



FEATURED OPTIONS RADAR REPORT



Large Bull Spread in Homology into Weakness

Ticker/Price: FIXX (\$15)

Analysis:

Homology Medicine (FIXX) with a notable spread on 7/16 that sold the September \$12.50 puts for \$3 to buy the \$17.50/\$22.50 call spread for \$0.80, 4000X. FIXX has 1,000 October \$20 calls in OI from a calendar spread earlier this year but no other notable positioning. Shares have lagged the broader biotech sector and trading near two-year lows with a big multi-month base forming around \$13/\$14. A move out of this downtrend above \$17.50 can see a quick run up to \$22 and the early 2020 highs. The \$702.2M biotech focuses on a platform for treating rare genetic diseases using in vivo gene therapy or gene editing. The company uses AAVHSCs as a delivery-mechanism which they see as a key differentiation over peers as it allows them to target a wider range of disease-relevant tissues in a single injection. They note that a single AAVHSC can transduce the brain, lung, liver and others all in one dosage. FIXX has a growing pipeline with early trials in eye, liver, and human stem cells. Later-stage work is currently being done in liver and CNS, but they have nothing further than Phase 1/2. Their big catalyst is a mid-year update for HMI-102 in adult phenylketonuria. Other milestones they hope to hit in 2020 include initial feedback from the FDA on their pediatric PKU editing program and advancing programs in metachromatic leukodystrophy. Analysts have an average target for shares of \$32.50. Baird added shares to their "Fresh Pick" list on 7-1 ahead of its mid-2020 pheNIX data. They see potential 100% upside on proof-of-concept data for its HMI-102 candidate while their cash position offers a nice downside backstop. RBC with a \$30 PT as they think HMI-102 offers potential for a first-in-class functional cure. BAML with a \$30 PT and Buy as they think "Homology's technology platform offers compelling upside potential given its mix of more conventional gene-therapy approaches and next-gen gene-editing (homologous recombination) systems, which provides distinct advantages over many early-stage peers pursuing nuclease-based strategies like CRISPR." Hedge fund ownership fell marginally in Q1. Ghost Tree, Vivo Capital, and Suvretta top buyers. Deerfield Partners a top holder as well.

Hawk Vision:



Hawk's Perspective: FIXX looks like an interesting event-driven play, a lot of confidence shown selling puts right at the money.

Confidence Ranking: \$\$