

SPOTLIGHT OPTION TRADE



UnitedHealth Bullish Set-Up as Growth Catalysts Emerge

TRADE SNAPSHOT

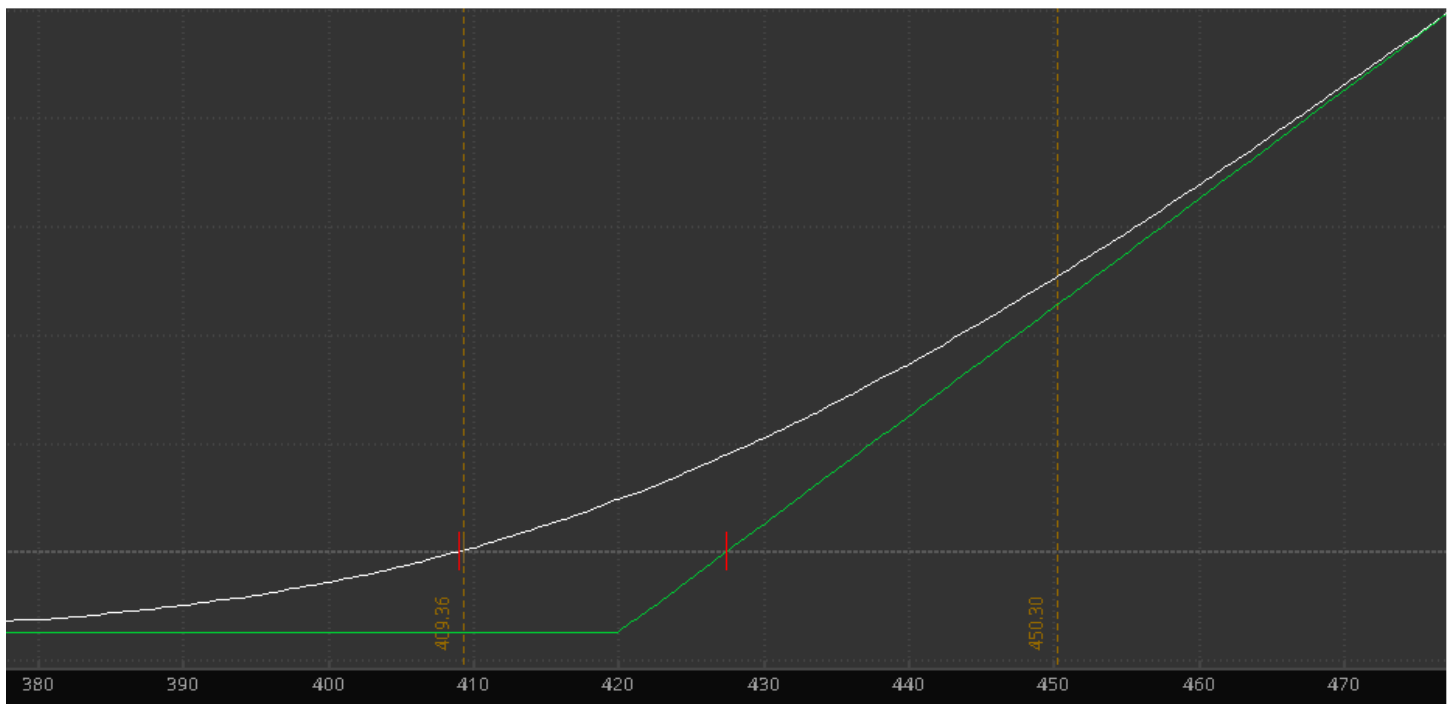
TICKER	UNH
SECURITY	UnitedHealth Group
SECTOR	Healthcare – Managed Care
CURRENT PRICE	\$409.35
LONG/SHORT	Long
TARGET	\$440
STOP	\$395
TIMEFRAME	2 Months

Trading Strategy: Long the UNH August \$420 Calls at \$7.50 or Better

Net Debit/Credit: Debit \$7.50

Profitability Zone: UNH Above \$427.50 on August OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: UNH shares working out of a nice pullback and working above key retracements and above resistance with room back to highs and targeting some Fibonacci extensions to new highs.



Fundamental Analysis: The \$382B managed care leader trades 19.15X Earnings, 1.45X Sales and 20.83X FCF with a 1.42% dividend yield, cheaper than the market multiple. UNH revenues are seen growing 8-10% annually the next three years with 10-15% annual EPS growth. The Optum business is broadly separating to delivery of health care. UNH has seen strong growth, particularly in the businesses of Medicare Advantage and OptumHealth, Optum Care. The OptumRX business is going through a continued transition period as it builds up new specialty pharmacy businesses, moving further into the delivery of pharmaceuticals, specializing more in oncology and rare disease in complement to the established traditional PBM. UNH is positive on the OptumInsight business which is bringing in Change Healthcare and will create new growth opportunities. Under the new CEO, the company's 3 top priorities are to 1) emphasize synergies between UHC and Optum, 2) focus on consumerization of HC in order to expand the reach of Optum towards 330M people in the US, and 3) invest in technology, data, and analytics. Analysts have an average target of \$445 and short interest low at 0.7% of the float. Truist raised its target to \$480 on 5/21 after upbeat meetings citing the highly complementary and synergistic growth platforms and opportunities in value-based care and robust IT capabilities while ample FCF allows for reinvestment and capital returns. Wells Fargo started shares Overweight with a \$478 target on 5/18 citing its best combination of growth, diversification and risk across the Managed Care group.

Options Activity:

Date	Description	Volume	Open_Int	Price	Delta	Impl_Vol	Prob.ITV	Premium Paid	Symbol	Current Price	Current OI	Price Change
7/1/2021	UNH 100 20 AUG 21 450 CALL	1,708	109	\$1.20	0.087	20.62%	7.54%	\$204,960	.UNH210820C450	\$1.43	1373	19.17%
7/1/2021	UNH 100 17 SEP 21 340 PUT	1,004	490	\$2.05	-0.081	27.74%	10.30%	\$205,820	.UNH210917P340	\$1.74	1357	-15.12%
6/22/2021	UNH 100 20 JAN 23 380 PUT	655	110	\$41.54	-0.4	23.61%	52.54%	\$2,757,550	.UNH230120P380	\$41.54	544	0.00%
6/15/2021	UNH 100 17 DEC 21 360 CALL	108	13	\$49.80	0.75	24.79%	68.07%	\$537,840	.UNH211217C360	\$49.80	118	0.00%
5/27/2021	UNH 100 21 JAN 22 410 PUT	202	41	\$31.90	-0.47	23.41%	54.59%	\$660,540	.UNH220121P410	\$27.95	242	-12.38%
5/25/2021	UNH 100 21 JAN 22 250 CALL	1,396	106	\$165.95	0.91	46.15%	87.03%	\$23,159,640	.UNH220121C250	\$149.45	1046	-9.94%
5/7/2021	UNH 100 21 JAN 22 420 CALL	1,518	496	\$32.76	0.514	25.42%	42.99%	\$4,972,968	.UNH220121C420	\$20.60	2600	-37.12%
5/4/2021	UNH 100 21 JAN 22 400 PUT	250	160	\$32.80	-0.44	25.75%	53.19%	\$820,000	.UNH220121P400	\$23.25	636	-29.12%
5/4/2021	UNH 100 20 AUG 21 460 CALL	1,410	326	\$4.35	0.16	20.73%	13.53%	\$606,300	.UNH210820C460	\$0.81	1891	-81.38%
5/4/2021	UNH 100 20 AUG 21 420 CALL	1,434	183	\$16.70	0.44	22.64%	38.85%	\$2,280,060	.UNH210820C420	\$7.52	2022	-54.97%
4/28/2021	UNH 100 17 DEC 21 350 PUT	338	10	\$15.05	-0.26	27.33%	34.09%	\$508,690	.UNH211217P350	\$6.74	343	-55.22%
4/26/2021	UNH 100 20 AUG 21 420 PUT	205	1	\$35.35	-0.67	21.67%	71.79%	\$755,425	.UNH210820P420	\$18.00	241	-49.08%
4/22/2021	UNH 100 17 JUN 22 420 CALL	200	0	\$31.78	0.46	26.52%	34.82%	\$635,600	.UNH220617C420	\$31.15	216	-1.98%
4/20/2021	UNH 100 20 JAN 23 380 CALL	891	120	\$63.50	0.59	29.54%	44.32%	\$5,871,690	.UNH230120C380	\$56.20	1470	-11.50%
4/20/2021	UNH 100 17 JUN 22 380 CALL	600	8	\$52.00	0.6	28.05%	47.68%	\$3,240,000	.UNH220617C380	\$47.17	1112	-9.29%
4/15/2021	UNH 100 21 JAN 22 390 PUT	1,022	4	\$36.50	-0.47	24.93%	56.64%	\$3,771,180	.UNH220121P390	\$19.15	2381	-47.53%
4/15/2021	UNH 100 17 SEP 21 390 PUT	204	14	\$24.45	-0.49	22.89%	54.79%	\$510,000	.UNH210917P390	\$8.50	641	-65.24%
4/14/2021	UNH 100 17 SEP 21 300 PUT	1,025	252	\$4.65	-0.11	30.44%	15.90%	\$650,875	.UNH210917P300	\$0.94	1254	-79.78%
3/18/2021	UNH 100 20 JAN 23 380 CALL	156	10	\$47.20	0.51	30.80%	34.99%	\$736,320	.UNH230120C380	\$56.20	1470	19.07%
3/9/2021	UNH 100 21 JAN 22 350 PUT	582	254	\$39.90	-0.45	30.53%	56.60%	\$2,322,180	.UNH220121P350	\$8.70	3212	-78.20%
2/25/2021	UNH 100 17 SEP 21 260 PUT	1,514	553	\$8.45	-0.16	36.46%	23.14%	\$1,278,485	.UNH210917P260	\$0.49	1643	-94.20%
2/18/2021	UNH 100 17 SEP 21 240 PUT	1,000	12	\$6.15	-0.11	37.38%	18.10%	\$625,000	.UNH210917P240	\$0.28	1375	-95.45%
2/10/2021	UNH 100 21 JAN 22 350 CALL	1,136	1,571	\$32.55	0.48	31.45%	36.37%	\$3,748,800	.UNH220121C350	\$67.55	3485	107.53%

Potential Catalysts: Earnings 7-15-21

Disclaimer:

Not Investment Advice or Recommendation

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