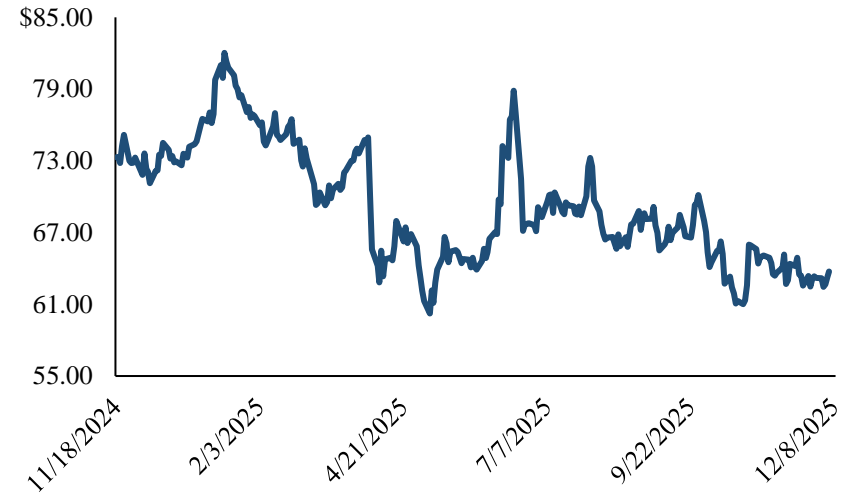


Brent Crude Oil | One-Year Price Chart



Position Details

- Brent Crude Oil | COH6
- Underlying Price: \$61.48
- Bull Call Spread
- Expiration Date: May 26, 2026

Energy Sector

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- II. Macroeconomic Thesis
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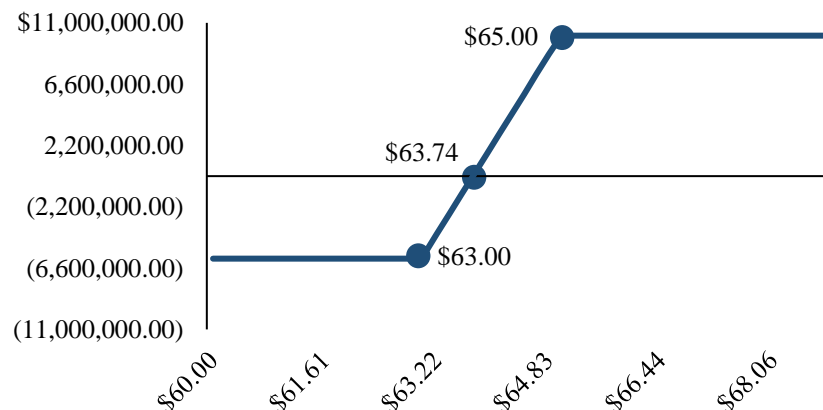
I. Product & Position Overview

Product & Position Overview

Product Description

- **Brent Crude Oil**
 - Brent Crude Oil is a low-sulfur, low-density product extracted from the North Sea. Brent Crude Oil is ideal for refining into petroleum products such as gasoline, diesel, and jet fuel
 - Brent Crude serves as a major benchmark for oil prices, including roughly two-thirds of all global crude oil trades. Its global influence makes Brent prices a key indicator of energy market trends, inflation expectations, and economic stability
 - Major importers of Brent include China, India, and the U.S., while major exporters include Saudi Arabia, Russia, and Canada

Payoff Diagram



Trade Breakdown

- **Bull Call Spread**
 - The strategy is positioned to capitalize on bullish price movements in the underlying within the duration of the contract
- **Setup**
 - We Buy – 8.00 k OTM \$63.00 Calls | COH6
 - We Sell – 8.00 k OTM \$65.00 Calls | COH6
 - Max Profit: \$10,080,000.00
 - Max Loss: (\$5,920,000.00)
- **Expiration**
 - Date: May 26, 2026

Exit Strategy & Potential Hedge Strategy

- **Bull Base & Bear Case**
 - **\$63.00 / \$64.00 / \$65.00**
 - Breakeven – \$63.74
- **Methodology**
 - The Energy Sector anticipates a 4.94% upward move in the underlying asset before the contract's expiration date
- **Hedge Strategy**
 - The Sector would hedge its position through reverse trading in response to bearish price movements in the underlying asset



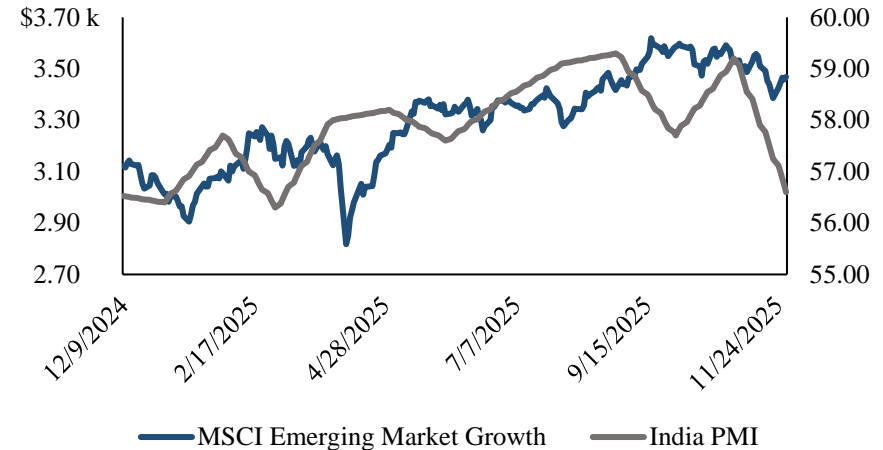
II. Macroeconomic Thesis

Macroeconomic Thesis

Macroeconomic Summary

- **Tightening Supply Within OPEC+ Members**
 - Eight OPEC+ members, led by Saudi Arabia, announced plans to raise production by 137.00 k Bbl/d in December. However, during the OPEC+ meeting on November 11, members stated that production would not increase during 1Q2026
 - U.S. sanctions on Russia's two largest oil companies, Rosneft and Lukoil, are expected to cut Russian supply by 1.50 mm Bbl/d
 - The total global oil supply growth in 2026 is projected to be (~19.35%) lower than the supply growth forecast for 2025
- **Stronger-Than-Usual Winter Demand for Brent Crude Oil**
 - The EIA projects that petrochemicals will drive over one-third of global oil demand growth through 2029, with China targeting more than 5.00% growth in petrochemical production
 - World oil demand growth surged 920.00 k Bbl/d in 3Q2025, more than double 430.00 k Bbl/d 2Q2025 export demand
 - U.S. utilization rates remain robust at 93.20% in November
- **Strengthening Economic Expansion in Emerging Markets**
 - According to the EIA, China and India are projected to make up over 50.00% of the world's total oil consumption growth
 - China's Urban Disposable Income is expected to rise by ~7.00% annually, with total household consumption growing ~5.00% per year through 2030FY, supported by rising consumer spending
 - GDP growth in emerging markets is expected to grow ~4.60% in 2026FY, a 0.20% rise y/y, reflecting steady economic growth
 - China's forecasted GDP growth in 2026FY is 5.30%
 - India's forecasted GDP growth in 2026FY is 6.20%

MSCI Emerging Market Growth vs India PMI | One-Year Chart



Market Pros & Cons

- India's diversification of oil imports, fuels global demand growth
- Shift in monetary policy expectations signals potential upside
- China's Manufacturing PMI continues to be in a regressionary state
- Global SPR releases can temporarily cap oil prices, combating inflation

III. Risk Analysis

Risk Analysis

Directional & Magnitude Risk

- **Delta Analysis**
 - The Delta value for this trade is 0.0562
 - For every \$1.00 change in price of the underlying asset, the strategy will increase or decrease by \$0.0562
- **Gamma Analysis**
 - The Gamma value for this trade is 0.0003
 - Gamma has a moderate impact for this trade, changing Delta by 0.0003 for every \$1.00 move in the underlying asset

Implied Volatility Risk

- **Vega Analysis**
 - The value of Vega for this trade is 0.0017
 - The implied volatility for this trade is 32.00%
 - For every 100.00 bps change in implied volatility, the contract's value is expected to increase or decrease by \$0.0017
 - The current market volatility for COH6 is ~28.74%. Greater volatility increases our chances for profit as large price swings have the potential to push the underlying in-the-money

Time Risk

- **Theta Analysis**
 - The Theta value for this trade is (0.0003)
 - The trade experiences a loss of \$0.00003 for every 1.00 day change towards the expiration. Time decay accelerates in magnitude as the option moves closer to its expiration
 - Theta is negative as time decay reduces the trade's daily value, diminishing the chances of landing in-the-money. A 0.00003 theta suggests a moderate rate of time decay, gradually reducing the options premium until the positions approaches expiration

Interest Rate Risk

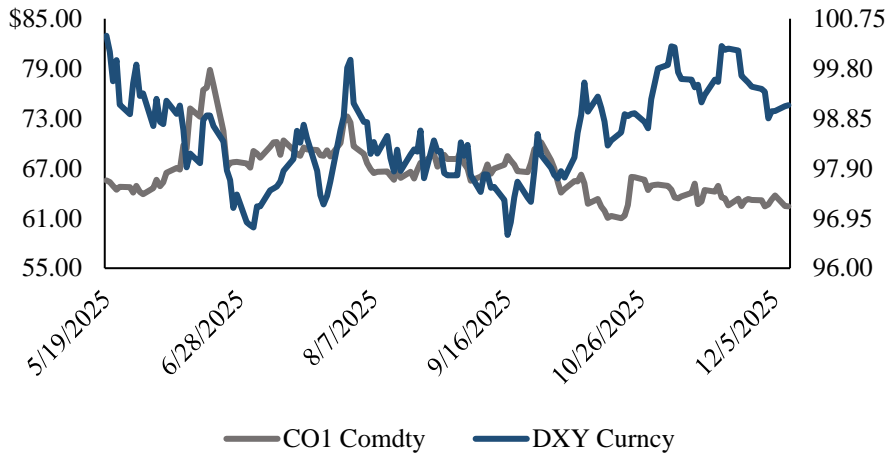
- **Rho Analysis**
 - The Rho value for this trade is (0.0035)
 - For every 100.00 bps change in interest rates, the contracts strategy is expected to increase or decrease by \$0.0035 in value



IV. Technical Bias & Fair Value

Technical Bias & Fair Value

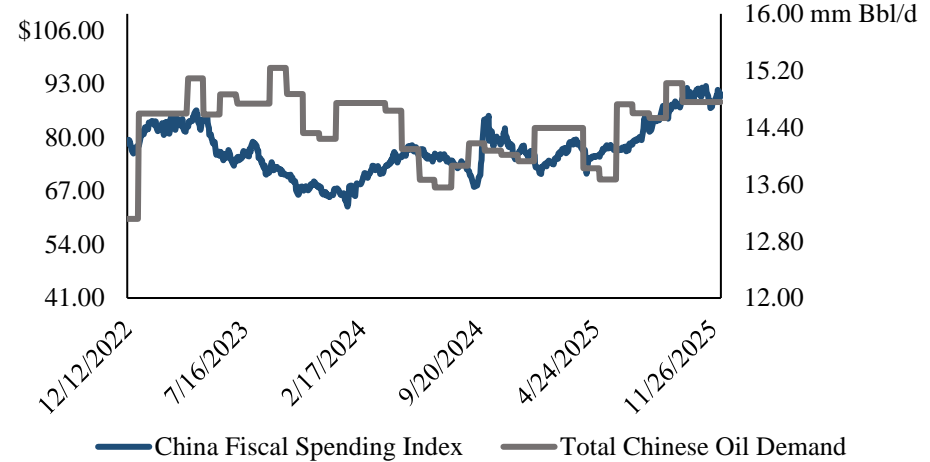
Brent Crude Prices vs DXY Currency | Six-Month Chart



Monte Carlo

| Output | Long Call | Short Call |
|--------------|-----------|------------|
| Value | \$ 2.69 | \$2.16 |

China Total Oil Demand vs China Stimulus Spending | Three-Year Chart



Synopsis

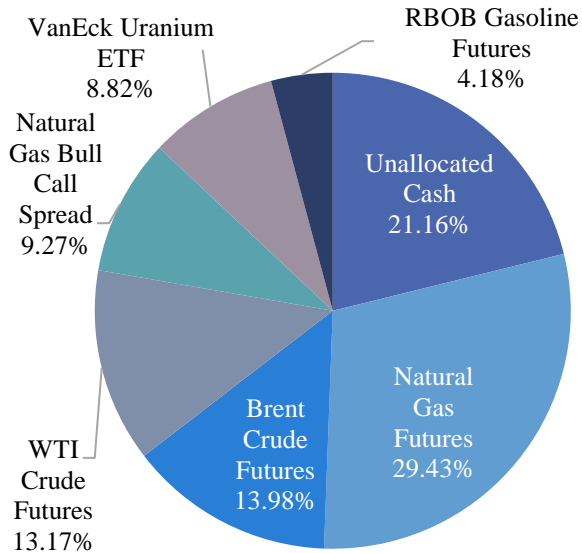
- The graph on the left side is the DXY vs. Brent Crude Prices over the past six years, illustrating how they move inversely to one another. As the DXY weakens, it reduces the cost of crude for global buyers, stimulating global demand and further appreciating prices. In addition to that, a weaker dollar historically supports higher commodity prices. Meanwhile, robust growth in emerging markets has further amplified brent crude demand enhancing the relationship between economic expansion and oil consumption
- The graph on the right side illustrates Chinese Stimulus Spending vs. Chinese Total Oil Demand. This graph exhibits that as Chinese Stimulus spending increase, the total Chinese oil demand also increases. As liquidity flows into the Chinese economy, refined oil products such as diesel, jet-fuel, and petrochemical demand accelerates, driving up total oil consumption. Focusing in on the recent resurgence in fiscal spending, China's oil demand is expected to continue strengthening through the next quarter



V. Capital Allocation

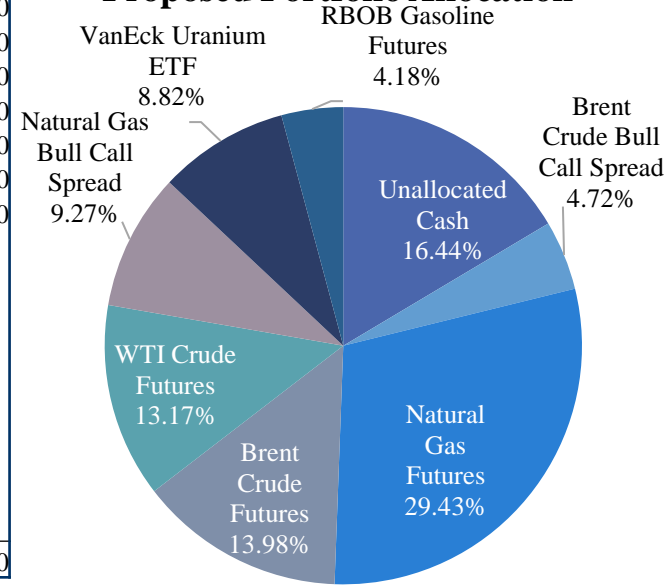
Capital Allocation

Current Portfolio Allocation

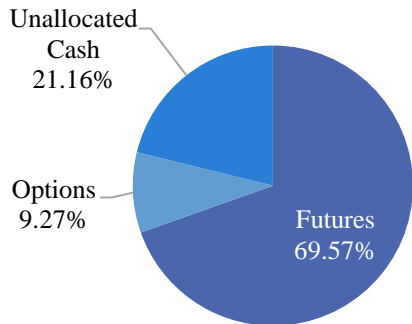


| Transaction Summary | | |
|------------------------------|-----------------|----------------|
| Ticker | Position Change | |
| | Contracts | Allocation |
| Natural Gas Futures | 0 | \$0.00 |
| Brent Crude Futures | 0 | \$0.00 |
| WTI Crude Futures | 0 | \$0.00 |
| Natural Gas Bull Call Spread | 0 | \$0.00 |
| VanEck Uranium ETF | 0 | \$0.00 |
| RBOB Gasoline Futures | 0 | \$0.00 |
| Brent Crude Bull Call Spread | +8000 | \$5,920,000.00 |
| Allocation Change | | \$5,920,000.00 |

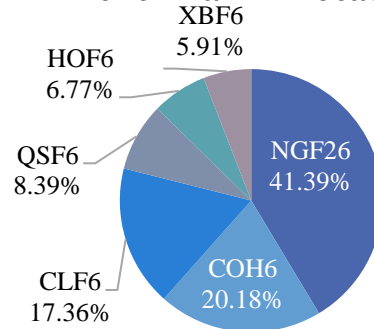
Proposed Portfolio Allocation



Current Position Allocation



Benchmark Allocation



Proposed Position Allocation

