OptionsHawk

MONTHLY MARKET BRIEF – AUGUST 2020

S&P 500 (SPX) Technical Outlook

Analysis: The S&P closed the week strong back near July highs after a few tests of the rising 21 day moving average recently which aligns closely with trend support making 3200 an important level to hold for bulls. A measured move target of 3385 remains in play for the June base breakout while recent resistance at 3,275 is the first upside level followed by a gap fill to around 3,335 from February which is also a 138.2% extension of the June mini correction. The measured move target aligns closely to the February highs and 3400 is a 1.618 extension of the June correction. A move above those highs puts Fibonacci extension targets in play at 3,690 and 3,865 while channel resistance for 2020 resides near 3,600. On the downside a break of the 21 MA puts the 55 MA in play at 3,115 which aligns with a July reversal lot and base breakout retest. The 200 day MA sits back near 3,050 as the next level of note and then look to the June reversal low of 2,970. Another sell signal to watch is daily RSI breaking under 55 and losing its trend of higher lows.

Key Levels

	Support	Resistance
Level 1	3,200	3,275
Level 2	3,115	3,335
Level 3	3,050	3,385
Level 4	2,970	3,600

Fundamental Valuation Bands

	2020 EPS	Multiple	Value Level	2021 EPS	Multiple	Value Level
Bull	$130	24	3120	$170	22	3740
Neutral	$125	20	2500	$160	20	3200
Bear	$115	16	1840	$150	16	2400

Market Health/Sentiment Check

Indicator	Level	Implications
Short Term Moving Average Slopes	Rising	Bullish
Long Term Moving Average Slopes	Rising	Bullish
8/21 Week EMA Crossover	Above	Bullish – June 1st Bull Cross
NYSE McClellan Oscillator (NYMO)	-13	Neutral
NYSE Summation (NYSI)	728	Just Above 8 EMA - Bullish
NYSE A/D (Cumulative)	205,673	New Highs - Bullish
NYSE TRIN 21 MA	1.043	Neutral
NAAIM	97.4	Extreme High - Caution
AAII Sentiment	20% Bull	Overly Pessimistic
Investors Intelligence Survey	57.3% Bulls	Extreme Optimism
CBOE Equity Put/Call 50 MA	0.496	Overly Bullish - Caution
VIX:VXV Ratio	0.82	Low - Caution

Catalyst Watch

Date	Event
8/3/2020	July Final PMI's
8/7/2020	US Jobs Reports
8/12/2020	US Inflation Data
8/14/2020	US Retail Sales
8/26/2020	US Durable Goods Orders
8/27/2020	US Q2 GDP Rate
8/28/2020	US Personal Income & Spending

Bull & Bear Flow Monthly Leaderboard

OPTIONSHAWK DATABASE AGGREGATE FLOW BIAS MONTH AHEAD	
BULLISH	AMZN, TSLA, SQ, FB, BABA, VIAC, NFLX, REGN , PINS, JPM, ROKU, SHOP, TDOC, BILI, NOW, AMD, MELI, LULU, HD, WORK, ITCI, TRIP, PYPL, LH, XPO, FISV, ADSK, DOCU, GPN, SPOT, LLY, TTWO, WDAY, RETA, DOMO, AKAM, ATVI, DDOG, PPG, MTSI, AYX, STM, BOX, RDFN, ON, TPX, ELY, LRN, CALX, GLUU, WSM, DISH, AAP, PDD, SNAP, CTXS, FTV, ELF
BEARISH	LGND, M, NLSN, T, F, PLAY, HUBS, SYF, TDG, NEWR, CTL, GE, BBBY, RIG, ULTA, LAMR, CAKE, WYND, DIN, SPG, TRHC, UI, HSIC

Hawk Vision – 19 Technical Set-Ups in Quality Fundamental Stocks (Hawk 350 Universe) with Options Flow

*** We highlight these kind of set-ups daily in the OptionsHawk Trading Hub***

Broadcom (AVGO) setting up with a weekly consolidation flag just under a key resistance level and looking to clear a multi-year range, a Semiconductor Company moving more into software with better margins.

Bilibili (BILI) a name with a lot of bullish options activity that pulled back to its rising 55 day MA and put in a strong weekly candle to close the month of July. Look for shares to make a runt o new highs.

Bill.com (BILL) is one of the more exciting niche software names certain to see strong growth for a long period and nearing a key resistance breakout of consolidation

Blackline (BL) a financial software name with a nice consolidation flag forming above its rising 8 week MA and looks likely to break to new highs.

Cerence (CRNC) a technology Auto play with a lot of potential setting up with a nice coiled wedge on the weekly, a break above $43 should start a move to $50.

Everbridge (EVBG) a long time favorite in Software in a hot alert/notification industry that has set up great on the rising 21 week MA, consolidating for a few weeks and looking for it to resume a trend higher.

IIVI (IIVI) a favorite name with the 4000 September $50 calls in open interest, derives 68% of revenues from the Communications end-market with 5G and Data Center, so expect a very strong quarter and a breakout to new highs.

Inphi (IPHI) another favorite Semi that is also the most attractive M&A target remaining, setting up nicely on the weekly, and has seen plenty of unusual call buying. IPHI is benefitting from some major product cycles in the space driven by the transition to PAM by most cloud and large telecoms while data consumption and traffic growth remains a major theme in tech. PAM is regarded as a once in a multi-decade change in data transmission with most infrastructure shifting to 7m-10km and 10-120km outside for the fastest speeds and supportive of 5G and IPHI a mission-critical supplier, especially after their eSilicon integration.

I-Rhythm (IRTC) a med-tech high growth set-up with a weekly that failed on a breakout attempt to close the month, but above that high can start a major trend move higher. IRTC provides ambulatory electrocardiogram (ECG) monitoring products for patients at risk for arrhythmias.

Mongo-DB (MDB) a favorite play on modern databases is setting up very nicely with a weekly consolidation and the rising 21 week MA caught up to the move.

Insulet (PODD) a diabetes med-tech play with a choppy chart for a few months now but above $212 would start a strong move to new highs up to $250.

Roku (ROKU) upcoming earnings could be the catalyst to propel shares over those 2019 highs and if so the next target is a 138.2% extension at $220.

Square (SQ) a beautiful set-up on the daily into earnings and a name that has seen enormous bullish positioning in the options market.

Teradyne (TER) flagging in a narrow range above the rising 21 MA coming off an amazing quarter and expect it to break to new highs, size call buyers in January expiration came in on 7/31.

Thor (THO) setting up tightly under a breakout and RV demand numbers continue to be favorable, look for a breakout.

Trade Desk (TTD) a top 10 name in the entire market disrupting the massive opportunity in digital advertising closed the month working out of a bull wedge, powerful pattern.

Tyler Tech (TYL) a high quality name with a big opportunity in Government software pulled back to the rising 21 week MA and forming a nice weekly bull pennant.

Advanced Drainage (WMS), an Industrial makes an appearance as I am an equal opportunity trader, but a long time favorite name with a fantastic tight set-up below a breakout over resistance. WMS is the leading complete solutions provider of high performance thermoplastic corrugated pipe and storm water/wastewater management products, with 90% of sales derived from the US. The US storm water and on-site septic markets are $6bn and $1.2bn, respectively, and WMS controls leading share across key applications.

Zoom (ZM) is down, but not out, a bull wedge forming and finished the week just above 8 day moving average. A move above $256 should start to trigger, while $258 more conservative trigger, a breakout and trend higher resuming.

Options Radar Highlights

7/9: Advanced Auto (AAP) buyer of 12,500 January $140 calls for $16.40 yesterday, over $20.5M, as some September $140 calls from late May close at a small loss and adjust for more time. AAP also had some August $140/$150 call spreads bought 750X yesterday while the Jan. $125 puts sold to open 450X around $14.50. Yesterday's flows follow a big insider buy from its CEO on 6/15 when he bought 7,285 shares at $136.13, a near $1M purchase. AAP also has some notable OI including the Aug. $150/$165 call spread and Sept. $155/$170 call spread from June. Shares have rebounded back to the 200-MA and put in a nice reversal candle yesterday off of the rising 55-MA with a move back above $150 setting up a re-test of the 2020 highs. The $9.44B company trades 16.12X earnings, 1X sales, and 26.85X FCF with a small yield and well-capitalized balance sheet. AAP is calling for mid-teens EPS growth and accelerating topline growth through FY22. AAP has seen comps improve sequentially, especially as the re-opening has gotten steam, and driven by a strong DIY channel which has been a priority. AAP launched their mobile app in Q1 as part of a broader omni-channel initiative and accelerating their BOPIS strategy for mitigating traffic losses during the pandemic. Another big step forward for DIY is the upcoming relaunch of the Diehard brand which is expected to be a high-return program and help them gain share versus peers. AAP could benefit significantly this summer from a renewed interest in auto travel, especially for vacations, as personal transportation options will outweigh public options. Analysts have an average target for shares of $145. RBC with a $155 PT in May noting that auto part sales will continue to accelerate as the U.S. economy reopens. Jefferies sees margins snapping back in Q2 from trough levels as recent trends are driven by strong "do-it-yourself" trends, while "do-it-for-me" demand is expected to improve as travel restrictions are eased. Short interest is 2.8% and near 6-year lows. Hedge fund ownership rose marginally in Q1. Melvin Capital a top holder with 3.3M shares as well as call options.

7/15: Mercado-Libre (MELI) coiled name with 500 August $980 synthetic long positions opening at $6 credit. **MELI** also a buy-write with 100 January 2022 $1200 calls at $131. MELI has also recently seen 300 January 2022 $1320 ITM puts sold to open, 200 of the 2022 $1040 calls bought to open, and plenty of open interest in September $750 calls with 1,280 bought. MELI shares put in an ugly reversal candle after hitting new highs last week similar to many Tech growth names and sits above the rising 21MA here. Shares remain extended on technical view but the fundamental story remains very strong. MELI still surprisingly has a small market cap of $47.5B and trades 11X FY21 EV/Sales with revenues rising 59.5% in 2019 and seen 34-37% growth for 2020 and 2021 while EPS also ramps after years of investments. MELI will next report on 7-30. MELI is positioned well for the COVID-19 trends with exposure to digital payments and e-commerce, two areas with significant tailwinds and a massive opportunity remains for it in Latin and South America. Analysts with an average target of $830 and short interest is 4.3% of the float, rising 39% Q/Q. BAML raised its target to $1100 in June with projected 5-year CAGRs for gross merchandise value (GMV) and total payments value (TPV) from 25%/54% to 36%/64%. It also cites MELI improvements in pricing, assortments, and service could contribute to strength vs prior run rates and look for an eventual reacceleration of offplatform TPV as MELI optimizes loyalty incentives and consumers gravitate toward contactless payments. Barclays with a $950 target in mid-June seeing plenty of growth runway ahead. JPM raised its target to $1100 in May seeing MELI to benefit from the long-term behavioral changes induced by COVID-19, such as higher e-commerce and wallet adoption. Hedge Fund ownership jumped 9.7% in Q1 filings.

7/21: Zoom Info (ZI) buyer 1500 September $45 calls $5 to $5.40 right into the closing bell which becomes the most notable position in the newly traded name. ZI last week had an opening sale of 1000 September $50 calls and 1000 August $45/$35 strangles sold to open. ZI shares have retraced the initial IPO surge and finally forming a nice base last week and a key volume node and started this week moving above its 8 day moving average with the 21 day aligning with the ugly candle from 7/13 high as a key level to clear, and RSI looks to be moving out of a downtrend. ZoomInfo is a leading go-to-market intelligence platform for sales and marketing teams. Its cloud-based platform provides highly accurate and comprehensive information on the organizations and professionals they target. This "360-degree view" enables sellers and marketers to shorten sales cycles and increase win rates by delivering the right message, to the right person, at the right time, to hit their number. Its go-to-market intelligence platform delivers comprehensive and high-quality intelligence and analytics on over 14 million companies, including advanced attributes, technologies used by companies, intent signals, and decision-maker contact information. It estimates a TAM of $24B. ZI operates a 99% subscription business with more than 14,000 customers and a > 10X LTV/CAC ratio. ZI generated 103% revenue growth in 2019 and 50% growth expected in 2020. It also expects to be profitable each quarter in 2020 and has impressive FCF margins. ZI shares trade at a premium valuation of 22X FY20 EV/Sales. On 6/29 CSFB started coverage at Outperform with a $60 target as a clear leader in Go-To-Market (GTM) Intelligence Solutions, which is being redefined by data analytics and cloud scale. It estimates ZI penetration of this $20B+ market at less than 5% leaving a long runway for growth. Mizuho started shares Buy with a $63 target expecting the company to sustain strong revenue growth and operating margins. BAML started shares Buy with a $60 target seeing it way ahead of customers due to its use of machine learning and AI with a continually updated database and sees premium valuation warranted given the customer economics, strong competitive moat, and large addressable market.

7/27: Calix (CALX) call activity has been elevated the last few sessions and shares are +153% YTD. On 7/24 the January $24 calls were bought to open 2,350X for $575K and in August the $17 calls with 2,575X and $21 calls with 3,745X have notable open interest. CALX shares have tripled since March lows and hitting decade highs. Calix is a leading global provider of cloud and software platforms, systems and services required to realize the unified access network and the smart, connected premises of tomorrow. Calix platforms empower customers to build new business models, rapidly deploy new services and make the promise of the smart, connected home and business a reality. Innovative CSPs rely on Calix platforms to help them master and monetize the complex infrastructure between their subscribers and the cloud. Its platforms and services help customers build next generation networks by embracing a DevOps operating model, optimizing the subscriber experience by leveraging big data analytics and turning the increasing complexity of the subscriber edge into new revenue streams. The $1.2B Company trades 32.2X Earnings, 2.65X Sales and has a strong balance sheet. Analysts have an average target of $24 and short interest is 3% of the float. Jefferies was out positive in April noting the CALX cloud business will drive upside to growth expectations. CALX cloud business is now greater than 10% overall and growing rapidly while its also a Work-from-Home beneficiary. Jefferies raised its target to $25 last week noting CALX in the early stages of its transformation. Craig-Hallum also raised its target to $25 citing increased network demand driving strong results. Hedge Fund ownership rose 5.25% in Q1 filing.

Earnings Recap

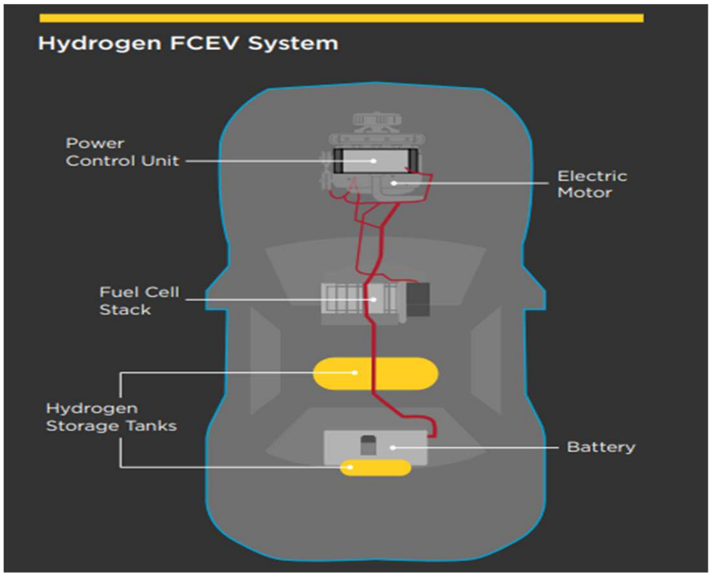
Strong Beats	Bullish Themes	Weak Outlooks	Bearish Themes
IBKR, AMTD, MKTX, NDAQ, ICE, CBOE, ALLY, NAVI, CLGX, TNET, TRU, MSCI, SPGI, CSGP, BCO, MCO	Financial Services, Tech	GM, F, Volkswagen	Auto
BK, BLK, STT, EVR, SF, TROW, MC, CG, LAZ,	Asset Mgmt.	CVX, XOM, COP, VLO	Oil & Gas
PEP, SAM, KO, BUD, KDP, TAP	Beverages		
POOL, FSV, STRA, SCI, WM, RDFN,	Home Services		
MEDP, IQV, PKI, CTLT, BIO, IDXX	Pharma Services		
ISRG, EW, DXCM, MASI, TFX, TNDM	Med-Tech		
QDEL, DGX, PKI, WAT, TMO, LH, HOLX, EXAS, QDEL,	Diagnostics		
FAST, IEX, LECO, SSD, PRLB, MTD, SNA	Industrial Equipment		
LMT, GD, MANT, NOC, OSK, LHX	Defense		
LEN, MTH, PHM, MDC, DHI, MHO	Homebuilders		
HTLD, JBHT, MRTN, KNX, CHRW, SAIA, UPS, ODFL, SNDR, XPO	Trucking & Logistics		
WSO, FIX, TT, CARR	HVAC		
TSM, CDNS, TER, ENTG, AMKR, MPWR, UMC, LRCX, MKSI	Semiconductor Equipment		
MXL, ADI, TXN, STM, INTC, SWKS, NXPI, AMD, SLAB, QRVO, QCOM	Semiconductors		
IBM, LOGI, APH, PLXS, GLW, GRMN, AAPL	Hardware		
TWTR, EBAY, SPOT, SHOP, FB, AMZN, GOOG	Internet		
CTXS, FFIV, AKAM, TEAM, ZEN, MSFT, NOW	Software		
SUM, UFPI, MLM, OC, EXP, MAS, PATK	Building Materials		

Theme of the Month

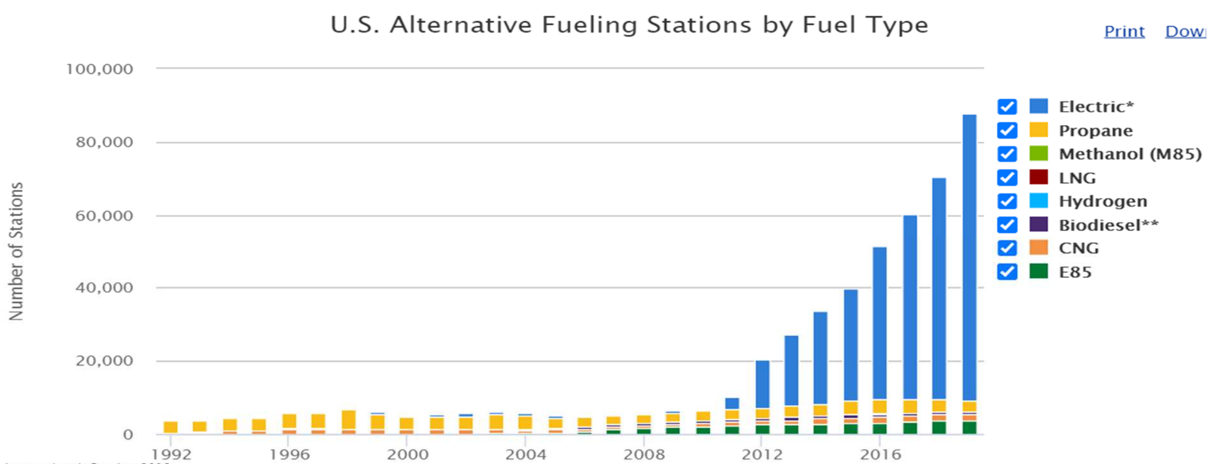
FUEL CELLS

In the automotive world, 2020 so far has been the year of the electric vehicle with Tesla soaring in popularity, new entrants rolling out from combustion engine manufacturers like Porsche, Hyundai and Mercedes Benz, and huge leaps forward in technology making them more affordable. The increased focus on environmentally-friendly vehicles has also brought back to the forefront hydrogen fuel cells which have long been seen as a superior alternative to traditional combustion engines but have lagged their battery counterparts. Fuel cells have a much wider use-case with massive market implications in buses, autos, rail, truck, forklifts, UAV, marine and much more. Estimates have the overall market around $10B in 2019 and expected to grow to over $40B by 2026. According to the Fuel Cell Industry Review, fuel cell shipments have grown at a 44% CAGR, or compounded annualized growth rate, since 2014 - paralleling the rise of solar and wind energy in earlier decades.

Fuel cell vehicles (FCEV) are the most consumer-facing use case of fuel cells. They are powered by hydrogen and use a similar internal process as combustion engine vehicles but without harmful emissions. FCEVs store hydrogen in tanks which is converted into electricity through a fuel cell. The most common fuel cell used is called a PEM which requires two primary elements: hydrogen and oxygen. When hydrogen is brought into the cell its broken up into protons and electrons which run through the electrical circuits into a main power control unit in the vehicle that powers basic tasks that allow the car to function. After those elements have run through the circuitry, they go back into the fuel cell and join with the oxygen to form water which is discharged from the vehicle through the tailpipe.



The case for FCEVs is simple: they are environmentally friendly, quiet, efficient vehicles which can re-fuel extremely fast and have a superior driving range to plug-in battery vehicles. Current FCEVs can handle between 300 and 400 miles per fill-up which can take less than five minutes on average. Their system is often more efficient as well with some vehicles using advanced tech like smart braking which stores energy lost during braking in a battery for use later. FCEVs also use domestic-based fuel with natural gas in abundance and hydrogen easily produced through processes like methane reformation or oxidation. Many believe that this could make the US wholly reliant on only domestic sources of fuel. Finally, FCEVs can scale up easily which means the same tech can be used in something as small as a forklift and then easily converted to a city bus by simply adding to the fuel cell stack to increase power. In contrast, a plug-in vehicle needs to develop and work with larger and larger batteries to get to the same point.



The problem for FCEVs has been that they simply got passed by from plug-in EVs where the infrastructure grew more rapidly which supported adoption. The US DOE noted in 2019 that EV charging stations had surged across the country whereas there were just 61 fueling stations for FCEVs and most of them concentrated on the West Coast. There have also been supply challenges. In 2019, an explosion at an Air Products facility basically halved supply in California which put many vehicle owners out of luck and desperate for alternatives.

But, despite the inability to grow in the mass market in the past, there remains a ton of opportunity going forward for the tech. Here are three companies capitalizing on the theme:

Ballard Power (BLDP) has long been one of the most visible names in the fuel cell space. The company's tech currently powers 650 buses and over 2,000 trucks worldwide while they see opportunity in forklifts, rail, and much more. BLDP has rebuilt themselves with a focus on China and trucks. The latter was a decision they made in 2018 as passenger vehicle sales slowed but arguably a bigger opportunity given not only the impact on the environment but the market in public transit. The former is through a JV with Weichai Power in China. The company believes China will be the first major market to build out FCEV infrastructure supported by government incentives towards new energy vehicles. The country expects to have 20% of vehicle sales by 2025 be new energy vehicles and BLDP expects a continuation of the fuel cell subsidy sometime in Q2/Q3 which would be supportive of their growth (Roth thinks this could be improved to support 2,000-3,000 module shipments per year with Weichai). This is similar to policies in Europe where the reduction in greenhouse gases has led to widespread support for new energy approaches. BLDP has struck partnerships with others as well as they look to expand production and commercialize their FCEV systems for heavy-duty vehicles. They announced a deal with Daimler/Volvo this year. They also have deals with Audi, Van Hool, and Solaris.

Plug Power (PLUG) develops PEM fuel cell products and turnkey solutions for replacing conventional batteries. Their big focus originally was on the $20B material handling industry with their Gendrive product and formed a number of partnerships with leading companies like Walmart, Lowe's, IKEA, BMW and more which now use their lift-trucks, pallet trucks, and others. The materials handling business provides significant opportunity for hydrogen fuel cells as it can run longer driving higher productivity, lowers operational costs, and helps companies reach significant carbon footprint goals as ESG mission statements become more universal. PLUG is also developing a fuel cell engine suite called ProGen for use in e-mobility and seen as a building block for light, medium and heavy-duty EVs. Finally, they have a backup power business called GenSure which is looking to disrupt the power solutions market using hydrogen fuel cells. Unlike a traditional generator, GenSure is much more low-maintenance and longer-lasting on a full charge than other solutions. PLUG has lofty goals and recently bought two hydrogen companies as they look to be come a fully vertically integrated supplier of not just systems but fuel as well. CEO Andy Marsh noted in June the deals will likely solve supply issues as well as push down costs of hydrogen. PLUG sees almost $1.2B in revenues by 2024, up from $230M in 2019.

Bloom Energy (BE) focuses on solid oxide fuel cells which are unique in that the electrolyte used is a solid material and they're fuel-flexible. SOFCs also have advantages as they're modular, scalable, and efficient. Their main focus is slightly different than BLDP and PLUG in that their Energy Server platform is a power generation system much like a generator. It's an uninterruptible, personal, flexible system for storing and using energy with lower costs, better reliability, and more predictable uptime. BE sees a big advantage as well in the density of their product versus peers like solar which can require much more space to operate. For example, a simple stack of fuel cells can put out 1MW of energy with a footprint that is 125X smaller than solar would require. BE sees big opportunity in moving critical organizations off of the traditional baseload power grid and into their own personalized energy servers, especially at a time. The market opportunity is massive as well in commercial and industrial markets.

BE announced plans to enter the hydrogen market in July with their first commercial products being introduced in South Korea next year through an expanded partnership with SK Engineering and Construction.

M&A Deal of the Month

A large deal in the Semiconductor industry tops the deals for July as **Analog Devices (ADI)** agreed to an all-stock deal to acquire **Maxim (MXIM)** for $21B. Maxim is a respected signal processing and power management franchise with a proven technology portfolio and impressive history of empowering design innovation. The combination strengthens ADI's analog semiconductor leadership position with expected revenue of $8.2B and free cash flow of $2.B on a pro forma basis. Maxim's strength in the automotive and data center markets, combined with ADI's strength across the broad industrial, communications and digital healthcare markets are highly complementary and aligned with key secular growth trends. With respect to power management, Maxim's applications-focused product offerings complement ADI's catalog of broad market products. This transaction is expected to be accretive to adjusted EPS in 18 months subsequent to closing with $275 million of cost synergies by the end of year two, driven primarily by lower operating expenses and cost of goods sold. ADI expects the combined company to yield a stronger balance sheet, with a pro forma net leverage ratio of approximately 1.2X. The transaction is expected to close in the summer of 2021, subject to the satisfaction of customary closing conditions, including receipt of U.S. and certain non-U.S. regulatory approvals, and approval by stockholders of both companies.

The Semiconductor maker has seen consolidation for the last few years and looking at next potential targets there are quite a few. First, we need to see what made MXIM an attractive target, and of course valuation, MXIM now trading 8.4X Sales following the deal. MXIM has long been attractive for its high gross margins, above 65% and 33.7% EBIT margins, which eliminates a number of peers as attractive. MXIM also screened as having the highest levered FCF margin at 34.25% and a 4.27% FCF yield while its 3-year ROIC above 13% was among best-in-class. The balance sheet is also worth noting, MXIM with strong FCF/Debt ratio, low Debt to EBITDA, and high Incremental Revenues to Spend. Return on Inventory is another custom indicator where MXIM ranks best to peers.

After screening all Semi peers it left me with two RF leaders in **Qorvo (QRVO)** and **SkyWorks (SWKS)** as attractive names. The former at much more attractive valuation would be a top pick for an acquisition.

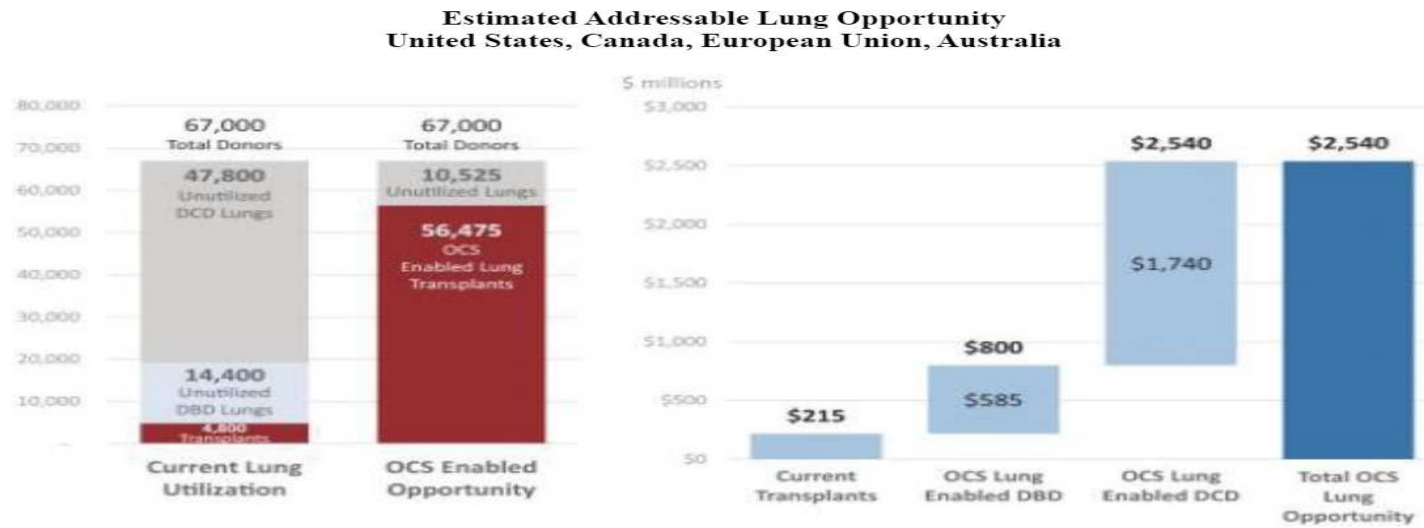
Xilinx (XLNX) is the number one acquisition target, though carrying a $25B market cap and already at 8X Sales it screens with best-in-class margins, high ROIC, strong R&D, strong FCF, and low Debt.

Small Cap of the Month

TransMedics (TMDX) was a successful IPO in early 2019 with shares climbing 35% in the first three weeks to a high near $31 but since have trended down hitting a low near $10 in March. TMDX shares are now starting to work higher and nearing a post-IPO downtrend breakout, one of my favorite set-ups, so the name is worth a closer look.

The $480M company is a commercial-stage medical technology company transforming organ transplant therapy for end-stage organ failure patients across multiple disease states. TMDX developed the OCS, to replace a decades-old standard of care that it believes is significantly limiting access to life-saving transplant therapy for hundreds of thousands of patients worldwide. Its innovative OCS technology replicates many aspects of the organ's natural living and functioning environment outside of the human body. As such, the OCS represents a paradigm shift that transforms organ preservation for transplantation from a static state to a dynamic environment that enables new capabilities, including organ optimization and assessment.

Incidence of end-stage organ failure has been rapidly rising worldwide due to demographic trends that contribute to chronic diseases. Organ transplantation is the treatment of choice for addressing end-stage organ failure due to its positive clinical outcomes and favorable health economics. It developed the OCS to comprehensively address the major limitations of cold storage. The OCS is a portable organ perfusion, optimization and monitoring system that utilizes proprietary and customized technology to replicate near-physiologic conditions for donor organs outside of the human body. TMDX designed the OCS technology platform to perfuse donor organs with warm, oxygenated, nutrient-enriched blood, while maintaining the organs in a living, functioning state; the lung is breathing, the heart is beating and the liver is producing bile. Because the OCS significantly reduces injurious ischemic time on donor organs as compared to cold storage and enables the optimization and assessment of donor organs, it has demonstrated improved clinical outcomes relative to cold storage and offers the potential to significantly improve donor organ utilization.

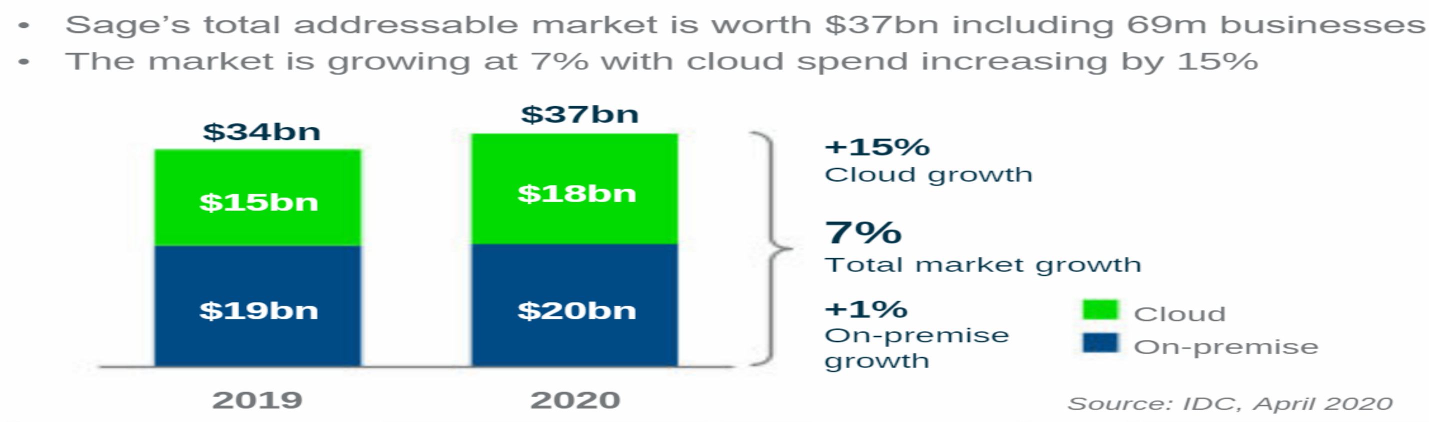


TMDX estimates a total potential addressable opportunity of approximately $2.5 billion annually, of which approximately $215 million represents currently transplantable lungs, approximately $585 million represents improved utilization of DBD donors and the remaining approximately $1.7 billion represents utilization of DCD donors. TMDX reported $23.6M in revenues in 2019, an 83% jump from 2018, and while 2020 seen to be around an 8% growth year due to COVID resulting in a decline of procedures, forecasts see 137% growth in 2021. In Q1 2020 it posted 65% gross margins versus 55% the year prior and has $72.6M in cash. TMDX looks to be an exciting med-tech disruptor with a large market potential and long runway for growth, as well as importantly having strong reimbursement coverage.

International Stock of the Month

Sage Group (SGE:LN) is a UK provider of business management solutions. Sage is the global market leader for technology that provides small and medium businesses with the visibility, flexibility and efficiency to manage finances, operations and people. SAGE has a $37B addressable market with cloud spending driving most of the growth. Sage Business Cloud is a portfolio of unified cloud native and cloud connected solutions for small and medium businesses. Management are considering value creation paths, including disposals, for ‘Non-Sage Business Cloud’ products and solutions. In H1 20 Sage launched Sage Accounting for Professional Users, expanded Sage Intacct in new geographies, and integrated new services & features across the portfolio.

SAGE shares trade 4.4X EV/Sales and 27.6X Earnings. In 1H20 it posted 10% growth in ARR with 88% recurring revenue and 127% cash conversion. It also has a healthy balance sheet at 0.5X Debt/EBITDA and 1.3B in cash. SAGE is a cloud transition play that trades at a cheap EV/Sales multiple.



IPO Watch

Agora (API) is a recent Chinese IPO in Tech that has sold off sharply following a 145% surge on its debut. API defines its mission is to make real-time engagement ubiquitous, allowing everyone to interact with anyone, anytime and anywhere. Its goal is to empower every developer—whether working as a solo entrepreneur or part of a larger organization—to leverage real-time engagement to create innovative products, elevate user experiences and differentiate themselves from competition. API pioneered Real-Time Engagement Platform-as-a-Service, or RTE-PaaS, and is the global leader by market share in this rapidly growing industry. The platform provides developers simple-to-use, highly customizable and widely compatible application programming interfaces, or APIs, to embed real-time video and voice functionalities into their applications without the need to develop the technology or build the underlying infrastructure themselves.

The business employs a freemium model, offering 10,000 free minutes of real-time engagement per month per account, to encourage adoption and innovation by developers and proliferation of real-time engagement use cases. The key components of its platform are SDK and the SD-RTN, which are the foundation of the products it offer developers such as Real-Time Video, Real-Time Voice, Real-Time Messaging and Real-Time Recording, among others. These products can be accessed through simple APIs and are fully programmable.

According to International Data Corporation, or IDC, the worldwide CPaaS market is forecasted to grow from US$3.3 billion in 2018 to US$17.2 billion in 2023, at a compound annual growth rate, or CAGR, of 39.3%. Within the CPaaS market, video is forecasted to grow from US$0.6 billion in 2018 to US$3.5 billion in 2023, at a CAGR of 43.6%. Voice is forecasted to grow from US$1.5 billion in 2018 to US$8.0 billion in 2023, at a CAGR of 40.8% and data (messaging) is forecasted to grow from US$1.0 billion in 2018 to US$4.5 billion in 2023, at a CAGR of 35.4%. RTE products address the fastest growing, video portion of the CPaaS market, and voice and messaging stand to benefit from the adoption of RTE solutions as well. Furthermore, as online experiences become more interactive, the technology backbone of many applications is expected to transition from one-way distribution enabled by traditional CDNs to multi-way engagement powered by RTE technologies. The CDN market is expected to grow from US$5.9 billion in 2018 to US$13.0 billion in 2023, at a CAGR of 17.3%, and CPaaS providers with RTE capabilities stand to capture a portion of the total CDN market as a growing number of software applications integrate RTE technologies. Additionally, RTE technologies can be used as the backbone for building Collaborative Applications, including web, audio and video conferencing solutions. According to IDC, this Collaborative Applications market is expected to grow from US$9.7 billion in 2018 to US$17.7 billion in 2023, at a CAGR of 12.8%.

The $4.1B company is trading 25X FY21 EV/Sales with revenues growing 47.6% in 2019 and seen rising more than 85% in 2020. It has R&D as a percentage of sales above 35%, 68% gross margins, and not far from positive

EBIT and FCF margin inflection. It has a Net Promoter Score of 64 and > 130% dollar-based net expansion rates.

Insider Activity Monthly Recap

For Detailed Write-Ups Visit https://www.optionshawk.com/options-trader/insider-trading-spotlight/

Trade Date	Ticker	Company	Insider Name	Insider Title	Price	Qty	Owned	ΔOwn	Value
7/2/2020	CLR	Continental Resources, Inc	Hamm Harold	Exec COB, 10%	$17.77	2,679,849	295,474,659	1%	$47,625,796
7/2/2020	DNB	Dun & Bradstreet Holdings, Inc.	Jabbour Anthony M	CEO	$22.00	200,000	4,563,628	5%	$4,400,000
7/23/2020	T	At&t Inc.	Luczo Stephen J	Dir	$29.69	100,000	300,000	50%	$2,969,220
7/2/2020	DNB	Dun & Bradstreet Holdings, Inc.	Massey Richard N	Dir	$22.00	100,000	1,439,608	7%	$2,200,000
7/2/2020	DNB	Dun & Bradstreet Holdings, Inc.	Daffron Stephen C.	Pres	$22.00	100,000	3,389,467	3%	$2,200,000
7/16/2020	GES	Guess Inc	Alberini Carlos	CEO, Dir	$10.17	100,000	956,508	12%	$1,017,000
7/16/2020	NCNO	Ncino, Inc.	Collins Steven A	Dir	$31.00	32,250	32,250	New	$999,750
7/9/2020	AVID	Avid Technology, Inc.	Asmar Christian	Dir, 10%	$6.93	108,102	6,907,134	2%	$749,192
7/8/2020	WTI	W&t Offshore Inc	Krohn Tracy W	COB, CEO, Pres, 10%	$2.15	346,358	47,391,459	1%	$744,670
7/7/2020	WTI	W&t Offshore Inc	Krohn Tracy W	COB, CEO, Pres, 10%	$2.15	285,976	47,045,101	1%	$614,448
7/15/2020	BCLI	Brainstorm Cell Therapeutics Inc.	Abbhi Sankesh	Dir	$12.99	46,779	2,169,187	2%	$607,659
7/22/2020	MACK	Merrimack Pharmaceuticals Inc	Levy Noah G.	See remarks	$3.11	177,274	580,515	44%	$552,087
7/22/2020	MACK	Merrimack Pharmaceuticals Inc	Andersen Eric	See remarks	$3.11	177,274	227,182	355%	$552,086
7/2/2020	DNB	Dun & Bradstreet Holdings, Inc.	Reinhardt Joseph A. III	GC	$22.00	25,000	427,840	6%	$550,000
7/2/2020	DNB	Dun & Bradstreet Holdings, Inc.	Hipsher Bryan T.	CFO	$22.00	25,000	528,591	5%	$550,000
7/7/2020	MLHR	Herman Miller Inc	Volkema Michael A	Dir	$21.44	25,000	125,000	25%	$536,000
7/6/2020	SYNH	Syneos Health, Inc.	Dineen John M.	Dir	$59.11	8,691	17,426	99%	$513,725
7/15/2020	PRSP	Perspecta Inc.	Curtis John M	Dir, CEO	$21.97	18,354	242,109	8%	$403,237
7/22/2020	FDX	Fedex Corp	Ellison Marvin R	Dir	$164.53	2,200	4,401	100%	$361,966

Sector ETF Set-Up of the Month

Software (IGV) continues to ride its 8 week EMA higher and remains the area of the market seeing the greatest growth with the largest market opportunities over the next 3-5 years. IGV stalled just under a 138.2% Fibonacci extension but continues a bullish trend, and above $303 would next year $325.

Monthly Educational and Insightful Links

[**The Next Generation of Fintech Infrastructure: How API Platforms are Disrupting Banking & Payments**]()

Disclaimer:

Not Investment Advice or Recommendation

Any descriptions "to buy", "to sell", "long", "short" or any other trade related terminology should not be seen as a recommendation.
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