



Unusual Call Buying in Audentes as Biotech M&A Heats Up

Ticker/Price: BOLD (\$40)

Analysis:

Audentes Therapeutics (BOLD) trading over 50X average calls today with buyers in the July \$45 calls over 2,375X up to \$1.85 to open as IV jumps. BOLD does not see a lot of options activity but did have buyers recently in the November \$40 calls which remain in OI. BOLD shares are flagging in a nice multi-week range under \$42 with a breakout targeting \$50 and continuing momentum from a nice run in February. MACD has pulled back around zero and curling higher while RSI is moving back above 55, signs of strength. On the weekly, BOLD is consolidating around a big area of resistance from early 2018 and run here would put it into space. Shares are moving today with the Array (ARRY) deal and potential for a Uniqure (QURE) deal as the \$1.7B company has a number of early-stage assets in gene therapy. Shares trade 4.6X cash with limited debt. BOLD's focus is X-linked myotubular myopathy but they also have an early-stage DMD treatment which they announced in April and will start enrollment in December. They presented positive data for AT132 at ASCO in May which showed improvements in both neuromuscular function. Analysts have an average target for shares of \$40 with 11 buy ratings, 2 hold, and 2 sell. HCW raising their PT to \$48 in April given the many opportunities encompassing XLMTM, Pompe, and AT702 as a potential disease modifying therapy for DMD patients with genotypes amenable to skipping of exons 1 to 5. Short interest is 4.1% and near its lowest level in a year, down from 7% in October. Hedge Fund ownership rose 1.5%. Orbimed a top buyer of 4.8M shares while Baker Bros have 1.7M shares and Redmile a buyer of nearly 2.73M shares over the last couple quarters.

Hawk Vision:



Trading Strategy: BOLD has a beautiful set-up as well as a low short float and some notable Biotech investors holding it, so it does look like a nice reward/risk versus the low end of its range, though prefer to see more activity in the options.

Confidence Ranking: \$\$