



Call Spread in Fate Therapeutics Positions for Major Upside

Ticker/Price: FATE (\$13.80)

Analysis:

Fate Therapeutics (FATE) pulled back the last few weeks and today seeing 2000 May \$15/\$25 call spreads bought \$2.23 to open as the only notable open interest in the name. FATE showed impressive relative strength through late July but has now pulled back to a 61.8% Fibonacci retracement of the 1 year range. The \$1B Biotech is in the early stages of making revenues and trades 6.3X cash. FATE priced 8.6M shares in September at \$17.50 so it should be well funded. FATE is developing a patient-derived CAR-T Cell Immunotherapy that is more cost effective. Analysts have an average target of \$25.70 and short interest has moved to a three year high at 15% of the float. Stifel started coverage at Buy with a \$27 target on 10-1 noting "Expectation that FT500 data later this year will validate the safety of the company's NK cell platform and that FT516 will show differentiated efficacy in acute myeloid leukemia. Assigning higher than consensus odds for the success of FT516, more cautious on the prospects of FT500 being able to generate compelling efficacy data in solid tumors." OpCo with a \$27 target and Outperform rating in July seeing it potentially disrupting the emerging field of cancer cell therapy. Cantor out with a \$32 target in July noting FATE is "pioneering a highly scalable" next-generation cell-therapy manufacturing process using induced pluripotent stem cells that could potentially be first in class and potential holy grail in cell therapy. Redmile Group has a 5.68% portfolio weighting in FATE.

Hawk Vision:



Hawk's Perspective: FATE looks intriguing from the potential standpoint though want to see improvement to price-action and the surging short float is also a concern, just one to keep an eye on for now.

Confidence Ranking: \$\$