



FEATURED OPTIONS RADAR REPORT



Call Buyers Active Long-Term Support in Under-Watched Equitable Holdings

Ticker/Price: EQH (\$29.55)

Analysis:

Axa Equitable Holdings (EQH) with 5,000 September \$30 calls bought for \$1.30 to \$1.40 with shares bouncing off the 200-day MA today and follows nearly 3,000 January \$35 calls bought on 7/15. Shares ran up to \$35 earlier this year and now back near a big breakout and volume node from February at \$28. A run above the 21-EMA can target June VPOC at \$31 initially and then a run back those prior highs. The \$12.28B company trades 4.5X earnings, 1.33X book and 1.8X cash with a 2.57% yield. EQH is a financial services and life insurance company. Their biggest business is around annuity products for both high-net-worth individuals and group plans. EQH is seeing strong new business activity with AUM up 27% in Q1 buoyed by positive inflows and better equity markets. The company closed their legacy VA transaction with Venerable in June, a deal that significantly de-risks their balance sheet and gives EQH around \$2.5B in cash and liquid assets to re-focus on value-add businesses and long-term value. EQH sees opportunity longer-term to scale their emerging businesses, growth wealth management, and employee benefits while adding more new business in capital-light products. Analysts have an average target for shares of \$39 with a Street High \$51 from Credit Suisse. The firm noting in June that recent stock pressures appear related to the May 21 expiration of a convertible bond, which released about 44M shares, as well as concerns about Regulation 213. But management seems able and focused on mitigating Reg 213 pressures. Citi putting shares on a positive catalyst watch on 7/19 ahead of earnings and sees multiple drivers for upside as the market is not fully reflecting the benefit of the VA risk transfer deal the company announced in late 2020. Short interest is 1.62%. Hedge fund ownership fell 5.8% in Q1. Viking Global a buyer of 2M shares and now has over 5.9M shares total. Clough Capital, Bain Capital, and EJF Capital other notable buyers.

Hawk Vision:



Hawk's Perspective: EQH has been an active name in the 1H but the VA transaction seems like a big clearing event and can now return higher with a focus on new initiatives; shares are back at a big level and nice risk/reward for a return higher

Confidence Ranking: \$\$