



OptionsHawk Monthly Market Brief – July 2019

S&P 500 (SPX) Technicals

Analysis: The S&P closed the month back near 2019 highs and close to a large cup and handle breakout with the pattern measuring to an upside target of 3500 long-term (the 9 month pattern) while 3,160 the target of the smaller 2.5 month pattern. Fibonacci extension levels are at 3,169 (1.382) and 3,309.6 (1.618). Weekly MACD is nearing a bull crossover while RSI held the retest pullback and moving higher. Monthly MACD is also nearing a bull cross while monthly RSI is showing a major bearish divergence from the prior highs, one of the bigger red flags. Looking at shorter timeframes a move under 2915 would be bearish and cause the 8 day MA to roll back over with initial downside targets at 2,880/2,840/2,800.



Key Levels

	<u>Support</u>	<u>Resistance</u>
Level 1	2,925	2,955
Level 2	2,915	3,000
Level 3	2,880	3,170
Level 4	2,840	3,310

Fundamental Valuation Bands

	2019		Value	2020		Value
	EPS	Multiple	Level	EPS	Multiple	Level
Bull	170	17.5	2975	180	17	3060
Neutral	167	16	2672	176	15.5	2728
Bear	163	14	2282	170	14	2380

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
NYSE McClellan Oscillator (NYMO)	313	Slight Overbought
NYSE Summation (NYSI)	591.9	Above 8 EMA - Bullish
NYSE A/D (Cumulative)	130,917	New High - Bullish
NYSE Cumulative TICK	17,569	Near New High - Bullish
NYSE TRIN 21 MA	0.98	Tippy
NAAIM	72.3	Neutral
AAll Sentiment	29.6% Bull	Neutral
CBOE Equity Put/Call 50 MA	0.65	Bearish
VIX:VXV Ratio	0.939	Neutral

Macro Catalyst Watch and Review

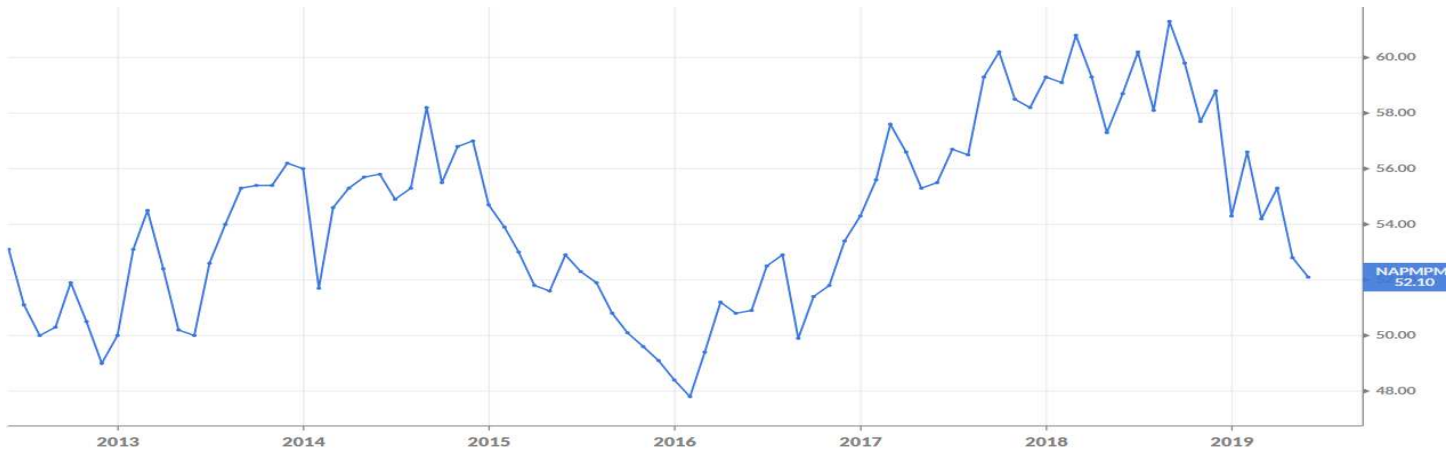
Macro Data & Indicators

We saw Macro conditions worsen in June in the US, Europe and Asia with most of the data coming in weaker month/month and below estimates. In the US May ISM Manufacturing hit a 2.5 year low, ADP Employment was the lowest since March 2010, and June regional Fed Surveys from Philly, Dallas, NY, Richmond, and Chicago all came in weak. Retail Sales was one area that showed a rebound even as consumer confidence dropped sharply in June. Housing data continued to weaken with new home sales coming in very poorly despite the sharp move lower in mortgage rates.

US Services PMI



US Manufacturing PMI



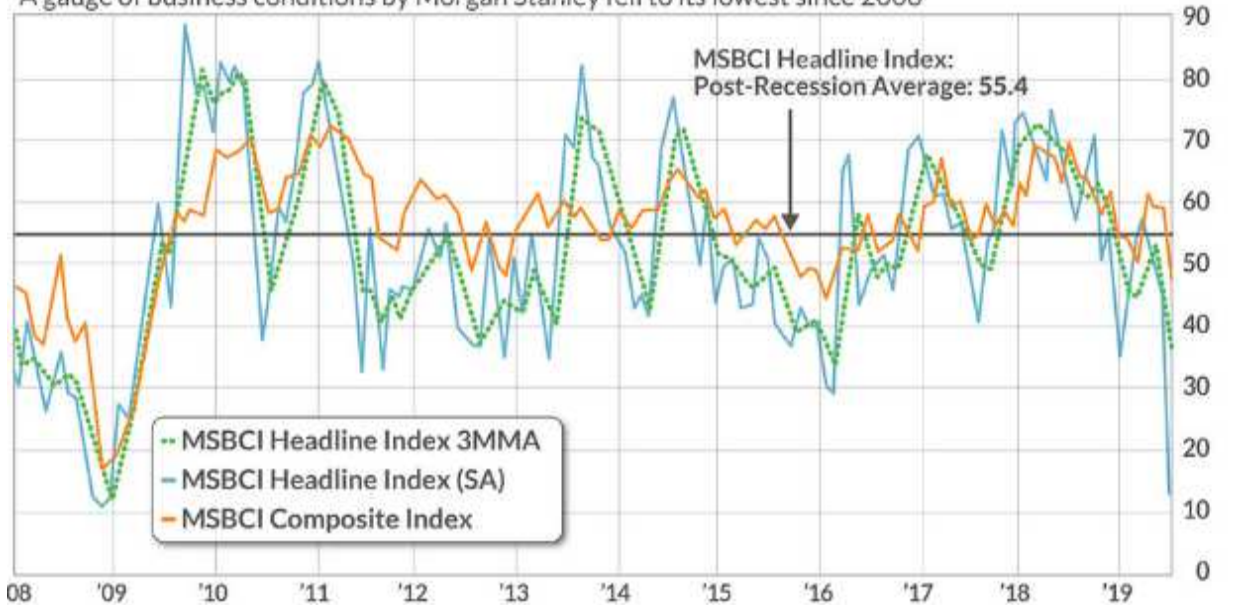
Citi Us Economic Surprise Index



Morgan Stanley Business Conditions Index

Tumbling business conditions

A gauge of business conditions by Morgan Stanley fell to its lowest since 2008



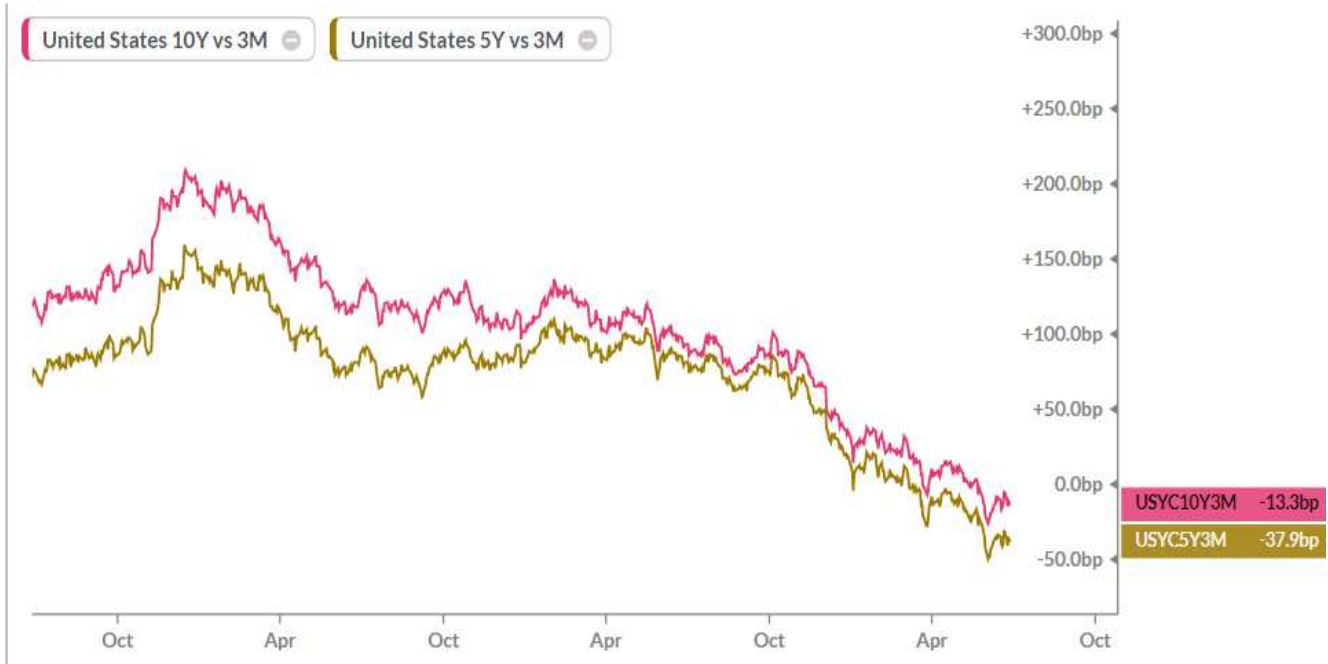
Source: Morgan Stanley Research

Central Banks

Accommodative monetary policy was the theme for June with the RBA kicking things off cutting rates, Draghi coming out dovish, and the Fed path now seeing expectations for multiple rate cuts in 2019 starting with a likely initial cut in July.

Bonds & Credit

Bonds continued to march higher in June with global yields remaining under pressure and the inverting yield curve in the US remaining problematic as a signal for economic concerns ahead.



Catalyst Watch

Date	Event
7/1 and 7/2	OPEC Meeting
7/5	US Jobs Report
7/7	Greece National Election
7/10	Fed's Powell Testifies
7/10	FOMC Minutes
7/14 and 7/15	China Q2 GDP, IP, Retail Sales, FAI
7/15	Earnings Season Kicks Off
7/24	July Flash PMIs
7/26	US Q2 GDP
7/31	FOMC Meeting
8/22	Fed Jackson Hole Conference
9/18	FOMC Meeting
9/30	US Budget Expires

Bull & Bear Flow Monthly Leaderboard

OPTIONSHAWK DATABASE AGGREGATE FLOW BIAS MONTH AHEAD

BULLISH	AVGO, NFLX, MSFT, CMCSA, ROKU, MCHP, MCD, PYPL, QURE, JPM, COUP, QSR, OUT, DIS, NXPI, SWK, NEE, TMUS, XENT, HP, GBT, OLLI, FOLD, JNPR, MA, MRTX, ALXN
BEARISH	JWN, KSS, KR, MAR, CRON, DBX, VMW, NTNX, ZM, HIIQ, IRBT, DLR, SQM, IRDM, LIN, WAB, UPS, WSM, USNA, UBER, ZGNX, VMC, DCPH, GPS, APH

Hawk Vision –3 Technical Set-Ups in Quality Fundamental Stocks (Hawk 400 Universe) with Options Flow

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

Cheneire Energy (LNG) shares setting up just below a major breakout level and narrowly consolidating with weekly MACD crossing bullish, potential to make a strong run. LNG has seen a good amount of options flow but most notable are the 1600 September \$60 and 12,500 September \$70 calls bought in open interest. It also has 3,000 January \$65 puts that were sold to open and upside calls bought in January 2020 expiration.



General Motors (GM) monthly chart shown below with shares in a downward channel since late 2017 highs but on its sell-off held long-term trend support and above \$39 can make some noise for a run to \$45. RSI is at a healthy level and MACD nearing a bull crossover on the monthly. GM has over 12,000 September \$36 and 15,000 September \$40 calls bought in open interest, and size in March 2020 \$37 and \$40 calls as well as plenty of other expirations and strikes that have leaned bullish.



Twilio (TWLO) has pulled back to the rising 13 week EMA and channel support on the weekly, a healthy pullback and looks to be a nice reward/risk level in the high flying Tech growth leader. TWLO has a lot of its size in July \$140, \$145, and \$150 strikes, so more of a shorter-term outlook for the option flows.



Options Radar Highlights

6/5/19

Next-Era Energy (NEE) on 6/5 with 1,980 July \$200 calls trading for over \$1.2M and follows recent accumulation of 1,220 September \$210 calls and 935 of the September \$200 calls. NEE has also seeing 3,750 January \$210 calls accumulate. On the chart shares have been in a strong trend since 2017 and making new highs this week, recently breaking out of a flag above \$193.75 that measures to a target of \$215. The \$98B Utility has screened as my top fundamental play in the sector for the last few years, trading 22.55X Earnings, 2.86X Book, 22.45X FCF and yielding a 2.44% dividend. NEE expects 11% top-line growth this year and EBITDA growth of 18.8% which follows 15.9% growth in 2018. NEE will host an Investor Day on 6-20. NextEra is the World leader in electricity generated from the wind and sun via the Energy Resources segment while its Electric Utility is focused on Florida. Analysts have an average target of \$202 on shares and short interest low at 1.1% of the float. The Investor Day will provide insights on the company's investment plan and capital allocation. KeyBanc started coverage at Overweight with a \$225 target on 6/4 citing a constructive Florida regulatory environment paving the way for significant growth. NEE is the best growth play in the sector while offering one of the strongest balance sheets. Hedge Fund ownership fell 8.5% in Q1 filings.

6/11/19

Advanced Auto (AAP) size buyers today of 4,150 September \$150 calls up to \$11.80 to open and follows buyers of \$545K in January \$155 calls last week. AAP has seen buyers in the June \$155 calls and January \$190 OTM calls over the last couple months as well, although today's action by far the most notable. AAP shares have lagged for much of 2019 and back at key support around \$150 which has held multiple times since mid-2018. MACD and RSI have reset back to key levels since a strong run last year and potential for a nice run with momentum out of this recent downtrend back to \$180. The \$10.98B company trades 16.2X earnings, 1.14X sales, and 17.6X FCF with 15% EPS growth and 2.5% revenue growth. The company is coming off a strong quarter with gross margins expanding driven by better product mix and their inventory management initiatives paying off. They've also done noticeable work to close under-performing stores and reduce expenses. AAP also posted strong comps in both DIY and professional despite weather issues in Q1. Analysts

have an average target for shares of \$191.25 with 14 buy ratings and 3 hold. CSFB with an Outperform and \$195 PT seeing plenty of top-line drivers including ramping benefits from cross banner visibility, marketing changes, potential upside from WMT partnership and other omni-channel initiatives. RBC with a \$178 PT and in May positive noting that the company continues to execute well in a tough environment and management has a lot of levers to significantly enhance performance, including better comp growth and 500+ bps of EBIT margin expansion. Short interest is 4% and down sharply from over 11.5% in 2017. Hedge Fund ownership fell 5% last quarter but activist Starboard Value remains a top holder with 3.175M shares, their second largest. The two reached a deal in November 2015 and Jeff Smith remains on their board.

6/19/19

Fibro-Gen (FGEN) with 2,500 November \$50 calls bought today to open for \$5.10 as shares continue to rebound off of recent lows. FGEN had some December \$45 ITM put sales yesterday around \$7 and recent buyers in the September \$50 calls as well around \$7.80. The only notable put positions in the name are set to expire this week. Shares have been weak in 2019 after trading up to \$61 in February but rebounding off of long-term channel support around \$35. Shares have room back up to \$55+ and continuation of the three-year trend higher as MACD and RSI on the weekly move off of oversold levels. The \$3.86B company trades 18.8X sales and 6.8X cash and about to enter the early stages of commercialization for their lead asset Roxadustat as a treatment for CKD. The company posted positive Phase 3 data late last year and in May pooled safety data continued to show overall non-inferiority and a positive benefit. The company expects to file an NDA in September/October. Analysts have an average target for shares of \$63 with 5 buy ratings and 2 hold. Jefferies positive on 5-10 defending shares and noting that Roxa continues to be clearly better than Epo and fear around their comments about initiating discussions with the FDA are overblown. The firm thinks the MACE data was a clear de-risking event which removes a major overhang because we now know that Roxa is not only safe but its risk/benefit is positive. The firm was out on 6-10 noting they expect more communication on an FDA agreement soon, a potential catalyst. Hedge Fund ownership dropped last quarter by 20% but BlueMountain Capital and Farallon two notable holders. Short interest is 5.2% and up from around 3% in late 2018.

6/24/19

Coupa (COUP) with opening sales 3800 July \$115 puts down to \$1.45 in early action and volume up to 9000 on the morning down to \$1.35, traders showing a willingness to own a lot of stock on a modest pullback to near the 20 day moving average. COUP also has over 3000 and 2000 respectively of the January \$115 and \$125 calls in open interest, though both blocks traded as sales, potentially writing against a stock position. COUP shares broke out of a bull flag near \$99 and currently quite overbought. The \$7.85B Software Co. trades 21.5X EV/Sales as one of the higher valuation names, but also early stage penetration generating 39% revenue growth the last two years and expecting 33% this year. COUP presented at the Inspire Conference yesterday. COUP is a big cloud play on Business Service Management, and sees a path to \$1B in revenues with a \$56B TAM. It has 900 current customers with a target of 100,000 customers. COUP is seeing strong billings growth and expanding usage while operating margins have inflected positively to +5%. It has 11% FCF margins making it a top SaaS "Rule of 40" name. Analysts have an average target of \$117 with short interest high at 13% of the float and rising 53% Q/Q to a new record high. BAML started shares Buy with a \$120 target on 5-13, noting "Coupa is likely to continue gaining share of the \$15 billion spend management applications market, given a number of compelling advantages such as 1) leading cloud market position, 2) ease of deployment/use (3 to 9 month implementation cycles, vs 6 to 18 months), 3) large network of 4 million suppliers and 4) large data set with 1.08 trillion cumulative spend for optimization, and 4) breadth of offering, across procurement, invoicing,

expense, sourcing, contract management, workforce procurement and analytics. Also, the recent launch of B2B payments offering significantly expands Coupa's addressable market to an estimated additional \$96 billion. Net revenue retention has grown toward the high end of the target range of 108% to 112% from 105% at the end of FY17 from cross selling. With the average customer still running only one of six power user applications, and more to be launched, we expect a long runway for cross selling. Finally, we believe that healthy customer economics (LTV/CAC ratio of 13x vs 4x industry average) is a leading indicator for margin expansion over time. " OpCo raised its target to \$130 last week. Hedge Fund ownership was down modestly in Q1 filings, though Whale Rock holds as its 3rd largest position and added more.

Trades of the Week

Posted Weekly at OptionsHawk.com <https://www.optionshawk.com/trade-of-the-week/>

Earnings Recap

It was a quiet month of earnings for the most part but Software continued to be the most bullish theme with strong numbers from Salesforce, Adobe, Coupa, Zoom, Mongo-DB, Smart-Sheet and Progress Software. We saw some strong numbers out of consumer-focused growth names like Five-Below, Lululemon, Stitch-Fix and RH. Parsons (PSN) was a recent IPO that came out and posted a real strong quarter. Micron (MU) provided the Semi group with a lift calling for better demand in 2H and many thinking it may have troughed. Ciena (CIEN) and Jabil (JBL) were impressive reports for Tech hardware. Constellation (STZ) closed the month with a strong beat and raise.

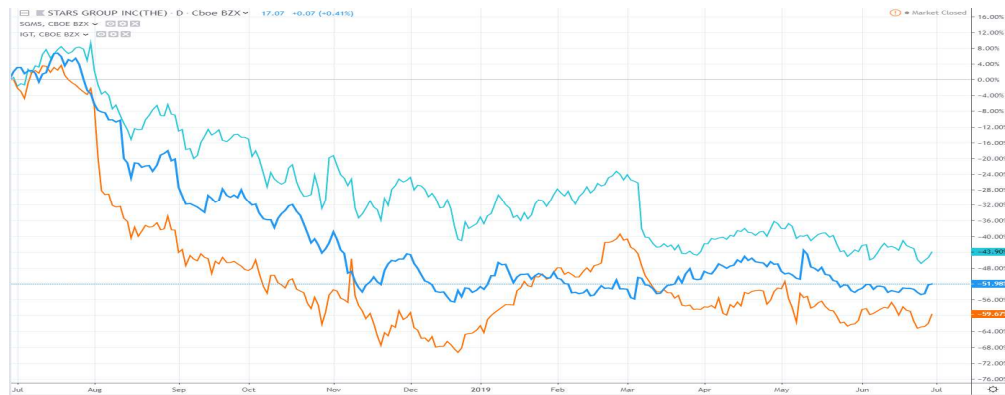
<u>Strong Beats</u>	<u>Bullish Themes</u>	<u>Weak Outlooks</u>	<u>Bearish Themes</u>
FDS, INFO	Financial Data/Services	GIS, CAG	Consumer Goods
LULU	Athletic Apparel	NUE, MT, X	Steelmakers
LEN, KBH	Homebuilders	CCL	Cruise / Travel
ADBE, ORCL	Software Leaders	THO	RV's
COUP, CRM, MDB, SMAR, PRGS	Cloud/SaaS	KR	Grocers

Theme of the Month

Sports Betting

Legalized sports betting was back in focus last week nearly one year after the Supreme Court struck down the 1992 federal law which had prohibited it. On Friday, Illinois governor Pritzker signed into law a sports betting bill after a long and contentious run. On Thursday in California two lawmakers introduced a bill which would open up betting in one of the largest states in the lower 48. And finally, on Thursday, history was made when New Jersey topped Nevada for the first time ever in bets for the month. NJ books took in \$318.9M in bets vs \$317.4M in wagers in Nevada. Since SCOTUS's monumental decision last May, seven states have full-scale legalized betting while eight others have recent bills passed. 27 states have bills introduced but not passed.

The repeal of 1992's PASPA created a big stir among investors last year as people evaluated the potential market size, expansion opportunities, and inflows. A number of names rallied on the news and then faded and have underperformed significantly since the decision including **Stars (TSG)**, **Scientific Games (SGMS)**, and **International Game Tech (IGT)**. A 1-year chart shows they have all lagged:



There are plenty of hurdles to reaching some of the peak forecasts that have been discussed for the sector but optimism is likely warranted long-term. Sports betting is estimated to be a \$10B to \$15B market given the fanaticism around sports, general acceptance of gambling in the US, and potential for growth in mobile or remote betting. The illegal market in the US is estimated to be around \$6B to \$10B. Credit Suisse estimates that the actual market will be around \$4.5B in 2023 with 20 states reaching full legalization (up from seven now). This assumes that a number of ‘tipping point’ states gain positive momentum soon while some of the larger markets may need a ballot amendment to move forward. Connecticut and Michigan are expected to be the next states to pass a full-scale bill. Maryland, South Carolina, Missouri, and Kentucky are among others to watch in 2019.

There are four key names to watch in the space:

Stars Group (TSG) is a \$4.64B provider of online gaming and betting businesses across Europe, Australia and the US. TSG is most well-known for their poker portfolio including PokerStars and Full Tilt. In April 2018, however, the company announced a \$4.7B deal to buy Sky Bet which gave them huge inroads to the sports betting field and the company has the size and scale to make a significant impact in the US. In May 2019, the company announced a landmark deal with FOX Sports to launch FOX Bet into the US market. The deal gives them, “a large and low cost customer acquisition channel for sports betting in the US.” TSG expects to give an update in August on the venture. FOX has also made a strategic investment in TSG as part of the deal. Shares trade 6.94X earnings and 2.10X sales.

Date	Description	Volume	Open_Int	Price	%Change	Delt	Impl Vol	Prob.ITM	Premium Paid
6/26/2019	TSG 100 15 NOV 19 20 CALL	4,125	852	\$0.94	-1.05%	0.32	50.10%	22.05%	\$391,875
5/13/2019	TSG 100 15 NOV 19 17.5 PUT	1,126	394	\$1.95	21.88%	-0.34	50.68%	47.73%	\$219,570
4/22/2019	TSG 100 15 NOV 19 15 PUT	2,138	445	\$0.85	-5.56%	-0.19	48.80%	30.17%	\$192,420
4/8/2019	TSG 100 17 JAN 20 22.5 CALL	1,250	38	\$2.00	3.63%	0.43	47.84%	27.47%	\$262,500
4/8/2019	TSG 100 17 JAN 20 25 CALL	1,251	157	\$1.40	-12.50%	0.33	47.45%	19.72%	\$187,650

MGM Resorts (MGM) is a \$15.5B leading casino operator in the US with properties from Las Vegas to Atlantic City. MGM also has significant properties in NY. The company has been investing in expanding their sportsbook to other regional casinos such as Mississippi where they noted in April visitation has jumped due to their sports book. They’ve also developed a mobile app with GVC and signed deals with the NBA, NHL, and MLB to cross-promote. They signed a unique partnership with Boyd Gaming (BYD) as well to offer online and mobile betting platforms across each of their physical casinos where a license has been granted. In all, MGM has done more work than others to set up a wide-ranging infrastructure to making sports betting a significant growth driver. President Bill Hornbuckle on the recent conference call:

“We’ve gotten through some of our earlier challenges around getting our mobile apps up. So I intend that we will gain share. We are obviously in this for the long haul. We have a massive partner with GVC. Obviously, our networks with all of the leagues have been and will continue to be very productive force in the long run. And then the interesting thing is, if you looked at Beau and Tunica’s results, I think EBITDA in Beau is up 17% and Tunica was up 38% and a goodly portion of that was driven solely by people coming in for sporting events and then the general activity cases around that. So we see significant upside not only in retail but ultimately in mobile. The other affirmative thing is - and look I don’t want to jinx this here, but it looks like Mass, Ohio and Michigan are all strong movers for 19 legislation and we like where those bills stand in terms of our ability to exercise on them and get full benefit from them. So overall we’re fairly - we’re very

optimistic. We recognize on mobile in New Jersey even though we got off to a slow start, but I promise you, we will catch steam in a hurry here.”

Date	Description	Volume	Open.Int	Price	%Change	Delt	Impl Vol	Prob.ITM	Premium Paic
6/28/2019	MGM 100 16 AUG 19 30 PUT	1,450	42	\$2.38	9.17%	-0.69	29.79%	72.90%	\$345,100
6/28/2019	MGM 100 16 AUG 19 30 CALL	1,481	5,418	\$0.66	-10.81%	0.32	32.09%	28.29%	\$100,708
6/27/2019	MGM 100 (Weekly) 2 AUG 19 30 PUT	1,450	1	\$2.10	-12.50%	-0.69	30.84%	72.26%	\$308,850
6/26/2019	MGM 100 17 JAN 20 28 CALL	2,500	1,096	\$2.65	13.25%	0.54	31.42%	45.55%	\$662,500
6/11/2019	MGM 100 16 AUG 19 29 CALL	5,063	292	\$1.17	11.43%	0.43	33.72%	37.44%	\$597,434
6/11/2019	MGM 100 16 AUG 19 30 CALL	6,710	121	\$0.86	17.81%	0.34	34.56%	28.62%	\$577,060
6/11/2019	MGM 100 20 DEC 19 25 PUT	1,315	15	\$1.36	-43.33%	-0.28	34.40%	36.82%	\$181,470
6/7/2019	MGM 100 17 JAN 20 27 CALL	3,000	2,140	\$2.49	-0.40%	0.51	32.89%	41.44%	\$741,000
6/4/2019	MGM 100 19 JUL 19 27 CALL	5,151	351	\$0.39	95.00%	0.27	28.23%	23.50%	\$206,040
5/16/2019	MGM 100 19 JUL 19 25 CALL	1,014	159	\$2.05	17.14%	0.7	28.68%	66.25%	\$207,870

International Game Tech (IGT) is a \$2.66B provider of gaming technologies and products. They primarily do work with lotteries, electronic machines, and interactive gaming but have built out significant sports betting platforms as well. The company processed \$12B in sports bets worldwide last year. They're establish in some of the most mature markets in the world like the UK. IGT has multi-channel products like mobile and other interactive products which can bridge the on-premises gaming to the user device as well as tailored specific to each state depending on different rules and regulations imposed. Currently, they are in six states and expect to enter Pennsylvania soon. They are also powering FanDuel's market-leading tech in their New Jersey sportsbook. Shares trade 9.6X earnings, 0.56X sales, and 9.2X cash.

Date	Description	Volume	Open.Int	Price	%Change	Delt	Impl Vol	Prob.ITM	Premium Paic
6/27/2019	IGT 100 17 JAN 20 11 CALL	476	0	\$2.30	N/A	0.68	48.09%	54.70%	\$109,480
6/12/2019	IGT 100 19 JUL 19 12 PUT	5,328	956	\$0.33	65.00%	-0.252	46.85%	30.46%	\$175,824
4/12/2019	IGT 100 19 JUL 19 16 CALL	10,227	10,491	\$0.58	20.83%	0.31	43.90%	23.85%	\$613,620
3/14/2019	IGT 100 18 OCT 19 15 CALL	2,390	29	\$1.07	-6.96%	0.4	44.85%	27.70%	\$262,900
3/7/2019	IGT 100 19 JUL 19 16 CALL	10,004	458	\$0.95	-66.07%	0.41	44.57%	30.96%	\$1,050,420
1/16/2019	IGT 100 19 JUL 19 21 CALL	1,500	27	\$0.70	-30.00%	0.25	54.29%	14.56%	\$120,000
11/9/2018	IGT 100 17 JAN 20 20 CALL	5,000	51	\$2.20	-38.89%	0.406	53.39%	21.84%	\$1,100,000

Scientific Games (SGMS) is a \$1.96B company which develops technology for gaming, lottery and digital industries similar to IGT. SGMS has partnered with Caesars to launch sports betting in states like Pennsylvania, Mississippi, and New Jersey using their Open Bet platform and launched in early 2019. They announced a deal earlier this year to acquire Don Best, a global supplier of real-time betting data and pricing, which will expand their odds-making capabilities. Earlier this year they also won a long-term contract with Wynn to provide sports betting and iGaming solutions. In May, Barry Cottle, CEO of SGMS, spoke about the slow start for the industry and how SGMS is going about differentiating themselves in a crowded field:

“The reality is the U.S. sports betting and iGaming continues to be dependent on legislation passing, and then there's obviously a time frame of ramp-up that happens post that. So we're keeping the perspective that we're still in the early stages and -- but we believe it'll continue to play out over time. The thing that we have been talking about since the beginning is that if you look what happened in the U.K. market and you see who became the eventual winners, the people who become the eventual winners are the ones that built the best -- basically the most robust product that has -- that could be customized and differentiated from the competitors, that is able to handle the volume that is necessary so that it doesn't -- systems don't go down. It's reliable. It's fast. Players can get to the bets that they want in and out, et cetera, et cetera. We believe that we have, on a worldwide basis, proven that we have that best product. And once you get past this kind of initial rushing of going out and spending a ton of marketing, et cetera, to try to capture early share, what you'll see that plays out in the marketplace is the best product will win.”

Date	Description	Volume	Open.Int	Price	%Change	Delt	Impl Vol	Prob.ITM	Premium Paic
6/7/2019	SGMS 100 15 JAN 21 30 CALL	1,001	123	\$4.03	-4.05%	0.48	62.58%	19.84%	\$420,420
6/6/2019	SGMS 100 19 JUL 19 21 CALL	2,031	240	\$1.00	-33.33%	0.39	57.89%	31.33%	\$203,100
5/10/2019	SGMS 100 19 JUL 19 22 CALL	3,850	2,386	\$2.20	7.32%	0.53	59.53%	42.72%	\$847,000
4/1/2019	SGMS 100 18 OCT 19 29 CALL	1,202	15	\$1.40	-24.32%	0.31	59.92%	17.28%	\$186,310
3/15/2019	SGMS 100 18 OCT 19 25 CALL	1,000	3,021	\$3.70	12.12%	0.54	60.36%	35.67%	\$390,000
3/14/2019	SGMS 100 18 OCT 19 25 CALL	3,000	20	\$3.40	-41.88%	0.51	60.49%	32.90%	\$1,020,000
3/12/2019	SGMS 100 15 JAN 21 40 CALL	11,467	4,705	\$4.05	-30.17%	0.43	61.14%	15.62%	\$4,701,470

Industry Snapshot of the Month

Engineering & Construction (E&C): Infrastructure and Services

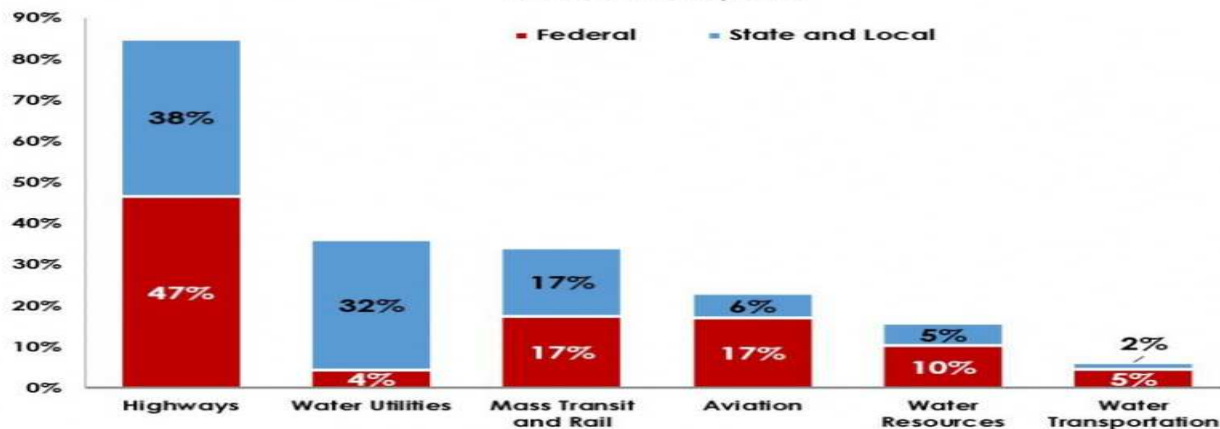
Infrastructure Components: ACM, AEGN, AGX, DY, FLR, GVA, IESC, JEC, MTZ, PRIM, PWR, ROAD, STRL, TPC, WMS

Services Components: AMRC, GLDD, KBR, MYRG, NVEE, TTEK, VSEC, WLDN, EME, STN

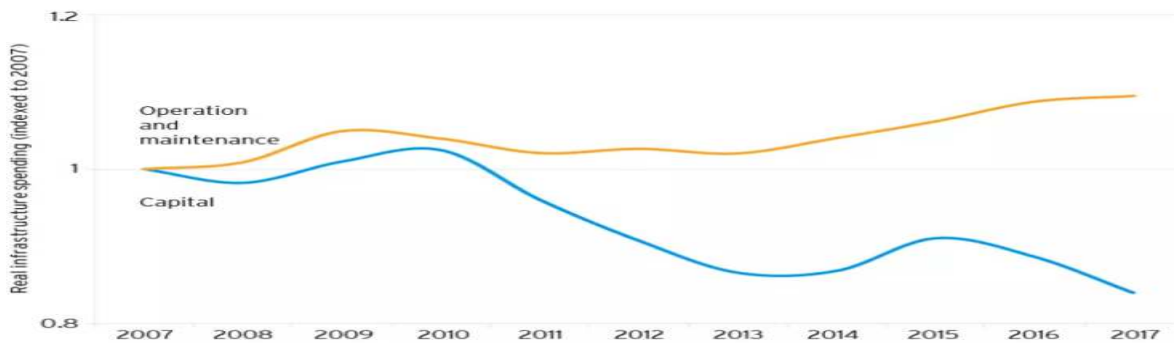
International & Private Components: Bechtel, Tuner Construction, Kiewit, Skanska, PCL Construction, Whiting-Turner, CB&I, Clark Group, Gilbane Building, Walsh Group, DPR Construction

The Engineer & Construction group is one I have broken into Components/Services and driven by infrastructure spending worldwide. There are twenty-five public companies focused on here but also provided some of the larger players in International and private markets. Each of these names tends to have a focus on certain end-markets while many are diversified. Consolidation has been a theme in the industry with URS Corp., Payne Christensen, Parsons Brickerhoff, MWH Global, and CH2M names that have been acquired. While federal, state, and local governments have spent nominally more on infrastructure in recent years, the rising cost of materials has reduced their real spending power. As a result, real infrastructure spending nationally has fallen over the past decade, from \$450.4 billion in 2007 to \$440.5 billion in 2017. The decline in real infrastructure spending masks a more significant trend unfolding across the country: increased spending on infrastructure operation and maintenance along with decreased spending on capital projects. Put another way, the U.S. is spending much more money to make sure our existing infrastructure systems are functioning properly and much less on building out new systems or carrying out other significant upgrades. Spending on transportation—including highways, mass transit, rail, aviation, and water transportation—continues to account for the biggest share (67.8 percent) of all U.S. public infrastructure spending and dropped from \$303.0 billion in 2007 to \$298.8 billion in 2017. The other major category of public infrastructure, water infrastructure, has also seen a drop in spending over the past decade. Spending on drinking water, wastewater, and other water resources like lakes and reservoirs makes up the remaining 32.2 percent of all U.S. infrastructure spending. Yet, despite its smaller share compared to transportation, real spending on water infrastructure fell more, from \$147.4 billion in 2007 to \$141.7 billion in 2017. And although spending on water operation and maintenance increased \$11.3 billion over this same period, a huge drop in capital spending (-\$16.9 billion) explains the overall declines seen nationally.

Figure 1. Government Spending on Transportation and Water Infrastructure, 2017

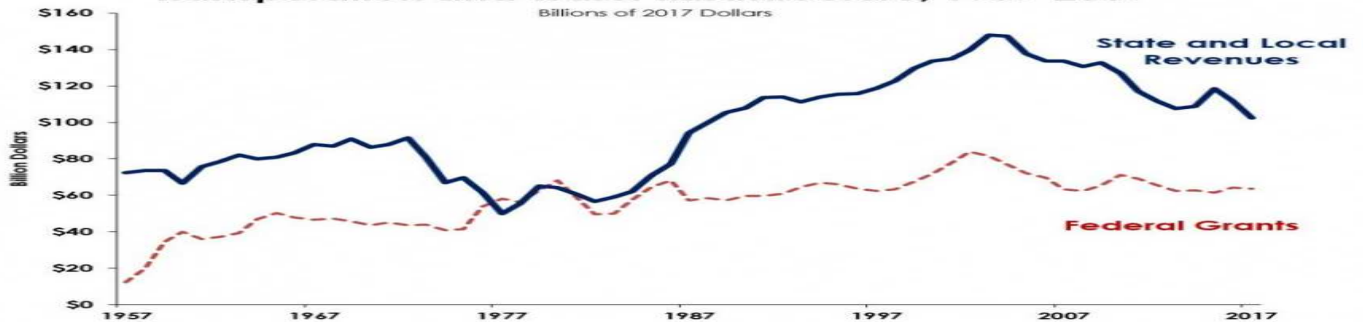


Indexed change in United States public infrastructure spending
By category of spending, 2007 to 2017



It was reported in late April that Trump and the Democrats agreed to a \$2 Trillion in infrastructure spending though it was later rescinded as a political tool. A major infrastructure spending bill would provide a strong economic stimulus at a stage when economic growth appears to be slowing. In addition, legislators are discussing ways to create a viable revenue stream to fund infrastructure spending. One option is to pass legislation allowing the sale of Rebuild America bonds that could potentially raise \$300 billion to fund a national infrastructure “bank” to provide funds or low-interest loans for infrastructure needs.

Figure 4. State and Local Capital Spending on Transportation and Water Infrastructure, 1957-2017



FARM BUREAU®

Source: CBO

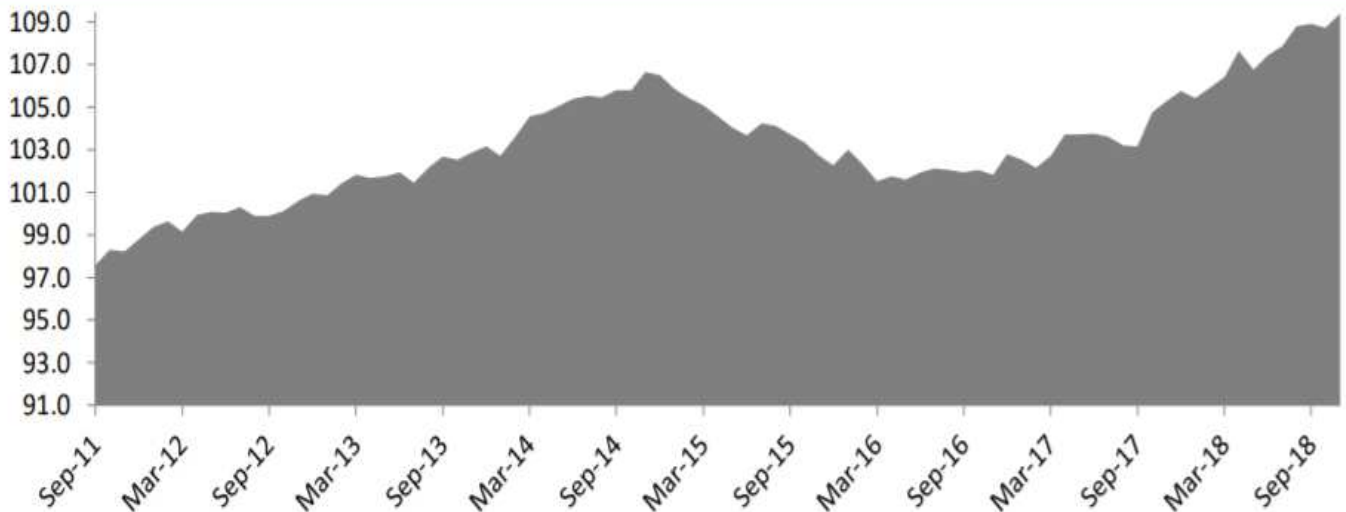
Cumulative Infrastructure Needs by System Based on Current Trends, Extended to 2025

ALL VALUES IN BILLIONS OF CONSTANT 2015 DOLLARS

2016-2025 (10 YEARS)			
Infrastructure Systems	Total Needs	Estimated Funding	Funding Gap
Surface Transportation ¹	\$2,042	\$941	\$1,101
Water/Wastewater Infrastructure ¹	\$150	\$45	\$105
Electricity ²	\$934	\$757	\$177
Airports ¹	\$157	\$115	\$42
Inland Waterways & Marine Ports ¹	\$37	\$22	\$15
Dams ²	\$45	\$5.6	\$39.4
Hazardous & Solid Waste ³	\$7	\$4	\$3
Levees ⁴	\$80	\$10	\$70
Public Parks & Recreation ⁵	\$114.4	\$12.1	\$102.3
Rail ⁶	\$154.1	\$124.7	\$29.4
Schools ⁷	\$870	\$490	\$380
TOTALS	\$4,590	\$2,526	\$2,064

Infrastructure Solutions have typically been driven by Industrial Production and Heavy Industrial Spending. The American Society of Engineers (ASCE) 2017 Infrastructure Report card gave America a “D+” with significant deficiencies in Transportation, Water, and Energy infrastructure sending the grade down from an initial “C” in 1988. The estimated annual cost to improve America’s infrastructure has risen nearly 77% in two decades, from an estimated \$260 billion per year in 1988 to nearly \$460 billion in 2017.

INDUSTRIAL PRODUCTION



The Dodge Momentum Index is a 12-month leading indicator of construction spending for non-residential.






In this group we look at a number of key metrics and valuation techniques with EV/EBITDA, EBITDA Margins Backlog and Book to Bill among the most important. The trend has been “portfolio optimization” as companies look to exit the more cyclical industries and focus on higher growth, higher margin areas like Technology Solutions and Consulting/Engineering Services.

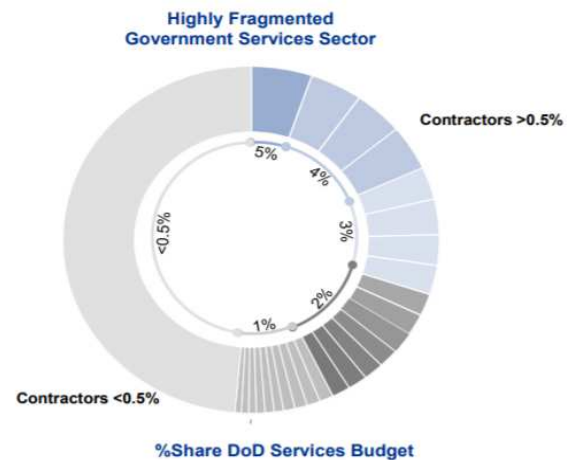
Comparisons View (Components)

Tickers	Company Name	Current Market Cap	LTM EV/EBITDA (Yesterday) (x)	EBITDA Adjusted [% Change, FY2018 - FY2019] (%)	FY2 P/E (x)	FY2 Diluted EPS - Adjusted YoY (%)	FY1 Revenue YoY (%)	FY2 Revenue YoY (%)	LTM EBITDA Margin - Adjusted (Dec 14, 2018) (%)	3 Year ROIC	FY2017 Net Debt/EBITDA (x)	EBITDA - Adjusted [CAGR, FY-1 - FY2] (%)
ACM	AECOM	5,955.46	10.3x	13%	11.79x	13.75%	3%	2%	4.15%	7.62	4.0x	6%
AEGN	Aegion Corp	584.27	8.4x	-3%	13.63x	13.45%	-6%	3%	7.72%	5.30	0.6x	0%
AGX	ARGAN INC	634.09	37.0x	-60%	9.02x		-22%	118%	10.36%	(4.06)	(1.2x)	-4%
DY	DYCOM INDUSTRIES INC	1,853.40	8.2x	-14%	18.01x	29.18%	8%	5%	10.87%	8.82	0.6x	-1%
FLR	FLUOR CORP	4,714.15	6.1x	-13%	12.21x	63.78%	-1%	7%	3.80%	11.66	(0.5x)	8%
GVA	GRANITE CONSTRUCTION INC	2,255.42	18.3x	37%	11.53x	42.72%	13%	9%	6.18%	4.54	(1.0x)	34%
IESC	IES Holdings, Inc.	402.80	8.7x						3.95%	44.25		
JEC	Jacobs Engineering Group Inc.	11,528.42	12.4x	-9%	15.37x	17.93%	-19%	6%	8.47%	8.73	(0.6x)	19%
MTZ	MASTEC INC	3,930.80	7.3x	10%	10.18x	11.62%	11%	6%	10.44%	6.76	1.8x	10%
PRIM	Primoris Services Corp	1,066.01	6.0x	8%	9.73x	27.98%	9%	9%	7.03%	5.06	0.6x	15%
PWR	QUANTA SERVICES INC	5,427.48	7.1x	5%	10.35x	2.06%	2%	5%	7.71%	5.11	0.6x	13%
ROAD	Construction Partners, Inc.	772.25	9.6x	20%	15.33x	18.07%	17%	7%	11.04%			17%
STRL	STERLING CONSTRUCTION CO INC	354.51	6.6x	11%	9.13x	31.25%	6%	6%	5.45%	(5.05)	0.6x	19%
TPC	TUTOR PERINI CORP	694.93	5.5x	26%	4.87x	34.50%	11%	11%	4.60%	3.66	2.5x	16%
WMS	ADVANCED DRAINAGE SYSTEMS, INC.	1,894.68	12.4x	-4%	20.44x	10.09%	5%	4%	16.66%	5.12	2.2x	9%
Average		2,804.58	10.9x	2%	12.26x	24.34%	3%	14%	7.89%	7.68	0.8x	12%
Median		1,853.40	8.4x	6%	11.66x	18.07%	6%	6%	7.71%	5.21	0.6x	12%
Max		11,528.42	37.0x	37%	20.44x	63.78%	17%	118%	16.66%	44.25	4.0x	34%
Min		354.51	5.5x	-60%	4.87x	2.06%	-22%	2%	3.80%	(5.05)	(1.2x)	-4%

A few notes on the components grouping:

Jacobs Engineering (JEC) is the clear leader in this group with it trading a bit rich at 12.4X EV/EBITDA but delivering strong growth, a high ROIC, and best-in-class margins. JEC has optimized its portfolio exiting ECR and acquiring CH2M. It is now focused on higher growth and higher margins sectors expanding into secular growth markets like digital solutions. It also did a smaller deal for KeyW and continues to have a lot of financial flexibility. It sees FY21 with 3-5% organic revenue growth, improving margins, double digit EBITDA growth and ROIC approaching double digits. The Aero, Nuclear and Tech segment has been winning large contracts.

Market	Total Annual Addressable Market	Industry 5yr CAGR	Key Organic Growth Areas
 Government Services	\$340B	1%-2%	<ul style="list-style-type: none"> Next Gen capabilities of cyber, cloud and analytics Enterprise IT Intelligent Asset Mgmt. Engineering Services Nuclear defense support & remediation
 International	\$80B	4%-6%	<ul style="list-style-type: none"> Cyber Engineering Nuclear Defense Support
 Commercial	\$12.2B	3%-4%	<ul style="list-style-type: none"> Automotive Telecommunications



JACOBS

MASTEC (MTZ) has long been a favorite for me in this group and continues to screen well versus peers trading 7.3X EV/EBITDA with a 6.75% 3-year ROIC, and double digit EBITDA growth. The \$3.75B Company is a leading infrastructure play focused on Wireless/Wireline, Energy Pipelines, and Electrical Transmission. It is a specialty contractor with 47% exposure to the Oil & Gas industry that has a 12 year revenue growth CAGR of 19% and 24% EBITDA CAGR. Backlog is hitting a new record of \$8B as of Q1 2019. Its communications segment will be a beneficiary of the big spending acceleration in Fiber/5G. The strong growth of production in the Permian Basin is driving multiple pipeline opportunities. MTZ is also a top contractor in wind farm construction which is seeing substantial growth in capacity with cost of wind energy down.

Granite Construction (GVA) with a \$2.25B market cap screens strong on growth though also the richest valuation at 18X EV/EBITDA while EBITDA margins of 6.2% are fairly low. It has strong exposure to California for around 30% of revenues. GVA is the leader for highways and #2 for sanitary storm sewers while also having exposure to Mining, Solar, and Bridges. Valuation on EV/EBITDA would keep me on the sidelines for now, though a PE of just 11.5X, but thought it was worth highlighting as a top name growing nicely.

2018 Segment Overview

Transportation

\$1,977M Revenue
\$190M Gross Profit

Water

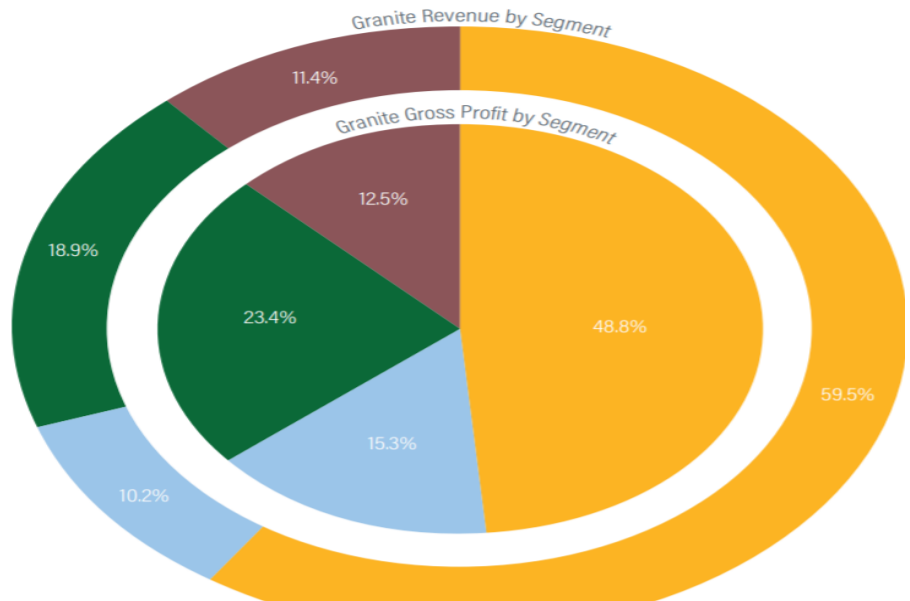
\$338M Revenue
\$60M Gross Profit

Specialty

\$627M Revenue
\$91M Gross Profit

Materials

\$377M Revenue
\$49M Gross Profit



Construction Partners (ROAD) is a newer name to this group that screened attractively at 9.6X EV/EBITDA with 11% EBITDA margins and a very strong growth profile. The \$740M Company is a vertically integrated civil infrastructure market leader in the Southeastern US. Its main focus is in roadways while also having exposure to Bridges, Concrete Structures, and Storm Drainage. Southeastern US local governments have been applying increased gas taxes to fund road work. ROAD is a niche name with operations in just five states but would make a compelling acquisition target for Granite Construction (GVA).

IES Holding (IESC) is an intriguing small cap trading 8.7X EV/EBITDA after posting 16.5% and 8.2% topline growth the last two years with 4% and 3.7% EBITDA growth. It has a very strong balance sheet and the CEO has been active accumulating shares. Its focus is on power & connectivity with increasing market share and is outpacing industry growth with exposure to data center helping numbers. Its Residential segment focuses on electrical installation, particularly single family homes. The Commercial segment deals with HVAC design, construction and maintenance.

Aecom (ACM) recently became a target of Starboard Value which owns 4% of the Company and has seen some September call buying, urged for a more expansive strategic review.

Next to look at the comparisons tables for the Services names:

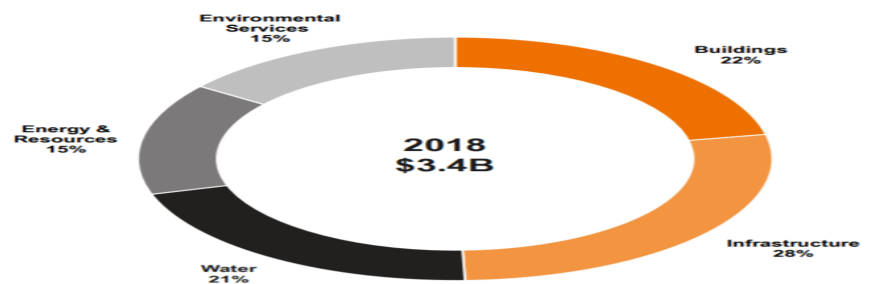
Tickers	Company Name	Current Market Cap	LTM EV/EBITDA	EBITDA Growth	FY2 P/E (x)	FY2 Diluted EPS - Adjusted YoY (%)	FY1 Revenue YoY (%)	FY2 Revenue YoY (%)	EBITDA Margin	3 Year ROIC	Net Debt/EBITDA	EBITDA 3 Year CAGR
AMRC	Ameresco, Inc.	714.01	10.0x	8%	15.51x	21.79%	8%	6%	10.74%	3.50	2.4x	21%
EME	EMCOR GROUP INC	4,941.77	10.4x	8%	15.19x	5.62%	6%	2%	6.06%	12.91	(0.2x)	5%
GLDD	Great Lakes Dredge & Dock CORP	697.54	6.6x	9%	17.25x	6.67%	15%	0%	15.20%	0.05	2.5x	30%
KBR	KBR, INC.	3,527.73	9.0x	-4%	13.12x	13.91%	13%	10%	8.25%	38.15	0.3x	13%
MYRG	MYR GROUP INC.	620.38	6.5x	10%	13.40x	19.43%	19%	6%	5.84%	7.14	(0.3x)	18%
NVEE	NV5 Global, Inc.	1,024.47	18.2x	34%	17.84x	17.99%	26%	8%	12.37%	14.61	0.0x	27%
STN	STANTEC INC	2,680.36	12.9x	40%	13.39x	13.68%	12%	5%	10.15%	7.04	0.7x	17%
TTEK	TETRA TECH INC	4,336.96	16.7x	5%	23.62x	9.92%	7%	8%	11.58%	9.13	0.8x	7%
VSEC	VSE CORP	312.86	3.2x						13.63%	7.11		
WLDN	Willdan Group, Inc.	414.48	17.7x	73%	13.59x	12.30%	-26%	11%	7.86%	25.89	(0.7x)	41%

Tetra Teck (TTEK) has been a favored play highlighted the past three years in my annual market outlook for this group, though now at 16.7X EV/EBITDA shares appear fully valued. It remains the highest quality name, but in looking for a better opportunity the newer name to highlight is **Stantec (STN)**. STN trades 12.9X EV/EBITDA with 10.15% EBITDA margins, a strong balance sheet, and a 17% EBITDA CAGR. The \$2.66B Company trades 10X earnings with a 1.79% dividend yield with Debt/Equity just below 1. The Canadian company actually has 53% exposure to the US with diverse end-markets. It sees the four key trends as Digital, Urbanization, Climate Change, and Infrastructure Renewal and is investing in high-growth markets.

Business mix by Net Revenue



Diversified business portfolio



MYR Group (MYRG) is the small cap value name trading just 6.5X EV/EBITDA with an 18% EBITDA CAGR and 7% ROIC, though EBITDA margins at 5.84% are a bit low. The \$605M Company is focused on electrical contracting and sees favorably industry dynamics. It is a pure-play on the Utility sub-sector and is attractively valued with a clean balance sheet.



NV5 (NVEE) and **Wildan (WLDN)** are two small cap growth favorites in this group and lean more favorably to NVEE for the margin superiority. NVEE is a high margin name at EBITDA margins above 12.3% and a 3 year ROIC near 15% while having very little debt. The \$1B Co. is a leading provider of engineering and consulting services operating with five service verticals, Environmental, Infrastructure, Energy, Construction Quality, and Building Program Mgmt. Backlog has been steadily rising hitting \$441M in Q1 2019. NVEE has been generating strong organic growth while also making selective acquisitions. NVEE is a top growth name that is also an excellent capital allocator and has a massive market opportunity ahead of it with expanding budgets for infrastructure spending.

M&A Deal of the Month

M&A was a major theme in June as a number of deals came in across multiple industries including a few mega-deals. We had large deals in Pharma, Biotech, Aerospace/Defense, Software, and Semiconductors. A few of the larger ones included:

- Cap-Gemini agreed to acquire Altran in a \$4.1B IT deal overseas
- AbbVie (ABBV) announced a \$63B deal for Allergan (AGN)
- El Dorado (ERI) announced a \$17.3B deal for Caesar's (CZR)
- United Health (UNH) acquired Equian for \$3.2B
- Sotheby's (BID) received an offer to go private at a \$3.7B valuation
- Pfizer (PFE) announced an \$11.4B deal for Array Bio (ARRY)
- CJ Energy (CJ) and Keane Group (FRAC) agreed to a \$1.8M merger of oil service providers
- Dassault agreed to pay \$5.8B for Medidata Solutions (MDSO)
- Shutterfly (SFLY) was acquired by Apollo (APO) for \$2.7B
- United Tech (UTX) announced a merger with Raytheon (RTN) creating a massive Aerospace/Defense leader
- Google (GOOG) acquired Looker for \$2.6B
- Salesforce.com (CRM) acquired Tableau (DATA) for \$15.7B
- Blackstone (BX) announced an \$18.7B deal for GLP Warehouses US
- Infineon announced a EUR9B deal for Cypress Semi (CY)
- Blackstone (BX), Lego Family agreed to a \$7.5B deal for Merlin

The **Pfizer (PFE)** deal for **Array (ARRY)** was one of the most interesting deals as it came at a strong 60% premium and options activity in ARRY was well-positioned for the move. Biotech M&A should remain a theme as a lot of the larger companies are struggling to grow due to no longer being able to boost numbers via pricing instead of volumes, and many facing patent cliffs for key assets. It is also an area where the large players have an ample amount of cash and we still have **Gilead (GILD)**, **Amgen (AMGN)**, **Merck (MRK)**, **Biogen (BIIB)** and a few others having already commented they are hunting for acquisitions.

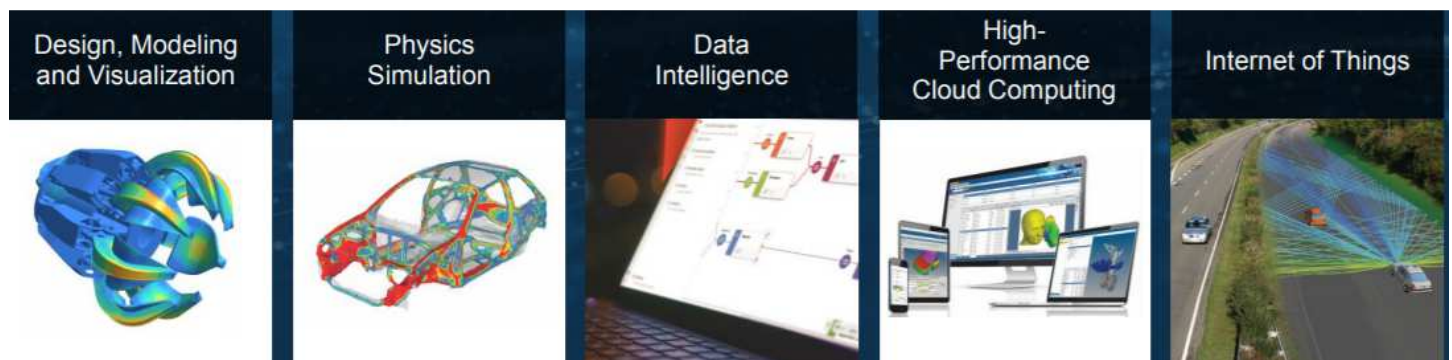
Gene Therapy remains one of the more attractive spaces and **UniQure (QURE)** has seen reports it is weighing a potential sale while **BioHaven (BHVN)** remains a name that is also seeking a sale. RBC was out with a note in late June highlighting **AstraZeneca (AZB)**, **Biogen (BIIB)**, **Blueprint (BPMC)**, and **Medicine Co (MDCO)** as next potential targets. MDCO has seen a significant amount of bullish positioning.

Utilizing options position we can see a number of names institutional traders are betting on as next targets based on the type of positioning (OTM) and time-frame. One name that has really stood out recently is **Alexion (ALXN)** with near-term positioning in upside July calls while skew has bullishly inverted. **Incyte (INCY)** has some size positions in January calls and seen September OTM calls acquired recently that makes sense as

a deal name having a strong core business bringing in cash flow while the pipeline is inflecting positively. **Exelixis (EXEL)** is an interesting one that has some large size position in August calls. I also still think the Neurological space is a focus for growth so names like **Sage (SAGE)** and **Neurocrine (NBIX)** come to mind. **Esperion (ESPR)** has seen OTM call positioning in September and December and could make a nice target as a potential to have a best-in-class drug for cholesterol, an area sure to have a long runway of steady growth. **FibroGen (FGEN)** recently had a size buyer in November calls though likely more company specific event-driven. **Ascendis (ASND)** recently had a large buyer of January call spreads that is also likely more company specific event-driven. **Mirati (MRTX)** has seen a ton of size bullish positioning, perhaps the most of any of the names with a bunch of catalysts coming the next six months that seem to be the driver more than M&A, and the same can be said of **Global Blood (GBT)**. A few small names that have seen some unusual call positioning include **Assembly (ASMB)**, **Moderna (MRNA)**, **Immunomedics (IMMU)**, **PTC Therapeutic (PTCT)**, **Arrowhead (ARWR)**, and **Amicus (FOLD)**.

Small Cap of the Month

Altair Engineering (ALTR) is a \$2.85B provider of software solutions to aid in engineering and design with visualization, simulation, and data intelligence. The company lists its vision as “Altair transforms design and decision making by applying simulation, machine learning and optimization throughout product lifecycles.” Drivers of growth include a global evolution toward smart and connected everything as well as an increased variety of products with higher quality and better aesthetics. It is disrupting traditional markets with simulation and AI-driven design. The engineering software industry is challenged by increasingly sophisticated design requirements and enabled by the ever expanding availability of cost effective computing power. Rising expectations of end-market customers, new manufacturing methods such as three-dimensional, or 3D, printing, and new materials such as composites, combined with more powerful math-based computational technologies, are expanding the application of simulation across many industry verticals. The Internet of Things, or IoT, is also changing engineering by broadening the scope of Product Lifecycle Management, or PLM, affording the opportunity to leverage simulation and analytics toward the development of “digital twins” to optimize product performance and manufacturing throughput, predict failure, and schedule maintenance operations for in-service equipment.



CIMdata Report, forecasts, “the PLM market to grow at a compound annual growth rate (CAGR) of 6.7% to \$56.3 billion” in 2021. The CIMdata Report estimates the computer-aided engineering, or CAE, market which they refer to as Simulation and Analysis, as a subset of the PLM market to be approximately \$5.3 billion and \$5.7 billion in 2016 and 2017, respectively. The CIMdata Report expects the CAE market, “will be one of the more rapidly growing segments within the tools sector of PLM over the next five years, and forecasts that this market sector will exceed \$7.8 billion in 2021, with an 8.1% CAGR.” The market for CAE software is highly fragmented but has been undergoing significant consolidation. Primary competitors include Dassault Systèmes, Siemens, Ansys and MSC Software. Dassault and Siemens are large public companies, with

significant financial resources, which have historically focused on CAD and product data management. More recently, these two companies have been investing in simulation software via acquisitions. Ansys and MSC are focused on CAE.

ALTR shares are trading 6.4X EV/Sales which is an undemanding valuation to peers while revenues grew 19% in FY19, seen rising 21% in FY20 and 14% in FY21. It also deliver a +6.8% FCF margin in 2018 coming up a bit short on the Rule of 40, but at this valuation still looks compelling. ALTR has over 8000 customers and is profitable unlike many of its peers. It has a recurring model offering high visibility with strong free cash flow and operates under retain, expand, and land strategy. It delivered 12.7% EBITDA margins in FY18 with a long-term goal of 20%+. It is an attractive name in a strong market with differentiated technology giving it a strong competitive position, though the consolidating industry could make it an acquisition target at this market cap.



IPO Watch

Silk Road Medical (SILK) is a medical device company developing products focus on the common carotid artery and initiate temporary blood flow reversal. TCAR (TransCarotid Artery Revascularization) is a new pioneered approach to reducing the risk of strong and effectively treating one of the leading causes. Carotid artery disease is the progressive buildup of plaque causing narrowing of the arteries in the front of the neck supplying blood flow to the brain. TCAR relies on two novel concepts - minimally-invasive direct carotid access in the neck and high-rate blood flow reversal during the procedure to protect the brain - and combines the benefits of innovative endovascular techniques with fundamental surgical principles. SILK is the first and only company to obtain FDA approvals, secure specific Medicare reimbursement coverage, and commercialize products engineered and indicated for use in TCAR. There were approximately 4.3 million people with carotid artery disease in the United States in 2018, with an estimated 427,000 new diagnoses in 2018, and that existing treatment options have substantial safety and effectiveness limitations. TCAR is a minimally-invasive solution that addresses the morbidity of CEA and the 30-day stroke risk of CAS while providing a reduction in long-term stroke risk.

On the market opportunity

Based on the estimated 427,000 new carotid artery disease diagnoses in the United States in 2018, we believe a total annual U.S. market opportunity of approximately \$2.6 billion exists for our portfolio of TCAR products. We are currently focused on penetrating and converting carotid revascularization procedures to TCAR. There were approximately 168,000 carotid revascularization procedures performed in 2018, which we estimate to be a market conversion opportunity greater than \$1.0 billion. In 2018, physicians performed over 4,500 TCAR procedures in the United States using our products, representing approximately 1% of annual diagnoses of carotid artery disease in the United States.

SILK has a \$1.47B market cap and currently trades 35X Sales. Revenue increased from \$14.3 million for the year ended December 31, 2017 to \$34.6 million for the year ended December 31, 2018. SILK is growing rapidly and far too early to assign any valuation metric to it, but rather look at the market opportunity. I see a Company with an easy path to \$300M in revenues that can at that time trade 10X sales or more like current med-tech peers at more mature growth stages, offering a \$3B market cap, a double from current levels and with the market opportunity the \$300M estimate may prove to be conservative. TCAR is likely to become the standard of care in a multi-billion dollar market making SILK an attractive M&A target as well if it desires to take that path.



Insider Activity Monthly Recap

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

Trade Date	Ticker	Company	Insider Title	Price	Qty	Owned	ΔOwn	Value
6/5/2019	MGM	Mgm Resorts International	Dir	\$26.18	2,874,578	18,567,350	18%	\$75,244,709
6/14/2019	FOX	Fox Corp	COB	\$35.29	600,000	705,714	568%	\$21,174,000
6/5/2019	FOX	Fox Corp	COB	\$34.27	600,000	105,714	-121%	\$20,560,000
6/10/2019	MGM	Mgm Resorts International	Dir	\$27.76	636,335	19,203,685	3%	\$17,665,455
6/13/2019	MGM	Mgm Resorts International	Dir	\$27.73	431,850	19,635,535	2%	\$11,977,125
6/21/2019	MGM	Mgm Resorts International	Dir	\$27.81	380,651	20,354,560	2%	\$10,587,728
6/18/2019	MGM	Mgm Resorts International	Dir	\$27.84	338,374	19,973,909	2%	\$9,421,287
6/12/2019	GES	Guess Inc	CEO, Dir	\$14.32	347,353	288,943	-595%	\$4,974,579
6/6/2019	RMAX	Re/max Holdings, Inc.	Dir, 10%	\$31.75	140,800	263,711	115%	\$4,470,306
6/6/2019	RMAX	Re/max Holdings, Inc.	Dir, 10%	\$31.75	140,800	263,711	115%	\$4,470,306
6/11/2019	RMAX	Re/max Holdings, Inc.	Dir, 10%	\$32.34	90,000	353,711	34%	\$2,910,420
6/11/2019	RMAX	Re/max Holdings, Inc.	Dir, 10%	\$32.34	90,000	353,711	34%	\$2,910,420
6/19/2019	SGMS	Scientific Games Corp	Dir, 10%	\$20.29	120,000	36,376,287	0%	\$2,434,800
6/17/2019	SGMS	Scientific Games Corp	Dir, 10%	\$19.73	110,000	36,256,287	0%	\$2,170,300
6/10/2019	ATH	Athene Holding Ltd	COB, CEO, CIO	\$25.00	80,000	80,000	New	\$2,000,000
6/12/2019	ITCI	Intra-Cellular Therapies, Inc.	Dir	\$11.73	170,000	5,477,129	3%	\$1,993,793
6/11/2019	IIIV	I3 Verticals, Inc.	CEO, 10%	\$23.49	84,800	95,596	785%	\$1,991,952
6/10/2019	OXY	Occidental Petroleum Corp /de/	Pres, CEO	\$48.15	37,460	267,300	16%	\$1,803,699
6/24/2019	ELOX	Eloxx Pharmaceuticals, Inc.	Dir	\$9.00	200,000	7,212,186	3%	\$1,800,000
6/24/2019	ELOX	Eloxx Pharmaceuticals, Inc.	Dir	\$9.00	200,000	7,212,186	3%	\$1,800,000
6/6/2019	FCX	Freeport-McMoran Inc	Vice COB, Pres, CEO	\$10.14	172,000	3,203,146	6%	\$1,744,080
6/20/2019	SGMS	Scientific Games Corp	Dir, 10%	\$20.21	75,000	36,452,842	0%	\$1,515,750
6/6/2019	CLR	Continental Resources, Inc	CEO, COB, 10%	\$38.76	38,600	286,702,617	0%	\$1,496,078
6/14/2019	ODT	Odonate Therapeutics, Inc.	CEO, 10%	\$26.15	50,000	13,306,038	0%	\$1,307,546
6/13/2019	GIII	G III Apparel Group Ltd /de/	CEO, 10%	\$25.39	40,479	4,143,074	1%	\$1,027,762
6/10/2019	CC	Chemours Co	Pres, CEO	\$23.17	44,000	690,254	7%	\$1,019,467
6/10/2019	CC	Chemours Co	Pres, CEO	\$23.17	44,000	690,254	7%	\$1,019,467
6/10/2019	ATH	Athene Holding Ltd	See Remarks	\$25.00	40,000	40,000	New	\$1,000,000
6/25/2019	CCL	Carnival Corp	Pres, CEO	\$45.23	22,050	603,914	4%	\$997,267
6/14/2019	PBF	Pbf Energy Inc.	CEO	\$23.76	40,000	405,990	11%	\$950,400
6/10/2019	OXY	Occidental Petroleum Corp /de/	SVP	\$48.28	15,000	121,885	14%	\$724,200
6/17/2019	VST	Vistra Energy Corp.	EVP, CFO	\$23.35	30,000	81,503	58%	\$700,500
6/10/2019	MAC	Macerich Co	Dir	\$35.02	20,000	36,580	121%	\$700,300
6/24/2019	MAC	Macerich Co	Dir	\$32.49	20,000	56,580	55%	\$649,882
6/26/2019	ADC	Agree Realty Corp	Dir	\$64.20	10,000	216,088	5%	\$642,000
6/11/2019	MPC	Marathon Petroleum Corp	Dir	\$48.14	12,500	45,746	38%	\$601,750

Trade Date	Ticker	Company	Insider Title	Price	Qty	Owned	ΔOwn	Value
6/7/2019	CSCO	Cisco Systems, Inc.	Dir	\$55.74	10,000	13,017	331%	\$557,404
6/7/2019	FCX	Freeport-McMoran Inc	EVP, CFO, Treasurer	\$10.49	50,000	920,769	6%	\$524,340
6/6/2019	NVRO	Nevro Corp	Dir	\$61.22	8,183	14,883	122%	\$500,981
6/10/2019	OXY	Occidental Petroleum Corp /de/	Dir	\$48.22	10,000	91,203	12%	\$482,200
6/10/2019	OXY	Occidental Petroleum Corp /de/	SVP, GC, CCO	\$48.09	10,000	103,041	11%	\$480,900
6/20/2019	FGBI	First Guaranty Bancshares, Inc.	Dir	\$20.20	23,000	1,666,500	1%	\$464,600
6/12/2019	MEC	Mayville Engineering Company, Inc.	COB, Pres, CEO	\$13.00	34,460	114,720	43%	\$448,140
6/10/2019	OXY	Occidental Petroleum Corp /de/	Dir	\$48.11	9,100	50,248	22%	\$437,790
6/11/2019	JNJ	Johnson & Johnson	Dir	\$139.68	3,000	3,000	New	\$419,040
6/26/2019	BHVN	Biohaven Pharmaceutical Holding Co Ltd.	Dir	\$40.37	10,000	2,836,938	0%	\$403,700
6/13/2019	BECN	Beacon Roofing Supply Inc	Dir	\$34.17	11,754	34,249	52%	\$401,634
6/13/2019	CHFC	Chemical Financial Corp	Dir	\$39.19	10,100	104,777	11%	\$395,789
6/13/2019	CHFC	Chemical Financial Corp	CEO, Pres	\$39.19	10,100	104,777	11%	\$395,789
6/13/2019	CHFC	Chemical Financial Corp	Exec VP, C.F.O.	\$39.15	10,018	59,431	20%	\$392,205
6/5/2019	ENB	Enbridge Inc	See Remarks	\$49.81	7,848	824,530	1%	\$390,909
6/7/2019	PKOH	Park Ohio Holdings Corp	Pres, 10%	\$29.96	12,532	1,615,367	1%	\$375,454
6/25/2019	AXSM	Axsome Therapeutics, Inc.	Dir	\$23.10	16,200	673,948	2%	\$374,280
6/11/2019	NGL	Ngl Energy Partners LP	CEO	\$14.53	25,000	2,707,820	1%	\$363,143
6/26/2019	TGTX	Tg Therapeutics, Inc.	CEO, Pres	\$7.04	50,000	12,878,185	0%	\$351,750
6/13/2019	HY	Hyster-Yale Materials Handling, Inc.	COB	\$49.74	6,250	631,349	1%	\$310,888
6/17/2019	PRVB	Provention Bio, Inc.	Dir	\$12.16	25,000	108,712	30%	\$304,000
6/10/2019	KLXE	Klx Energy Services Holdings, Inc.	VP, GM	\$19.87	15,000	369,739	4%	\$298,005
6/12/2019	RMAX	Re/max Holdings, Inc.	Dir	\$32.30	9,100	25,996	54%	\$293,930
6/14/2019	HY	Hyster-Yale Materials Handling, Inc.	COB	\$49.81	5,586	636,935	1%	\$278,220
6/11/2019	FFNW	First Financial Northwest, Inc.	Dir	\$15.05	17,540	70,403	33%	\$263,911
6/7/2019	RCUS	Arcus Biosciences, Inc.	Dir	\$8.07	32,065	129,675	33%	\$258,797
6/19/2019	CNX	Cnx Resources Corp	Dir	\$7.32	34,150	541,403	7%	\$250,019
6/10/2019	ATH	Athene Holding Ltd	Dir	\$25.00	10,000	10,000	New	\$250,000

Sector ETF Set-Up of the Week

Healthcare (XLV) is sure to be a sector focused on closer to the 2020 Election but portfolio moves are unlikely to change near-term in anticipation with such an uncertain outcome of the Election. The monthly chart below shows a strong trend above a rising 21 month EMA that has been supportive on dips and forming a 9 month consolidation pattern, and printing an inside week last week just below a breakout. Monthly RSI is breaking out of a downtrend and held above the 50 level while MACD looks to near a bull crossover. XLV has an average PE Ratio of 25.9X and 63 holdings with the top 10 holdings comprising 51% of the ETF and includes JNJ, PFE, UNH, MRK, ABT, MDT, TMO, AMGN, ABBV, and LLY. It is 42.8% to Pharma, 26.9% to Equipment, 13% to Managed Care, and 10.5% to Biotech. Healthcare spending is consistently growing with the aging population and more recession proof with recent economic data and the yield curve sparking fears of a recession, so this could be a sector to see positive money flow rotations. XLV recently with 15,000 September \$98 calls bought.



Monthly Educational and Insightful Links

[Companies That Crack the Code for Coders – WSJ](#)

[Getting ROIC Right – New Constructs](#)

[Meet the Money Whisperer to the Super-Rich N.B.A Elite – NY Times](#)

[ESPN and Fox Ante Up for Sports-Betting Jackpot – WSJ](#)

[Global Brands Report – WPP](#)

[Taking the Long Road with Volatility – Real Vision](#)

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Charts provided via **KoyFin, Trading View**