



Put Sales in SS&C Tech See Limit to Downside

Ticker/Price: SSNC (\$35.80)

Analysis:

SS&C Tech (SSNC) with an unusual trade on 3/23 as the October \$25 puts were sold to open \$2.30 down to \$2.10, showing a willingness to own shares 30% lower. SSNC has very little other open interest. SSNC shares are -42% YTD and testing its largest volume node on the monthly chart, a retest of a breakout from early 2017. Shares are also testing a 61.8% Fibonacci of its lifetime range. SSNC saw a lot of insider buying in the \$58 to \$61 range in 2019 and some more in February and March though smaller in size. The \$8.2B maker of software products for Healthcare and Financial industries is trading 8X Earnings, 7.1X FCF and 3.4X EV/Sales with a 1.4% yield. SSNC has integrated acquisitions of DST and Intralinks and is looking to further de-lever the balance sheet. Alternative Investment clients account for 34% of revenues, Institutional at 38%, and Wealth Mgmt. at 13%. SSNC has a long history of strong EBITDA margins near 40%. Analysts have an average target of \$73.50 on shares and short interest down 40% Q/Q to just 0.9% of the float. CSFB out positive on 2-10 focusing on margin upside in 2020, deal synergies, and steady growth. SSNC noted in a Mad Money interview on 3/11 that it is used to people working from home and degradation of its service has been minimal. Ray-Jay raised its target to \$76 in February seeing attractive valuation. Hedge Fund ownership rose 1.5% in Q4 filings, a few notable top concentrated holders, though all reducing position sizes, include BAMCO, Cantillon, Select Equity, and Turtle Creek.

Hawk Vision:



Hawk's Perspective: SSNC leverage is a concern in the current environment and the put sales leave plenty of room for downside, so only real play here would be selling the puts if comfortable owning shares at \$25.

Confidence Ranking: \$\$