

Disclaimer

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- .Nothing in today's presentation should be considered a recommendation to buy or sell any security.
- .All stocks and options shown are examples only.
- .Any pricing or potential profitability shown does not take into account your trade size, brokerage commissions or taxes which will affect actual investment returns.
- .Stocks and options involve risk and are not suitable for all investors and investing in options carries substantial risk.
- .Past stock or option performance is no guarantee of future price appreciation or depreciation.
- .Prior to buying or selling options, a person must receive a copy of Characteristics and Risks of Standardized Options available at:<http://www.cboe.com/Resources/Intro.aspx>.

InvestorsObserver Workshop

InvestorsObserver Workshop

- What's going on at *InvestorsObserver*:
- Market update
- Member-driven content: Questions, site demonstrations, etc.
 - Can prepare slides for questions submitted ahead of time: Mention “workshop”

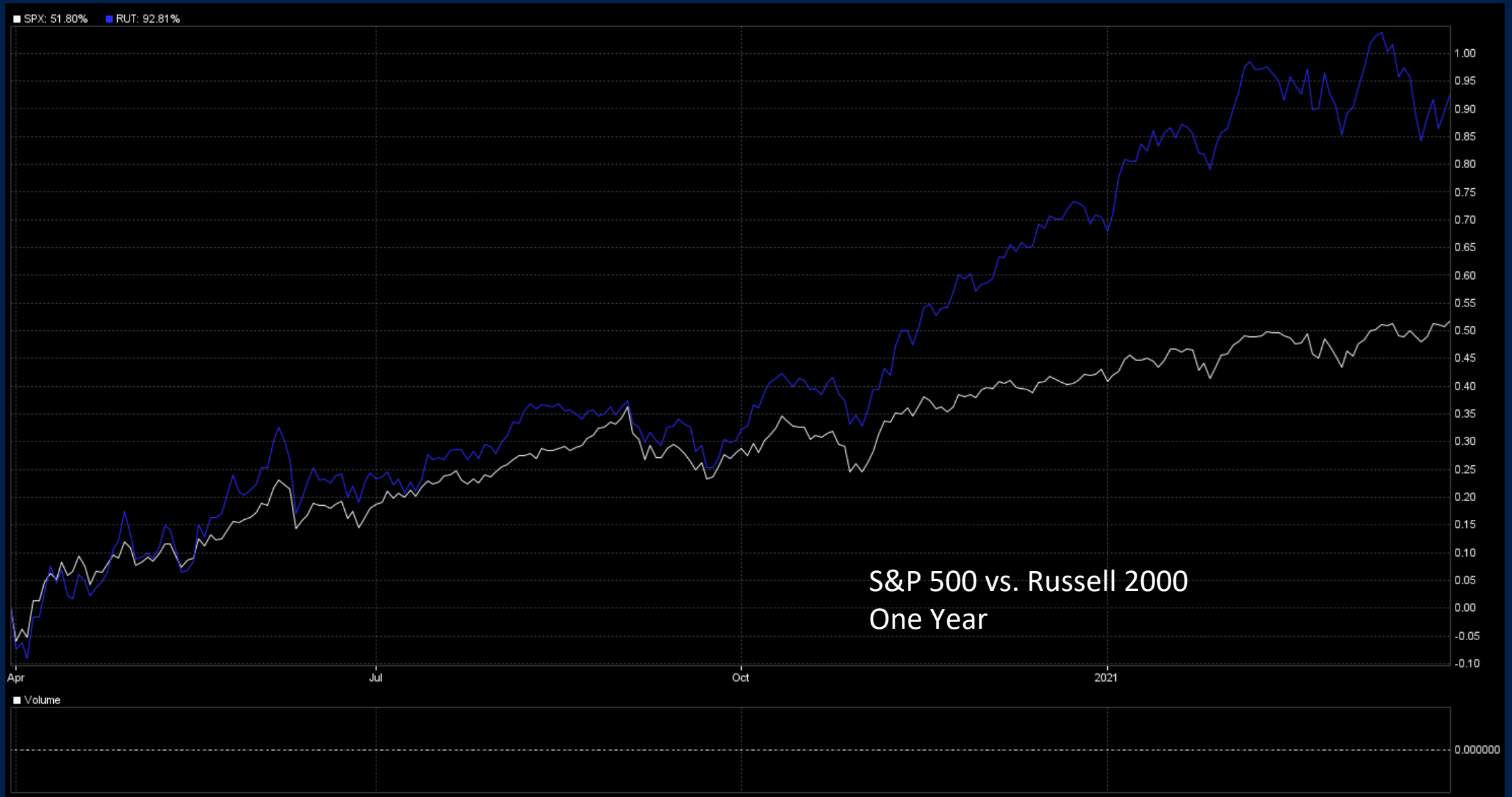
S&P 500



S&P 500



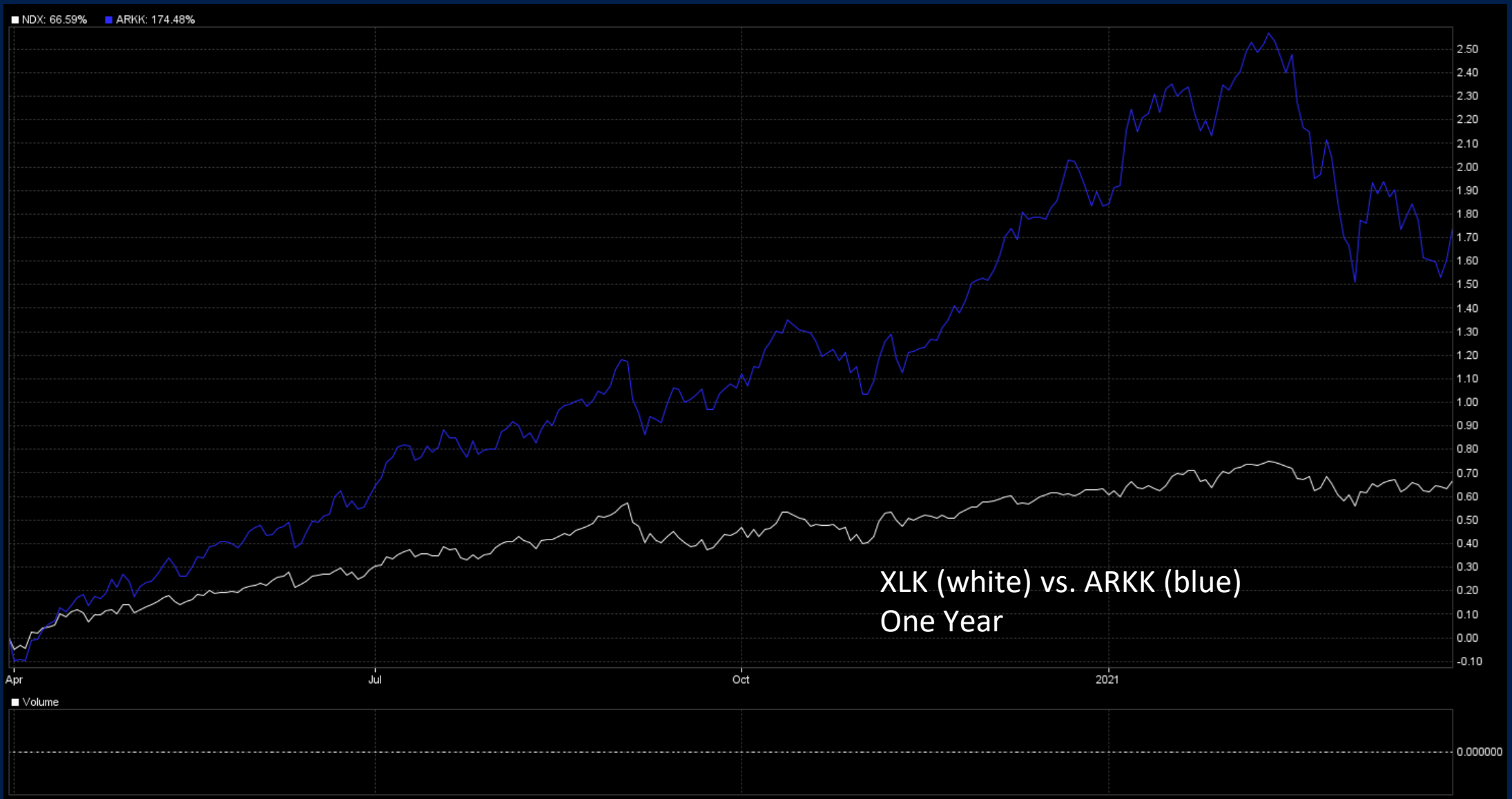
S&P 500 vs. Russell 2k



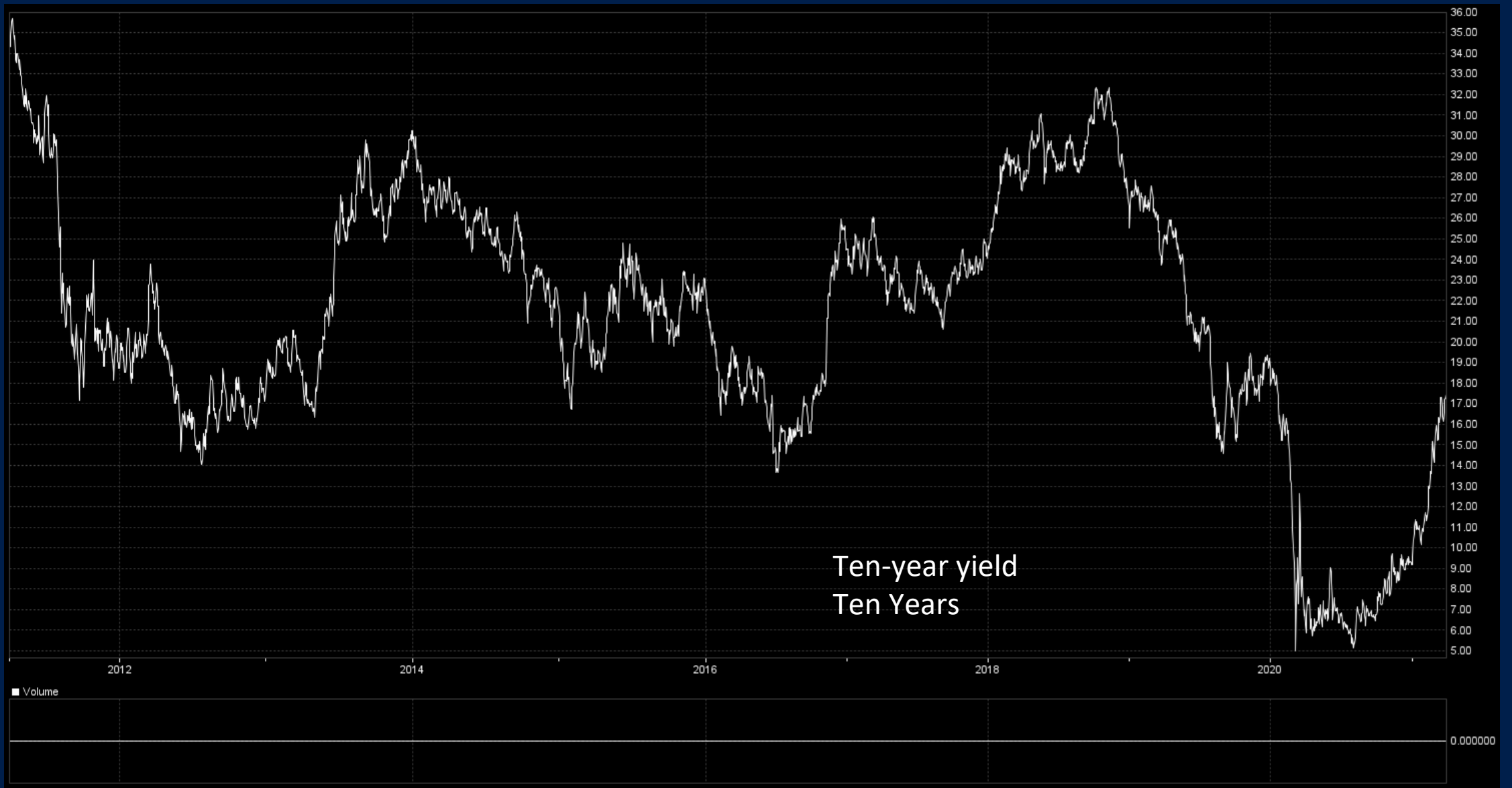
Tech vs. Industrials



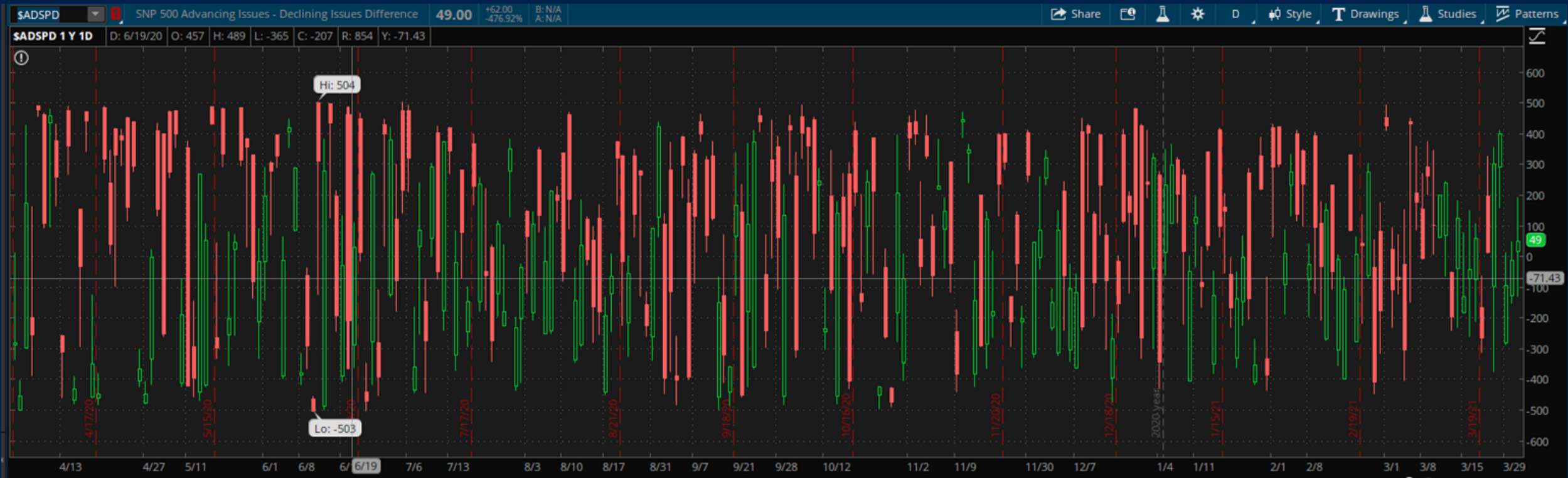
Tech vs. ARKK



Yields



Advance/Decline ratio



Highest possible value is 500
Lowest is negative 500

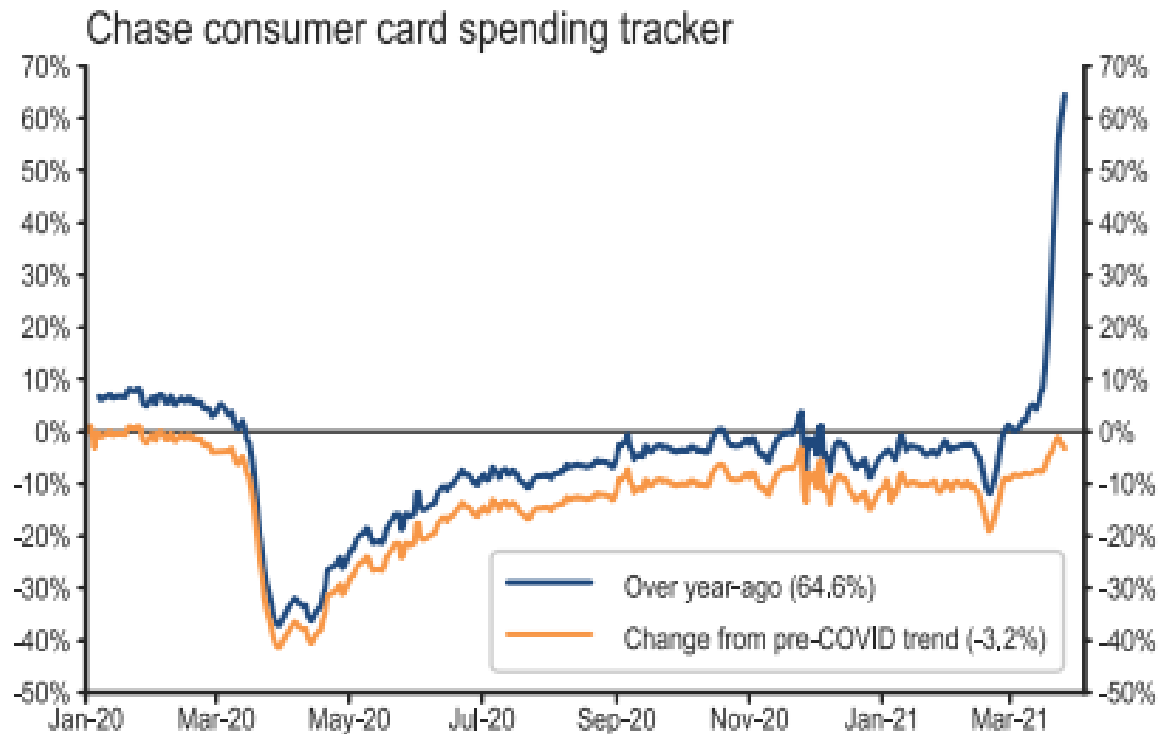
What is happening?

- U.S. economy is less virusy than it has been.
 - Cases stable... falling in some places, rising in others
 - Vaccine production ramping up
 - Warmer weather on the way
 - Return of outdoor dining other activities
- Other parts of the world are a different story
 - U.S. could outperform the rest of the world for a while, but this does limit growth opportunities for multinationals
- Stimulus... and maybe more on the way
 - Could help push economy into high gear... maybe even spur some new opportunities depending on how the money gets spent.
- Inflation
 - Some price volatility is likely... supply shortages etc.
 - Bond yields aren't skyrocketing, they back at pre-covid levels.
 - Shows confidence in the economy

Fast data

From JP Morgan

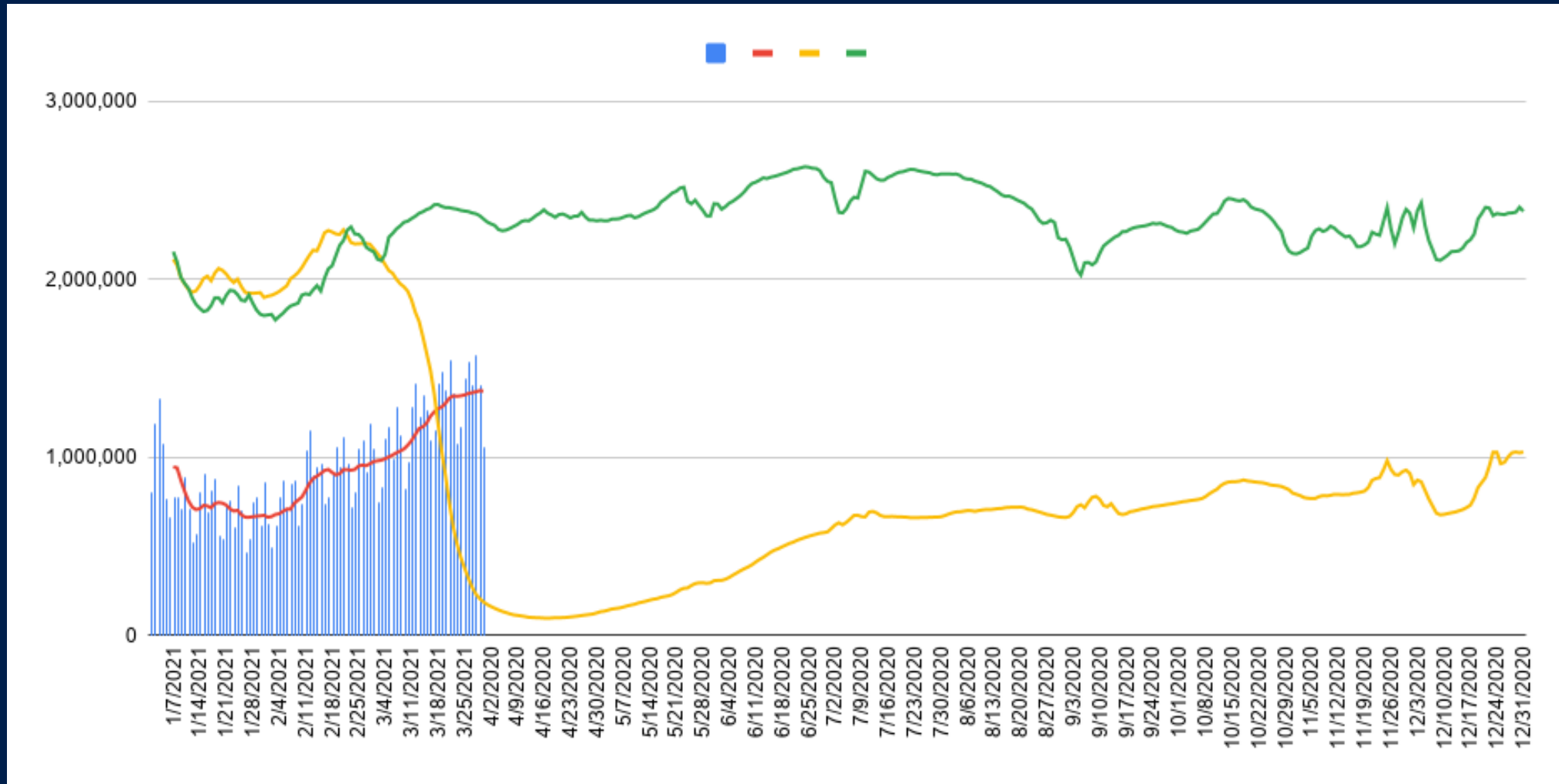
- On March 26, our tracker of Chase consumer card spending was 3.2% below its pre-COVID trend.
- The tracker fell 0.7%-pt over the prior day and rose 1.1%-pt over the prior week.



Source: J.P. Morgan, 7-day average of total spending. Data through March 26.

Fast data

data from TSA



Passengers per day and seven-day averages

Questions?

- *Are we in a temporary downturn, or is it likely to continue?*
- *What's your take on how to play this current volatility? -- Jose*

Are we in a downturn?

Day away from highs on the S&P 500 and Dow... Two weeks away from high on the Russell 2000... Nasdaq high in February.

Some bullets from last time:

- “Story Stocks” were a big theme in 2020. Economic prospects weren’t great, so people focused on exciting new industries that offer the opportunity to grow without economic growth... EVs, Pot Stocks, SPACs, other Technology.
- Now that economic growth is back in the picture, other parts of the market become more attractive

There are a lot of the stocks that are down... but we’re not in a downturn.

Lots of individual stocks were/are overvalued. Probably should take those on an individual basis... Tesla has different growth prospects than Zoom

Diverse portfolio... Look for value, stocks that will benefit from a growing/reopening economy.

Questions?

- *Considering the volatility of biotech stocks, especially at the announcements of trial results, does I/O provide any predictive help in that area?*
 - *Do I/O stock ratings take into account the probability of success for existing trials conducted by the biotech stock?*
 - *Any tips for successfully trading biotech stocks, especially for a trader selling cash secured puts or covered calls? --Jose*
1. Timing of announcements can be hard to know... much less the actual results (thus the volatility)
 2. Probability of trial success is *really* hard to predict... Company probably wouldn't start a trial if they didn't expect a positive result
 3. Position size is an important part of risk management... Also that strategy may not have the risk-reward you're looking for.
 - a. Relatively small gains (premium)
 - b. Possibility exists for large losses
 4. Maybe consider vertical spreads, or even some directional strategy
 - a. Smaller losses
 - b. Potentially large gains

Questions?

- *What will be the best performing biotechs for 2021?*
- *Will biotech continue to be a top industry for 2021? --Luca*

1. See previous slide... The nature of the industry makes this basically impossible to answer
 - a. Investing isn't about predicting the future
 - b. It's about being properly positioned for a wide range of potential outcomes, and being a little overweight the most likely ones
2. The high risk/ high reward nature of the industry, and math, make high returns, for the group, possible
 - a. Stocks can go up 300%, 400% or 500%
 - b. They can only go down 100%
3. This makes the industry attractive, but means trying to pick the single best performing stock is dangerous.

Questions?

What are the general thoughts on NOK, & ERIC with 5G? Seeing some good news, but would like your opinion.

Also with SOLO putting a factory in Mesa, AZ would this be a good option in the EV space?

Lastly what are the general thoughts on some of the American Lithium Ion players versus the China component? --Robert

1. 5G is just the next generation of wireless technology. I heard a lot of the same promises about 3G and 4G... Certainly those stocks are big players in the industry and there's room for growth, but I feel like some of the promise has been overstated.
2. Solo has barely sold any vehicles... Just announced import of some display and demo units. A U.S. factory might help them get some funding/tax credits, but I'm not sure how much a factory that hasn't been built helps a company that isn't expected to be profitable for the next two years (at least).
3. Hard to know exactly what is being asked here... Miners, processors, battery manufacturers.
 - a. American Lithium (the company) seems like it has some valuable assets... also has never sold any lithium. Albemarle also in the business, but actually has running operations. Possible both could work out, but one seems higher risk.
 - b. Panasonic seems like the biggest battery maker, but they're basically a commodity (like lithium it self).

Questions?

What is your position on Bitcoin? -- Tom

1. I've been ambivalent about Bitcoin since I first heard about it in 2010 or so.
2. Seen several boom/bust cycles.
 - a. Bitcoin is higher than it was
 - b. Lots of "blockchain" investments from the 2017 boom are gone.
3. Price for Bitcoin keeps going up, but I still don't know very many places you can spend it.
 - a. Tesla taking bitcoin is still pricing cars in dollars.
 - b. Paypal and other services offering bitcoin payment are paying most merchants in dollars.
 - c. Until I know where I can buy things with bitcoin... it isn't money.
 - i. It might be something... maybe even a good investment, but it isn't money.
4. Even more skeptical about NFTs.
 - a. Seems very much like Beanie Babys, except you can't even give them to your kids when no one else wants them.

Questions?

- *First what do you think of balancing down a stock you bought at 18 and then drops to 8 ,or selling it with a loss and then buy it again at 8.*
- *Second question sometimes we see an analyst rates a stock for example VIRX with a price that is so high for the moving of the stock itself, do these people use different ways to cheat investors.*

You must really like that stock!

Selling the stock at 8 and then buying it at 8 seems pointless?

Averaging down can be a decent strategy for long-term investors, but with a stock this volatile, maybe better to find something else you like?

VIRX: Evercore has been around for years, and makes a lot of money from investment banking.

Seems unlikely they're trying to manipulate the stock.

Target may be aggressive, but the reason people like Biotech stocks is they offer a chance for huge rewards.

Questions?

About WMT: I can't figure out why Walmart is in such MKT 'disfavor'; it has declined while other major online retailers (COST, AMZN) are blazing ahead. Any thoughts on old conservative WMT?

Kind of an interesting case...

WMT and COST have similar PE ratios... 12-month gains look pretty similar too, although the timing seems different.

Some Thoughts:

- Walmart has a particular reputation/customer.
 - Story for necessities with a less affluent customer (service workers hit hard in the pandemic). Probably slower to recover
- Costco tends to have more affluent consumer...
 - There are things at Costco that would be aspirational or BIG purchases for most people... jewelry, cruises, 72-pound wheels of parmesan.
- Amazon is the everything store
 - Amazon mostly covers both of the two above categories, except it probably misses the consumer at the lowest end. It's made some moves to get there, accepting food stamps and some other things
 - Also makes a ton of money from non-retail businesses AWS etc.

Questions?

- *About best-KEY Call options: How are the option month and strike determined in I-O's option trade suggestions?*
 - *Are they determined primarily by algorithm, or does staff input the option month and strike manually?*
 - *Seemingly all trade suggestions are ITM when initiated; why aren't the optimal CALL trade suggestions ATM?*
 - *The reason for my question: the ITM 'Calls' almost always result in the exercise of the option (unless rolled). --Garth*
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- Option trades with a key rating are picked by algorithm. Strike and date determined by algorithm.
 - InvestorsKeyhole and Portfolio trades are picked by analysts.
 - Algorithm was developed by analysts... Computers can do the math analyst used to do much faster.
 - Calls move up and down... further OTM for stocks with a higher score, but the goal is to maximize the premium sold, so we're usually pretty close to the money in either case.
 - Expectation is to have calls assigned. Again, maximizing premiums sold (we know tomorrow is going to happen, predicting stock prices is harder)
 - OTM tool available on individual stock pages.

Questions?