

SPOTLIGHT OPTION TRADE



Accenture Broken Momentum, Bearish Positioning as IT Spending Slows

TRADE SNAPSHOT

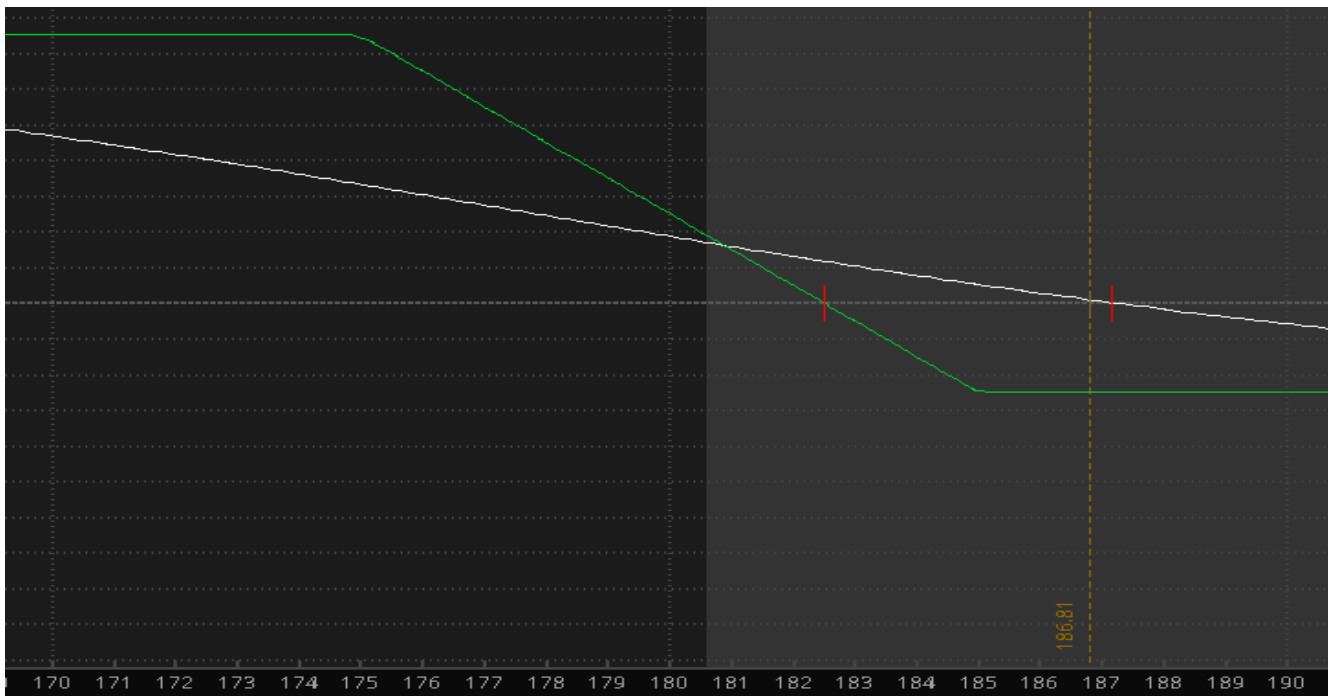
TICKER	ACN
SECURITY	Accenture PLC
SECTOR	Tech – IT Services
CURRENT PRICE	\$186.80
LONG/SHORT	Short
TARGET	\$175
STOP	\$195
TIMEFRAME	6 Weeks

Trading Strategy: Long the ACN November \$185/\$175 Put Spreads at \$2.50 Debit

Net Debit/Credit: Debit of \$2.50

Profitability Zone: ACN Shares Below \$182.50 on November OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: ACN shares lost a long uptrend and its key weekly moving average slopes are rolling over. The topping pattern breakdown measures down to \$175 where a 38.2% retracement sits as well as a retest of a prior key breakout level, a natural downside target as weekly RSI nears a break of the 50 level.



Fundamental Analysis: The \$123B IT Services Co. trades 21.8X Earnings, 29.8X FCF and 15.5X EBITDA with a 2% dividend yield, extended at peak historical multiples. The company sees 6% topline and 6% bottom-line growth in FY20. Accenture has turned its focus to digital, cloud and security services that now make up 65% of revenues growing at double-digits. In the latest quarter new bookings came in at a record \$12.9B with a book-to-bill of 1.2. Analysts have an average target near \$200 and short interest is 1% of the float. The Street is mostly buy rated and Cantor raised its target to \$215 recently seeing it positioned to take market share in the outsourcing industry. Barclays started shares Overweight on 9/20 with a \$228 target seeing it as a defensive consistent performer capable of ongoing margin expansion. Hedge Fund ownership fell 2.5% in Q2 filings, Polen Capital a notable top concentrated holder as is Findlay Park.

Options Activity:

Date	Description	Volume	Open.Int	Price	Delta	Impl Vol	Prob.ITM	Premium Paid	Symbol
10/1/2019	ACN 100 19 JUN 20 185 CALL	599	52	\$17.10	0.59	23.08%	51.86%	\$1,042,260	.ACN200619C185
10/1/2019	ACN 100 19 JUN 20 175 PUT	500	141	\$8.40	-0.3	24.10%	37.91%	\$425,000	.ACN200619P175
9/25/2019	ACN 100 (Weeklys) 4 OCT 19 185 PUT	1,615	64	\$2.53	-0.32	36.36%	34.65%	\$419,900	.ACN191004P185
9/24/2019	ACN 100 15 NOV 19 180 PUT	1,395	1,309	\$3.49	-0.27	27.01%	30.76%	\$502,200	.ACN191115P180
9/17/2019	ACN 100 18 OCT 19 185 PUT	1,105	984	\$2.75	-0.26	29.80%	28.95%	\$303,875	.ACN191018P185
8/26/2019	ACN 100 21 FEB 20 220 CALL	587	27	\$3.80	0.242	21.39%	19.88%	\$223,060	.ACN200221C220
8/19/2019	ACN 100 18 OCT 19 195 PUT	828	0	\$7.38	-0.47	23.12%	51.30%	\$611,064	.ACN191018P195
8/16/2019	ACN 100 19 JUN 20 170 CALL	415	216	\$29.50	0.74	25.10%	67.38%	\$1,294,800	.ACN200619C170
8/16/2019	ACN 100 15 NOV 19 195 PUT	900	147	\$10.70	-0.52	23.54%	56.89%	\$999,000	.ACN191115P195
8/15/2019	ACN 100 15 NOV 19 185 PUT	1,200	1,019	\$7.45	-0.41	25.42%	46.06%	\$960,000	.ACN191115P185
8/14/2019	ACN 100 15 NOV 19 190 PUT	3,001	537	\$10.30	-0.52	24.04%	56.76%	\$3,211,070	.ACN191115P190

Potential Catalysts: 10/27 at Money 20/20 2019 Conference

Disclaimer:**Not Investment Advice or Recommendation**

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