



FEATURED OPTIONS RADAR REPORT



Unusual Call Accumulation in Axa Equitable

Ticker/Price: EQH (\$26.3)

Analysis:

Axa Equitable Holding (EQH) more buyers of January \$25 calls \$2.45 for 3000X where 7000 bought late yesterday and accounting for most of the open interest in the name while 5000 March \$20 short puts also remain. EQH shares are flagging just below its high from February before shares plunged with markets down below \$10 and now nearly recovered. The \$11.9B company is a diversified financial services provider with Individual Retirement, Group Retirement, Investment Management and Research, and Protection Solutions. EQH currently trades 5X Earnings and 0.75X Book with a 2.58% yield and strong ROE with EPS seen rising 12-15% each of the next two years. Last quarter EQH saw AUM rise 6% Y/Y. EQH enters 2021 with balance sheet strength and expected to close its legacy VA transaction in Q2 while also continuing to generate expense savings and accelerating a \$500M buyback. Analysts have an average target of \$27 with short interest at 3.5% of the float. RBC upgraded to Outperform in September with a \$28 target noting "Equitable is positioned to see meaningful earnings growth in 2021 backed by a strong capital position, the likely resumption of accretive buybacks and continued execution on expense and yield initiatives. At 70% of estimated 2021 BV-ex AOCI it has an attractive valuation and a sum-of-the-parts valuation below peers. We see buybacks as a catalyst for multiple expansion and the company's mid-teens ROE is better than peers." Citi raised its target to \$33 recently seeing it materially undervalued and not reflecting the positive aspects of the variable annuity reinsurance transaction. Hedge Fund ownership fell 5% in Q3 filings, Conifer adding to a concentrated position.

Hawk Vision:



Hawk's Perspective: EQH does appear overvalued and an overlooked name with the new developments, also liking the technical set-up.

Confidence Ranking: \$\$