Welcome!

Thank you for subscribing to Cabot Profit Booster!

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I'm delighted that you have chosen to join our exciting new advisory Cabot Profit Booster, which will combine stock ideas from Mike Cintolo's Cabot Top Ten Trader momentum-stock advisory, along with my covered call trades, to make money three ways from great growth stocks.

The goal of Cabot Profit Booster is to use the awesome power of covered calls, which are a VERY conservative strategy that requires NO margin, to create yields of 3-15% each month against great growth stocks, while at the same time reducing the risk to these stock positions.

Our strategy is very sound and lucrative, but I first recommend you go through this guide before getting started as it will make a big difference. And, if you are new to the options and covered call methods of investing, I suggest you also read this section to help you get started.

Yes, it can seem complicated at times but I've been doing this for years. Don’t let it cause you stress. I’ll do the work so you don’t have to. Just follow my lead.

I've been an options trader, market maker, and an ongoing student of the market for many years and I know that these investment methods can pay off mightily and provide enormous opportunities for stock investors ... if they know how to find the right stocks, and how to handle them during their ups and downs. That is our specialty and our main focus, which we at Cabot have been providing to subscribers for 50 years.

I look forward to continuing that tradition by providing you the best and most profitable advice as possible. Our archives are full of great resources to enhance your investing education and make you a better investor.

If you ever have any questions about our recommendations, the markets, or any other stocks that interest you, I'm always available by email. My address is Jacob@CabotWealth.com.

Once again, welcome. I look forward to a long and profitable relationship.

Your guide to boosting profits,

Jacob Mintz
Chief Analyst, Cabot Profit Booster
What’s in this guide...

Here’s What You Get
- All the benefits Of Your Cabot Profit Booster Subscription

Our Investment Strategies
- How We’ll Make You Money

New To This Type of Investing?
- Here’s How To Start

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- A Guided Tour of Your Weekly edition

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About the Expert
- Who is Jacob Mintz?
Your Subscription to *Cabot Profit Booster* Includes:

**Weekly Issues**
Every Tuesday morning by 10:30 a.m. eastern U.S. time, you will receive my covered call trade idea. This comes after reviewing Cabot’s Top Ten stocks of the week released the night before. Each idea includes *Cabot Top Ten Trader Chief Analyst* Mike Cintolo’s fundamental analysis of the stock and company that includes his full technical analysis, the chart, and his stop, which we’ll be tied to.

**Monthly Position Updates**
As our sold calls near their expiration dates, the third Friday of every month, you will receive emails updating you on these positions and how we will manage them.

**Special Stock Alerts**
When appropriate, special bulletins will alert you to important developments in our chosen stock and include what necessary actions to take.

**Direct Contact**
Whenever you have an investment-related question, you can email me directly at Jacob@CabotWealth.com. You can also contact our customer service team at 1 (800) 326-8826 or support@cabotwealth.com for assistance.

**24/7 Archives**
Your subscription gains you access to our vast online library of analysis, including past issues of *Cabot Profit Booster*, previous reports, and related webinars.

Make sure to visit the *Cabot Profit Booster* hub and bookmark the page!
How We’ll Make You Money

You can make a lot of money – and lose less – when trading stock options and executing covered calls correctly. Overall, we’ll trade conservatively, however, we will get bullish when all our indicators say so.

The maximum number of positions in our portfolio at any given time is 20. While I think the odds favor us carrying closer to 10 positions at one time, I could see a scenario where that number rises if the market is chopping around aimlessly for an extended period of time and if we are in the perfect stocks (which would be nearly ideal for our strategy).

Here are the basics of how we’ll make our trades.

The Covered Call

A covered call is an options trading strategy in which the trader holds a long stock position and sells a call option on the same stock in an attempt to generate income. For every 100 shares of stock you own, you can sell one call. For every 500 shares of stock you own, you can sell five calls.

A covered call is a VERY conservative strategy that requires NO margin. It’s a great way to create yield and lower your breakeven on a stock position.

Covered Call Execution

To execute a covered call, you can simultaneously Buy the Stock and Sell to Open the Call.

Or you can Buy the Stock first, and then Sell to Open the Call.

When you Sell a covered call, the order type is “Sell to Open.”

If we need to close this trade at a later date, the order type will be “Buy to Close.”

Because both stocks and options are constantly moving, I will give recommended prices for the stock and option. (Note: Given recent market volatility, paying a bit more isn’t going to make or break the trade. And more times than not, you will get a better price than I recommend.)

For example, this is what a trade idea will look like:

Buy ABC (ABC) Stock at 25, Sell January 26 Calls (exp. 1/20/2021) for $1, or a Net Price of 24 or less
Static Return: 4.16%

Breakeven: 24

Covered Call Return (if assigned): 8.33%

Always keep in mind that the stock and options prices will move throughout the day, so these prices are simply an approximation of prices that you should be able to achieve. However, the important component of this equation is that the stock price paid, minus the premium received via the call sale, equals the Net Price, or 24 or less in this case (25 minus 1 = 24; or you could pay 25.5 for the stock and sell the call for 1.5, which also equals 24).
**Possible Scenarios**

**Good** – If the stock does not move by the call's expiration, there is no stock gain or loss. However, the call that we sold will expire worthless and we will have created a yield. I refer to this scenario as Static Return.

**Breakeven** - To reach the breakeven level on a covered call a trader takes his stock purchase price and subtracts the covered call premium collected. For example, a purchase of stock XYZ at 25 and the sale of a January call for $1, drops the breakeven to 24.

**Best-Case** – If a trader is executing a covered call strategy ideally he would want the stock to drift higher, but close just below the strike price at which he sold. In this scenario he made money on the stock price rising, and collected the option premium.

**Worst-Case** - When the stock drops dramatically. However, the trader still collects the option premium. In essence, selling covered calls lowers your breakeven on a stock purchase.

“OK” - If the stock rises dramatically, and above the call strike price that you sold, the trader who you sold the call to will exercise his right to buy the stock from you. If that is the case, you will not participate in further stock gains above the strike price that you sold. However, you will have made money on the stock rising and the call sale. This is a good or bad scenario depending on how you look at it (I think very good).

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**New to this type of investing? Here’s how to get started**

The profitable yields and low risk levels can make options trades look very attractive. But if you are new to these methods of investing, you don't want to get ahead of yourself and rush into heavy options trading.

I recommend that when you execute that first trade, start small. Even though covered calls are the most “basic” and widely used options trade, you want to execute the trade perfectly before moving to bigger trades.

For example, if I'm new to covered calls I would Buy 100 shares of the recommended stock and then sell one of the recommended calls.

As you get more comfortable with the process and settle into the monthly rhythm, I would then expand the options trades in your portfolio and venture out to the bigger deals that are out there.

The patience will pay off.
How To Read Your *Cabot Profit Booster*

Your *Cabot Profit Booster* newsletter includes weekly issues, monthly updates, stock trade alerts, and special reports when necessary. The weekly issues will be available every Tuesday and the monthly trade expiration updates typically around the third Friday of every month.

Here’s a brief tour of a typical *Cabot Profit Booster* weekly issue.

1. **Options Stock Pick**
   This section features the best stock for options trading taken from Cabot Top Ten Trader’s weekly list of attractive growth stocks.

2. **Technical Analysis**
   This section provides the current charts on the stock and the technical analysis supporting the current trends.

3. **The Covered Call Trade**
   This section explains how we recommend you play the trade and the steps to make it happen.

4. **Open Positions**
   This table list our current open stock positions, the prices we paid, its current price, our Stop, the option price of call sold, and the current option price.

Current and past issues, trade alerts, special bulletins, updates, and educational resources are always available at [CabotWealth.com](http://CabotWealth.com). And if you still have questions, you can always email me directly at [Jacob@CabotWealth.com](mailto:Jacob@CabotWealth.com) and I’ll get back to you as soon as possible.
Stock investing jargon and terminology can sometimes sound like a foreign language. Here are a few terms that are commonly used in the investment methods discussed in Cabot Profit Booster.

**Call Option**
A call option gives the buyer the right to buy 100 shares at a fixed price (strike price) before a specified date (expiration date). Likewise, the seller (writer) of a call option is obligated to sell the stock at the strike price if the option is exercised.

**Covered Call**
A covered call is a call option that is written (sold) against an existing stock position. The call is said to be “covered” by the underlying stock, which could be delivered if the call option is exercised.

**Exercise**
Exercise is the process by which an option buyer (holder) invokes the terms of the option contract. If exercising, calls will buy the underlying stock, while put owners will sell the underlying stock under the terms set by the option contract. All option contracts that are in-the-money (i.e. have at least one cent of intrinsic value) at expiration will be automatically exercised.

**Expiration Date**
The expiration date is the last day on which the option may be exercised. Monthly listed stock options cease trading on the third Friday of each month and expire the next day. Weekly options cease trading on Friday of that week.

**Hedging**
Hedging is a conservative strategy used to reduce investment risk by implementing a transaction that offsets an existing position.

**Intrinsic Value**
The intrinsic value of an option is the amount of profit that can be theoretically obtained if the option is exercised at that moment and the stock either purchased (for calls) or sold (for puts) at the current market price. If an option has positive intrinsic value, it is said to be “in-the-money” (ITM) and if it has negative intrinsic value it is said to be “out-of-the-money” (OTM). For instance an XYZ January 25 Call would have $1.50 of intrinsic value if the stock were trading at $26.50, regardless of its market price at the time.

**Long**
To be “long” an option simply means to have purchased it in an opening transaction and thus to own or hold it.

**Long-Term Equity Anticipation Securities (LEAPS)**
These are long-term options with expiration dates as far out as three years, usually expiring in January.

**Premium**
The price of an option is called its premium. Prices are quoted per share, but premium is usually the entire dollar value of the contract (price per share X 100 shares = total premium).
Put Option
A put option gives the buyer the right to sell 100 shares at a fixed price (strike price) before a specified date (expiration date). Likewise, the seller (writer) of a put option is obligated to purchase the stock at the strike price if exercised.

Short
To be short an option means to have sold the option in an opening transaction. (A short position is carried as a negative on a statement and must be purchased later to close out.)

Strike (or Exercise) Price
The strike price is the price per share at which the holder can purchase (for call options) or sell (for put options) the underlying stock.

Time Decay
Because options have an expiration date, all options are wasting assets whose time value erodes to zero by expiration. This erosion is known as time decay. Time value varies with the square root of time, so that as an option approaches its expiration date, the rate of time decay increases.

Time Value
Time value is the amount by which an option's market price exceeds its intrinsic value. In the case above with the XYZ January 25 Call priced at $3.00 while XYZ stock is trading at $26.50, the intrinsic value is $1.50 and the remaining $1.50 is time value. If an option is out-of-the-money (i.e. has no intrinsic value) then the entire market price is considered time value.
About the Expert

Jacob Mintz is a professional options trader and chief analyst of Cabot Profit Booster, Cabot Options Trader, and Cabot Options Trader Pro. Using his proprietary options scans, he creates and manages positions in equities based on unusual option activity and risk/reward.

Jacob developed his system during his years as an options market maker on the floor of the Chicago Board of Options Exchange, where he ran several trading crowds for nearly 10 years. After a successful career on the trading floor, Jacob was tasked with setting up a trading desk at a top-tier options trading company, trading against the most sophisticated hedge funds and institutions in the world.

Today Jacob trades for himself, coaches and teaches about options trading, and runs Cabot Wealth's options trading advisories. He lives in North Carolina with his wife and two kids who keep him very busy with their sports and social calendars.

About Cabot Wealth Network

Cabot Wealth Network, established in 1970, is a trusted independent source of advice for individuals striving to take control of their investments and find the best stocks. Its 20 investment advisory services and annual Summit event deliver high-quality advice to more than 200,000 individual investors and investment professionals in 141 countries. Headquartered in historic Salem, Mass., in a converted 1934 public library Cabot Wealth employees take great pride in providing intelligent investment advice and timely, personal service without the hype and fabricated claims. Cabot is a member of the American Association of Individual Investors, Better Business Bureau, Specialized Information Publishers Association, and the Salem Chamber of Commerce.

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