,000 locations and 700,000 rooms while their Destination Network features professionally managed, unique vacation options such as cottages, villas, yachts, and private residences. They also operation the world’s largest timeshare business with nearly 900,000 owners. WYN’s latest quarter showed strength across all three business segments with Hotels +1%, DN +2%, and Vacation Ownership +1.1%. Domestic RevPAR rose 1.7% during the quarter and the company targeting 2.3% growth in 2017 vs. a 1.6% gain in 2016. International was significantly impacted last year from China and currency fluctuations. WYN has some longer-term optionality with their CEO indicating in February the company is actively exploring M&A. Holmes said the company would look at adding more brands if it made sense and will evaluation anything that comes to market. He also noted the company could explore spinning out one of their businesses.

Open Interest, Volatility, and Skew: WYN 30-day IV at 20.04% is in the 24th percentile of its 52-week range of 32.75% to 16.03%.

Its January options are pricing in a 15.1% move by year-end and its total put/call open interest ratio is 0.24. Its 30-day IV skew is 0.5% vs a 52-week average of 4.3%. Some notable positions in open interest include August \$95 calls, 1,500 November \$100 calls, 5,000 November \$105/\$120 call spreads bought on 6-2.



Current Skew Indicator: Slightly Bullish

Date	Description	Volu	Open	Price	%Chan	De	Impl \	Prob. I	Premium F	Symbol
5/9/2017	WYN 100 18 AUG 17 97.5 CALL	1,377	119	\$4.30	25.00%	0.48	23.31%	43.31%	\$605,880	.WYN170818C97.5
5/25/2017	WYN 100 17 NOV 17 105 CALL	1,096	2,604	\$4.40	37.50%	0.37	25.73%	31.11%	\$482,240	.WYN171117C105
5/24/2017	WYN 100 21 JUL 17 95 PUT	1,032	0	\$2.06	N/A	-0.38	19.60%	41.18%	\$237,360	.WYN170721P95
3/6/2017	WYN 100 18 AUG 17 77.5 CALL	280	14	\$7.70	-9.73%	0.67	24.27%	59.83%	\$218,400	.WYN170818C77.5
2/9/2017	WYN 100 18 AUG 17 90 CALL	1,004	15	\$2.05	17.14%	0.29	23.18%	23.41%	\$205,820	.WYN170818C90
4/13/2017	WYN 100 17 NOV 17 87.5 CALL	330	135	\$5.70	3.64%	0.52	23.29%	44.44%	\$201,300	.WYN171117C87.5

Analyst Notes: Analysts have an average target for shares of \$85 with 4 buy ratings, 4 hold ratings, and 1 sell rating. MKM Partners raised their PT to a Street High \$111 per share on 4-26. Wolfe Research cut shares to Underperform on 4-27 noting valuation is rich given earnings headwinds and seeing better options among timeshare peers. JP Morgan added shares to their Focus List on 4-12 with \$97 PT seeing investor expectations for EBITDA as reasonable and potential for accelerating growth in 2018. They also think the company has a lot of strategic levers it could pull to unlock meaningful value.

Technical View: WYN shares have been very strong since November and broke out over a major top from 2015 at \$92.50. Shares were in a \$28.50 range in 2015/2017 which measures to \$121. RSI is overbought at 73 while MACD at 10-year highs.



Seasonality: WYN's strongest month is February, up 10% on average over the last five years while shares tend to run into year-end up 10% from mid-October through year-end. Q2 tends to be weakest for shares.

Ownership Trends: Institutional ownership fell 2% in Q1 filings with 78 funds creating new positions, 160 adding, 40 closing, and 189 reducing. 5 funds hold WYN in their top ten positions. Wedge Capital is a notable holder of shares, more than 1.6M, and their 12th largest position. Iridian Asset Management has more than 2.3M shares. Short interest is 4.34% of the float and steadily lower since June 2016 when it was more than 10% of the float.

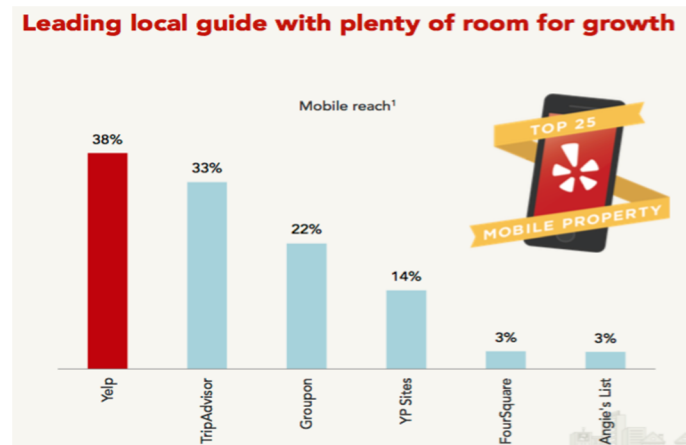
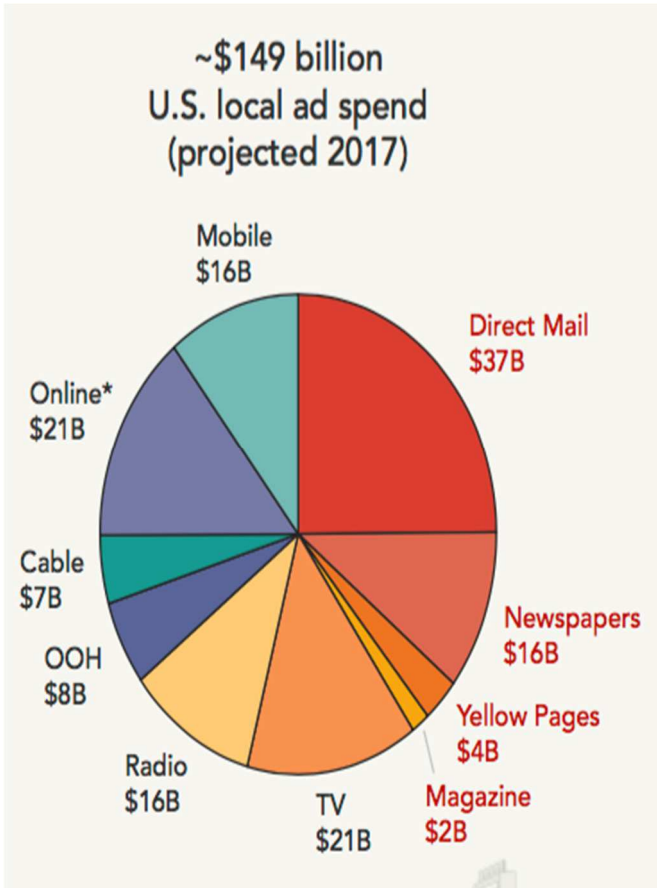
Catalyst: Spin-Off of Destination Network or Vacation Business, M&A

Optimal Strategy: Long the WYN November \$105/\$120 Call Spread for \$3.75 Debit

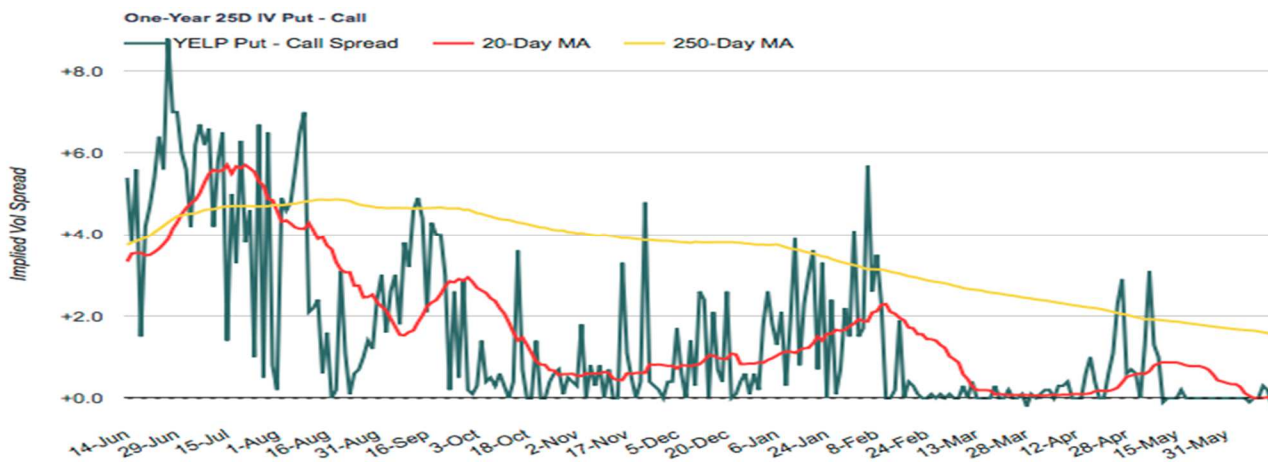
Yelp (YELP) \$28 – Technology - Internet

Fundamental Snapshot: The \$2.27B company trades at 2.05X EV/Sales, 3X sales, and 4.67X cash with no debt. YELP is an internet-based company that connects user with local businesses and has over 36M reviews on restaurants, handymen, and more. YELP saw over 73.4M desktop unique visitors in 2016, slightly lower from 2015 and down from its peak in 2013. Mobile visitors rose to 65.35M on more than 24M devices. YELP has the largest reach in mobile at 38% penetration vs peers like TripAdvisor and Groupon. The company has a large

market opportunity with more than 20M local businesses in the US and just 3.6M claimed with 139,000 paid advertising accounts. Projected ad spend is expected to be \$149B in 2017 with a large amount yet to shift from direct mail and newspapers to digital. Key drivers for growth include revenue retention at the local level, increased account coverage, and new product innovations. Shares dropped by more than 25% last quarter after cutting their FY17 outlook but showed 24% growth in Q1 and better traffic.



Open Interest, Volatility, and Skew: YELP's 30 day IV at 35.7% compares to a 52-week range of 29.8% to 82.6%. Its January options are pricing in a 27% move by year-end, and total put/call open interest ratio is 1.38. Its 30 day IV Skew at 0.6% compares to a 52-week average of 3.4%. Some notable positions include the August \$38 calls, August \$21 and \$26 short puts, and January 2018 \$40 calls.



← More Bearish More Bullish →

Date	Description	Volu	Open	Price	%Chan	De	Impl \	Prob. I	Premium F	Symbol
5/2/2017	YELP 100 18 AUG 17 38 CALL	8,252	7,749	\$3.30	8.55%	0.47	51.74%	36.38%	\$2,723,160	.YELP170818C38
2/22/2017	YELP 100 18 JAN 19 45 CALL	2,500	21	\$4.85	-4.90%	0.43	41.39%	22.78%	\$1,200,000	.YELP190118C45
2/22/2017	YELP 100 18 JAN 19 28 PUT	2,500	7	\$4.45	17.11%	-0.26	43.90%	48.18%	\$1,175,000	.YELP190118P28
5/10/2017	YELP 100 18 AUG 17 21 PUT	22,837	6	\$0.45	-10.00%	-0.11	49.46%	17.26%	\$1,141,850	.YELP170818P21
5/11/2017	YELP 100 17 NOV 17 33 CALL	4,512	24	\$2.20	10.00%	0.39	45.32%	27.20%	\$1,037,760	.YELP171117C33
5/10/2017	YELP 100 18 AUG 17 33 CALL	8,702	118	\$1.10	-78.85%	0.28	44.94%	20.36%	\$957,220	.YELP170818C33
5/31/2017	YELP 100 18 AUG 17 28 CALL	3,485	2,165	\$2.45	5.15%	0.54	48.12%	44.86%	\$871,250	.YELP170818C28
3/29/2017	YELP 100 18 AUG 17 38 CALL	4,050	106	\$1.75	-2.78%	0.35	44.03%	25.25%	\$830,250	.YELP170818C38
5/31/2017	YELP 100 18 AUG 17 26 PUT	5,122	3,265	\$1.53	-1.29%	-0.33	47.54%	41.31%	\$819,520	.YELP170818P26
5/5/2017	YELP 100 18 AUG 17 38 CALL	2,421	16,003	\$2.85	1.79%	0.46	51.14%	35.50%	\$689,985	.YELP170818C38
4/25/2017	YELP 100 18 AUG 17 38 CALL	2,506	5,287	\$2.60	36.13%	0.42	50.28%	31.58%	\$676,620	.YELP170818C38
5/11/2017	YELP 100 19 JAN 18 22 PUT	4,500	468	\$1.30	-9.72%	-0.19	45.29%	30.72%	\$652,500	.YELP180119P22
5/10/2017	YELP 100 18 AUG 17 30 CALL	2,606	57	\$2.11	-69.51%	0.46	45.29%	37.12%	\$573,320	.YELP170818C30
4/20/2017	YELP 100 18 AUG 17 42 CALL	4,005	197	\$1.35	3.05%	0.26	49.11%	17.45%	\$540,675	.YELP170818C42
5/24/2017	YELP 100 18 AUG 17 28 CALL	2,007	78	\$2.45	-8.58%	0.53	46.91%	44.33%	\$511,785	.YELP170818C28
5/11/2017	YELP 100 19 JAN 18 40 CALL	4,547	1,723	\$0.90	-18.18%	0.2	40.19%	12.08%	\$454,700	.YELP180119C40

Analyst Notes: Analysts have an average target for shares of \$35 with a high of \$46 and a low of \$18. There are 15 buy ratings, 17 hold ratings, and 1 sell rating on the stock. Citi upgraded shares on 5-11 seeing the factors driving the 3-4% revision in guidance as largely stabilized and valuation attractive. The firm thinks YELP has had success in the past reducing churn and sales force hiring and productivity have rebounded. Goldman upgraded shares to Buy on 5-10 seeing the advertising churn as fully reflected in valuation.

Technical View: YELP shares traded as high as \$101 in 2014 but have been in a steady downtrend to lows around \$14.50. Shares formed a large base in 2015/2016 and climbing throughout 2016. YELP is trading in a weekly channel with measured target to \$40.



Seasonality: YELP has seasonal strength from May to September with June and August the best performing months. Shares are weakest in March and April.

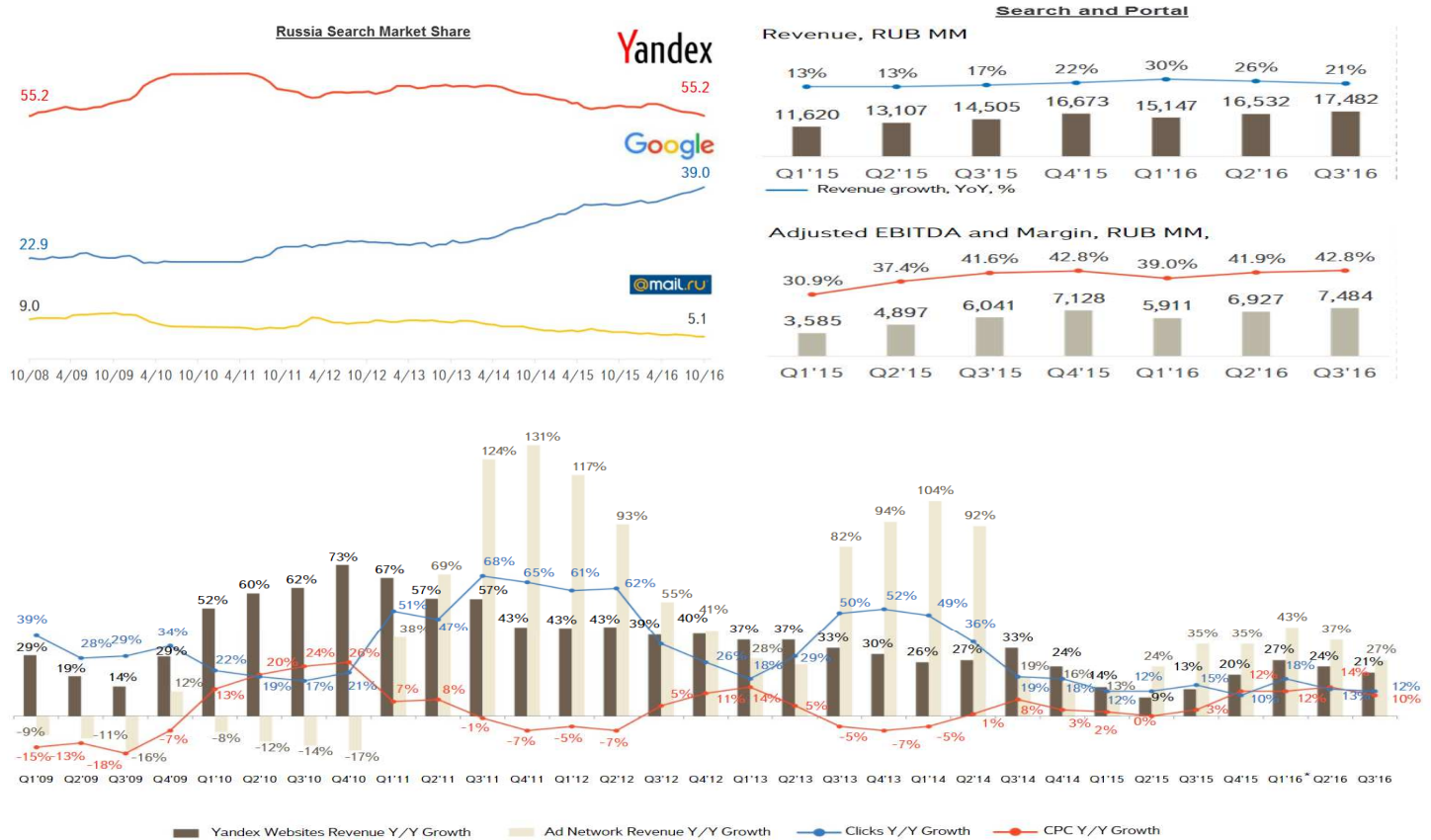
Ownership Trends: Institutional ownership rose 13.05% in Q1 filings with 58 funds creating new positions, 79 adding, 59 closing, and 54 reducing. 13 funds have YELP in their top 10 holdings. Point72 a top holder with more than 2.5M shares while Eastbay Asset Management has more than 2.6M. Soma Equity owns 1.41M shares and is their largest position, a 16.24% weight. Short interest is 11.22% of the float.

Catalyst: Churn Reduction, Better Advertising Rates, Expanded Margins from New Products

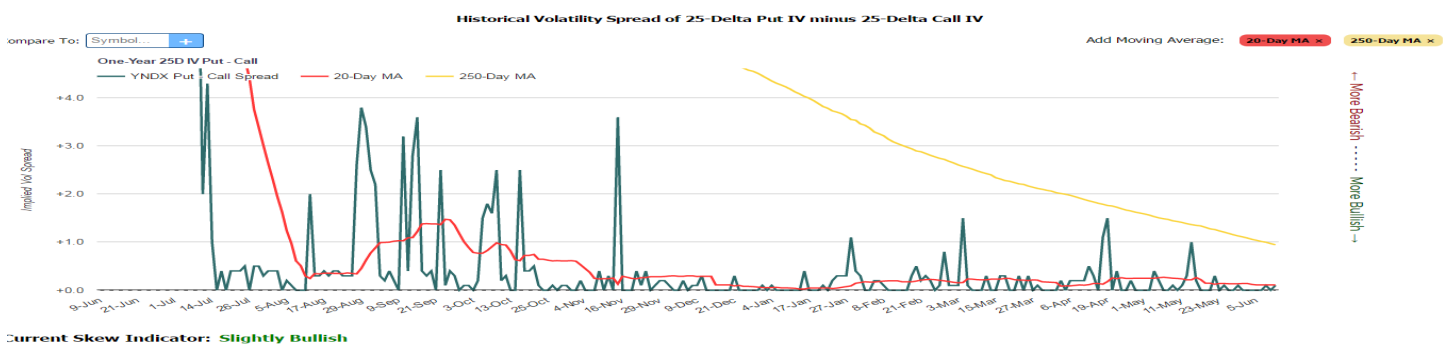
Optimal Strategy: Long the YELP January \$35 Calls for \$2.50 Debit

Yandex N.V (YNDX) \$27 – Technology - Internet

Fundamental Snapshot: The \$9.1B internet search engine in Russia trades 23.4X Earnings, 6.4X Sales and 54.7X FCF. YNDX grew revenues 52.7% last year and targeting 31.6% growth this year while EPS seen reaching \$1.15/share in 2018, up from \$0.71/share in 2016. YNDX has 55% market share of the search market in Russia and 61% on the online ad market share. It has also diversified into ecommerce, Taxi, and Classifieds like many of its US counterparts. Yandex browser is also strengthening its share with 21% desktop share and 18% on mobile. The ecommerce segment provides access to 20,000+ online retailers and has been posting 45% revenue growth. Taxi is a transportation service in Russia posting 150% growth Y/Y. and Classifieds posting 45% growth, though the latter a low margin business. Traffic acquisition costs have steadily fallen to 55% from 63.2% in 2014.



Open Interest, Volatility, and Skew: Yandex's 30 day IV at 35.55% compares to a 52-week range of 27.6% to 54.3%. Its January 2018 options are pricing in a 24.2% move in the next 7 months, and total put/call open interest ratio is at 0.715. Its 30 day IV Skew at 0.3% compares to a 52-week average of 2.6%. Some notable positions in open interest include a purchase of 3,000 November \$29 calls, and the August \$26 calls.



Date	Description	Volu	Open	Price	%Chan	De	Impl	Prob.I	Premium f	Symbol
5/17/2017	YNDX 100 17 NOV 17 29 CALL	3,311	199	\$2.75	-8.33%	0.52	37.91%	41.07%	\$927,080	YNDX171117C29
5/16/2017	YNDX 100 18 AUG 17 25 CALL	1,550	2,151	\$4.90	34.25%	0.8	40.61%	73.26%	\$759,500	YNDX170818C25
5/31/2017	YNDX 100 18 AUG 17 26 CALL	2,000	2,991	\$2.35	-34.90%	0.59	40.02%	51.15%	\$470,000	YNDX170818C26
5/16/2017	YNDX 100 18 AUG 17 28 CALL	1,661	674	\$2.40	-14.29%	0.58	37.56%	50.05%	\$415,250	YNDX170818C28
4/18/2017	YNDX 100 18 AUG 17 26 CALL	2,921	658	\$1.30	-8.45%	0.39	38.03%	31.21%	\$394,335	YNDX170818C26
4/26/2017	YNDX 100 18 AUG 17 25 CALL	1,022	658	\$1.87	6.86%	0.51	36.43%	42.88%	\$194,180	YNDX170818C25
4/17/2017	YNDX 100 18 AUG 17 26 CALL	602	54	\$1.35	50.00%	0.42	37.25%	34.15%	\$93,310	YNDX170818C26

Analyst Notes: Analysts have an average target of \$28 with a \$32 high. BAML rates shares Buy with a \$29 target after a fifth consecutive earnings beat and as a top pick for exposure to the structural growth in Russia online advertising combined with optionality of Yandex Taxi. CSFB is at Outperform with a \$32 target. YNDX is fairly under covered on the Street and could see upgrades coming with its impressive performance.

Technical View: YNDX shares traded as high as \$45 in 2013 and bottomed in 2015 near \$10, now in a strong trend reversal. Shares have support at the recent breakout level of \$24.65, and the measured move target of this recent breakout remains \$35.



Seasonality: YNDX shares have very concentrated returns with 3 year average of +16% in April and +15.5% in October, while July-September and November-January periods have been very weak.

Ownership Trends: Institutional ownership rose 0.37% in Q1 filings, Melvin Capital taking a new position and Three Bays Capital took a large new position making YNDX its 14th largest holding. Discovery Capital holds YNDX as its 15th largest position. Short interest is low at 1% of the float, not far from a 5 year low. YNDX has not seen any insider buy filings.

Catalyst: Taxi Optionality; Earnings; Upgrades

Optimal Strategy: Long YNDX August \$26 Calls at \$1.50 or Better

Skew Watch

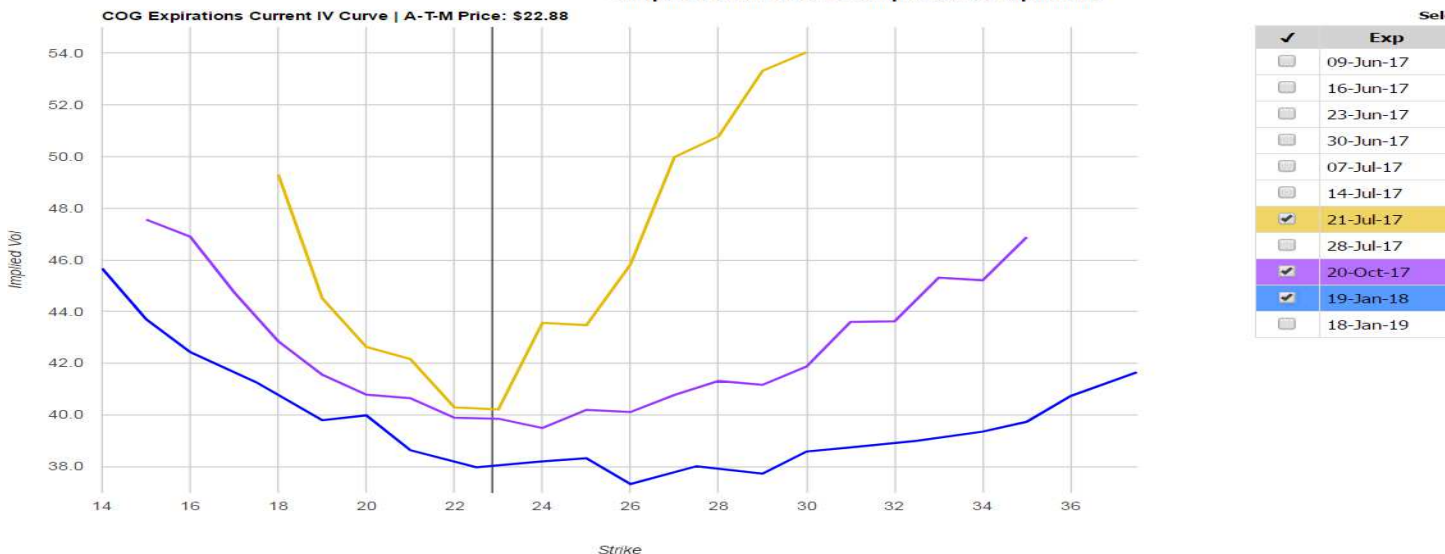
Bullish July 2017				Bearish July 2017				6/11/2017	Bullish for October 2017				Bearish for October 2017			
COG	TWTR	ABX	BBRY	TDG	D	RGR	MA		ABX	AZN	AMD	RDUS	TRV	PG	D	DUK
GILD	ZAYO	ONCE	CL	ALL	TMO	MCK	UTX		GG	NTNX	YHOO	SHOP	RY	WM	VMW	ALL
AXTA	SNY	AMC	INCY	HLF	VMW	DB	IBM		IDXX	STM	OCLR	LW	AON	LN	ETN	OMC
FTI	AMD	ALXN	JUNO	DUK	STI	XOM	HON		GIMO	MLCO	INFN	ENDP	MMM	ESRX	IBM	DVA
MULE	LSCC	NBR	NLNK	YUM	COST	CVX	AIG		TER	ON	BRKS	MDSO				
Bullish for August 2017				Bearish for August 2017					Bullish for November 2017				Bearish for November 2017			
AZN	CL	GILD	ABX	TDG	ACIA	R	SPGI	M	HAIN	WPX	ALKS	CB	SPGI	ADP	MDT	
AMD	NKTR	CHRS	JUNO	UTX	MDT	PSX	ACN	OLN	TAL	HDP	AEO	CHRW	AES	ACN	STMP	
NVDA	MRVL	MZOR	HUN	MCK	CVX	XOM	ABBV	GWPH	ALXN	GILD	MXIM	MCK	PPG	ZG	ABBV	
CYBR	SRPT	YHOO	ALXN	T	JNJ	MCD	NOW	DLTR	AMTD	COHR	AMZN	ESRX	CSCO	LB	LH	
MTSI	QIWI	EXEL	CARA					HPE	CGNX	TSO	AAPL					
Bullish for September 2017				Bearish for September 2017					Bullish for December 2017				Bearish for December 2017			
ZAYO	TWTR	AZN	GILD	CBRL	PAYX	DHR	TMO	BF.B	PRXL	TWTR	MELI	CBRL	LMT	PAYX	DHR	
NVDA	ANIK	RRC	AMD	GBX	DOW	NEE	UTX	SQ	SINA	GILD	TEVA	TMO	BDX	PII	CVX	
POT	CARB	SQ	BBRY	ABBV	HCA	PII	ITW	POT	CARB	RRC	ILG	MTCH	HON	MCD	DOW	
MSCC	PF	MELI	JBLU	HON	CBOE	MDT	DOV	VEEV	SWIR	TTMI	FTNT	SAP	DO	ITW	UNH	

Skew Profiles

Cabot Oil & Gas (COG) is showing a steep inverted skew structure for July while October and Jan. 2018 also showing a bullish slope. The \$10.93B natural gas company with a focus in the Marcellus and Eagle Ford shale areas trades 25.1X Earnings and 3.93X Book. COG is guiding for 8-12% production growth in 2017 and has an industry leading cost structure driving increasing margins, and also has deleveraged to pre-down cycle levels. Its Marcellus Shale position is the most prolific onshore natural gas resource in the US, and 2018 is seen as an inflection year with the ability to double Marcellus production. A major catalyst for shares will be the ability for it to build out its infrastructure in North PA, and currently waiting on two more permits with a ruling expected by the end of Q2. On the chart, \$24.65 is a major level for shares to clear to enable a trend shift. COG has seen notable buying in July upside calls and also large sales of July \$25 and Jan. 2018 \$27.50 puts to open.



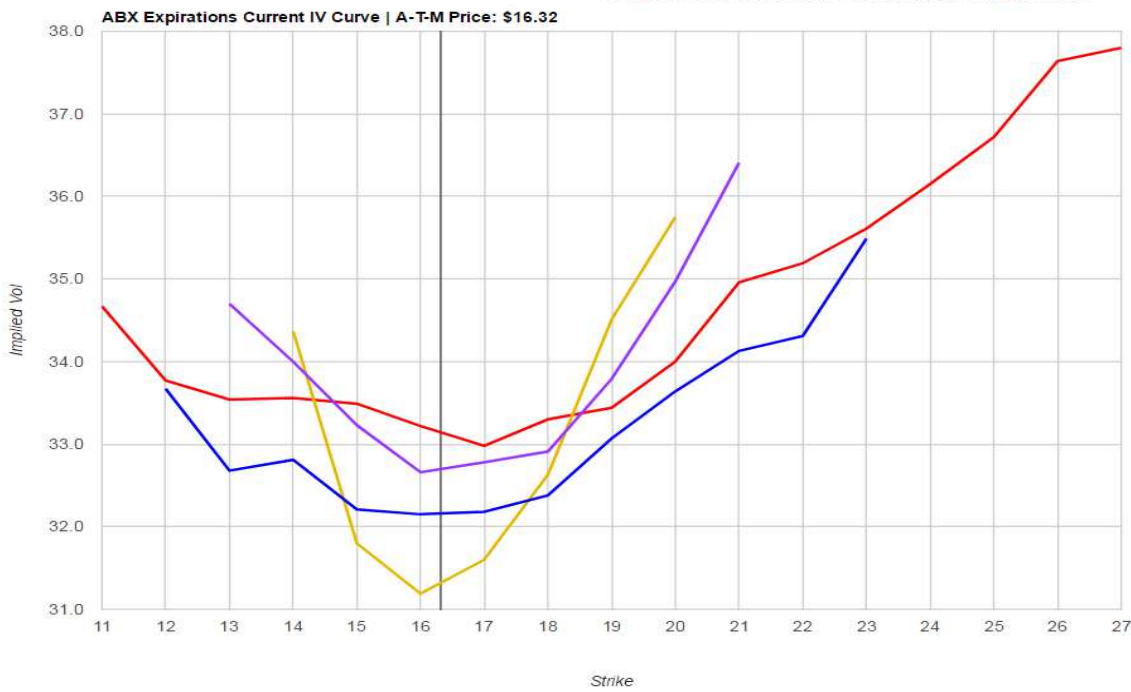
Compare Current IV Smile Graphs Across Expirations



Barrick Gold (ABX) is showing an inverted IV Skew profile across multiple expirations and a name with just 1.3% of its float short. The \$19.1B gold miner trades 21.45X Earnings, 2.22X Book and 13.65X FCF with a 0.74% dividend yield. Barrick is currently focused on maximizing free cash flow and reducing the debt on its balance sheet. ABX is said to have a deep project pipeline with some of the largest undeveloped projects in the sector. Barrick has also been active with joint ventures and is also undergoing a digital transformation to increase efficiencies and lower costs. Four new projects are expected to generate 1.15M ounces of new gold output starting in 2020. On the chart shares have formed a cup and handle pattern on the monthly with \$20.40 a key long term level to clear, consolidating below its monthly cloud and holding near RSI 50 on the monthly. On 4/26 a large trade sold 6,500 Jan. 2018 \$16 puts to open and on 2/28 the October \$24/\$15 bull risk reversals opened 10,000X, so at this level shares offer a nice reward/risk. On 5/31 the August \$16 calls bought 4,500X to open as well.



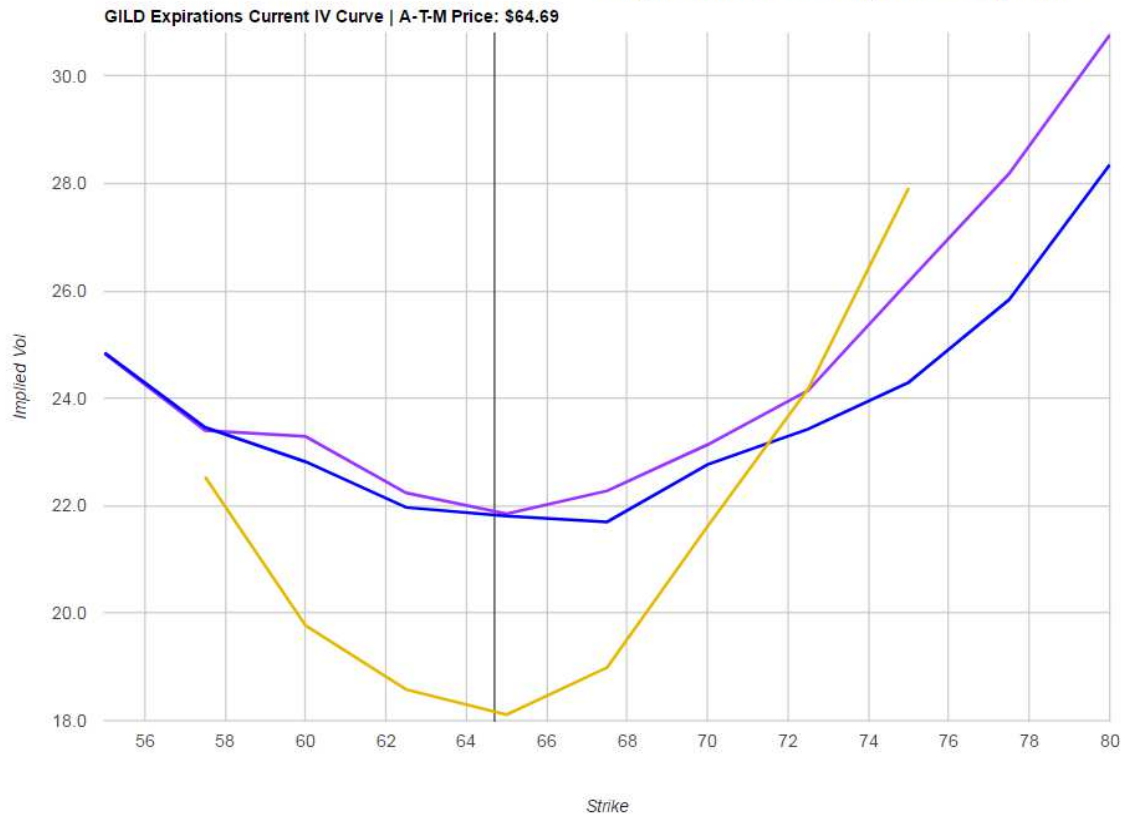
Compare Current IV Smile Graphs Across Expirations



✓	Exp
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<input type="checkbox"/>	16-Jun-17
<input type="checkbox"/>	23-Jun-17
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<input type="checkbox"/>	28-Jul-17 E
<input checked="" type="checkbox"/>	18-Aug-17
<input checked="" type="checkbox"/>	20-Oct-17
<input checked="" type="checkbox"/>	19-Jan-18
<input type="checkbox"/>	15-Jun-18
<input type="checkbox"/>	18-Jan-19

Gilead Pharma (GILD) is showing an inverted skew structure across multiple months with July and August the steepest, so most bullish. Background on GILD fundamentals and catalysts can be found earlier in this report, the primary catalyst seen as a transformational M&A deal with its large cash holding. The upside/downside favorability is due to valuation and extreme bearish sentiment.

Compare Current IV Smile Graphs Across Expirations



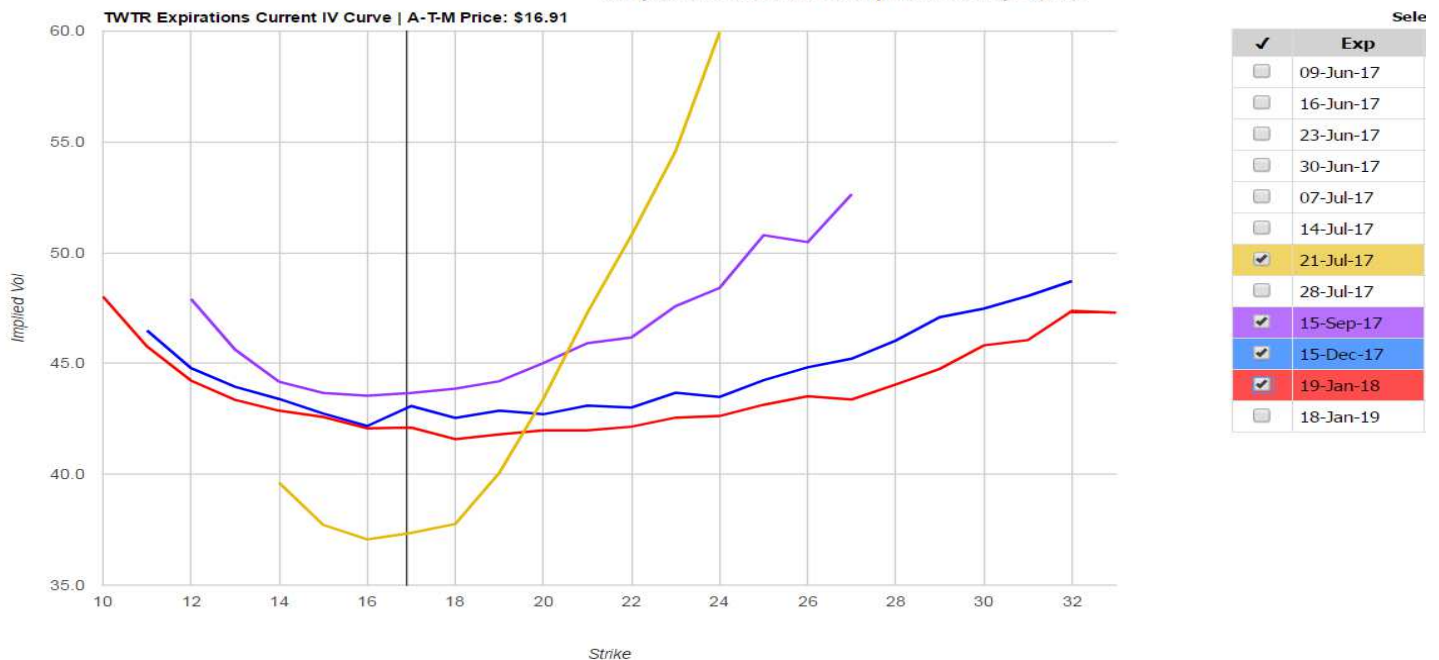
✓	Exp
<input type="checkbox"/>	09-Jun-17
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<input type="checkbox"/>	23-Jun-17
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<input type="checkbox"/>	15-Jun-18
<input type="checkbox"/>	21-Sep-18
<input type="checkbox"/>	18-Jan-19

Twitter (TWTR) is showing inverted IV Skew across a number of months, a company that has struggled since its IPO with the inability to innovate and generate profits. The \$12.5B social media company trades 43.3X

Earnings, 4.3X EV/Sales and 20.7X FCF. TWTR has been active with streaming media partnerships with the NFL, NBA and even a Bloomberg service set to debut this Fall. In early May the CEO bought \$10M worth of stock in the \$16.47 to \$16.74 range which may serve as a bit of a floor for shares. Shares jumped in late April after beating expectations on earnings, seen as a potential inflection quarter. Short interest does remain elevated above 10% of the float and not far off its highs. BTIG was out with a \$25 target recently citing accelerating trends in users and engagement as the user experience improves. The other factor in play is that TWTR was exploring a sale last year and could still attract interest. A 6/5 buy of 20,000 December \$20 calls and a 5/1 buy of 10,000 September \$15 calls stand out as large trades. If TWTR can clear \$18.60, its post-IPO downtrend, it should start a very strong trend shift move.



Compare Current IV Smile Graphs Across Expirations

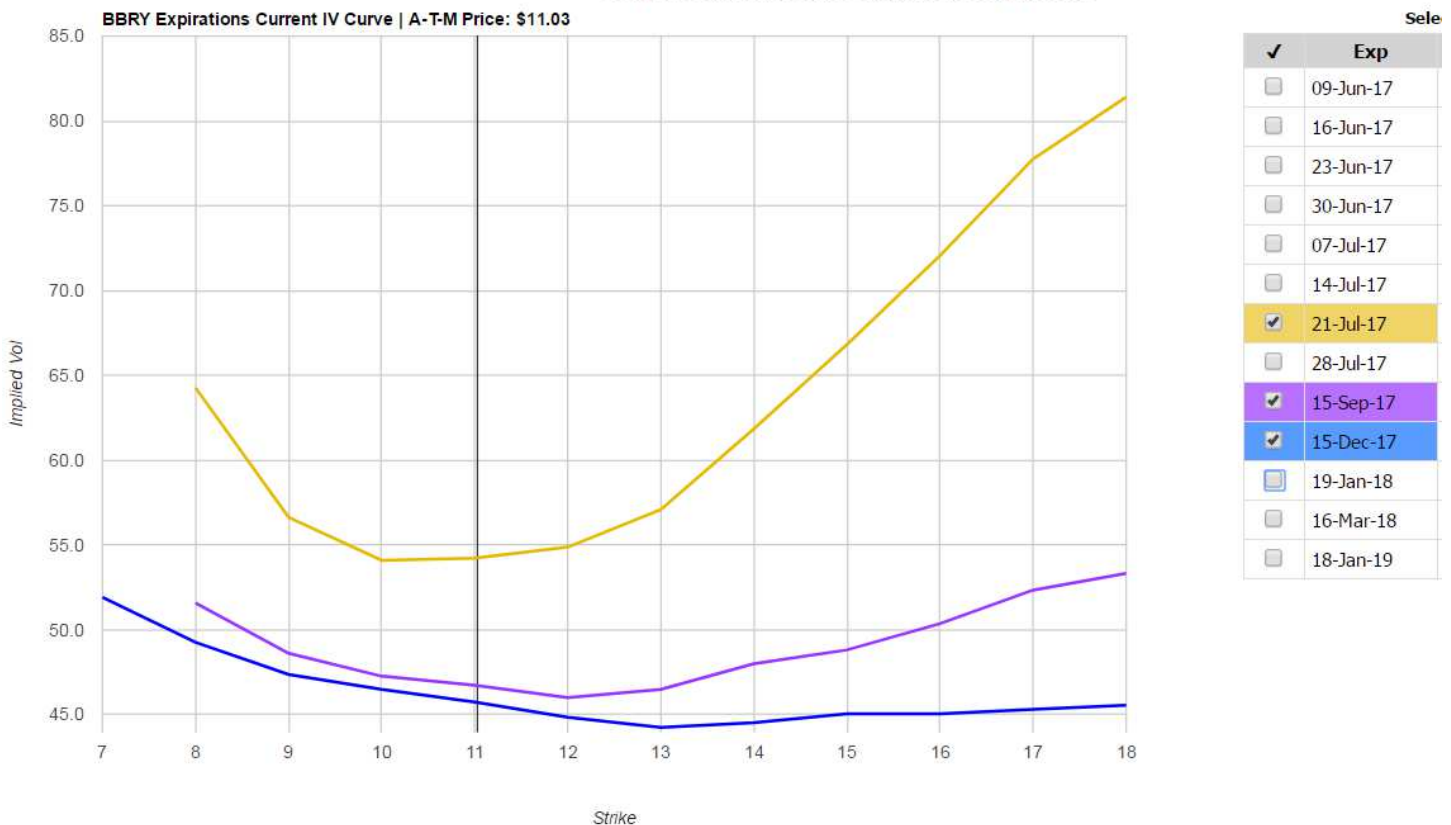


BlackBerry (BBRY) is a recent resurgent name showing bullish IV Skew structure and the \$5.93B Tech Co. trading 4.55X Sales, 2.85X Book and 4.3X Cash. BBRY has seen a surge in bullish positions since late April including large buys of Jan. 2018 \$15 calls, December \$9 calls, Jan. 2018 \$13 calls, and September & December

\$12 calls. BBRY is transitioning away from handsets into a more software-focused company with reach into autonomous driving and cyber-security. BBRY also has been active with M&A deals and has cash to do more, recently earnings \$815M in a patent settlement with Qualcomm. Macquarie made a bull case for shares on 5-16 with a \$45 target with IoT-enable trailer/trucking system boosting profits as RADAR units gain popularity, and sees \$2B in revenues by 2020.

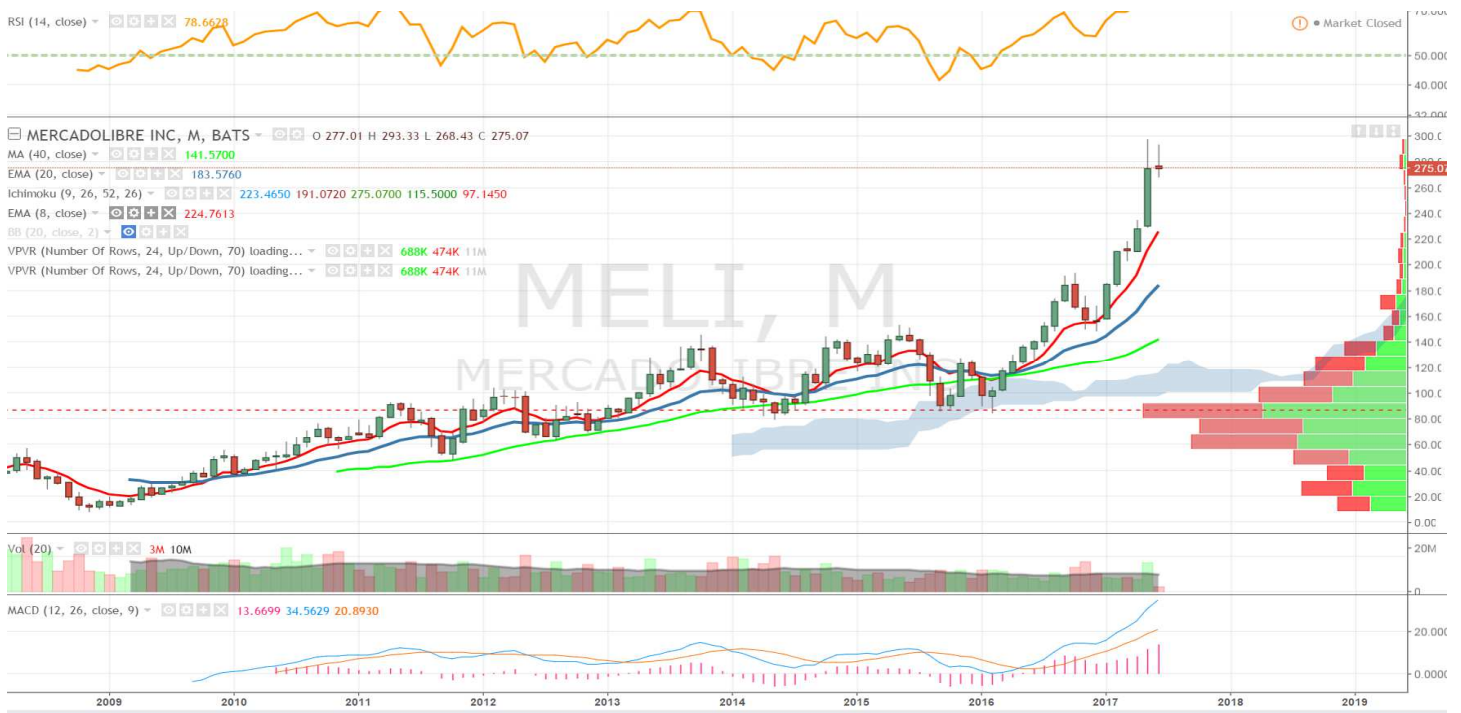


Compare Current IV Smile Graphs Across Expirations

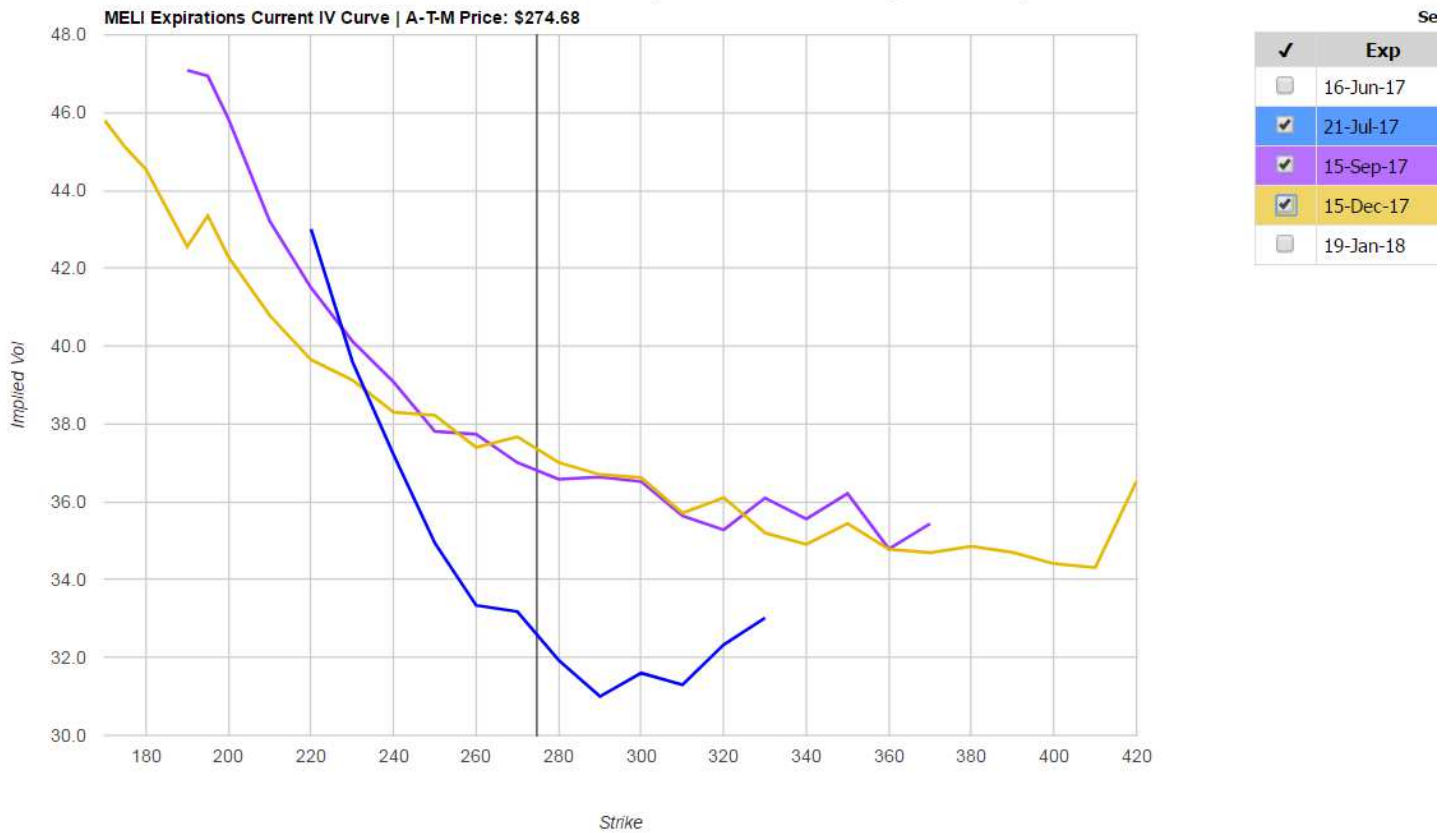


Mercadolibre (MELI) is showing a modestly bullish IV Skew structure and on 6-9 saw a very unusual buy of 1,000 December \$420 calls with shares at \$275. MELI has also seen some accumulation of July \$300 and September \$300 calls. The online commerce platform provider in Latin America is a strong growth play and trading 43X Earnings and 56.35X FCF. MELI recently launched a loyalty program in Brazil which will cause

near-term margin risk but also likely to accelerate revenues and market share gains. MELI is a high growth name with a widening Moat and should continue to be a premier Tech momentum stock.



Compare Current IV Smile Graphs Across Expirations



Notable Put Sales in Open Interest

Distance from Short Put Strike	Date	Contract	Volume	Current OI	Price	Premium Paid
9.89%	3/30/2017	IBN 100 19 JAN 18 10 PUT	7,500	8,582	\$1.75	\$1,365,000
9.78%	2/3/2017	EQT 100 15 DEC 17 50 PUT	4,000	4,297	\$1.55	\$620,000
9.72%	3/30/2017	ADBE 100 20 OCT 17 145 PUT	1,071	1,115	\$17.35	\$1,868,895
9.65%	5/9/2017	HUM 100 19 JAN 18 210 PUT	3,200	3,963	\$10.20	\$3,616,000
9.57%	5/9/2017	DE 100 15 SEP 17 115 PUT	1,200	4,133	\$6.70	\$798,000
9.56%	5/23/2017	EXEL 100 18 AUG 17 18 PUT	4,412	10,623	\$1.30	\$573,560
9.52%	5/5/2017	EBAY 100 20 OCT 17 33 PUT	3,000	4,427	\$1.70	\$540,000
9.45%	4/12/2017	NBIX 100 18 AUG 17 40 PUT	2,282	2,377	\$2.00	\$467,810
9.22%	1/30/2017	ENR 100 18 AUG 17 45 PUT	1,500	7,575	\$2.35	\$465,000
9.07%	11/28/2016	INFY 100 21 JUL 17 13 PUT	8,200	19,710	\$0.60	\$492,000
8.76%	5/4/2017	COTY 100 17 NOV 17 16 PUT	8,100	13,891	\$0.77	\$696,600
8.60%	6/2/2017	FCAU 100 18 JAN 19 10 PUT	10,000	12,096	\$1.55	\$1,700,000
8.41%	2/13/2017	FDC 100 19 JAN 18 17 PUT	2,423	4,038	\$2.36	\$571,828
8.41%	3/14/2017	FDC 100 21 JUL 17 17 PUT	2,590	2,590	\$1.67	\$466,200
8.08%	1/17/2017	EPD 100 19 JAN 18 25 PUT	5,091	6,687	\$1.65	\$840,015
7.88%	3/14/2017	FOLD 100 19 JAN 18 8 PUT	2,100	2,406	\$2.30	\$556,500
7.85%	5/9/2017	BHP 100 18 AUG 17 33 PUT	3,112	3,320	\$1.46	\$451,240
7.50%	3/28/2017	AMD 100 18 JAN 19 12 PUT	4,050	10,717	\$3.20	\$1,316,250
7.49%	5/31/2017	ALV 100 15 DEC 17 105 PUT	800	862	\$5.50	\$488,000
7.15%	2/14/2017	GLNG 100 18 JAN 19 20 PUT	2,003	2,554	\$3.80	\$761,140
7.02%	5/18/2017	NFLX 100 18 JAN 19 135 PUT	1,035	1,553	\$16.39	\$1,696,365
6.87%	5/10/2017	GILD 100 15 JUN 18 60 PUT	1,512	4,794	\$4.30	\$657,720
6.87%	4/10/2017	GILD 100 17 NOV 17 65 PUT	1,518	4,362	\$4.50	\$736,230
6.80%	1/18/2017	KBH 100 19 JAN 18 20 PUT	6,880	7,001	\$4.49	\$3,164,800
6.80%	3/30/2017	LLY 100 18 JAN 19 75 PUT	1,700	2,462	\$6.02	\$1,062,500
6.65%	5/9/2017	AET 100 21 JUL 17 140 PUT	2,001	6,811	\$3.75	\$780,390
6.62%	6/1/2017	DISH 100 19 JAN 18 60 PUT	2,021	2,579	\$4.70	\$970,080
6.40%	4/10/2017	NKE 100 18 JAN 19 55 PUT	1,000	2,627	\$6.10	\$640,000
5.80%	2/7/2017	UAA 100 19 JAN 18 20 PUT	3,022	17,505	\$2.60	\$852,204
5.79%	4/21/2017	KHC 100 19 JAN 18 87.5 PUT	1,000	1,619	\$4.20	\$470,000
5.70%	11/30/2016	DHR 100 19 JAN 18 80 PUT	1,216	1,698	\$6.80	\$826,880
5.67%	2/28/2017	QCOM 100 18 JAN 19 52.5 PUT	1,000	3,973	\$7.55	\$755,000
5.63%	5/30/2017	ORCL 100 21 JUL 17 43 PUT	20,018	25,021	\$0.48	\$960,864
5.58%	5/30/2017	CMI 100 21 JUL 17 150 PUT	6,016	10,847	\$1.90	\$1,233,280
5.47%	5/1/2017	FEYE 100 15 DEC 17 12 PUT	3,006	3,134	\$1.47	\$459,918
5.43%	5/30/2017	TXN 100 20 OCT 17 87.5 PUT	1,769	1,960	\$7.25	\$1,309,060
5.35%	3/31/2017	PEP 100 19 JAN 18 110 PUT	1,250	3,227	\$5.05	\$643,750
4.98%	5/22/2017	VZ 100 18 AUG 17 44 PUT	4,622	6,384	\$0.95	\$452,956
4.97%	3/9/2017	DVN 100 20 OCT 17 34 PUT	3,431	3,548	\$2.06	\$723,941
4.88%	5/30/2017	BBD 100 15 DEC 17 8 PUT	10,000	17,025	\$0.68	\$810,000
4.80%	5/8/2017	JD 100 19 JAN 18 40 PUT	11,107	21,328	\$4.15	\$4,609,405
4.72%	3/29/2017	SNAP 100 19 JAN 18 15 PUT	5,480	41,071	\$1.20	\$657,600
4.72%	4/19/2017	SNAP 100 21 JUL 17 18 PUT	6,438	11,453	\$1.05	\$708,180
4.41%	4/13/2017	BAC 100 15 SEP 17 22 PUT	7,133	28,841	\$1.33	\$948,689
3.09%	5/8/2017	MDLZ 100 18 JAN 19 45 PUT	1,001	2,783	\$5.15	\$545,545
2.90%	5/25/2017	CQP 100 15 DEC 17 31 PUT	4,000	4,011	\$1.25	\$620,000

Distance from Short Put Strike	Date	Contract	Volume	Current OI	Price	Premium Paid
2.74%	5/2/2017	CARA 100 17 NOV 17 17.5 PUT	1,001	283	\$4.90	\$550,550
2.39%	5/8/2017	SYF 100 15 SEP 17 32 PUT	3,176	2,535	\$4.15	\$1,365,680
2.03%	5/26/2017	YUM 100 19 JAN 18 72.5 PUT	1,506	1,524	\$4.36	\$670,170
1.83%	5/16/2016	STX 100 19 JAN 18 20 PUT	2,576	3,247	6.5	\$1,674,400
1.80%	2/23/2017	INFY 100 18 JAN 19 15 PUT	8,002	24,298	\$2.10	\$2,120,530
1.60%	5/24/2017	NBL 100 21 JUL 17 30 PUT	7,005	6,930	\$0.90	\$735,525
1.32%	6/1/2017	GPS 100 15 SEP 17 23 PUT	3,000	6,487	\$1.69	\$504,000
1.32%	1/24/2017	T 100 20 OCT 17 38 PUT	3,102	11,317	\$1.52	\$471,504
1.21%	6/2/2017	ALGN 100 21 JUL 17 150 PUT	1,354	1,553	\$4.70	\$649,920
1.12%	4/27/2017	MRK 100 20 OCT 17 62.5 PUT	2,000	3,935	\$3.30	\$680,000
1.09%	3/3/2017	VLO 100 15 SEP 17 62.5 PUT	2,004	4,894	\$4.00	\$801,600
1.08%	2/22/2017	QCOM 100 20 OCT 17 55 PUT	2,204	7,046	\$4.40	\$969,760
0.77%	4/7/2017	ADP 100 18 JAN 19 100 PUT	700	714	\$9.80	\$693,000
0.74%	3/16/2017	VIAB 100 15 SEP 17 50 PUT	2,200	2,323	\$7.10	\$1,628,000
0.67%	5/30/2017	BMJ 100 21 JUL 17 52.5 PUT	13,726	14,697	\$1.09	\$1,592,216
0.50%	4/13/2017	FCX 100 17 NOV 17 12 PUT	4,021	23,304	\$1.28	\$538,814
0.14%	5/1/2017	ZBH 100 15 DEC 17 125 PUT	1,000	1,001	\$9.50	\$1,040,000
-0.06%	4/13/2017	AXP 100 21 JUL 17 80 PUT	5,000	5,571	\$5.30	\$2,700,000
-0.60%	4/19/2017	SCHW 100 18 JAN 19 37 PUT	1,000	2,987	\$5.05	\$550,000
-0.60%	5/23/2017	SSRI 100 21 JUL 17 10 PUT	11,201	13,709	\$0.60	\$728,065
-0.71%	4/18/2017	CAH 100 18 JAN 19 75 PUT	1,007	1,111	\$10.50	\$1,258,750
-0.77%	3/30/2017	AMD 100 20 OCT 17 13 PUT	4,579	8,343	\$2.07	\$966,169
-1.10%	2/23/2017	IBN 100 18 JAN 19 7 PUT	10,000	46,642	\$0.75	\$940,000
-1.35%	5/11/2017	GILD 100 15 DEC 17 60 PUT	2,000	4,689	\$2.54	\$508,000
-1.63%	4/4/2017	ADBE 100 19 JAN 18 130 PUT	1,516	2,733	\$10.20	\$1,546,320
-2.00%	11/30/2016	MS 100 19 JAN 18 35 PUT	9,135	42,071	\$2.75	\$2,512,125
-2.06%	12/16/2016	SEAS 100 15 DEC 17 17 PUT	10,002	10,562	\$1.15	\$1,150,230
-2.06%	12/13/2016	SEAS 100 15 SEP 17 17 PUT	17,268	19,419	\$0.95	\$1,640,460
-2.10%	3/1/2017	EOG 100 20 OCT 17 90 PUT	928	1,301	\$4.60	\$459,360
-2.41%	3/21/2017	SLB 100 17 NOV 17 75 PUT	2,001	2,750	\$3.85	\$770,385
-2.45%	3/10/2017	CELG 100 20 OCT 17 120 PUT	550	2,655	\$8.25	\$456,500
-2.96%	5/17/2017	COG 100 21 JUL 17 23 PUT	6,000	6,395	\$1.00	\$720,000
-3.09%	5/25/2017	GPS 100 18 JAN 19 20 PUT	3,000	9,189	\$2.95	\$930,000
-3.27%	5/24/2017	NKE 100 18 JAN 19 42.5 PUT	2,000	4,561	\$2.19	\$462,000
-3.33%	5/4/2017	GGB 100 15 DEC 17 3 PUT	10,003	13,623	\$0.50	\$500,150
-3.67%	6/2/2017	CMCSA 100 19 JAN 18 42.5 PUT	4,000	4,418	\$2.91	\$1,180,000
-4.21%	4/11/2017	CSCO 100 18 AUG 17 33 PUT	5,517	11,570	\$1.61	\$882,720
-4.21%	3/29/2017	CSCO 100 21 JUL 17 33 PUT	7,012	11,073	\$1.07	\$771,320
-4.44%	3/28/2017	WFC 100 15 JUN 18 52.5 PUT	1,500	3,885	\$4.15	\$645,000
-5.38%	12/21/2016	ANF 100 19 JAN 18 13 PUT	3,016	3,555	\$3.00	\$904,800
-5.75%	4/12/2017	SNAP 100 18 JAN 19 18 PUT	1,519	3,875	\$3.90	\$622,790
-5.75%	4/21/2017	SNAP 100 18 JAN 19 20 PUT	2,000	4,446	\$4.70	\$1,000,000
-6.44%	5/9/2017	P 100 19 JAN 18 9 PUT	5,025	4,943	\$1.20	\$653,250
-6.74%	3/7/2017	APC 100 18 AUG 17 62.5 PUT	1,002	3,017	\$4.60	\$465,930
-6.87%	5/10/2017	NBL 100 18 JAN 19 27.5 PUT	1,400	1,569	\$2.90	\$476,000
-7.09%	4/13/2017	HAL 100 15 SEP 17 47.5 PUT	1,504	2,589	\$3.18	\$496,320

Distance from Short Put Strike	Date	Contract	Volume	Current OI	Price	Premium Paid
-7.38%	5/30/2017	DVN 100 19 JAN 18 30 PUT	2,571	3,223	\$1.89	\$511,629
-7.67%	3/1/2017	MUX 100 18 JAN 19 3 PUT	11,142	6,562	\$0.76	\$835,650
-8.07%	4/21/2017	CS 100 18 JAN 19 15 PUT	3,000	4,698	\$3.06	\$1,140,000
-8.07%	1/25/2017	CS 100 19 JAN 18 15 PUT	5,005	16,724	\$1.95	\$975,975
-8.80%	5/24/2017	INTC 100 16 FEB 18 33 PUT	4,450	4,594	\$1.46	\$658,600
-8.92%	3/10/2017	SLB 100 18 AUG 17 77.5 PUT	2,000	2,565	\$3.80	\$800,000
-8.92%	5/1/2017	JBLU 100 15 SEP 17 25 PUT	2,828	2,118	\$3.60	\$1,046,360
-9.29%	5/30/2017	DIS 100 20 OCT 17 115 PUT	1,628	1,975	\$8.55	\$1,408,220

Bull Risk Reversal Positions

Ticker	Expiration Month	Contracts	Call Strike	Put Strike	Trade Cost	Current Stock Price	Distance from Call	Distance from Put
MSFT	July	10,000	\$67.50	\$55.00	\$0.68	70.32	4.18%	27.85%
YUM	July	4,000	\$70.00	\$55.00	\$0.50	73.1	4.43%	32.91%
SPNC	July	3,000	\$30.00	\$20.00	\$1.10	26.35	-12.17%	31.75%
ARNC	July	\$7,500.00	\$28.00	\$22.50	\$0.10	27.36	-2.29%	21.60%
ARRY	July	7,500	\$14.00	\$9.00	\$1.00	7.68	-45.14%	-14.67%
CSCO	July	8,800	\$35.00	\$31.00	-\$0.40	31.37	-10.37%	1.19%
FOLD	July	2,500	\$8.00	\$5.00	\$0.75	8.46	5.75%	69.20%
DD	July	11,000	\$80.00	\$75.00	\$1.30	82.9	3.63%	10.53%
MDCO	July	1,000	\$60.00	\$43.00	\$1.98	39.03	-34.95%	-9.23%
VVW	July	1,000	\$25.00	\$20.00	\$0.20	23.15	-7.40%	15.75%
SYMC	July	5,700	\$33.00	\$30.00	-\$0.03	29.71	-9.97%	-0.97%
KR	July	2,800	\$32.50	\$27.50	\$0.03	30.78	-5.29%	11.93%
BIIB	July	1,000	\$260.00	\$240.00	-\$1.30	259.89	-0.04%	8.29%
ALXN	July	1,000	\$110.00	\$90.00	\$0.95	105.38	-4.20%	17.09%
XLNX	July	3,100	\$67.50	\$57.50	\$0.72	65.4	-3.11%	13.74%
JBHT	July	2,500	\$90.00	\$80.00	\$1.35	88.46	-1.71%	10.58%
HUM	August	4,300	\$215.00	\$185.00	\$0.75	229.69	6.83%	24.16%
NRZ	August	10,000	\$17.50	\$12.50	\$0.05	16.33	-6.69%	30.64%
ZYNE	August	1000	\$17.50	\$12.50	\$4.25	18.2	4.00%	45.60%
WFM	August	1500	\$34.00	\$30.00	\$1.34	35.73	5.09%	19.10%
PF	September	5000	\$60.00	\$50.00	-\$0.45	60.74	1.23%	21.48%
MDLZ	September	5,000	\$50.00	\$35.00	\$0.55	45.62	-8.76%	30.34%
MDLZ	September	5,000	\$45.00	\$40.00	\$1.25	45.62	1.38%	14.05%
ICE	September	4,000	\$70.00	\$50.00	-\$0.02	63.97	-8.61%	27.94%
PRAA	September	6,500	\$35.00	\$25.00	\$1.25	37.15	6.14%	48.60%
XOM	September	3,500	\$85.00	\$75.00	-\$0.67	82.13	-3.38%	9.51%
FSLR	September	5,000	\$32.50	\$22.50	\$0.51	36.65	12.77%	62.89%
SPLS	September	7,000	\$11.00	\$8.00	\$0.18	9.25	-15.91%	15.63%
ZGNX	September	1,000	\$11.00	\$7.00	\$0.70	14.6	32.73%	108.57%
BX	September	17,000	\$31.00	\$30.00	\$0.00	33.37	7.65%	11.23%
PRXL	September	1,000	\$75.00	\$70.00	-\$0.45	82.49	9.99%	17.84%
TTWO	September	1,500	\$70.00	\$65.00	\$0.35	75.3	7.57%	15.85%
JD	September	5,000	\$43.00	\$39.00	\$0.00	39	-9.30%	0.00%
EBS	September	1,500	\$35.00	\$30.00	\$0.00	31.91	-8.83%	6.37%
FSLR	September	10,000	\$40.00	\$30.00	\$1.80	36.65	-8.38%	22.17%
PXD	September	1,000	\$170.00	\$150.00	\$0.50	169.45	-0.32%	12.97%
AMD	September	14,000	\$14.00	\$10.00	\$0.70	12.28	-12.29%	22.80%

Ticker	Expiration Month	Contracts	Call Strike	Put Strike	Trade Cost	Current Stock Price	Distance from Call	Distance from Put
STZ	October	5,700	\$170.00	\$135.00	\$2.45	181	6.47%	34.07%
MSFT	October	12,000	\$72.50	\$60.00	-\$0.76	70.32	-3.01%	17.20%
SPB	October	1,500	\$135.00	\$120.00	\$0.40	131.93	-2.27%	9.94%
LULU	October/December	5,000	\$57.50	\$42.50	\$1.60	51.7	-10.09%	21.65%
NKE	October	3,000	\$57.50	\$50.00	\$0.27	53.46	-7.03%	6.92%
AMD	October	30,000	\$13.00	\$10.00	\$0.00	12.28	-5.54%	22.80%
STZ	October	6,000	\$185.00	\$165.00	\$0.00	181	-2.16%	9.70%
YHOO	October	3,000	\$52.50	\$50.00	-\$0.37	54.02	2.90%	8.04%
ALXN	November	3,000	\$120.00	\$110.00	-\$2.19	105.38	-12.18%	-4.20%
HPE	November	8,500	\$18.00	\$16.00	\$0.18	16.99	-5.61%	6.19%
ESRX	November	7,200	\$65.00	\$57.50	-\$0.40	61.41	-5.52%	6.80%
EQT	December	4,000	\$85.00	\$50.00	\$0.30	56.49	-33.54%	12.98%
VIAB	December	2,000	\$37.50	\$32.50	\$0.25	35.4	-5.60%	8.92%
TSLA	December	1,250	\$375.00	\$275.00	\$0.15	357.32	-4.71%	29.93%
BAC	December	20,000	\$26.00	\$22.00	\$0.00	23.67	-8.96%	7.59%
LULU	December	2,000	\$55.00	\$50.00	\$0.93	51.7	-6.00%	3.40%
APO	December	3,750	\$27.00	\$24.00	\$0.40	27.43	1.59%	14.29%
MSFT	December	11,000	\$77.50	\$65.00	-\$0.37	70.32	-9.26%	8.18%
ILG	December	2,500	\$29.00	\$25.00	\$0.15	26.05	-10.17%	4.20%
EVHC	December	7,000	\$65.00	\$50.00	\$0.40	56.15	-13.62%	12.30%
NFLX	January, 2018	5,000	\$150.00	\$125.00	\$5.30	158.03	5.35%	26.42%
ALLY	January, 2018	19,000	\$25.00	\$15.00	-\$0.10	19.69	-21.24%	31.27%
STZ	January, 2018	5,000	\$165.00	\$125.00	-\$0.12	181	9.70%	44.80%
DISH	January, 2018	1,600	\$65.00	\$45.00	\$4.01	65.02	0.03%	44.49%
CBS	January, 2018	10,000	\$70.00	\$60.00	\$2.80	60.71	-13.27%	1.18%
ICE	January, 2018	4,000	\$70.00	\$50.00	-\$0.10	63.97	-8.61%	27.94%
FCAU	January, 2018	10,000	\$13.00	\$11.00	-\$0.21	10.76	-17.23%	-2.18%
SYF	January, 2018	5,000	\$30.00	\$25.00	\$0.55	28.7	-4.33%	14.80%
SYF	January, 2018	4,000	\$30.00	\$23.00	\$0.35	28.7	-4.33%	24.78%
SYF	January, 2018	10,000	\$35.00	\$28.00	\$1.10	28.7	-18.00%	2.50%
LNG	January, 2018	5,000	\$60.00	\$40.00	\$0.25	49.25	-17.92%	23.13%
YUMC	January, 2018	2,000	\$40.00	\$35.00	\$0.95	39.79	-0.53%	13.69%
CRM	January, 2018	5,000	\$105.00	\$77.50	-\$0.39	87.27	-16.89%	12.61%
AVGO	January, 2018	2,000	\$300.00	\$200.00	\$0.90	243.34	-18.89%	21.67%
DE	January, 2018	2,000	\$135.00	\$110.00	\$0.70	125.95	-6.70%	14.50%
UNP	January, 2018	5,800	\$115.00	\$90.00	\$3.20	109.75	-4.57%	21.94%
VER	January, 2018	21,000	\$9.00	\$8.00	-\$0.30	8.32	-7.56%	4.00%
SIG	January, 2018	1,250	\$60.00	\$45.00	\$1.94	59.49	-0.85%	32.20%
MO	June, 2018	2,760	\$72.50	\$67.50	\$0.38	75.46	4.08%	11.79%
YELP	January, 2019	2,500	\$45.00	\$28.00	\$0.40	29.8	-33.78%	6.43%
DVN	January, 2019	7,000	\$57.50	\$25.00	\$0.72	32.58	-43.34%	30.32%
AR	January, 2019	6,800	\$30.00	\$15.00	\$0.33	21.5	-28.33%	43.33%
SYF	January, 2019	4,000	\$30.00	\$23.00	\$0.65	28.7	-4.33%	24.78%
HD	January, 2019	1,025	\$155.00	\$110.00	\$10.65	152.96	-1.32%	39.05%
GILD	January, 2019	1,000	\$72.50	\$55.00	-\$0.15	64.7	-10.76%	17.64%

M&A Watch

Stock	Market Cap	Sector	Options Activity	Potential Acquirer
8X8 (EGHT)	\$1.25B	Tech - Software - Cloud	August \$17.50 Calls 6500X	Private Equity (Vista, Silver Lake)
Accelerate Diagnostics (AXDX)	\$1.55B	Healthcare - Labs	August \$25 Calls 2500X	Agilent (A), Quest (DGX), Lab Corp (LH)
ACI Worldwide (ACIW)	\$2.73B	Tech - Software	August \$22.50 Calls 1840X	Fiserv (FISV)
ADTRAN (ADTN)	\$955M	Tech - Networking	August \$22 Calls 1000X	Cisco (CSCO), Ciena (CIEN)
Advanced Auto Parts (AAP)	\$9.8B	Consumer - Retail	Jan. 2018 \$150/\$165 Call Spread 1970X	O'Reilly Auto (ORLY)
Aflac (AFL)	\$29.77B	Financial - Insurance	November \$82.50 Calls 2750X	Berkshire Hathaway (BRK.A)
Alexion Pharma (ALXN)	\$22.15B	Healthcare - Biotech	Jan. 2018 \$120 Calls 3950X; November \$115 and \$120 Calls 2,750X and 3,350X	Sanofi (SNY), Gilead (GILD)
Altria Group (MO)	\$145.55B	Consumer - Cigarettes	June 2018 \$72.5 and \$75 Calls 2760X and 2060X	Phillip Morris (PM)
Ambarella (AMBA)	\$2B	Tech - Semi	Jan. 2018 \$55 Calls 1,250X; Jan. 2018 \$60 Calls 1,000X; Jan. 2018 \$65 Calls 1,000X	Texas Instruments (TXN), Qualcomm (QCOM)
Arconic (ARNC)	\$11.9B	Industrial - Aerospace	July \$28 Calls 7250X; July \$30 Calls 10,000X; October \$32 Calls 5000X	Honeywell (HON), Eaton (ETN)
Athena Health (ATHN)	\$5.35B	Tech - Healthcare	July \$135 Calls 300X	Cerner (CERN), IBM, United Health (UNH), Epic
Babcock & Wilcox (BW)	\$518M	Industrial - Equipment	November \$12.50 Calls 4500X	Colfax (CFX), Emerson (EMR), ITT (ITT)
Bio-Telemetry (BEAT)	\$810M	Healthcare - Med-Tech	August \$27 and \$30 Calls 1000X Each	Medtronic (MDT)
Brooks Automation (BRKS)	\$1.9B	Tech - Semi	October \$25 Calls 2000X	LAM Research (LRCX), Applied Materials (AMAT)
BWX Tech (BWXT)	\$4.87B	Industrial - Nuclear	August \$50 Calls 1500X	Lockheed Martin (LMT)
Cadence Design (CDNS)	\$9.72B	Tech - EDA	August \$36 Calls 2000X	Private Equity (KKR, Blackstone), ARM Holdings, GE
Carbonite (CARB)	\$522M	Tech - Software	September \$17.5 Calls 1370X; September \$30 Calls 2000X	HP (HPQ), NetApp (NTAP), Apollo Global, J2 (JCOM)
Casella Waste (CWST)	\$575M	Industrial - Waste Mgmt.	September \$12.50 Calls 950X	Waste Mgmt. (WM), Republic (RSG)
CDK Global (CDK)	\$9B	Tech - Software	August \$70 Calls 3750X	Private Equity (Thomas Bravo)
Century Aluminum (CENX)	\$1.26B	Materials - Aluminum	July \$16 Calls 15,000X; September \$17 Calls 2750X	Rio Tinto (RIO), Alcoa (AA)
Colgate (CL)	\$67B	Consumer - Personal Products	August \$72.5 Calls 20,000X; August \$75 Calls 20,000X; August \$80 Calls 10,000X	P&G (PG), Unilever (UL), Kraft-Heinz (KHC)
Cornerstone OnDemand (CSOD)	\$2.11B	Tech - Software	November \$45 Calls 1400X; July \$37.5 Calls 2000X	SAP AG (SAP)
Cott (COT)	\$1.83B	Consumer - Beverage	August \$12.50 Calls 3000X	Coca Cola (KO), Pepsi (PEP)
Cowen (COWN)	\$495M	Financial - Brokerage	October \$15 Calls 1375X	Raymond James (RJF), Stifel (SF), Piper (PIC)
Criteo (CRTO)	\$3.6B	Tech - Digital Marketing	July \$55 Calls 3750X; July \$60 Calls 4,650X	Facebook (FB), Alphabet (GOOG), Publicis
CyberArk Software (CYBR)	\$1.7B	Tech - Cyber Security	August \$55 Calls 1850X	CheckPoint (CHKP), IBM, Cisco (CSCO)
Diageo (DEO)	\$76B	Consumer - Beverage	October \$125 Calls 1150X	Anheuser Busch (BUD), 3G Capital
Dish Network (DISH)	\$29.55B	Tech - Cable	September \$60 Calls 7000X; Jan. 2018 \$70 Calls 9000X; September \$65 Calls 7500X	T-Mobile (TMUS), Verizon (VZ), Amazon (AMZN)
Dunkin Brands (DNKN)	\$5.35B	Consumer - Restaurant	September \$57.50 Calls 2275X	JAB Holding
Ellie Mae (ELLI)	\$3.7B	Tech - Software	July \$125 Calls 1250X	IBM, Accenture (ACN)
Etsy (ETSY)	\$1.53B	Tech - Internet	July \$12.50 Calls 4000X; September \$10 Calls 2,570X	eBay (EBAY)
Financial Engines (FNGN)	\$2.45B	Financial Tech	September \$40 Calls 3000X	SS&C Tech (SSNC)
Garmin (GRMN)	\$9.75B	Tech - Devices	October \$52.50 Calls 2000X	Apple (AAPL), Google (GOOG)
Genesco (GCO)	\$710M	Consumer - Apparel	September \$35 Calls 1000X; September \$50 Calls 3000X	Private Equity
Green Plains Energy (GPRE)	\$925M	Materials - Ethanol	September \$24 Calls 3000X	Archer Daniels (ADM)
HRG Group (HRG)	\$3.74B	Consumer and Financial	August \$17.5 Calls 15,000X	Spectrum (SPB) Deal
IDEXX Labs (IDXX)	\$14.35B	Healthcare - Diagnostics	October \$180 Calls 700X	Zoetis (ZTS)
Illumina (ILMN)	\$25.35B	Healthcare - Genetics	Jan. 2018 \$280 Calls 2000X	Roche, GE Health (GE)
Integrated Devices (IDTI)	\$3.4B	Tech - Semi	August \$25 Calls 4000X	Broadcom (AVGO), Texas Instruments (TXN)
J2 Global (JCOM)	\$4.1B	Tech - Internet	December \$100 Calls 5000X	Private Equity

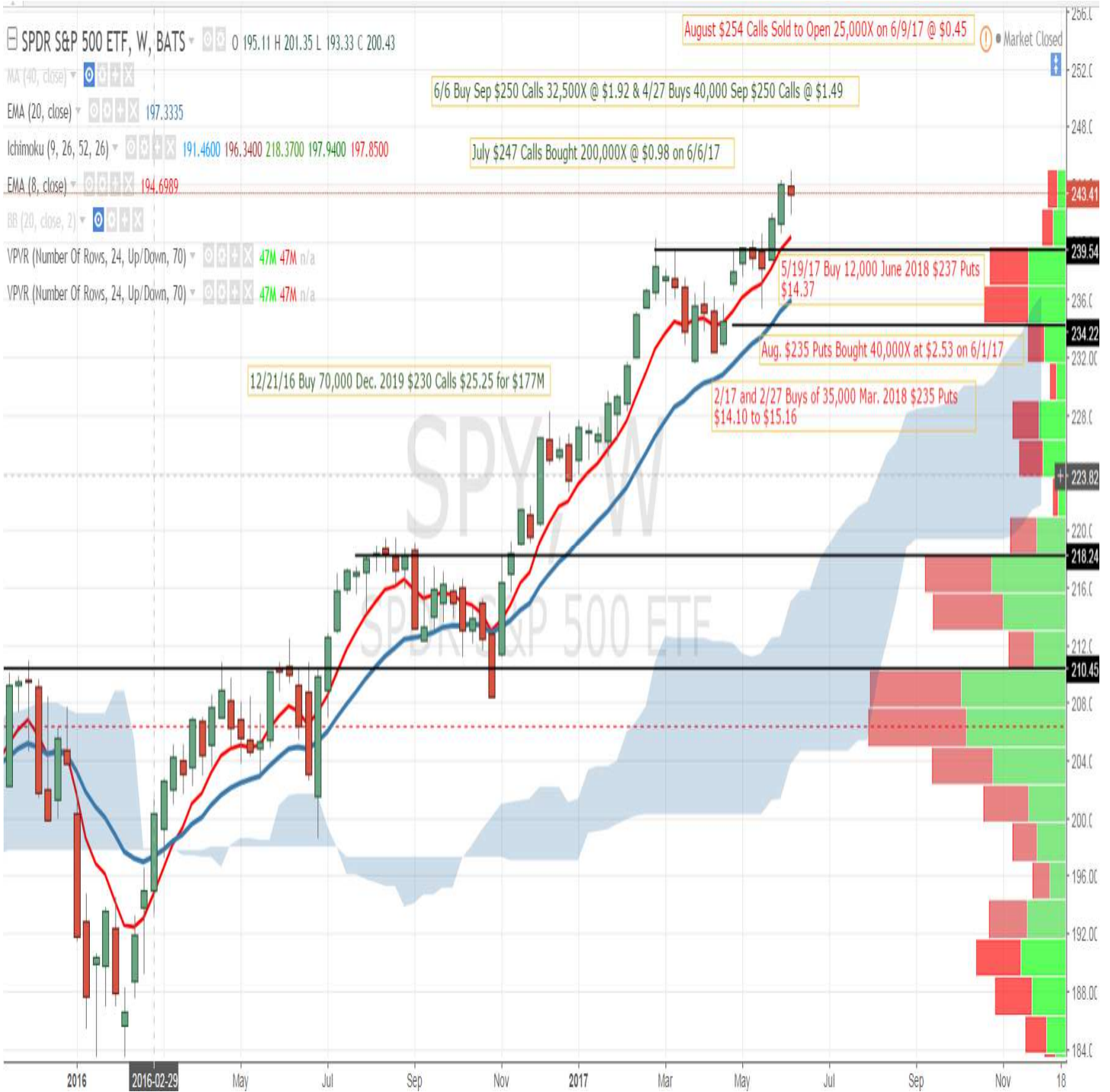
<u>Stock</u>	<u>Market Cap</u>	<u>Sector</u>	<u>Options Activity</u>	<u>Potential Acquirer</u>
Kapstone Paper (KS)	\$2B	Consumer - Paper & Packaging	August \$22.5 and \$25 Calls 1740X and 1420X	International Paper (IP), WestRock (WRK)
Lamb Weston (LW)	\$6.75B	Consumer - Food	July \$40 Calls 3250X; October \$45 Calls 1,225X	Post Holding (POST), ConAgra (CAG)
Leidos (LDOS)	\$8.3B	Defense - Security Solutions	August \$55 Calls 4500X	DXC Tech (DXC)
Live Nation (LVV)	\$7B	Services - Entertainment	October \$37 Calls 1000X; July \$30 Calls 4400X	eBay (EBAY) Spin Stub-Hub Merger
Lululemon (LULU)	\$6.6B	Consumer - Apparel	July \$50 Calls 5000X	Under Armour (UAA), Nike (NKE)
MACOM Tech (MTSI)	\$3.85B	Tech - Semi	November \$55 Calls 1500X	Nvidia (NVDA), TI (TXN), Intel (INTC)
MainSource Financial (MSGF)	\$832M	Financial - Regional Bank	December \$40 and \$45 Calls	Commerce (CBSH), Associated (ASB)
Maxim Semi (MXIM)	\$13.5B	Tech - Semi	November \$48 Calls 1875X	Broadcom (AVGO), Texas Instruments (TXN)
Mercado-Libre (MELI)	\$12.15B	Tech - Ecommerce	December \$420 Calls 1000X	Amazon (AMZN)
Micro-Semi (MSCC)	\$5.75B	Tech - Semi	September \$50 Calls 2000X	Skyworks (SWKS), Maxim (MXIM), TI (TXN)
Moelis (MC)	\$1.88B	Financial - Asset Mgmt.	October \$35 and \$40 Calls 1000X	JP Morgan (JPM), Goldman Sachs (GS)
MSG Networks (MSGN)	\$1.6B	Consumer - Media	November \$25 Calls 3250X	Comcast (CMCSA)
Mueller Water (MWA)	\$1.8B	Industrial - Equipment	November \$10 Calls 1150X	GE, Honeywell (HON), Valmont (VMI)
Natus Medical (BABY)	\$1.15B	Healthcare - Products	October \$40 Calls 1900X	MEDNAX (MD)
Nektar Therapeutics (NKTR)	\$3B	Healthcare - Biotech	August \$22 and \$25 Calls 5000X Each	Bristol Myers (BMY), Biogen (BIIB), Shire (SHPG)
Nuance (NUAN)	\$5.45B	Tech - Software	Jan. 2018 \$22 Calls 6775X	Apple (AAPL), Samsung, Google (GOOG)
Nxstage Medical (NXTM)	\$1.5B	Healthcare - Med-Tech	September \$25 Calls 2500X	Stryker (SYK), Zimmer (ZBH), Smith & Nephew (SNN)
ON Semi (ON)	\$6.55B	Tech - Semi	October \$15 Calls 2000X	Analog Devices (ADI)
Owen Illinois (OI)	\$3.7B	Consumer - Packaging	August \$22 Calls 2000X	Private Equity (KKR)
Owens Corning (OC)	\$6.85B	Industrial - Building Materials	August \$65 Calls 4000X	Holcim, Lafarge Group, CRH
Pinnacle Foods (PF)	\$7.15B	Consumer - Food	September \$60/\$50 Bull Risk Reversal 5000X	ConAgra (CAG)
Pitney Bowes (PBI)	\$2.82B	Consumer - Business	October \$15 Calls 7500X	Private Equity (Apollo, KKR)
Planet Fitness (PLNT)	\$2.1B	Consumer Services	August \$20 Calls 4000X	Private Equity
Polaris (PII)	\$5.35B	Consumer - Recreational	Jan. 2018 \$95 Calls 400X	Private Equity
PTC Inc (PTC)	\$6.7B	Tech - Software	July \$55 Calls 1000X	General Electric (GE)
Puma Bio (PBYI)	\$2.78B	Healthcare - Biotech	September \$90 Calls 1000X	Pfizer (PFE), Gilead (GILD)
Radware (RDWR)	\$760M	Tech - CyberSecurity	December \$17 Calls 750X	CheckPoint (CHKP), F-5 (FFIV), Cisco (CSCO)
Rapid7 (RPD)	\$775M	Tech - Application Software	November \$20 and \$22.5 Calls 1500X Each	Symantec (SYMC), Cisco (CSCO)
Red Hat (RHT)	\$15.9B	Tech - Software	September \$90 Calls 4000X	Cisco (CSCO), IBM
Ring-Central (RNG)	\$2.62B	Tech - Software	October \$37 Calls 1000X	Google (GOOG), Juniper (JNPR)
Rockwell Collins (COL)	\$17.35B	Industrial - Aerospace	October \$100 and \$105 Calls 1000X	United Tech (UTX), General Electric (GE)
RPM International (RPM)	\$7.2B	Materials - Chemicals	August \$60 Calls 1000X	Lyondell (LYB), BASF, Bayer, PPG, Clariant
Ryder (R)	\$3.6B	Industrial - Trucking	August \$70 and \$72.5 Calls 1000X	AMERCO (UHAL), UPS, Penske Auto Group
Sensata Tech (ST)	\$7B	Industrial - Instruments	July \$45 Calls 1,500X; September \$45 Calls 3,350X; Sep. \$50 Calls 4,000X	Honeywell (HON)
Service Corp (SCI)	\$6B	Consumer Services	December \$30 Calls 1300X	Private Equity
Shopify (SHOP)	\$7.1B	Tech - Software	October \$90 Calls 1450X	Google (GOOG), Amazon (AMZN)
Soda Stream (SODA)	\$1.15B	Consumer - Beverage	October \$60 Calls 3400X	Coca Cola (KO), Pepsi (PEP), Monster (MNST)
Splunk (SPLK)	\$9.15B	Tech - Software	August \$65 Calls 1000X	SAP AG (SAP), Cisco (CSCO), IBM
Square (SQ)	\$8.5B	Tech - Payments	December \$19 Calls 10,000X	Visa (V)
TE Connectivity (TEL)	\$28.1B	Tech - Electronics	July \$70 Calls 1600X	Koch Industries

<u>Stock</u>	<u>Market Cap</u>	<u>Sector</u>	<u>Options Activity</u>	<u>Potential Acquirer</u>
Tile Shops (TTS)	\$1B	Consumer - Retail	August \$15, \$17.5 and \$20 Calls 1000X Each	Home Depot (HD), Lumber Liquidator (LL), Lowe's (LOW)
T-Mobile (TMUS)	\$56B	Telecom - Wireless	August \$65 and \$70 Calls 3000X Each	Dish (DISH), AT&T (T), Verizon (VZ), Sprint (S)
Tower Semi (TSEM)	\$2.39B	Tech - Semi	July \$27, \$28 and \$30 Calls; Oct. \$30 Calls 2500X	Chinese Chip Co.
Veeva Systems (VEEV)	\$8.35B	Tech - Software - Cloud	September \$55 and \$60 Calls 2000X Each	Oracle (ORCL), SAP (SAP), Salesforce.com (CRM)
Versum Materials (VSM)	\$3.4B	Tech - Materials	September \$32.5 Calls 3000X	Taiwan Semi (TSM), Hitachi Chemical, AirLiquide
Vertex Pharma (VRTX)	\$29.6B	Healthcare - Biotech	October \$130 Calls 4,750X; October \$160/\$170 Call Spreads 10,000X	Gilead (GILD), Amgen (AMGN)
Viacom (VIAB)	\$14.15B	Consumer - Services - Media	September \$37.5 Calls 7500X	CBS (CBS)
Visteon (VC)	\$3.25B	Consumer - Auto	September \$110 Calls 1000X	Apple (AAPL), Google (GOOG), Magna (MGA)
WABCO (WBC)	\$6.5B	Industrial - Auto	September \$120 Calls 1000X	Berkshire Hathaway (BRK.A), Continental AG
WR Grace (GRA)	\$4.9B	Materials - Chemicals	September \$72.5 Calls 1400X	Honeywell (HON), Lyondell (LYB), BASF
Xilinx (XLNX)	\$16.5B	Tech - Semi	Jan. 2018 \$65 Calls 2700X; July \$67.5 Calls 4900X; December \$65 Calls 1300X	Nvidia (NVDA), SoftBank, Broadcom (AVGO)
Xperi (XPER)	\$1.56B	Tech - Semi	July \$35 Calls 1500X; July \$40 Calls 1000X; December \$40 Calls 1000X	Marvell (MRVL)
Xylem (XYL)	\$9.55B	Industrial - Water	July \$55 Calls 3000X	Pentair (PNR)
Xylem (XYL)	\$9.45B	Industrial - Machinery	July \$55 Calls 980X	Pentair (PNR), GE
Zayo Group (ZAYO)	\$7.95B	Tech - Networking	September \$35 Calls 4000X	AT&T (T), Verizon (VZ), Comcast (CMCSA)
Zebra Tech (ZBRA)	\$5.65B	Industrial - Technology	November \$110 Calls 350X	Honeywell (HON)
Zillow (Z)	\$5.35B	Tech - Internet	August \$40 Calls 2500X	Google (GOOG)

ETF/Index Flows

****Weekly Charts with Notable Option Institutional Position Notations****

SPY



Nasdaq (QQQ)



Russell (IWM)

ISHARES RUSSELL 2000 ETF, W, BATS O 124.92 H 125.44 L 121.21 C 121.25

MA (40, close)

EMA (20, close) 118.2054

Ichimoku (9, 26, 52, 26) 121.4550 115.5850 135.9600 104.0850 111.3700

EMA (8, close) 121.5737

BB (20, close, 2)

VPVR (Number Of Rows, 24, Up/Down, 70) 18M 15M n/a

VPVR (Number Of Rows, 24, Up/Down, 70) 18M 15M n/a

6/6 Buy 20,000 July \$141/\$146 Call Spreads

6/5 Buy 7,500 Sep \$141/\$146 Call Spreads

5/19 Buy 7,000 Sep 2018 \$140 Calls \$9.65

3/16 and 5/15 Buys 10,000 Dec \$140 Calls \$6.50 to \$7.20

9/8/16 Buy 12,000 Sep \$135 Calls \$4.15

5/12 Buy 10,000 Mar. 2018 \$128 Puts \$5.72

6/1 Buy 33,000 Sep 2018 \$120 Puts \$6.35 vs. Stock

5/30 Trade Opens 6,000 Jan. 2019 \$159/\$118 Bear Risk Reversals at \$3.05 Debit (Possible Collar)

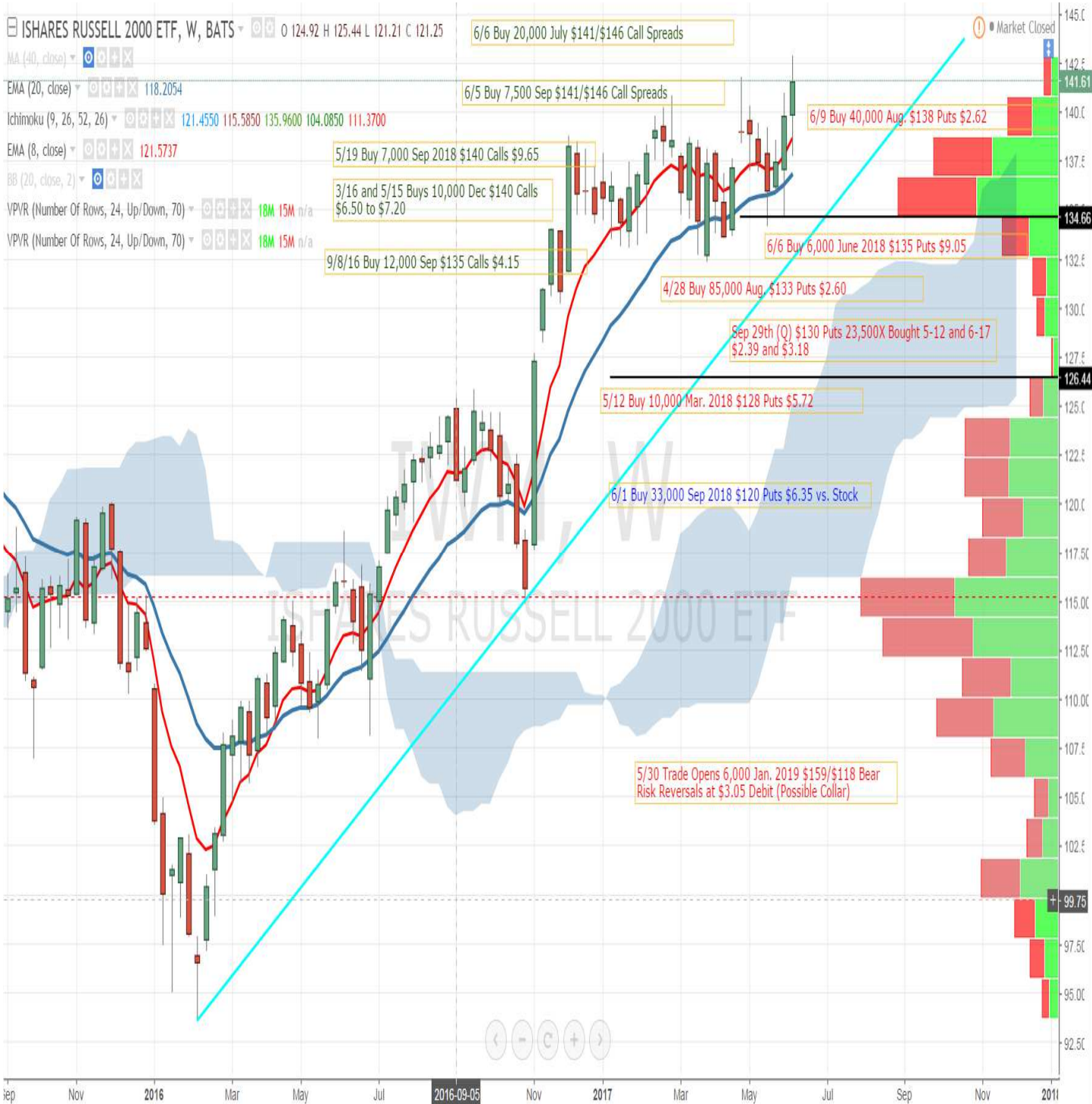
4/28 Buy 85,000 Aug. \$133 Puts \$2.60

Sep 29th (Q) \$130 Puts 23,500X Bought 5-12 and 6-17 \$2.39 and \$3.18

6/6 Buy 6,000 June 2018 \$135 Puts \$9.05

6/9 Buy 40,000 Aug. \$138 Puts \$2.62

Market Closed



DISCLAIMER:

*****Information in this report was prepared June 1st to June 15th, so there may be slight variations on prices and other figures*****

Not Investment Advice or Recommendation

Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation.

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