

Subject: XPO Logistics and FEDEX

From: Martin Zeman <[REDACTED]>

Date: Tue, 06 Mar 2018 11:44:52 -0500

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Paul,

Please see attached 1-pager published two weeks ago (and also a more detailed report on the industry). Our analyst is really bullish on FEDEX and XPO and doesn't like UPS which really got beat up last few weeks.

What I think makes sense is picking up premium on puts on these two stocks that you should be long if they dip lower from current levels. You get \$4.50 for \$220 June Fedex Puts (the stock now at \$242 and still 10% down to January highs).

When it comes to XPO, you can get \$2.45 for May 90 Puts (we have a \$133 target on that stock and I recently sat in a meeting with our analyst and he clearly is very bullish this company).

My point is, you have nothing in logistics and you could be long a more defensive industry if you get exercised on stocks that have really good growth stories.

On UPS – they really got beat lately, but they are way behind in capex investments compared to where Fedex is and their automation levels are 20 years behind Fedex now. Could be a punt, but not sure it makes sense trying to catch a falling knife on a story that is not attractive.

Martin

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