



FEATURED OPTIONS RADAR REPORT



Bullish Upside Buys in Attractive Growth Story, Schrodinger

Ticker/Price: SDGR (\$83.40)

Analysis:

Schrodinger (SDGR) late day buy of 1000 March \$85 calls to open \$11.30 and 900 March \$90 calls bought \$9.40 offer. SDGR has previously seen buyers in March \$125 OTM calls that have 4777 in OI. SDGR shares put in a great weekly base August-September and working strong out of that pattern the last few weeks with the 2020 highs near \$100 in reach and Fibonacci extension targets at \$112, \$120, and \$132.50. SDGR is one of the most interesting new names to come to market as it transforms the discovery of therapeutics and materials. Its software platform enables discovery of high-quality, novel molecules for drug development and materials applications more rapidly, at lower cost, and with a higher likelihood of success compared to traditional methods. Its software is used by biopharmaceutical and industrial companies, academic institutions, and government laboratories around the world. SDGR is providing a means for more effective and cheaper drug discovery in an era with a lot of new biopharmaceutical R&D. SDGR also has a drug discovery business it operates with several key partners and in November announced a major deal with Bristol Myers with \$55M upfront and potential to receive \$2.7B in milestone payments. Analysts have an average target of \$87.50 with short interest around 14% of the float. BAML raised to Buy with a \$74 target back on 11/23 calling the deal with BMY a major validation of the SDGR platform and business model, and SDGR has capacity to fund a number of programs in early development, providing a steady stream of additional opportunities to out-license internal candidates to potential partners. Jefferies upgraded to Buy in October noting Biopharma customers continue to transition to Schrodinger's more robust computational power and R&D drug screening using cloud-based services. Hedge Fund ownership jumped 7% in Q3 filings, Bill & Melinda Gates Trust the top holder.

Hawk Vision:



Hawk's Perspective: SDGR with a \$5.6B market cap is one of my absolute favorite names in the entire market, a combination of software and strong secular tailwinds in Biopharma R&D position it for many years of outsized growth.

Confidence Ranking: \$\$