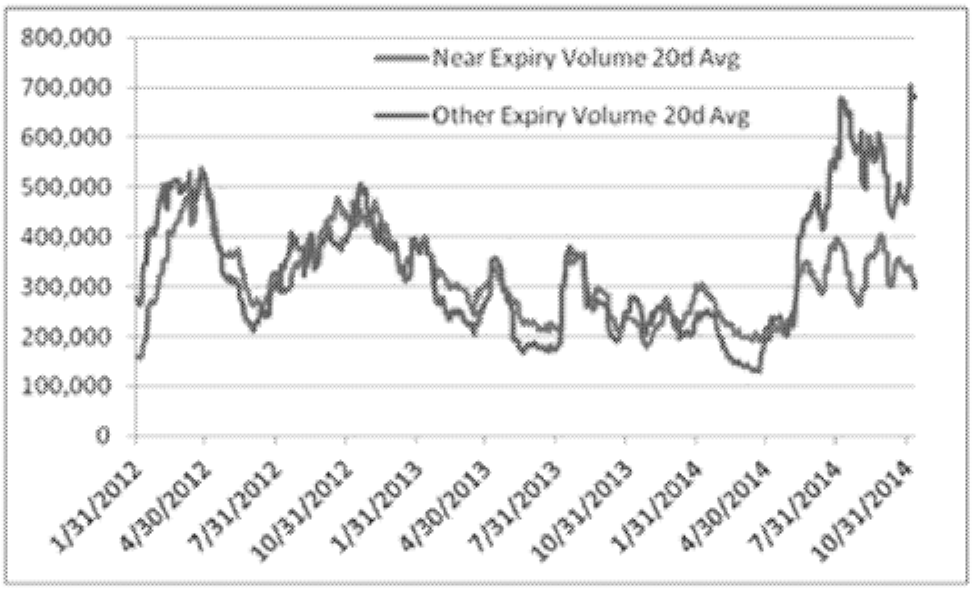
From:	Daniel Sabba [[redacted]]
Sent:	11/18/2014 3:05:51 PM
To:	jeffrey E. [jeevacation@gmail.com]
CC:	Paul Morris [[redacted]]; Stewart Oldfield [[redacted]]; [redacted]; Vahe Stepanian [[redacted]]
Subject:	AAPL Monday Outperformance vs. SPY [C]
Attachments:	Reviewed AAPL KCP trade.pdf

Classification: Confidential

Jeffrey,

We wanted to follow-up on the AAPL transaction we discussed, which is long AAPL vs. SPY on Mondays. As discussed:
- AAPL Monday outperformance vs. SPY has become more persistent in the recent past, after the CBOE weekly options on AAPL were first listed (June 2010)
- This outperformance might be perceived to be tied to hedging of new positions on Monday
- A strategy that is long AAPL vs short SPY on Mondays would have produced an annualized return of 30.6% since 2011, with a sharpe ratio of 2.67
- In the period between 2008 and 2010, this strategy would have returned 11.5% with a sharpe ratio of 0.81

Per your question at the meeting, we also obtained the volume history for near expiry options as well as other expiries. The graph below is the 4-week moving average of daily volume for both of these sets - it illustrates the volumes on both options have increased recently.



The attached presentation goes into further details on the transaction, as well as a variation of the strategy focusing on Friday performance.

(See attached file: Reviewed AAPL KCP trade.pdf)

Best regards,
Daniel

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