

SPOTLIGHT OPTION TRADE



Medtronic Strong Set-Up into Analyst Day, Procedure Recovery Catalysts

TRADE SNAPSHOT

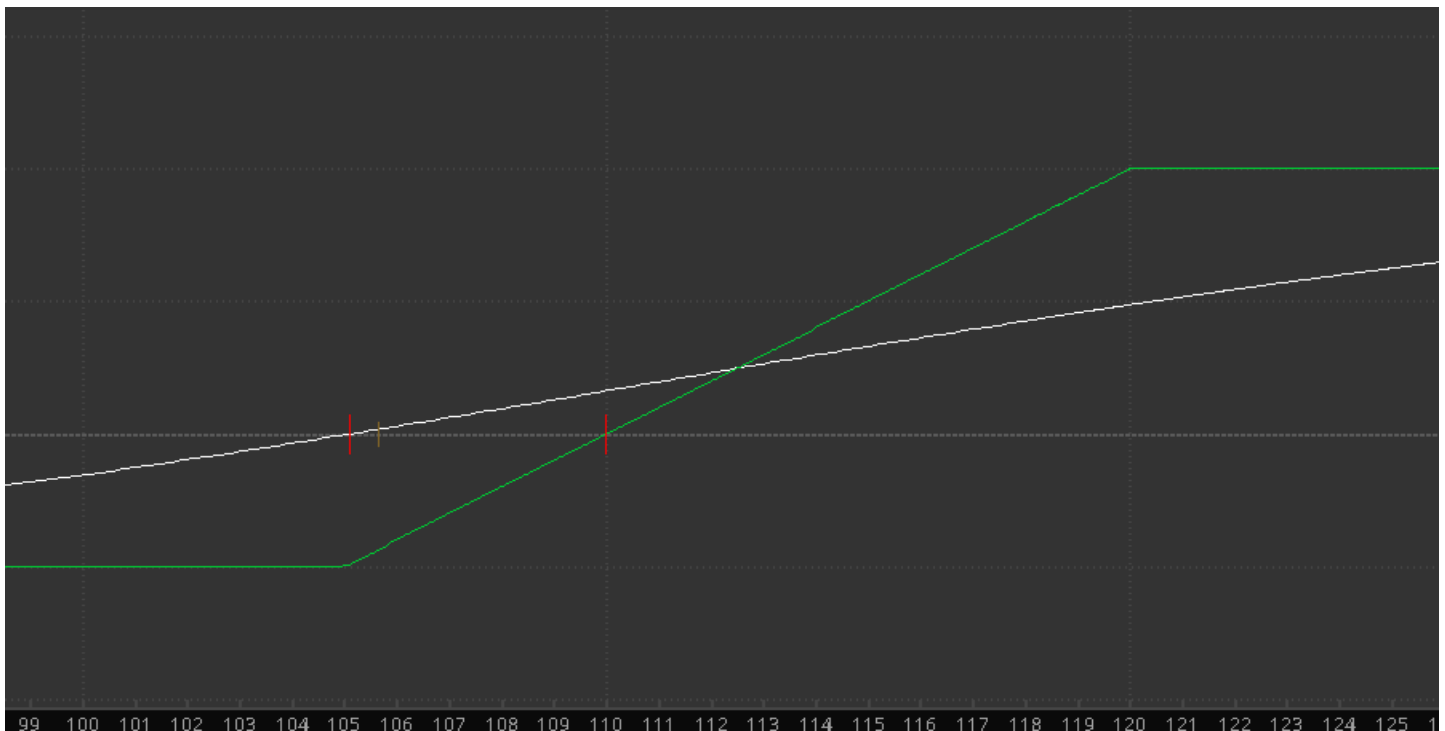
TICKER	MDT
SECURITY	Medtronic
SECTOR	Healthcare – Medical Devices
CURRENT PRICE	\$105.65
LONG/SHORT	Long
TARGET	\$115
STOP	\$100
TIMEFRAME	3 Months

Trading Strategy: Long MDT January 2021 \$105/\$120 Call Spreads at \$5

Net Debit/Credit: Debit of \$5

Profitability Zone: MDT Shares Above \$110 on Jan. 2021 OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: MDT broke out of a large basing pattern that measures to a \$120 target and currently flagging the past 6 weeks nicely, coiled and ready for a new leg up with strong RSI trend.



Fundamental Analysis: The \$142B medial device leader trades 18.3X Earnings, 5.1X Sales and yields a 2.2% dividend. MDT revenues are under pressure from COVID related procedure slowdown but seen at 10.5% growth in FY22 and 43% EPS growth. MDT was hit hard with COVID due to the slowdown in procedures but seeing positive momentum in trends across the industry the last two weeks with conference speakers. MDT has a strong balance sheet with robust FCF and a strong pipeline for growth. Cardiac/Vascular is its largest segment followed closely by Minimally Invasive and Restorative Therapies while Diabetes the smallest segment but is growing rapidly. It sees a lot of growth potential in Emerging Markets as well. MDT spoke at the MSCO Healthcare Conference noting stronger procedure volumes in September and it is taking share in a number of businesses while its TAM is expanding. Analysts have an average target of \$115 and short interest minimal at 0.5% of the float. MSCO was out positive into the analyst day with Geoff Martha's vision for the company in focus. BAML named it a top pick for Q4 noting consensus numbers are too low expecting the new CEO to change the operating structure and sees a strong pipeline delivering stronger growth. Hedge Fund ownership fell 4.6% in Q2 filings, top holders Longview, Sanders and Aristotle all adding to positions.

Options Activity:

Date	Description	Volume	Open.In	Price	Delt	Impl Vo	Prob.ITV	Premium Paid	Symbol
10/2/2020	MDT 100 16 OCT 20 102 PUT	1,191	297	\$2.10	-0.498	28.26%	52.01%	\$250,110	.MDT201016P102
10/2/2020	MDT 100 (Weeklys) 13 NOV 20 106 CALL	544	0	\$2.83	0.374	32.52%	33.32%	\$153,952	.MDT201113C106
9/30/2020	MDT 100 (Weeklys) 6 NOV 20 105 CALL	561	17	\$3.69	0.47	31.63%	43.28%	\$207,009	.MDT201106C105
9/24/2020	MDT 100 21 JAN 22 85 PUT	980	639	\$7.28	-0.27	31.12%	41.02%	\$713,440	.MDT220121P85
9/24/2020	MDT 100 16 OCT 20 97.5 PUT	1,464	708	\$1.76	-0.33	31.14%	36.01%	\$257,664	.MDT201016P97.5
9/18/2020	MDT 100 15 JAN 21 110 CALL	2,292	2,454	\$5.80	0.462	28.87%	39.79%	\$1,329,360	.MDT210115C110
9/17/2020	MDT 100 21 MAY 21 95 PUT	455	0	\$5.20	-0.28	29.03%	37.33%	\$236,600	.MDT210521P95
9/16/2020	MDT 100 20 NOV 20 120 CALL	5,954	1,369	\$1.16	0.18	27.35%	15.12%	\$690,664	.MDT201120C120
9/15/2020	MDT 100 (Weeklys) 23 OCT 20 110 CALL	1,148	46	\$2.60	0.43	23.47%	40.29%	\$298,480	.MDT201023C110
9/9/2020	MDT 100 (Weeklys) 23 OCT 20 114 CALL	2,549	3	\$1.32	0.24	25.75%	20.87%	\$336,468	.MDT201023C114
9/9/2020	MDT 100 (Weeklys) 23 OCT 20 108 CALL	2,511	4	\$3.46	0.47	27.18%	43.09%	\$891,405	.MDT201023C108
9/1/2020	MDT 100 21 JAN 22 115 PUT	500	9	\$19.00	-0.562	24.05%	68.59%	\$950,000	.MDT220121P115
8/28/2020	MDT 100 19 FEB 21 85 PUT	1,600	130	\$2.34	-0.139	34.38%	19.99%	\$374,400	.MDT210219P85
8/28/2020	MDT 100 19 FEB 21 130 CALL	1,623	32	\$1.02	0.141	24.68%	10.73%	\$165,546	.MDT210219C130
8/28/2020	MDT 100 19 FEB 21 120 CALL	1,651	1,877	\$2.70	0.275	24.91%	22.20%	\$445,770	.MDT210219C120
8/28/2020	MDT 100 19 FEB 21 100 PUT	1,633	307	\$5.00	-0.329	28.09%	40.49%	\$816,500	.MDT210219P100
8/24/2020	MDT 100 16 OCT 20 100 PUT	300	3	\$4.00	-0.44	27.20%	48.63%	\$120,000	.MDT201016P100
8/20/2020	MDT 100 16 OCT 20 105 CALL	1,080	0	\$2.00	0.33	24.62%	29.15%	\$216,000	.MDT201016C105
8/19/2020	MDT 100 19 FEB 21 120 CALL	1,600	235	\$1.31	0.16	23.27%	12.31%	\$219,200	.MDT210219C120
8/19/2020	MDT 100 19 FEB 21 105 CALL	1,606	191	\$5.50	0.44	26.08%	36.60%	\$883,300	.MDT210219C105
8/4/2020	MDT 100 20 NOV 20 105 CALL	1,103	1,607	\$2.35	0.28	26.41%	23.10%	\$259,205	.MDT201120C105
7/24/2020	MDT 100 21 JAN 22 85 PUT	365	176	\$8.85	-0.321	28.56%	46.74%	\$323,025	.MDT220121P85
7/17/2020	MDT 100 21 JAN 22 80 CALL	240	123	\$23.00	0.73	32.98%	57.61%	\$552,000	.MDT220121C80
7/14/2020	MDT 100 19 FEB 21 80 PUT	500	80	\$4.45	-0.26	34.71%	36.19%	\$237,500	.MDT210219P80
7/8/2020	MDT 100 19 FEB 21 82.5 PUT	275	4	\$5.50	-0.31	33.15%	41.70%	\$151,250	.MDT210219P82.5

Potential Catalysts: Analyst Day 10/14; Earnings 11/24

Disclaimer:**Not Investment Advice or Recommendation**

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