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**Assessment of Underlying Asset: APPLE.INC. (NASDAQ: AAPL)**

Price on April 22, 2024: \$160 per share

Expiration date: April 26, 2024 (4 days)

**Company Description**

Apple Inc., based in Cupertino, California, is a global tech leader known for its innovative consumer electronics, software, and services. Established in 1976, Apple is renowned for products like the iPhone, Mac, and iPad, which have transformed how people communicate and work. Their range also includes wearables like AirPods and Apple Watch, as well as services like Apple Music and iCloud. With a customer-centric approach, Apple serves diverse markets through retail stores, online platforms, and partnerships, consistently pushing the boundaries of innovation.

**Technical Analysis****1. Price Trends:**

- AAPL's stock has exhibited impressive resilience, boasting a positive 52-week price change of +7.94%.
- Over the past year, AAPL has maintained a consistent uptrend, with intermittent fluctuations indicating underlying upward momentum.
- The 200-day moving average, currently situated at \$183.68, supports this bullish trend, providing additional confidence for potential upward movement.

**2. Relative Strength Index (RSI):**

- AAPL's RSI is currently at 39.05, approaching oversold territory. This proximity to oversold conditions suggests a potential buying opportunity for traders anticipating a price rebound.

**3. Support and Resistance Levels:**

- Strong support is observed around the \$169.45 mark, indicating significant buying interest among investors at this level.
- Resistance levels, particularly at \$171.94 and higher, may be overcome, signaling the potential for further upward movement and bullish momentum.



## Fundamental Analysis

### 1. Market Capitalization and Valuation:

- AAPL boasts an exceptional market capitalization of \$2.66 trillion, firmly establishing itself as one of the largest companies globally.
- With a forward P/E ratio of 25.03, AAPL's valuation appears to be justified relative to its anticipated earnings, indicating a favorable valuation metric.

### 2. Revenue and Earnings Growth:

- Forecasts anticipate AAPL's revenue for the current fiscal year to reach \$395.958 billion, reflecting a robust growth rate of 7.59%.
- Analysts express strong optimism regarding AAPL's earnings growth, with an estimated EPS growth rate of 10.38% over the next five years, suggesting promising prospects.

### 3. Financial Strength:

- AAPL demonstrates exceptional financial strength, evidenced by an Altman Z-Score of 8 and a Piotroski F-Score of 9, both signaling a low risk of financial distress.
- Moreover, AAPL's dividend of \$0.96 per share underscores its commitment to enhancing shareholder value and returning capital to investors.

Revenue This Year		Revenue Next Year		EPS This Year		EPS Next Year	
395.95B		421.60B		6.69		7.31	
from 383.29B		from 395.95B		from 6.13		from 6.69	
↑ 3.31%		↑ 6.48%		↑ 9.20%		↑ 9.20%	

Year		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Revenue	📊	260.17B	274.52B	365.82B	394.33B	383.29B	395.95B	421.60B	441.87B	513.00B	552.44B
Revenue Growth	📊	-2.04%	5.51%	33.26%	7.79%	-2.80%	3.31%	6.48%	4.81%	16.10%	7.69%
EPS	📊	2.97	3.28	5.61	6.11	6.13	6.69	7.31	7.88	8.96	10.04
EPS Growth	📊	-0.34%	10.44%	71.04%	8.91%	0.33%	9.20%	9.20%	7.74%	13.72%	12.13%

## Overall Recommendation:

Based on the combined analysis of technical and fundamental factors, I recommend a **long-call** position on AAPL.

1. **Technical Analysis:** The technical indicators point towards a bullish sentiment in AAPL's stock. Key metrics such as moving averages and relative strength index (RSI) suggest the potential for upward momentum and favorable buying opportunities.

2. **Fundamental Analysis:** AAPL exhibits strong fundamental strengths, including a robust market presence, reasonable valuation metrics, and anticipated growth in revenue and earnings. The company's solid financial position further supports the case for a long call position, indicating potential for sustained growth in the stock price.

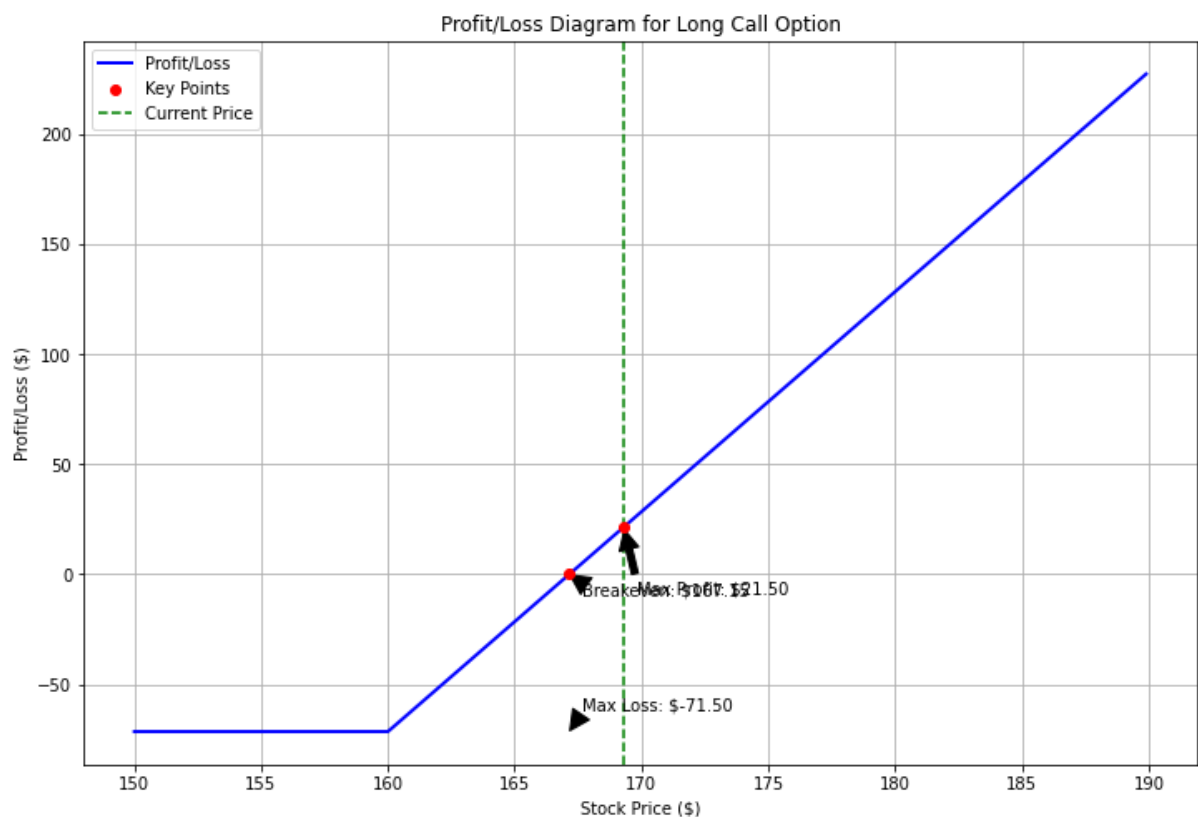
3. **Option Strategy Recommendation:** Considering the positive outlook and attractive option premiums, a long-call option strategy presents an appealing risk-reward proposition. By leveraging this strategy, traders can capitalize on AAPL's potential upside while limiting downside risk.

Overall, the combined technical and fundamental analysis underscores AAPL's promising prospects, making a long call position a suitable choice for me seeking to benefit from anticipated price appreciation. This strategy aligns with both technical indicators and fundamental strengths, offering an effective approach to maximize returns while managing risk.

### Calculation/Visualization of P/L

I purchased 10 Call Contracts at the strike price of \$160. The premium was \$7.15, rendering my breakeven point at \$167.15. Due to the nature of a long Call, my maximum loss would be the premium I paid (i.e. \$7150). At the expiration of my option, Apple closed \$169.30, Making me a profit of \$2150.

Position	Number of contracts	Expiration date	Strike price	Premium	Expiry Price
Long Call	10	April 26	\$160	\$7.15	\$169.30



### Post Trade Analysis:

#### Post-Trade Analysis:

##### 1. Profitability Assessment:-

- The long call position on AAPL resulted in a profit of \$2150 upon expiration, indicating a successful trade outcome.
- Profit calculation:  $(\$169.30 - \$167.15) * 10 \text{ contracts} = \$2150$ .

##### 2. Breakeven Analysis:

- The breakeven point was accurately identified at \$167.15, representing the sum of the strike price and the premium paid per contract.
- AAPL's expiration price of \$169.30 exceeded the breakeven point, ensuring profitability.

### **3. Efficiency of Closing Position**

- Closing the long call position at expiration was efficient in realizing the generated profit without further market exposure.
- This decision effectively secured the profit and avoided potential losses from subsequent market volatility.

### **4. Risk Management:**

- The maximum potential loss was effectively managed, limited to the premium paid per contract (\$7.15).
- Successful risk management was demonstrated by closing the position at a profit, preventing any actual loss.

### **5. Market Conditions and Strategy Alignment:**

- The trade capitalized on favorable market conditions, leveraging AAPL's bullish trend to achieve profitability.
- Strategy alignment with both technical and fundamental analyses supported the decision to enter a long-call position, contributing to the trade's success.

### **6. Lessons Learned and Future Considerations:**

- Thorough analysis and alignment with market conditions are crucial for successful trading outcomes.
- Continuous monitoring of technical indicators and fundamental factors enhances decision-making.
- Future considerations may include exploring additional options strategies or adjusting positions based on evolving market dynamics.