



FEATURED OPTIONS RADAR REPORT



Bull Targets CNS-Focused Biotech with Multiple Catalysts in 1H

Ticker/Price: (\$25.65)

Analysis:

ACADIA Health (ACAD) buyers of 1,185 March \$20 ITM calls for \$5.80 to \$6.10 today and follows nearly 3,000 February \$26 calls bought last week. ACAD has 500 January 2023 \$23 short puts in open interest as well from 12/9. Shares are strong today and extending a move out of a multi-week bull wedge with room above \$27 up to \$35+ and firmly into a big gap from March 2021. The \$3.72B company trades 7.85X sales and 6.88X cash. ACAD focuses on developing treatments within the CNS space with Nuplazid available for the treatment of hallucinations and delusions associated with Parkinson's disease psychosis. The company has notable early-year catalysts in the pipeline including Phase 2 data for ACP-044 in post-op pain, meeting with the FDA for a pre-NDA discussion over Trofinetide for the treatment of Rett Syndrome and a final decision from the FDA on their sNDA for Nuplazid for the treatment of Alzheimer's disease psychosis. The company announced intentions to resubmit the latter in December but there remains uncertainty around whether the FDA will require further studies to be run. Advancement for Trofinetide would be a positive driver with JMP estimating in December that a conservative peak sales estimate would be \$400M to \$500M. Analysts have an average target for shares of \$29 with a Street High \$57. Citi upgraded to Buy on 1/5 citing conversations with management and FDA experts which made them feel the market is under appreciating the probability of success for pimavanserin in Alzheimer's psychosis on resubmission in Q1. Hedge fund ownership rose 1% last quarter, Baker Bros a top holder with 42M shares and last bought publicly in March 2020 near \$32. Palo Alto Investors also a top holder while Avoro has 2.2M shares. Short interest is 4%.

Hawk Vision:



Hawk's Perspective: ACAD is interesting despite the recent run-up with multiple shots in the first-half of 2022 to shift sentiment more positively and above \$27.50 can really fly, worth looking at as a speculative play

Confidence Ranking: \$\$