From: Ens, Amanda ▮▮▮▮▮▮▮▮▮▮▮▮▮

Sent: Thursday, April 20, 2017 1:59 PM

To: jeffrey E.; ▮▮▮▮▮▮▮▮▮▮▮▮

Subject: Buy FB and AAPL puts before earnings (or replace stock with options)

The implied 1-day move=for FB earnings on May 3rd is 4.3%.

You can buy the FB May=5th expiry 143 call for $3.30 (ref $143.06) – only 2.3%

The implied 1-day move=for AAPL earnings on May 2nd is 3.2%.

You can buy the AAPL M=y 5th expiry 140 put for $2.00 (ref $141.65) – 1.4%. The =TM costs 2.0%.

Or replace stock with =alls. The AAPL May 5th expiry 150 calls cost $0.42. The AAPL Ma= 19th expiry 150 calls cost $0.59.

From: Ens, Amanda
Sent: Thursday, April 13, 2017 9:24 AM
To: 'jeffrey E.' <jeevacation@gmail.com>; ▮▮▮▮▮▮▮▮▮▮▮▮
Subject: Buy FB puts before earnings

We generally view single stock implied vol as underp=icing earnings this season. FB in particular screens cheap.

Our research's 1= internet preview includes sentiment rankings, with FB ranked #1 out=of 25 internet stocks with highest positive sentiment, driven by its lowes= short interest as % of float, 2nd highest yoy revenue growth expectations, and 21% YTD stock performance.&nb=p;

FB reports May 3rd, and we view 5May2=17 puts as priced attractively low, given FB's extremely high positi=e sentiment/long positioning and high rev expectations going into Q1 #'s. The 5May2017 ATM put costs 2.8% =s an avg 6% realized daily move over the past 6 earnings. Additional=y, 5May2017 expiration captures the April 18th-19th F8 developer conferenc=, an event that has historically been a catalyst for the stock.</=pan>

=span style="color:#000A23">Buy FB 5May2017 ATM put for 2.8% premium=/o:p>

=span style="color:#000A23">FB vol screens as cheap across the curve; hap=y to price longer dates as well.

Report link

=span style="font-size:20.5pt;color:#000A23">Sentiment Ranking Update

We are updating our sen=iment ranking index on 25 stocks in our Internet coverage universe (as of =/4/17). We have aggregated six different indicators we think are relevant =o gauge sentiment and have generated an overall "sentiment" score for each company. This sentiment an=lysis is intended to be informative and should not be used to form an inve=tment opinion; for example our model does not factor in valuation or manag=ment quality. Of our company coverage universe, we have excluded four game publisher companies as well as two recent IPO's=from this analysis as data may not be comparable.

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Table 6: 1Q16 change in sentim=nt ranking

Ticker

Rank

Pre 4Q Δ

Score

Pre4Q Δ

FB

1

+3

4

+2

TREE</=pan></=pan>

3

-1

8

+4

NFLX

5

-2

9

+1

PCLN

7

+1

9

+2

CRCM

8

+9

11

+3

EXPE

9

+5

12

+2

IAC

10

+5

12

+2

RATE

11

-4

13

-2

EBAY

12

+4

13

+1

ONDK

13

+5

14

+1

ZG

14

-9

14

-5

YHOO

15

+6

14

+3

GPRO

16

+8

14

+5

YELP

17

-7

16

-4

W

18

-5

16

-3

P

19

NA

16

NA

GRUB

20

-9

16

-4

MTCH

21

+1

17

+1

QUOT

22

-10

17

-4

FIT

23

+2

19

+1

TRIP

24

-1

20

-2

TWTR

25

-5

21

-5

=Investor sentiment categories

We assembled data tha= measures investor sentiment across six categories. These metrics include =atest short interest (as a % of float), change in short interest as a % of float over the last 90 days, current stock per=ormance over the last 90 days, current average sell side ratings, forward =ear EPS estimate revisions over last 90 days, and expected FY17 revenue gr=wth. While there are no perfect indicators of average investor sentiment, we believe these metrics provide=a helpful framework of investor sentiment in our sector. In our analysis, =acebook, WIX, and LendingTree had the highest sentiment in 1Q, while Fitbi=, Trip and Twitter had the lowest sentiment. Care.com had the most improved ranking, moving up 9 points to 8=sup>th, while Quotient had the biggest decline moving down 10 spots =n our ranking to 22nd.

Methodology

Our methodology consi=ted of: 1) gathering financial data across six categories that we believe =re relevant to measuring investor sentiment, 2) ranking companies on each attribute using a scale of 1 to 29, with 1 highe=t and 29 the lowest, and 3) ranking the companies based on the avg. score =f the six metrics.

Highest sentiment: FB, W=X, and TREE; Lowest: FIT, TRIP, and TWTR

Based on our sentimen= ranking index, Facebook, Wix, and LendingTree have top investor sentiment=pre 1Q earnings. Facebook moved into first place from fourth due to the lowest short interest as % of float, second highest=FY17 revenue growth, sixth highest sell side FY16 EPS estimate revisions, =nd third best stock performance in the last 90 days. Wix came in second pl=ce with top stock performance in the last 90 days, top expected FY17 revenue growth and second best sell-si=e FY16 EPS estimate revision, despite ranking ninth for current sell side =anking and seventh for short interest ratio. LendingTree placed third with=best current sell side ranking and best change in short interest ratio.

Fitbit had third wors= investor sentiment with the worst stock performance in the last 90 days, =he worst expected FY17 revenue growth and the second largest change in short interest in the period. TripAdvisor, had the secon= lowest sentiment with the third worst sell side ranking and fifth worst s=ll side EPS estimate revision. Twitter, our lowest sentiment stock pre 1Q =arnings, had second to worst sell side ranking and expected FY17 revenue growth, along with third to worst s=ll side estimate revisions and was below average in all of our categories.=/span>

Score Ranking vs. Invest=ent Rating

Our sentiment analysi= is independent of our investment rating system, and our investment rating=may or may not factor in positive or negative sentiment. This scorecard analysis includes only data currently up to the last 90 day=, and our investment rating opinion takes into consideration potential sto=k price fluctuations, attractiveness for investment relative to other stoc=s within our Coverage Cluster, business model quality, and valuation. Please see our Fundamental Equity R=ting Opinion Key at the end of the report for more details.

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Table 7: Combined Metric List

&n=sp;Company

Short Interest % float

Δ short interest % of float

Performance 90 days

Sell Side Ranking

EPS Estimate Revisions

Expected FY17 Rev. Growth

FB

1%

0%

21%

4.7 =/span>

4%

37%

WIX

2%

-1%

67%

4.4 =/span>

62%

43%

TREE

23%

-20%

21%

5.0 =/span>

-6%

34%

AMZN

1%

0%

20%

4.8 =/span>

-10%

21%

NFLX

6%

-1%

14%

4.1 =/span>

15%

27%

GOOGL

1%

0%

6%

4.7 =/span>

0%

19%

PCLN

3%

0%

20%

4.6 =/span>

0%

16%

CRCM

3%

0%

42%

3.5 =/span>

28%

6%

EXPE

8%

-2%

11%

4.6 =/span>

-12%

14%

IAC

1%

0%

12%

4.4 =/span>

-5%

-1%

RATE

2%

0%

-13%

4.2 =/span>

2%

16%

EBAY

2%

0%

14%

3.6 =/span>

-3%

5%

ONDK

12%

3%

1%

3.3 =/span>

34%

30%

ZG

11%

-2%

-9%

3.9 =/span>

-26%

24%

YHOO

6%

1%

19%

3.8 =/span>

0%

2%

GPRO

36%

-3%

-4%

2.3 =/span>

74%

7%

YELP

10%

0%

-14%

3.7 =/span>

-2%

25%

W

38%

2%

17%

3.9 =/span>

-22%

25%

P

30%

2%

-7%

3.9 =/span>

2%

17%

GRUB

18%

7%

-11%

4.1 =/span>

-5%

31%

MTCH

27%

5%

-4%

4.2 =/span>

1%

8%

QUOT

8%

0%

-13%

4.8 =/span>

-56%

5%

FIT

26%

-4%

-29%

3.1 =/span>

NA

-27%

TRIP

16%

5%

-12%

2.9 =/span>

-21%

11%

TWTR

11%

3%

-11%

2.5 =/span>

-55%

-7%

Source: BofA Merrill Lynch Global Research, Blo=mberg, as of 4/4/2017

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Table 8: Combined metric ranki=gs

&n=sp;Company

Short Interest % float

Δ short interest % of float

Performance 90 days

Sell Side Ranking

EPS Estimate Revisions

Expected FY17 Rev. Growth

Average

FB

1

8

3

4

6

2

4 =/span>

WIX

7

6

1

9

2

1

4 =/span>

TREE

20

1

4

1

17

3

8 =/span>

AMZN

4

9

5

2

18

10

8 =/span>

NFLX

10

7

10

13

5

6

9 =/span>

GOOGL

2

12

13

5

12

11

9 =/span>

PCLN

8

11

6

7

10

14

9 =/span>

CRCM

9

14

2

20

4

19

11 =/span>

EXPE

12

5

12

6

19

15

12 =/span>

IAC

3

10

11

8

16

23

12 =/span>

RATE

6

15

23

10

8

13

13 =/span>

EBAY

5

13

9

19

14

20

13 =/span>

ONDK

17

21

14

21

3

5

14 =/span>

ZG

15

4

18

14

22

9

14 =/span>

YHOO

11

18

7

17

11

22

14 =/span>

GPRO

24

3

15

25

1

18

14 =/span>

YELP

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W

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GRUB

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16 =/span>

MTCH

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17 =/span>

QUOT

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21

17 =/span>

FIT

21

2

25

22

N/A

25

19 =/span>

TRIP

18

23

21

23

20

16

20 =/span>

TWTR

16

22

19

24

23

24

21 =/span>

Source: BofA Merrill Lynch Global Research, Blo=mberg, as of 4/4/2017

Amanda Ens

Director

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