



FEATURED OPTIONS RADAR REPORT



Bulls Position for Further Momentum in Hot Biotech into Key Data this Month

Ticker/Price: ALEC (\$39.10)

Analysis:

Alector (ALEC) has seen August \$40 calls hot the last few days with 1000 bought to open on 7/7 for more than \$650K and then another 1170 traded on 7/8 as August IV surged higher. ALEC also has 1900 now deep ITM October \$20 calls in open interest and 1000 January \$35 puts that sold to open on 7/2. ALEC shares have nearly doubled in the past two weeks clearing the February 2020 highs after a collaborative deal with Glaxo (GSK) at \$2.2B for ALO01 and AL101 with \$700M upfront. ALEC's upside Fibonacci extension targets are at \$46.50 and \$53. ALEC is a clinical stage biopharmaceutical company pioneering immuno-neurology, a novel therapeutic approach for the treatment of neurodegeneration. Immuno-neurology targets immune dysfunction as a root cause of multiple pathologies that are drivers of degenerative brain disorders. ALEC has four advanced candidates with ALO01, ALO02, ALO03, and AL101. ALEC has a key catalyst coming up with updated Phase 2 data for lead asset ALO01 expected to be shared next month at the Alzheimer's Association International Conference (AAIC) taking place July 26-30. The data could be the key to validating ALEC's approach. ALEC partnered with **Glaxo (GSK)** ahead of this key data which seems to infer Phase 2 data will be positive. The terms of the deal were attractive and multiple parties were reportedly interested. The recent approval of **Biogen's (BIIB)** Aduhelm which is similar to ALEC's approach has also been seen as a positive indicator. ALEC currently has a market cap of \$2B and now well-funded with the \$700M cash infusion. Analysts have an average target of \$37 with short interest at 11% of the float. Citi raised its target to \$41 this week highly positive on the deal while retaining control of ALO01.

Hawk Vision:



Hawk's Perspective: ALEC has made a huge move but with the terms of this deal and potential for it to be an eventual M&A target it still seems very undervalued at \$2B.

Confidence Ranking: \$\$