



FEATURED OPTIONS RADAR REPORT



Calls Adjust in Cheap Valuation Annuity Leader

Ticker/Price: BHF (\$46.99)

Brighthouse Financial (BHF) with a buyer of 5000 February \$55 calls for \$2.20 to open on 12/1 as the \$60 calls adjusted back after previously adjusting back from the \$65 strike. The action came as shares moved to multi-week lows but running right into the rising 200-day moving average at \$46.65 and also a major VPOC area of support near \$45.65. BHF provides life insurance and annuity products in the US and was spun out of MetLife in 2017 with a variety of variable, fixed, index-linked and income annuities designed to address contract holders' needs for protected wealth accumulation on a tax-deferred basis, wealth transfer and income security. BHF has a market cap of \$3.38B and trades 0.24X Book and 0.3X NAV with a 10.1% ROE. Investors are focused on capital allocation while BHF's investment income in Q3 exceeded expectations. BHF is a name that should benefit from rising equity markets and in a higher interest rate environment. Analysts have an average target of \$55 with short interest low at 2% of the float. RBC raised its target to \$55 after the quarter noting the shield level annuity sales continue to see strong growth. BHF is the #2 holding for Greenlight Capital. Einhorn sees the company significantly undervalued due to GAAP accounting noting while the hedges generate mark-to-market losses, there is not a corresponding reduction in GAAP liabilities.

Hawk Vision:



Hawk's Perspective: BHF is an unusual case and feels like eventually there is a value-unlocking event here but would like to see the shares base at the 200-MA.

Confidence Ranking: \$\$