



## Athene Large Call Buy with Depressed Valuation

Ticker/Price: ATH (\$20.90)

### Analysis:

**Athene Holding (ATH)** shares rose 30% on Tuesday and late day activity bought 5100 October \$25 OTM calls to open \$3 to \$3.30. ATH has other open interest but mostly now far from current price though 2000 each of the May \$45 and \$40 puts bought in December remain in open interest as well as 1,700 of the \$30 puts, so closing of those positions may be more bullish though owners could be buying stock to lock in gains. The \$2.45B Financial offers retirement services and on 3-13 the CFO bought 4000 shares at \$25.25. ATH is now trading 0.2X Book and 0.58X Cash with a 17.3% ROE. ATH shares have sold off as its results are often tied to performance of the Equity markets as well as the lowered rate environment causing repricing of its products. In October Apollo (APO) took an incremental 18% stake acquiring 7.5M shares at \$46.20 per share. ATH has a lot of excess capital and plans to repurchase stock and do deals in 2020. Analysts have an average target of \$58 and short interest low at 2.9% of the float. RBC recently downgraded shares in an overall negative industry note seeing limited visibility for equity markets and interest rates returning to normal, and balance sheets and capital levels unclear. SunTrust raised its target to \$61 in February on an outlook of moderate asset growth, healthy investment spreads and share repurchases as well as a high quality investment portfolio given its relationship with Apollo and potential with M&A or Funded Agreement Backed Notes. Hedge Fund ownership fell 8.2% in Q4 filings, Lakewood and Samlyn notable concentrated holders.

### Hawk Vision:



**Hawk's Perspective:** ATH valuation looks wildly cheap but also tough to assess the risk for these Financials. It's capital position looks better than peers, so it does stand out.

**Confidence Ranking:** \$\$