



## Bulls Active in Acadia on Multi-Month Consolidation Move

Ticker/Price: ACAD (\$39.90)

### Analysis:

**ACADIA (ACAD)** with 1,500 June \$47 calls bought \$3.40 to \$3.50 to open on Friday and name that still has 2,750 March \$45 calls in OI from buyers in the Fall around \$4. On 1-30, ACAD also had buyers of 1,800 OTM Jan. 2021 \$75 calls and 5,000 far OTM \$17 puts sold to open and has also seen some smaller buyers in the Feb. \$36 calls. Shares gapped higher in September on data and traded up as high as \$52.50 in December. They have pulled back recently and just above the October lows. A move above \$42.50 puts shares out of this downward channel and potential for an explosive move back to the recent highs. The \$6.16B company trades 20.5X sales and 9X cash with profitability in FY21. They see 36% and then 73.25% revenue growth the next two years with a path to \$1B in annual sales by FY25. The company's lead product is pimavanserin (or Nuplazid) which is being evaluated in Parkinson's disease psychosis (PDP), Alzheimer's disease psychosis, and dementia-related psychosis. Pimavanserin is an SSIA which targets Serotonin 5-HT<sub>2A</sub> receptors in the central nervous system. These are especially prevalent in the brain and effect cognition and learning. ACAD's treatment targets these receptors while avoiding dopamine and other receptors in the brain, unlike others, which can cause severe side effects. They had positive data in DRP in December. Analysts have an average target for shares of \$52.50. Guggenheim with a \$60 PT and Buy rating while Piper positive in December noting that their recent DRP data was a clear win for the company. The analyst thinks that the FDA will be supportive of pimavanserin label expansion for the dementia-related psychosis, or DRP, indication. Cowen thinks DRP is a blockbuster opportunity with strong efficacy and safety and that it could be a major differentiator versus the current standard of care. Cantor continues to see \$1B+ sales potential for pimavanserin. Short interest is 7.3% and down from around 15% in late 2018. Hedge fund ownership rose 1.75% in Q3. Baker Bros. with a 40.8M share position, their fourth largest, while Great Point, Palo Alto Investors, Peregrine Capital, Avoro Capital, and Orbimed notable holders.

### Hawk Vision:



**Hawk's Perspective:** ACAD is an intriguing name with notable Funds holding it, short interest declining, and in a hot Neuro space. I have an alert in for a move above \$41.50.

**Confidence Ranking:** \$\$