



FEATURED OPTIONS RADAR REPORT



Acadia Bulls Position in Strong Biotech into Catalysts

Ticker/Price: ACAD (\$46)

Analysis:

Acadia (ACAD) bullish spread this morning buys 2,000 November \$48 calls for \$2.55 and sells the December \$45 puts for \$2.65, follows some Dec. call buys yesterday in the \$46 strike and recent buyers in the Dec. \$42 and \$44 calls. ACAD has short puts in the March \$45 strike from 8/10 and Jan. 2022 \$40 strike, seeing value longer-term in the name. Shares are a bit extended near-term after a strong four-day run back above its 200-day MA and working out of a multi-month base. Above \$48.50 has a small gap from July back to \$55 and continues to consolidate above the long-term range breakout stretching back to 2013. The \$7.2B company trades 11X cash, 6X FY22 revenues and 30.5X FY22 EPS as they continue commercial efforts for Nuplazid. The drug was approved in PDP and seeing 30% Y/Y growth in 2020 with consistent growth in new patients. The company has a near-term catalyst with CTAD next week on 11/5 and 11/6 as they'll present new data for pimavanserin in dementia-related psychosis. ACAD sees DRP as a big opportunity after a Phase 3 failure in MDD earlier this year and there's no approved therapy for DRP. They have a PDUFA in April. Analysts have an average target for shares of \$60. RJF with a \$65 PT and Buy as the firm sees its main value proposition of Nuplazid in the DRP indication its \$3B opportunity, with disclosed efficacy and safety data having been generated in the indication. MSCO started coverage at Overweight on 8/20 seeing peak unadjusted U.S. sales of greater than \$5B for Nuplazid, which was approved in 2016 for Parkinson's disease psychosis and is likely to be approved in dementia-related psychosis in 2021, potentially expanding into a market 10x the size of PDP. Short interest is 5.6% and near multi-year lows. Hedge fund ownership fell marginally in Q2. Baker Bros. remain the number one holder with 41.9M shares.

Hawk Vision:



Hawk's Perspective: ACAD has been a bright spot in a tough Biotech space and has clear momentum and bullish flow here, a positive outlook into 2021.

Confidence Ranking: \$