



Trade Alert - (XLV) – BUY

BUY the Health Care Select Sector SPDR (XLV) *January* 2023 \$125-\$130 in-the-money vertical Bull Call spread at \$4.40 or best

Opening Trade

12-8-2022

expiration date: January 20, 2023

Portfolio weighting: 10%

Number of Contracts = 25 contracts

I believe that health care will be one of the seminal investment themes of this decade. Thanks to improving computer abilities and dramatic scientific breakthroughs most human diseases will find cures or improved treatments over the next decade.

As a result, the companies in this sector are poised to see explosive earnings growth. Since great leaps forward are always company specific and unpredictable, a basket approach is a safe one.

The **Health Care Select Sector SPDR (XLV)** is the largest ETF in the field, with \$42.1 billion in investments. Its five largest holdings are in United Health Group (UNH), Johnson & Johnson (JNJ), Eli Lilly (LLY), AbbVie (ABBV), and Pfizer (PFE). It is 30.65% invested in Pharmaceuticals, 23.65% in healthcare providers, and 17.50% in healthcare supplies.

To learn more about the Health Care Select Sector SPDR and obtain its prospectus please click here at <https://www.ssga.com/us/en/intermediary/etfs/funds/the-health-care-select-sector-s-pdr-fund-xlv>

I am therefore buying the **Health Care Select Sector SPDR (XLV) January 2023 \$125-\$130 in-the-money vertical Bull Call spread at \$4.40 or best.**

Don't pay more than \$4.60 or you'll be chasing.

Stock players buy the shares, which probably have a double in them over the next three years.

DO NOT USE MARKET ORDERS UNDER ANY CIRCUMSTANCES.

Simply enter your limit order, wait five minutes, and if you don't get done cancel your order and increase your bid by 5 cents with a second order.

This is a bet that the Health Care Select Sector SPDR (XLV) will not fall below **\$130** by the January 20 option expiration day in 28 trading days.

Here are the specific trades you need to enter this position:

Buy 25 January 2023 (XLV) \$125 calls at.....	\$14.00
Sell short 25 January 2023 (XLV) \$130 calls at.....	<u>\$9.60</u>
Net Cost:.....	\$4.40

Potential Profit: $\$5.00 - \$4.40 = \$0.60$

$(25 \times 100 \times \$0.60) = \$1,550$ or 13.64% in 28 trading days.

Financial Instrument: XLV Bid Size: 2,500 Bid: 138.33 Ask: 138.34

Statistics

Financial Instrument	Opt. Volume	Put/Call Volume	Opt. Vlm Chng %	Hist. Vol. Close %	IV Last
XLV	3.55K	0.20	29.542%	18.039%	16.8%

Buttons: Add Underlying, Preview Order/Check Margin Impact, Close Position, Reverse Position, View Account

Trading

Orders Log Trades Portfolio Strategy Builder

Strategies B/A: 371 4.30 4.65 4 Debit Reverse Add Stock Make Delta Neutral Bull Spread

Action	Ratio	LastTrdDay	Strike	Type	Mltplr	
Buy	1	JAN 20 '23	125	Call	100	X Consolidated
Sell	1	JAN 20 '23	130	Call	100	X Consolidated

+ Add Leg X Clear All Legs

Place order: 25 DAY LMT 4.40 D Transmit Add to Quote Panel Profile

Option Chains

JAN 13 '23	JAN 20 '23	MAR 17 '23	JUN 16 '23	MORE
37 DAYS	44 DAYS	100 DAYS	191 DAYS	



To see how to enter this trade in your online platform, please look at the order ticket below, which I pulled off of *Interactive Brokers*.

If you are uncertain about how to execute an options spread, please watch my training video on “*How to Execute a Vertical Bull Call Spread*” by going her:

<https://www.madhedgefundtrader.com/ltt-vbcs/>

The best execution can be had by placing your bid for the entire spread in the middle market and waiting for the market to come to you. The difference between the bid and the offer on these deep in-the-money spread trades can be enormous.

Don’t execute the legs individually or you will end up losing much of your profit. Spread pricing can be very volatile on expiration months farther out.

Keep in mind that these are ballpark prices at best. After the alerts go out, prices can be all over the map.

