



Unusual Call Buying in Gossamer Bio

Ticker/Price: GOSS (\$19.70)

Analysis:

Gossamer Bio (GOSS) unusual size trading yesterday as 3,250 November \$22.50 calls bought \$2.70 to \$2.75 to open. Later another 3,000 were bought for \$2.90, over 6250 total on the day. GOSS has very little open interest. Shares have been range bound since its debut in February between \$24 and \$16 and putting in a hammer reversal yesterday off of trend support from the April lows as well as cloud support. The recent channel has a target back to the recent highs while MACD and RSI back near optimal entry levels. The \$1.32B company debuted earlier this year and trades 2.75X cash with a number of early stage assets. GOSS has exposure to immunology, inflammation, and oncology with three clinical trials ongoing and four initiations planned over the next 18 months. Their main asset is GBOO1, a DP2 antagonist for the treatment of eosinophilic asthma. They expect Phase 2 interim results in early 2020. The treatment is a DP2 antagonist which looks to block the interaction which causes inflammation in the lungs. The LEDA study is aiming to control severe exacerbations. Other programs include Chronic Rhinosinusitis, Spontaneous Urticaria, and Pulmonary Arterial Hypertension. Analysts have an average target for shares of \$29.25. SVB Leerink starting at Outperform in March with a \$30 PT noting the novel mechanisms being pursued by the company could offer disease modifying activity in major markets, which offer significant room for clinical improvement. Barclays with a \$27 PT and sees GBOO1 is the primary value driver for GOSS in the severe asthma market which could offer \$2B-plus in peak sales potential. Evercore has a \$30 PT seeing long-term potential as they build out their pipeline in allergic diseases, PAH, IBD, and oncology. Omega Fund, Hillhouse Capital, Boxer Capital, Artal Group, and Baupost all notable holders. Short interest is 3.1%.

Hawk Vision:



Hawk's Perspective: GOSS is an interesting speculative own against recent lows with a number of notable top Bio investors involved. The November positioning is odd based on catalyst time-frame, and one option is long the stock against short November calls for a safer return/risk set-up.

Confidence Ranking: \$\$