

## **INVESTMENT FORUM, 2-12-2020**

### **Charles Murphy's Presentation *An Investment Strategy Using Synthetic Longs***

#### **STRATEGY: SYNTHETIC LONGS**

BUY THE LONGEST DATED (2-YEAR)  
CALLS. ALSO KNOWN AS LEAPS.

SELL AN EQUAL NUMBER OF THE  
LONGEST DATED (2-YEAR) PUTS.

SOMETIMES, THE DIFFERENCE  
BETWEEN WHAT YOU PAY (CALLS) AND  
WHAT YOU RECEIVE (PUTS) IS  
POSITIVE.

MOST OFTEN, THE DIFFERENCE IS  
NEGATIVE. TRY TO KEEP THIS  
DIFFERENCE AS SMALL AS POSSIBLE.

#### **STRATEGY: WHAT TO LOOK FOR**

STOCKS THAT HAVE A VERY LIMITED  
DOWNSIDE.

STOCKS THAT HAVE A 90+ PERCENT  
CHANCE OF BEING HIGHER IN 2 YEARS.

PREFERABLY, BUY AFTER THE MARKET  
HAS TAKEN A TUMBLE AND BOTTOMED.

#### **ALWAYS HAVE A THESIS**

ONE OR TWO SIMPLE SENTENCES  
THAT DESCRIBE A CATALYST THE  
MARKET DOES NOT FULLY APPRECIATE  
BUT WHICH WILL PLAY OUT OVER THE  
NEXT 2 YEARS.