



## FEATURED OPTIONS RADAR REPORT



### Invesco Call Activity Surges as Markets Stabilize

Ticker/Price: IVZ (\$10.65)

#### Analysis:

**Invesco (IVZ)** stock hot early with 10,000 October \$10 calls bought up to \$1.30 and now volumes running over 18,750 on the day. IVZ still has 3,000 September \$10 calls and 2,000 of the September \$11 calls in open interest as well as some January \$18 short puts that are underwater. IVZ shares are basing in a narrow range under \$11 with room up to the 200-day at \$12.75 before a longer-term gap fill to \$18 from the February range. The \$4.81B company trades 6.28X earnings, 0.74X sales, and 0.5X book with strong FCF and a 5.85% yield. IVZ has been working to diversify their offerings over the last two years after the deal for Oppenheimer Funds and now well positioned in areas of future growth like alternative investments, ETFs, fixed income and emerging markets. They've also built out their China business, a market with huge untapped potential for US investment managers. IVZ was hit by the pandemic initially with AUM falling in March and April but seeing some positive shifts they expect to be more permanent going forward including improvements to their expense base and a simplified overall structure. IVZ saw AUM rise 4.4% in June with inflows being driven by institutional channel and positive potential catalyst upcoming as they plan to launch a mutual fund version of QQQ, their popular Nasdaq-100 ETF. The move will allow them to generate fees off the popular vehicle which took in over \$13.4B in AUM in the first half of 2020. Analysts have an average target for shares of \$10.65 with 2 buy ratings, 8 hold and 4 sell. Barclays cut to underweight on 8-13 with an \$11 PT seeing further EPS downside if outflows persist at an elevated level. In May, a director bought 12,660 shares at \$7.93 while a lot of insiders bought stock in 2019 around \$18-\$21. Short interest is 8% and up from around 4% in early 2020. Hedge fund ownership rose 15.94% in Q2, notable adds from Arrowstreet Capital and Azora Capital.

#### Hawk Vision:



**Hawk's Perspective:** IVZ is an interesting business but overall tend to favor **BX** in this group and Financials still as a group struggling, so not one likely to tag along.

**Confidence Ranking:** \$\$