



>: More Bang for Your Buck: A healthcare option trade

Friday, June 16, 2006 / Jason Jovine

I hope you all have your seatbelts on; this market has really been bumpy lately.

Look, I've worked on Wall Street for about 15 years, and I have seen the market go up and down.

What the evidence clearly tells us is that the market, over the long term, has always trended upward. There are definitely bumps in the road over the short term, but for the long haul there is no better place to be.

Another expression I like is that "the market is a place where impatient people give money to patient people." The bottom line is that if you happen to be an investor you should just own good companies that you believe in and ignore these day to day irrational fluctuations.

If you are a trader, on the other hand, then you should pay attention to these fluctuations because that is how you make your money. If you are a trader, you want to limit your downside and ride your profit; when trading, risk management is crucial.

In case you haven't been following me for the last several months, I would like to tell you about what has happened over this period. EVERY SINGLE STOCK that I have recommended to you since I have been guest writing for The Tycoon Report has gone up!!

This is not hype or sales pitch; it's documented fact. I was looking at my own performance last night and I took notice. That being said, I give myself an overall grade of a B, which for those of you who haven't been in school for a while, means above average ? but not excellent.

Some of my critics don't find my writing style as exciting as some other people, but I will take being a good stock picker ANY DAY over someone who is a good talker but doesn't know his behind from his elbow. Ideally, I would like to have both, and am working towards achieving them.

When most people are uncertain, they would rather follow someone who is strong and wrong instead of someone who is weak and right. I think that it is important for me to be strong and right, and I will always continue to work towards this.

Having said that, I want to speak a little more about my previous recommendations, and also give you my next winner. I choose at this time not to sell any of the stocks that I have recommended so far, because I recommended them primarily as investments and not trades.

For example, I recommended a Chinese exchange traded fund (Symbol: FXI) back in March at \$70 per share that went up to \$84 shortly after the recommendation. This exchange traded fund invests in the top 25 companies in China . Why would I sell it at \$84 when I know that it is going to go to well over \$100?

I could go on and on. The point is that I will usually clarify whether or not I am recommending something as an investment or as a trade. I want to make something crystal clear right now. I will not be right 100% of the time; I'm sure that you know this already. Run away fast if anyone tells you that they are.

Before working on Wall Street, I thought that I may become a doctor. The bad news for some is that I didn't ? which became good news for others such as you readers. I have a good handle on stocks in the healthcare industry; the winners of tomorrow.

I gave you NTY, which announced better than expected earnings the day after I originally recommended the stock (unfortunately it didn't hit print as soon as I wanted it to). I gave you XOMA just a couple of days before they received a potential 75 million dollar contract with SGP (Shering- Plough Corp). Look back at these articles if you need proof.

I hope that I have your attention now, and that you will be an avid reader of mine from now on.

Let me share with you my next winner. The company that you want to be a co-owner of is called LifeCell Corp. The symbol for their stock is LIFC, and the stock trades on the NasdaqNM.

When you read this, the stock should be trading at around \$26 dollars per share. The company develops human allograft tissue products via tissue matrixes for reconstructive, urogynecologic and orthopedic surgery.

If you are more risk averse, then own this stock as an investment. Remember that an investor buys a good company like this one and forgets about it. For people who are risk takers, you can buy the option.

The option to buy would be the December 2006 call option with a strike price of \$20. The symbol is QKLLD. Pay no more than \$8.50 for this option. From now until December, I believe that you will be pleased with this trade.