

SPOTLIGHT OPTION TRADE



Bull Put Spreads in Quality Healthcare Leader at Cheap Valuation

TRADE SNAPSHOT

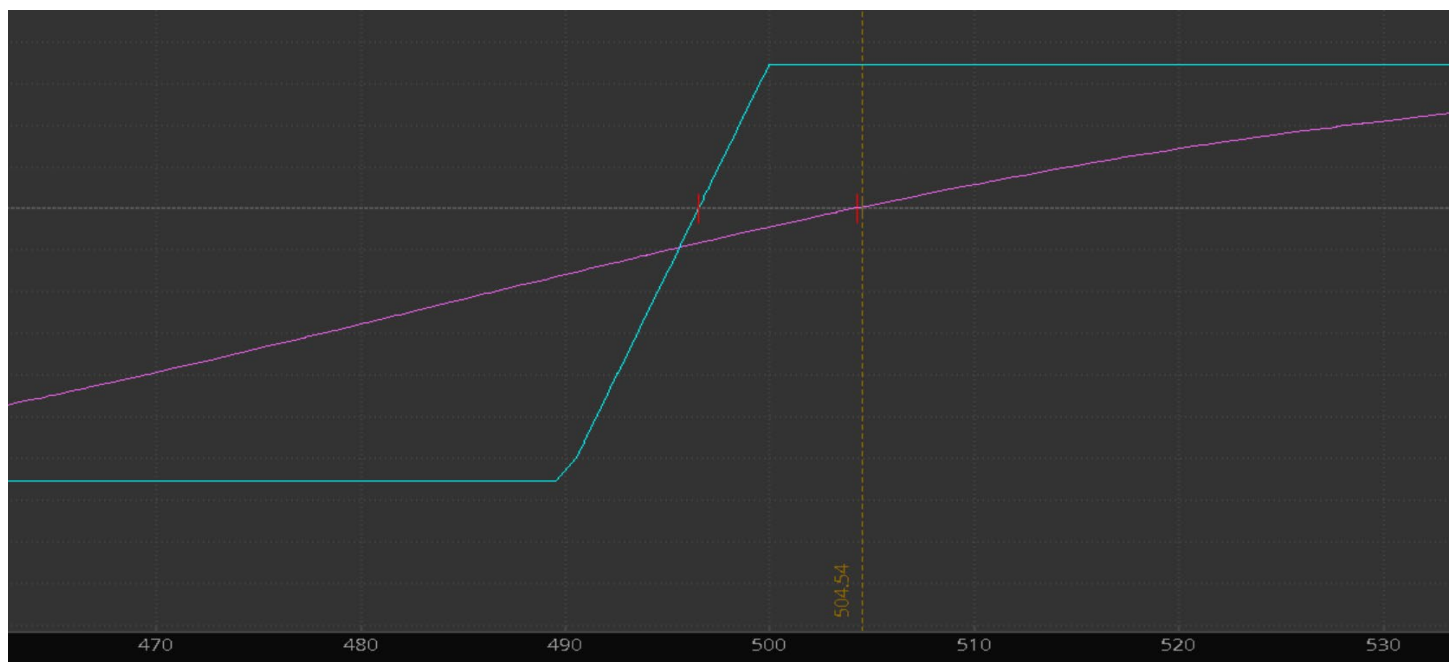
TICKER	UNH
SECURITY	United Healthcare
SECTOR	Healthcare – Managed Care
CURRENT PRICE	\$504.55
LONG/SHORT	Long Bias
TARGET	➤ \$500
STOP	None – Risk Defined
TIMEFRAME	2 Months

Trading Strategy: Sell the UNH March \$500/\$490 Put Spreads for \$3.45 Credit (Bull Put Spread)

Net Debit/Credit: Credit \$3.45

Profitability Zone: UNH Above \$496.55 on March OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: UNH shares tested and held a major long-term VPOC and have spent two years in a well-defined range, expecting support to hold once again.



Fundamental Analysis: UNH is a health care and well-being company with a mission to help people live healthier lives and help make the health system work better for everyone via two distinct business platforms, Optum and UnitedHealthcare. Optum combines clinical expertise, technology and data to empower people, partners and providers with the guidance and tools they need to achieve better health. UNH has a market cap of \$466B and trades 16.1X Earnings, 1.26X Sales and 18.1X FCF with a 1.57% yield. UNH revenues are seen growing 8% annually the next three years with consistent 10-13% annual EPS growth. UNH blows other MCOs away across key metrics and is our favorite way to play the monumental healthcare shift to value-based care. Outside of value-based care other growth initiatives include Health Benefits, Health Tech, Health Financial Services and Pharmacy Services. MCOs were pressured in 2023 from sector rotation, heightened regulatory scrutiny, trend concerns, and deal uncertainty and 2024 will be about working through these overhangs and re-rating higher on 2025 numbers. Seasonal factors drove higher than expected utilization and medical loss ratio and UNH should be a beat and raise story the remainder of the year. Analysts have an average target of \$600 with short interest less than 1% of the float. RBC us at Outperform with a \$596 target saying the company is well positioned in Medicare Advantage this year, with superior margin visibility versus peers who may be more heavily indexed to supplemental benefits.

Options Activity:

Date	Ticker	Contract	Volume	Price	OI	Delta	IV	Premium	Last	Current OI
12-05-2023	UNH	UNH 100 16 FEB 24 500 PUT	866	\$4	147	-0.14	22.34%	\$359,390	\$6.45	2,944
01-25-2024	UNH	UNH 100 (Weeklys) 1 MAR 24 495 CALL	1,004	\$11.9	13	0.49	20.74%	\$1,260,020	\$18.8	2,776
01-10-2024	UNH	UNH 100 15 MAR 24 540 CALL	1,457	\$18.05	1,746	0.53	18.96%	\$2,644,455	\$2.98	2,298
01-26-2024	UNH	UNH 100 (Weeklys) 1 MAR 24 500 CALL	2,195	\$13.1	46	0.52	20.88%	\$2,952,275	\$15.65	2,266
11-10-2023	UNH	UNH 100 17 JAN 25 590 CALL	2,009	\$40.29	1,128	0.47	22.38%	\$8,598,520	\$16.48	2,247
10-16-2023	UNH	UNH 100 15 MAR 24 560 CALL	272	\$23.49	163	0.47	20.85%	\$673,200	\$1.06	1,924
01-18-2024	UNH	UNH 100 15 MAR 24 560 CALL	2,060	\$1.5	987	0.10	17.36%	\$335,780	\$1.06	1,924
01-17-2024	UNH	UNH 100 16 FEB 24 500 CALL	701	\$34.8	155	0.81	24.32%	\$2,516,590	\$12.38	1,923
11-11-2022	UNH	UNH 100 17 JAN 25 480 PUT	100	\$50.86	3	-0.30	27.41%	\$532,000	\$26.7	1,822
01-12-2024	UNH	UNH 100 15 MAR 24 490 PUT	655	\$4.95	399	-0.20	20.02%	\$334,050	\$7.55	1,664
07-20-2023	UNH	UNH 100 21 JUN 24 420 PUT	1,200	\$10.95	223	-0.16	24.93%	\$1,344,000	\$3.7	1,413
11-06-2023	UNH	UNH 100 15 MAR 24 540 PUT	351	\$25	135	-0.47	20.56%	\$884,520	\$36.83	1,365
09-14-2023	UNH	UNH 100 21 JUN 24 580 CALL	500	\$8.23	115	0.20	19.35%	\$447,500	\$4.35	1,290
04-14-2023	UNH	UNH 100 17 JAN 25 500 PUT	296	\$48.39	225	-0.36	25.85%	\$1,528,840	\$33.75	1,202
09-22-2023	UNH	UNH 100 15 MAR 24 420 PUT	821	\$5.7	51	-0.12	27.1%	\$509,020	\$0.51	1,198
09-18-2023	UNH	UNH 100 15 MAR 24 520 CALL	484	\$17.45	42	0.38	20.39%	\$847,000	\$7.85	1,193
01-29-2024	UNH	UNH 100 15 MAR 24 520 CALL	1,714	\$7.65	1,193	0.36	18.67%	\$1,371,200	\$7.85	1,193
01-22-2024	UNH	UNH 100 15 MAR 24 510 CALL	503	\$14.95	479	0.54	17.96%	\$777,135	\$12.05	1,062
01-12-2024	UNH	UNH 100 19 APR 24 520 CALL	200	\$23.79	6	0.56	19.63%	\$480,000	\$14.25	953
01-25-2024	UNH	UNH 100 19 APR 24 520 CALL	816	\$7.02	396	0.26	20.43%	\$575,280	\$14.25	953
01-12-2024	UNH	UNH 100 (Weeklys) 23 FEB 24 510 PUT	581	\$6.9	8	-0.33	17.84%	\$412,510	\$12.15	769
11-28-2023	UNH	UNH 100 20 SEP 24 400 PUT	519	\$4.81	8	-0.07	27.93%	\$259,500	\$5.28	707

Potential Catalysts: No Events Scheduled

Disclaimer:

Not Investment Advice or Recommendation

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