



## Unusual Call Buying in Small Cap Growth Favorite Invitae

**Ticker/Price:** NVTA (\$20)

### Analysis:

**Invitae (NVTA)** aggressive buyer of 800 September \$22.50 calls \$3.20 offer after the \$20/\$25 call spreads traded this week and has plenty of March call open interest as well as 1,000 June \$22.50 calls. NVTA is also seeing 300 April \$22.50 calls bought early. Shares are consolidating a strong February run and back near record highs from its debut in 2015. The \$1.5B genetic information company trades 6.7X EV/Sales and seeing robust growth after 172% and 116% growth the last two years expecting above 50% growth in 2019. The company recently offered 9M shares at \$19/share. NVTA is transforming the use of genetic information and its costs per sample are falling sharply. Analysts have an average target of \$21.50 on shares and short interest is a bit elevated near 9% of the float and at new highs. Chardan started coverage this week at Buy with a \$29 target as a cost and quality leader in genetic testing expecting strong growth the next three years. NVTA has potential for further Pharma collaborations to drive incremental high margin revenues. Hedge Fund ownership fell 19.5% in Q4 filings, Baker Brothers adding to its position.

### Hawk Vision:



**Trading Strategy:** NVTA is one the best growth stories in digital health and has a long way to go, a favorite small cap. It is a name to be accumulating on any weakness.

**Confidence Ranking:** \$\$