

SPOTLIGHT OPTION TRADE



Expecting Disney to Fill the COVID Gap

TRADE SNAPSHOT

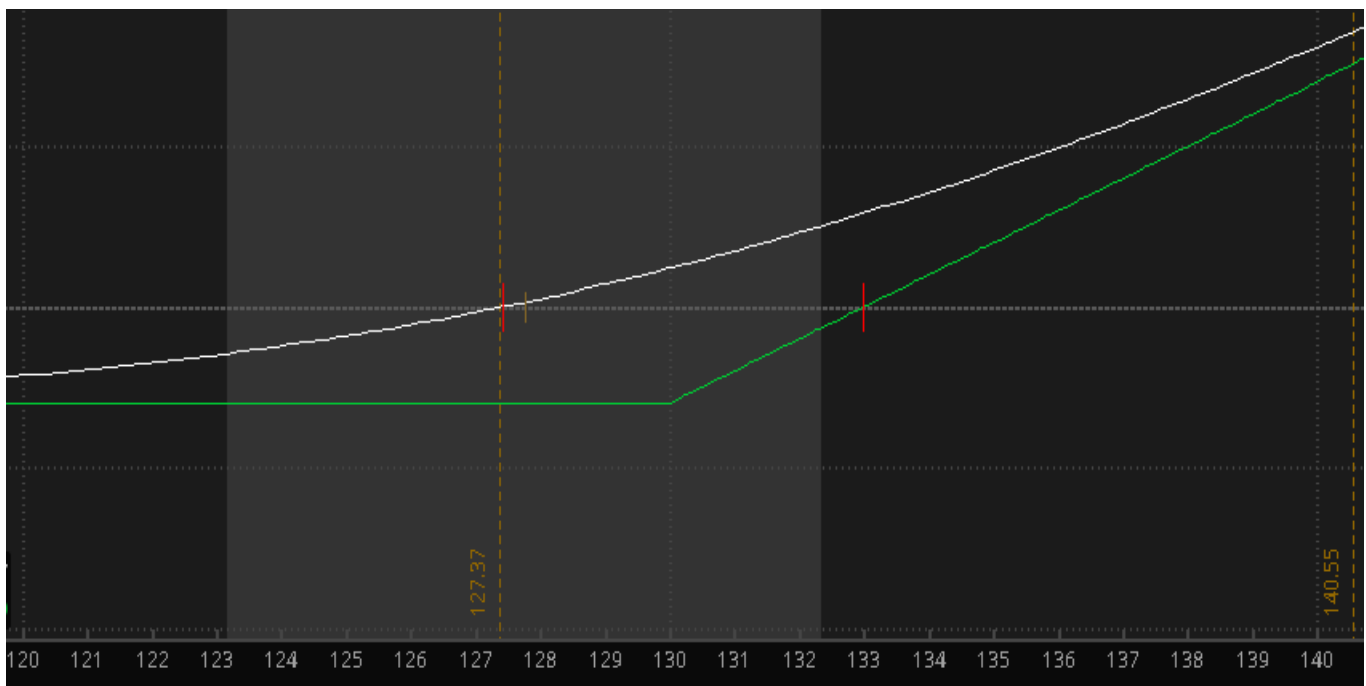
TICKER	DIS
SECURITY	Walt Disney Company
SECTOR	Consumer Services – Entertainment & Media
CURRENT PRICE	\$127.77
LONG/SHORT	Long
TARGET	\$140
STOP	\$120
TIMEFRAME	1 Month

Trading Strategy: Long the **DIS** September \$130 Calls at \$3

Net Debit/Credit: Debit of \$3

Profitability Zone: DIS Above \$133 on September OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: DIS shares working in a channel up since March and some bullish moving average crosses triggering while accumulation remains strong as shares pull back from earnings highs, a move that should see further earnings drift and eventually close the gap from February.



Fundamental Analysis: The \$230B entertainment leader is trading at 47X Earnings and 4.4X EV/Sales as EPS has been depressed by COVID and its large investments building out Disney+ which has thus far been a major success. DIS has weathered a storm that impacted most of its core businesses and is likely to emerge stronger with early indications positive for sports ratings while remaining in the early stages of monetizing the streaming platform. DIS announced 57.5M Disney+ subscribers while Hulu paid subscribers jumped 27% Y/Y. The second season of The Mandalorian will launch on October, a blockbuster series that received 15 Emmy nominations. Analysts have an average target at \$132, short interest near a one year high but just 1.5% of the float. Citi raised its target to \$150 this week seeing a measured recovery in core businesses and robust growth in DTC. JPM reiterated it as a top media pick on 8/5 and the digital rollout has another leg to it with Star launching next year, while the Investor Day before year-end a likely upside driver for shares. CSFB upgraded to Outperform with a \$146 target after the report as the new CEO indicates innovative and bold pivoting to streaming DIS is becoming a strong growth story. Hedge Fund ownership rose 4.8% in Q2 filings, notable buyers included Coatue Mgmt., Lindsell Train, Third Point, Ruane Cunniff, Matrix and Markel.

Options Activity:

Date	Description	Volume	Open Int	Price	Delta	Impl Vol	Prob ITM	Premium Paic	Symbol	Current Price	Current OI
8/18/2020	DIS 100 16 OCT 20 130 PUT	20,020	1,236	\$6.40	-0.51	27.80%	55.21%	\$13,013,000	.DIS201016P130		
8/18/2020	DIS 100 16 OCT 20 130 CALL	20,700	5,911	\$5.34	0.49	28.22%	44.80%	\$11,385,000	.DIS201016C130		
8/13/2020	DIS 100 21 JAN 22 160 CALL	3,227	1,736	\$9.00	0.35	29.24%	22.79%	\$2,952,705	.DIS220121C160	\$8.60	3747
8/11/2020	DIS 100 21 JAN 22 135 CALL	1,008	867	\$18.01	0.54	30.64%	39.75%	\$1,815,408	.DIS220121C135	\$16.71	1826
8/10/2020	DIS 100 (Weeklys) 4 SEP 20 139 CALL	1,825	25	\$1.40	0.23	29.64%	21.03%	\$252,285	.DIS200904C139	\$0.59	1591
8/6/2020	DIS 100 16 OCT 20 150 CALL	6,984	3,379	\$1.58	0.18	30.01%	14.48%	\$1,103,472	.DIS201016C150	\$0.84	8468
8/6/2020	DIS 100 16 OCT 20 135 CALL	4,404	3,084	\$5.55	0.45	30.64%	39.53%	\$2,444,220	.DIS201016C135	\$3.75	9353
8/5/2020	DIS 100 17 JUN 22 130 CALL	1,197	592	\$19.50	0.57	29.98%	40.48%	\$2,459,835	.DIS220617C130	\$21.42	2185
8/4/2020	DIS 100 18 SEP 20 115 PUT	8,734	5,727	\$4.44	-0.36	38.48%	41.69%	\$4,017,640	.DIS200918P115	\$0.68	12971
7/30/2020	DIS 100 17 JUN 22 95 PUT	1,606	587	\$9.55	-0.25	32.60%	41.08%	\$1,662,210	.DIS220617P95	\$7.45	1315
7/29/2020	DIS 100 21 AUG 20 116 CALL	1,988	230	\$4.00	0.51	33.78%	48.04%	\$805,140	.DIS200821C116	\$14.25	2100
7/29/2020	DIS 100 21 AUG 20 114 PUT	1,940	762	\$3.12	-0.41	33.78%	43.97%	\$611,100	.DIS200821P114	\$0.03	3129
7/16/2020	DIS 100 21 AUG 20 130 CALL	3,535	6,488	\$1.87	0.24	37.11%	20.21%	\$664,580	.DIS200821C130	\$1.21	23063
7/7/2020	DIS 100 16 OCT 20 170 CALL	20,853	450	\$0.36	0.04	40.23%	2.42%	\$750,708	.DIS201016C170	\$0.20	7783
7/1/2020	DIS 100 21 AUG 20 100 PUT	11,682	11,212	\$2.25	-0.204	43.44%	25.32%	\$2,628,450	.DIS200821P100	\$0.01	17870
6/30/2020	DIS 100 21 AUG 20 125 CALL	10,376	6,349	\$1.71	0.212	34.70%	17.57%	\$1,774,296	.DIS200821C125	\$4.92	19442
6/26/2020	DIS 100 21 JAN 22 120 CALL	2,042	3,666	\$13.90	0.49	33.68%	32.97%	\$2,942,940	.DIS220121C120	\$24.10	4493
6/25/2020	DIS 100 21 AUG 20 100 PUT	8,268	2,664	\$3.83	-0.27	47.17%	33.83%	\$3,180,485	.DIS200821P100	\$0.01	17870
6/24/2020	DIS 100 21 AUG 20 90 PUT	2,455	1,264	\$1.64	-0.13	52.32%	17.68%	\$407,530	.DIS200821P90	\$0.01	4294
6/19/2020	DIS 100 21 AUG 20 125 CALL	1,070	3,112	\$4.90	0.41	36.68%	35.09%	\$535,000	.DIS200821C125	\$4.92	19442
6/18/2020	DIS 100 21 JAN 22 175 CALL	1,528	867	\$4.10	0.2	30.28%	11.26%	\$718,160	.DIS220121C175	\$5.50	2505
6/12/2020	DIS 100 21 AUG 20 110 PUT	2,142	1,666	\$6.10	-0.367	43.70%	44.12%	\$1,306,620	.DIS200821P110	\$0.02	11810
6/11/2020	DIS 100 21 JAN 22 95 PUT	2,263	1,269	\$10.85	-0.29	34.81%	45.96%	\$2,659,025	.DIS220121P95	\$6.05	3995
6/9/2020	DIS 100 17 JUN 22 120 PUT	603	92	\$19.43	-0.4	28.93%	57.85%	\$1,224,090	.DIS220617P120	\$16.35	686
6/8/2020	DIS 100 21 AUG 20 135 CALL	2,795	1,918	\$4.50	0.37	33.89%	31.28%	\$1,257,750	.DIS200821C135	\$0.17	15157
6/8/2020	DIS 100 17 JUN 22 180 CALL	500	156	\$5.90	0.24	29.95%	12.90%	\$315,000	.DIS220617C180	\$7.05	581
6/3/2020	DIS 100 21 AUG 20 120 PUT	1,196	669	\$6.86	-0.43	34.10%	49.59%	\$831,220	.DIS200821P120	\$0.04	30822
6/1/2020	DIS 100 16 OCT 20 125 PUT	740	276	\$13.35	-0.57	32.25%	65.32%	\$1,013,800	.DIS201016P125	\$4.15	3498
5/18/2020	DIS 100 21 AUG 20 135 CALL	1,209	31	\$2.50	0.23	34.81%	17.79%	\$311,922	.DIS200821C135	\$0.17	15,157
5/8/2020	DIS 100 18 SEP 20 130 CALL	9,459	7,922	\$2.24	0.2	34.74%	14.49%	\$2,175,570	.DIS200918C130	\$4.00	17,778
4/27/2020	DIS 100 21 JAN 22 80 PUT	1,989	377	\$8.35	-0.22	37.69%	39.69%	\$1,859,715	.DIS220121P80	\$3.30	1,597

Potential Catalysts: No scheduled events but return of sports, movies, and any vaccine news can benefit the stock.

Disclaimer:**Not Investment Advice or Recommendation**

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