

Volanti started the month of April with \$176,976 in the account.

During the month, we took a short position in Tesla and closed our position in Bed Bath and Beyond.

On April 11th, we sold 2 call contracts on Tesla (TSLA) for 77.35 per unit. The calls expire in September 2018 and carry an exercise price of \$240.

The investment thesis is straight forward, related to the likely need to raise additional capital to fund the expansion plan and various projects.

Meanwhile, the valuation is as ambitious as the projects themselves with an equally enthusiastic and torn CEO adding to the uncertainty.

In terms of timing, the pressure is mounting at Tesla as production delays persist, forecasts are missed and the competition closes the gap. The delays in delivery further exasperate the well cited cash flow issues pushing cash collection down the road.

After burning through over \$3 billion in cash last year and with \$3 billion in capex expected in 2018 (along with \$1.2 billion in debt refinancing coming up), Tesla's cash on hand is quickly being depleted.

In our opinion, there is an increasing probability that equity holders will be diluted in the near future. Debt markets have begun to sour with Telsa bonds trading at 88 cents on the dollar and it is unclear what the appetite is for further issuance.

In order to make room in the portfolio, we closed our position in Bed Bath and Beyond (BBBY). On April 10th, we sold 800 shares for proceeds of \$20.51 per share.

We decided to sell our holdings ahead of the Q4 results being released. The stock had underperformed our expectations and we were aware of the threat that margins could continue to be pressured in order to maintain sales. The uncertainty around quarterly earnings along with what we viewed to be a deteriorating chart patten and already being overweight in the retail sector, we decided there were better places to spend our risk budget and liquidated the position.

At the end of April our account balance is \$181,884 USD

Since Inception 30 Month Return: 21.3% Annualized Since Inception Return: 8.0%