



FEATURED OPTIONS RADAR REPORT



Evercore Bulls Bet on M&A Rebound as Economy Recovers

Ticker/Price: EVR (\$135.50)

Analysis:

Evercore (EVR) unusual activity this week with the May \$135/\$125 bull risk reversal bought 450X and then on 3/31 the June \$145 calls bought over 1,600X up to \$5.10, over 30X average. Shares pulled back just above the 50-MA this week and working back above the 8- and 21-MA with room back to \$140 and then new highs. EVR has been a strong trending name and continuation higher targets \$165. The \$6.35B company trades 12.15X earnings, 4.4X book and 7.75X FCF with a 1.85% yield and strong ROE. EVR is an independent investment banking advisory firm with strong experience across M&A, shareholder advisory, and deal structuring. They also have wealth management services, research and sales, and other investment products. EVR expects 2021 to be a big year for deals as growth continues and an overall recovery in the economy boost optimism in the c-suite. They also note that most companies are sitting on unprecedented levels of cash on the balance sheet while private equity 'dry powder' stands near record highs. Analysts have an average target for shares of \$138 with a Street High \$162 from Goldman Sachs. They raised their rating to Conviction Buy on 3/19 citing their leadership in M&A and noting they expect the M&A cycle to be driven by elevated activity in large cap, U.S. and technology, all of which are core strengths of Evercore's franchise. UBS positive today seeing strong earnings for the company given solid underwriting revenues. Short interest is 3.85%. Hedge fund ownership fell 6.75% in Q4, Samlyn Capital a top holder.

Hawk Vision:



Hawk's Perspective: EVR has quietly been one of the steadiest names in the market since September and the recent dip a nice risk/reward setup for a move higher; Overall, I like it as a tangential play on M&A growth and business confidence, which should both remain elevated in 2021

Confidence Ranking: \$\$