



OptionsHawk Monthly Market Brief – July 2020

S&P 500 (SPX) Technical

Analysis: The S&P is losing upward momentum as we head into Q2-end and the start of July, also being the start of the second half of the year. NYSI gave a bear cross signals on 6/23, the 8 and 21 days moving averages are rolling over with negative slopes while also triggering a bearish crossover, the 200 day moving average is breaking, weekly and daily RSI broke key 50 level and trend support off March and May pivot lows is breaking. It is a time for caution until we see healthier signals with NYSI crossing back bullish and the 8/21 crossing bullish as two primary indicators required. Key levels are provided in the table below. We are looking at potential support at the rising 55 day moving average which coincides with a June pullback level, a gap-fill from mid-May, and finally 38.2% and 50% retracement levels. A move back above 3120 would be a bullish start to things. The measured move of this topping pattern measures back to 2755 which is near a key mid-May reversal candle low.



Key Levels

	<u>Support</u>	<u>Resistance</u>
Level 1	3,015	3,085
Level 2	2,970	3,155
Level 3	2,910	3,180
Level 4	2,860	3,225
Level 5	2,770	3,325

Fundamental Valuation Bands

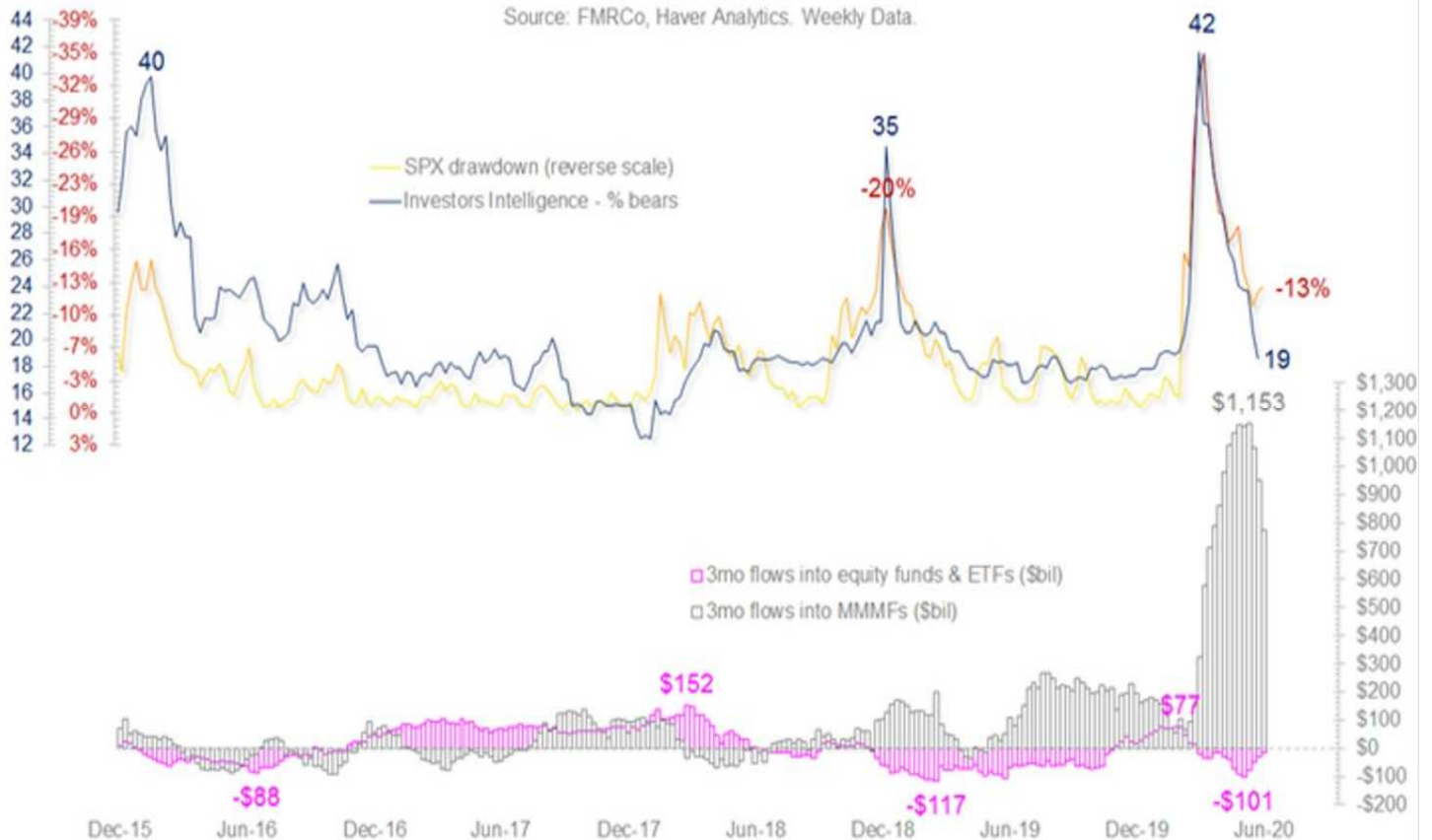
	2020		Value	2021		Value
	EPS	Multiple	Level	EPS	Multiple	Level
Bull	\$130	24	3120	\$160	24	3840
Neutral	\$125	20	2500	\$155	20	3100
Bear	\$115	16	1840	\$145	16	2320

Market Health/Sentiment Check

Indicator	Level	Implications
Short Term Moving Average Slopes	Falling	Bearish
Long Term Moving Average Slopes	Rising	Bullish
8/21 Week EMA Crossover	Above	Bullish
NYSE McClellan Oscillator (NYMO)	-70	Oversold
NYSE Summation (NYSI)	826.2	Below 8 EMA - Bearish
NYSE A/D (Cumulative)	203,789	Above 40 EMA - Bullish
NYSE TRIN 21 MA	1.168	Neutral
NAAIM	76.6	Neutral
AAIL Sentiment	24% Bull	6 Week Low
Investors Intelligence Survey	57% Bull	3:1 to Bears – Overly Bullish
CBOE Equity Put/Call 50 MA	0.554	Bearish
VIX:VXV Ratio	0.97	Neutral

Sentiment

Source: FMRCo, Haver Analytics. Weekly Data.



Catalyst Watch

<u>Date</u>	<u>Event</u>
7/6/2020 to 8/31/2020	Q2 Earnings Season
8/24/2020	Republican Convention
8/27/2020	Jackson Hole
9/29/2020	Presidential Debate
10/7/2020	VP Debate
10/15/2020	2 nd Presidential Debate
10/22/2020	3 rd Presidential Debate
11/3/2020	US Election
8/24/2020	Republican Convention
8/27/2020	Jackson Hole

Bull & Bear Flow Monthly Leaderboard

<u>OPTIONSHAWK DATABASE AGGREGATE FLOW BIAS MONTH AHEAD</u>	
BULLISH	AMZN, TTD, IAC, CLDR, SONO, ROKU, ADSK, ESTC, FICO, GLUU, NUAN, CBOE, NVDA, CSCO, NET, SWK, UNP, SE, PDD, ARNA, OKTA, MDB, CHWY, HLF, SQ, BMRN, CHGG, FLIR, NVO, CRWD, SNAP
BEARISH	TAP, MNK, T, BBBY, WB, SPCE, CGC, GILD, KR, COST, DFS, MU, TDG, CMPR, XOM, AMCX, DOW, COF, AVGO, WWE, KSS, DISCA, JWN, HOG, ULTA, BDX, APPN, MUR, DE, AMGN, BP, BKNG, HES

Hawk Vision – 5 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***

Earnings Recap

<u>Strong Beats</u>	<u>Bullish Themes</u>	<u>Weak Outlooks</u>	<u>Bearish Themes</u>
ACN	Consulting – Digital Transformation	KBH	Homebuilders
FDS, INFO	Fin-Tech	NKE, LULU	Athletic Apparel
GMS	Building Materials	KMX	Auto Sales
AVAV	Unmanned Aircraft	JBL	Consumer Electronics
WGO, THO, SPWH	RV's & Recreation	PVH, GES	Work Apparel
KR	Grocers	COO	Medical Devices / Vision
ORCL, ADBE, COUP, DOCU, MDB, PD, WORK, GWRE, ESTC, ZUO, CRWD, ZM	Software		
CHWY	Ecommerce + Pets		
CIEN	5G & Networking		
SJM, CPB	Packaged Goods		
RH	Home Goods		

Theme of the Month

I-Buying

Among all the activities to return to 'normalcy' since March, the most surprising by far has been housing. Demand for real estate agents and searches has increased steadily since the March lows with both **Zillow (Z)** and **Redfin (RDFN)** highlighting big jumps in activity across their platforms. The former put out an update in May noting that April site visits had jumped double-digits Y/Y while the latter also seeing mid-teens growth in demand from buyers in May. Last week, RDFN noted that home-buying demand is now 30% higher than pre-pandemic levels. Coronavirus has driven a big shift in sentiment around home buyer platforms with a lot of late adopters turning shifting online. Redfin CEO Glenn Kelman said in May, "real estate commerce has probably virtualized itself more in the past two months than it had in the prior 20 years."

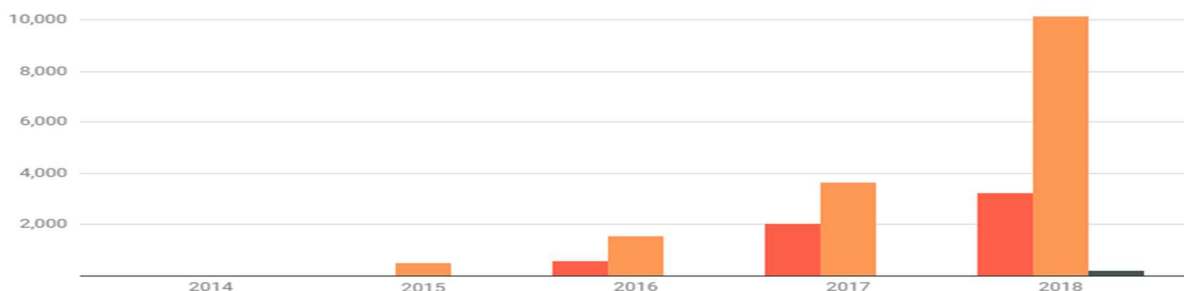
There are a lot of interesting areas within the sector to explore including search, data analytics, use of VR/AR and growth in home services but one of the biggest emerging areas is called iBuying and it re-started for many companies in the last couple weeks. iBuying is simply when companies themselves buy and sell homes online. Homeowners can initiate a sale process by going online and soliciting an offer from one of the companies who will use comps and other data analytics on trends in the area in their Automated Valuation Model (AVM) to generate a bid. The offers are all-cash and typically don't get negotiated since the company sticks to its model. Sales tend to close within 60 days of initial inquiry, according to Quicken, but could be as soon as seven days. They are typically quick flips and not longer-term projects or rehabs and the median home price for most areas they are active is around \$250,000.

iBuying looks to disrupt the homebuying and selling experience by simplifying the process, saving the client money in the process. A traditional home selling process includes finding a broker to sell your house, finding a mortgage lender to finance the purchase, getting title insurance and home insurance, and much more. iBuying does all of this for customers and coordinates everything in a vertically integrated package. The simplification process is a hugely under-looked aspect of why iBuying could become a massive longer-term trend. The NAR Home Buyer survey in 2018 noted the two most difficult steps of buying a home were 1) finding a home (56%) and 2) paperwork (20%). Both of these are simplified by iBuying. It also cuts out the need for a realtor or agent which is a significant opportunity to crack. The NY Times reported in May 2019 that commissions generated by home sales were roughly \$110B for the year. And the NAR notes that 87% of sales are still generated through an agent even if the process originates in a place like Zillow or Redfin, so tons of room for expansion. And the overall market is still fractionally very small. Curbed estimates that only 5% of sales in active markets are through iBuyers.

Annual iBuyer home sales

Opendoor leads the way but iBuyers are still a tiny fraction of the market

Offerpad Opendoor Zillow



There are a number of companies active in the space including both **Zillow** and **Redfin (RDFN)** as well as **Opendoor**, **Offerpad**, and **Knock**. More traditional brokerage firms like **Coldwell Banker** and **Century 21** have announced plans for instant-buying programs. Most operations are in limited markets but expanding a lot in the last year with Dallas, San Antonio, LA, and Orange County all added last week. And iBuying is expected to see a huge surge in interest given the impact of COVID-19 as selling a home without an open house or in-person visit has heightened appeal. This taps into a growing acceptance of digital tools in the home buying experience. The NAR reports that in 2019 around 80% of millennials and 78% of Gen X homebuyers found their home on a mobile device and both Zillow and Redfin believe that

they can convert more people into iBuying in a post-pandemic world. A Housing Wire column in March highlighted that iBuying is a boon for sellers during COVID-19 as well who may need to sell their home quickly during a weakening economy and not wait for the uncertainty of a traditional listing.

Zillow's (Z) program is called 'Zillow Offers' and launched in April 2018. The company made waves in 2018 when they forecast a revenue target of \$22B over the next 3-5 years with \$20B of that coming from iBuying. In Q1 they generated a record \$770M in revenue from the business with 2,394 homes sold and inventories sitting around 1,800. Zillow's long-term projections are hampered by the razor-thin margins and uncertain path to profitability. The company said their initial profits on each sale was around 4-6 basis points although could see improvement with greater dislocations in the market. BTIG estimates that Zillow will get to a monthly transaction rate of 2,000 by 2025, less than the 5,000 per month rate the company is targeting by 2025. Currently, they are tracking around 445 homes per month. Last quarter, the company noted that they continue to get smarter regarding how Zillow Offers can function and grow. They've already implemented social distancing and other pandemic protocols without adding costs. Zillow noted on their conference call that their enhanced resell strategy drove the "highest velocity realized in our Zillow Offers business since inception and did so without sacrificing unit economics." But now they're prepared now to resume buying and actively seeking to ramp the business. Overall, Zillow sees the program as a big lead generator in the near-term for their lending arm which they bought in 2019, Mortgage Lenders of America, but huge overall potential impact on the business.

Redfin's (RDFN) program is called 'Redfin Now' and launched in June 2017. They have plans to make it a National program but slowly expanding it into markets one at a time. RDFN also faces question-marks around margins and long-term viability of the platform. The company noted in May that their challenge in the pandemic world is to find higher-margin, lower-risk homes even if it means sacrificing volume. Their average sales price in Q1 for bought homes was about 2% less than they had assumed when they made the initial bid, but they continue to see a very small profit on their deals. But this was during the most dire situation and RDFN thinks the recent 'stress test' will make their offers better. This includes adjusting cash offers lower to build in an extra 1-2 basis points of profit and avoiding longer holding times with a goal of 3-4 month maximum in inventory. CEO Glenn Kelman sees opportunity right now in the area. "I think what I'm excited about now is that the market will be more rational. You've had so much money in that space where people have been trying to buy share, but now I think all of us are going to be much more focused on making money on every house we buy. And that is just a better competitive market for us. I think it's better for all the players. But I don't think that RedfinNow is going to take a higher proportion of sales now that we're lowering our offers. We're going to give ourselves more margin for error, and I feel good about that." RDFN's inventory is lean with less than 100 homes owned through Q2 and they have all of them back on the market.

Industry Snapshot of the Month

Discount and Bulk Stores

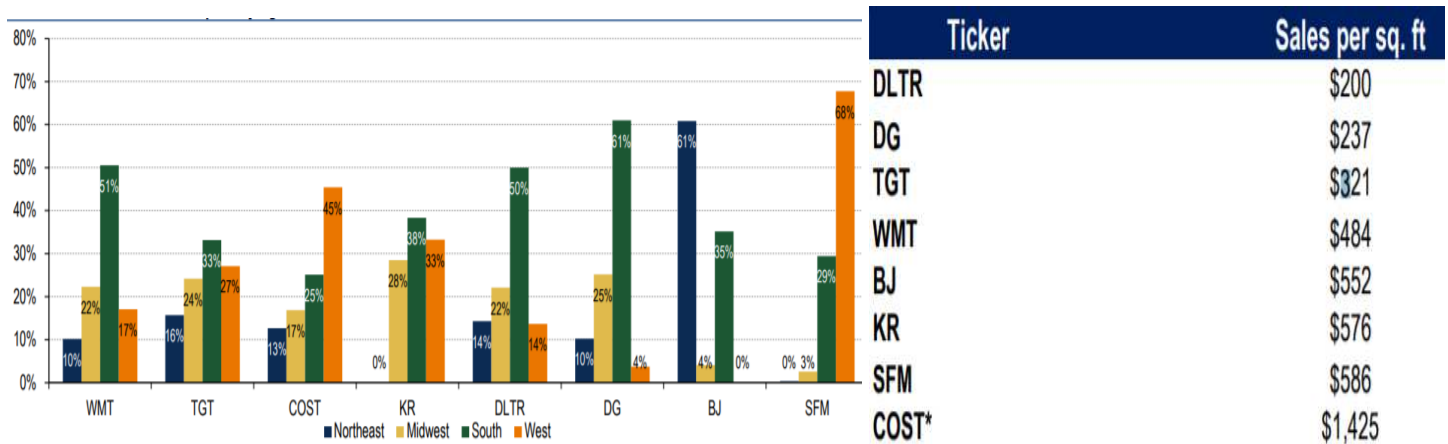
Components: BIG, BJ, COST, DG, DLTR, OLLI, PSMT, TGT, WMT, FIVE, Dollarama (DOL:CN)

Key Metric: Sales Comps, FCF Yield, ROIC, P/E, Sales Per Square Foot

Macro Indicators: Consumer Trends

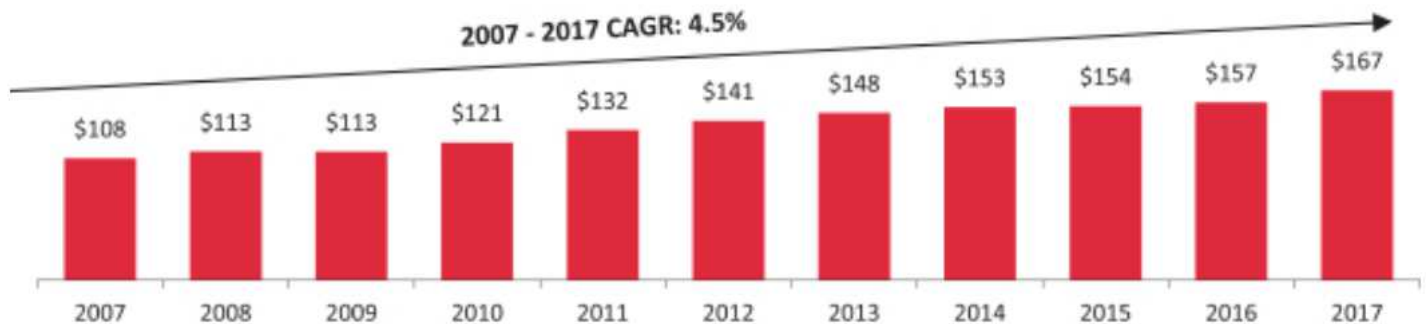
Front Page Title	Description	Last Data Point	Last Year	Previous Point	Est. Date Reported	Report Timing	Source
Unemployment	Unemployment Rate (SA, %)	13.30%	3.60%	14.70%	6/5/2020	Monthly	www.bls.gov
Non-farm payroll	Non-Farm Payrolls (SA, thous, m/m chg)	2.5MM	85k	-20.7MM	6/5/2020	Monthly	www.bls.gov
Consumer Confid	Conference Board: Consumer Confidence (SA, 1985=100)	87	131	86	5/26/2020	Monthly	www.conference-board.org
UMich Consumer	University of Michigan Consumer Sentiment (NSA, 1966=100)	72	100	72	5/29/2020	Bi-Monthly	www.sca.isr.umich.edu
Disposable Incm	Disposable Personal Income Per Capita (SA, y/y % chg)	13.80%	4.20%	1.10%	5/29/2020	Monthly	www.bea.gov
CPI	CPI-U: All Items (NSA, 1982-84=100, y/y % chg)	0.10%	1.80%	0.30%	6/10/2020	Monthly	www.bls.gov
Savings Rate	Personal Saving Rate (SA, %)	33.00%	8.00%	12.70%	5/29/2020	Monthly	www.bea.gov
Revolving	Revolving Consumer Credit Outstanding (EOP, SA, bn, y/y % chg)	-4.50%	5.10%	1.60%	6/5/2020	Monthly	www.federalreserve.gov
Non-revolving	Non-revolving Consumer Credit Outstanding (EOP, SA, bn, y/y % chg)	4.00%	5.50%	4.70%	6/5/2020	Monthly	www.federalreserve.gov
Household nworth	Household Net Worth (y/y % chg)	9.80%	0.70%	3.50%	3/12/2020	Quarterly	www.federalreserve.gov
Home prices	NAR Median Sales Price: Existing 1-Family Homes, (y/y % chg)	7.30%	3.60%	8.10%	5/21/2020	Monthly	www.realtor.org
Housing affor	Composite Homebuyer Affordability Index (Qualifying Inc=100)	162	154	170	5/8/2020	Monthly	www.realtor.org
Mortgage Rates	Conventional 30-Yr Mortgages, FHLMC (NSA, %)	3.20%	4.10%	3.30%	5/28/2020	Monthly	www.federalreserve.gov
Home Sales	New 1-Family Houses Sold + Existing 1-Family Home Sales	-6.20%	4.20%	-11.60%	5/26/2020	Monthly	www.census.gov
Financial Obligat	Household Financial Obligation Ratio (SA)	15.08	15.12	15.07	3/25/2020	Quarterly	www.federalreserve.gov
Gas Prices	U.S. Regular All Formulations Retail Gasoline Prices (\$/gal)	\$2.04	\$2.72	\$1.87	4/13/2020	Weekly	www.eia.gov

This group has been fairly strong in 2020 with many of them staying open for consumers during the COVID shutdowns while also fairly recession resistance due to lower prices and deals. There have been benefits in the packaged foods and grocer segments due to pantry stockpiling as well as with personal goods. Some of the large brick and mortar names are also winning market share from the closures/bankruptcies of smaller more product-specific peers while also undertaking strong digital transformations for a better ecommerce presence with years of investments starting to pay-off. Consumer are also benefitting from stimulus payments fueling better spending while shifts in consumer habits like delivery/pick-up also playing a key role to the success of many of these stores. The group has also tended to do well with rising wages and low unemployment, the latter a transient issue due to COVID. According to the Warehouse Club Intelligence Center, the U.S. warehouse club channel is projected to grow at a five-year CAGR of 4.0% from 2017 through 2022.



Large and Growing U.S. Warehouse Club Channel

U.S. Warehouse Club Market Size (in billions)



We can compare the names across a number of key metrics to identify best-in-class names:

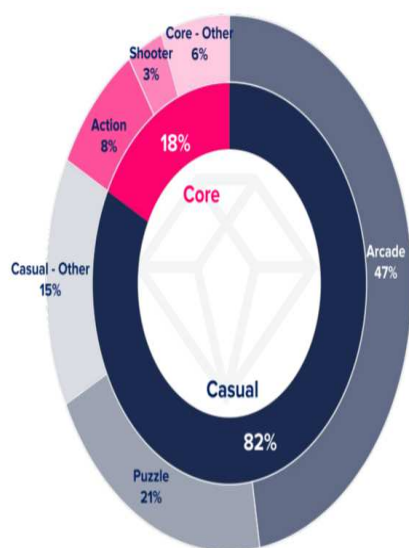
Tickers	Company Name	Mkt. Cap	EV to EBITDA	P/E	NI CAGR	EBITDA CAGR	EBITDA Margin	Revenue CAGR	3 Year ROIC	FCF Margin	Debt to EBITDA	Comp Sales
BIG	BIG LOTS INC	1,328	4.0x	7.87x	0%	41%	6.44%	1%	15.90	1.39%	1.2x	0.30%
BJ	BJ's Wholesale Club Holdings, Inc.	4,984	9.5x	15.95x	30%	9%	4.41%	2%	6.49	1.20%	3.0x	0.70%
COST	Costco Wholesale Corporation	132,691	19.9x	35.71x	9%	5%	4.11%	9%	6.15	2.20%	1.1x	
DG	DOLLAR GENERAL CORP	47,996	15.4x	21.64x	18%	9%	10.23%	9%	12.45	5.24%	1.0x	3.90%
DLTR	Dollar Tree, Inc.	22,089	11.0x	18.43x	-4%	-693%	9.51%	3%	10.21	3.53%	1.8x	1.80%
DOL:CN	Dollarama Inc	10,340	15.9x	26.19x	-3%	0%	29.60%	6%	23.67	15.63%	3.0x	4.30%
FIVE	FIVE BELOW, INC	5,886	31.9x	68.68x	-23%	19%	14.74%	20%	35.84	(1.37%)	0.0x	0.60%
OLLI	Ollie's Bargain Outlet Holdings, Inc.	6,516	32.9x	43.09x	11%	7%	13.92%	14%	10.96	2.01%	0.0x	(2.10%)
PSMT	PriceSmart, Inc.	1,826	10.4x	25.18x	8%	-5%	5.28%	4%	10.80	0.94%	0.6x	(0.60%)
TGT	TARGET CORP	59,907	10.6x	24.23x	-7%	10%	9.30%	4%	6.27	5.24%	1.6x	1.40%
WMT	Walmart Inc	339,013	11.8x	24.00x	-1%	12%	6.18%	2%	6.74	2.78%	1.7x	
Average		57,507	15.8x	28.27x	3%	-53%	10.34%	7%	13.22	3.52%	1.4x	1.14%

We can see above that **Big Lots (BIG)** and **BJ's (BJ)** screen very cheap on valuation to peers but also have low margins, higher debt, and slower topline/comp growth. BIG recently provided a strong guidance boost and has been a turnaround story in 2020. The mid-valuation group of four names (PSMT, TGT, DLTR, WMT) makes **Target (TGT)** stand out as cheap with solid EBITDA/Revenue growth, higher margins, and strong FCF. Dollar General and Dollarama are close comparables on valuation and **DG** has long been a best in breed name but **Dollarama** is a foreign name to consider closely with solid revenue growth, impressive FCF, and very strong EBITDA margins, ROIC and comps. **Costco (COST)** is in a league of its own, premium valuation but a long impressive growth story and loyal customer base that always screens as a name to own, not trade. Lastly we have the two high growth smaller market cap plays FIVE/OLLI and carry premium valuations. **FIVE** has better margins, revenue growth, ROIC and comps while both have no debt, so stands out as the one to favor.

M&A Deal of the Month

Zynga (ZNGA) announced a large deal to start the month of June purchasing Istanbul-based mobile game developer Peak for \$1.8B, split with \$900M cash and \$900M in stock. Peak is best known for mobile games such as Toon Blast and Toy Blast. With Peak's 12 million daily active users, executives project the deal will increase Zynga's DAUs more than 60% while helping the company expand its international reach.

Share of Global Downloads by Gaming Genres in 2019



Top Mobile Games by Worldwide Revenue for May 2020



Overall Revenue			App Store Revenue			Google Play Revenue		
1	PUBG Mobile* Tencent	-	1	Honor of Kings Tencent	▲	1	Coin Master Moon Active	-
2	Honor of Kings Tencent	-	2	PUBG Mobile Tencent	▼	2	Lineage 2M NCSoft	-
3	Roblox Roblox	-	3	Three Kingdoms Strategic Alibaba	▲	3	Monster Strike Mixi	▲
4	Monster Strike Mixi	-	4	Roblox Roblox	▼	4	Lineage M NCSoft	-
5	Coin Master Moon Active	-	5	Monster Strike Mixi	-	5	Pokémon GO Niantic	▲
6	Three Kingdoms Strategic Alibaba	★	6	Knives Out NetEase	▲	6	Gardenscapes Playrix	▼
7	Pokémon GO Niantic	▲	7	Fantasy Westward Journey NetEase	-	7	Rise of Kingdoms Lilith Games	-
8	Gardenscapes Playrix	▼	8	Fortnite Epic Games	▲	8	PUBG Mobile Tencent	-
9	Rise of Kingdoms Lilith Games	▲	9	Pokémon GO Niantic	▲	9	Fate/Grand Order Sony	▼
10	Fate/Grand Order Sony	▼	10	AFK Arena Lilith Games	▼	10	Garena Free Fire Garena	▲

The mobile gaming market is forecast to grow 2.9% annually to hit \$56.6 billion by 2024. It accounted for 60% of global video game revenues in 2019. The number of mobile gamers was 1.36 billion worldwide last year, with 36% of mobile gamers between the ages of 25 and 36. The percentage of users who play mobile games will rise to 22.5% by 2024 — more than 1.7 billion people worldwide — up 18.6% last year. China was the biggest market for mobile games in 2019 with \$18 billion in revenue, followed by the U.S. at \$9.9 billion and Japan at \$6.5 billion. Today, mobile games account for 33% of all app downloads, 74% of consumer spend and 10% of all time spent in-app. Mobile gaming revenues grew 41% Y/Y in May 2020.

204B

Worldwide Downloads
in 2019

\$120B

Worldwide App Store
Consumer Spend
in 2019

3.7 Hrs

Per day spent in mobile
by the average user
in 2019

825%

Higher avg IPO
valuation for mobile
companies in 2019

60%

Higher per user
engagement
by Gen Z vs older
demos in 2019

We have also seen a lot of substantial investments in the industry with Tencent taking stakes in Pocket Gems and Glu Mobile, Ubisoft acquiring a 70% stake in Green Panda, and Goldman Sach's \$200M investment in Voodoo. Private Equity has also been active with KKR buying a \$400M stake in AppLovin and Blackstone acquiring mobile ad-network Vungle for \$750M.

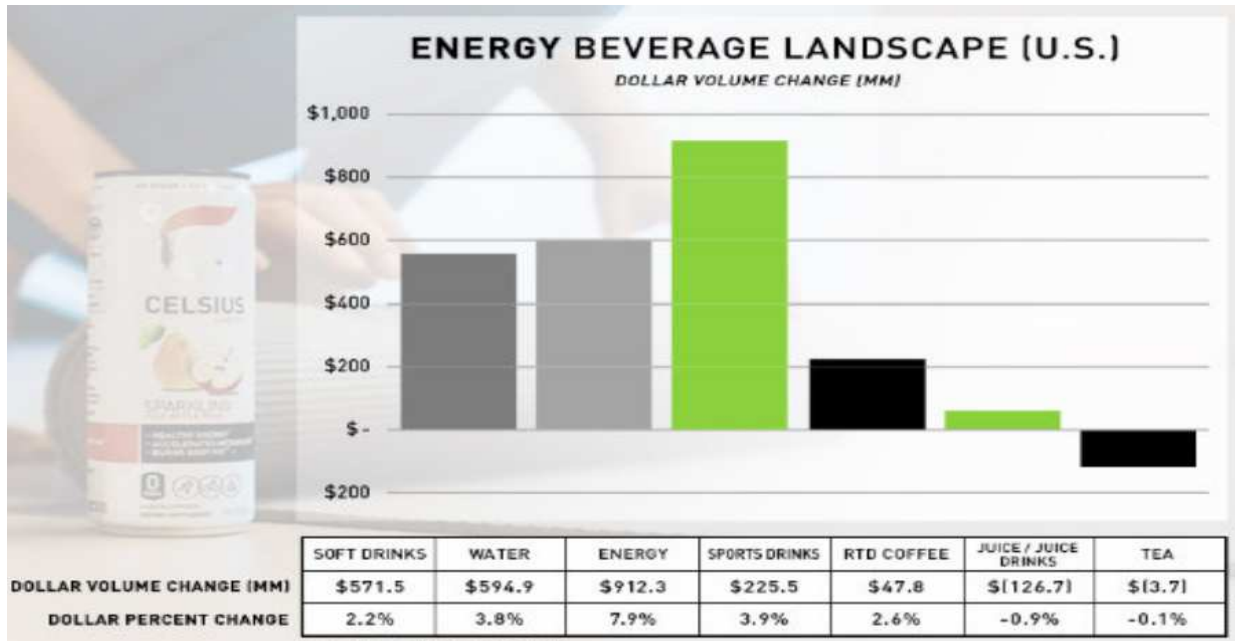


A few Chinese leaders are big in mobile gaming with Alibaba (BABA), Tencent (TCEHY) and Netease (NTES). Epic Games, the maker of Fortnite, is likely headed for an IPO and Unity Technologies as well, an exciting name that powers many of the popular games. There are a number of private names in the space likely headed towards acquisitions with consolidation a likely theme.

Glu Mobile (GLUU) and **SciPlay (SCPL)** are two current publicly traded names. **SCPL** debuted in early 2019 after separating from Scientific Games and the May run above \$11 broke the IPO downtrend, a key transition we often track. The \$1.68B company trades 11.9X earnings and 3.6X sales with virtually no debt and a strong, high-margin, high cash flow business producing mobile games. SCPL focuses on social casino games and expanding into more casual gaming with slots and bingo, a much larger overall TAM with better monetization trends. Their core games continue to expand their user base with 2.6M DAU in Q1 and 7.5M MAU and mobile penetration of 85%. SCPL is generating record monthly revenues and payer conversion rates which is helping drive margin growth towards their long-term goal of 35%+. SCPL sees a lot of long-term opportunity in the \$84B mobile gaming market as social casino games continue to see better monetization and engagement in iOS surveys than others. They see international expansion and potentially M&A as possible growth engines going forward. **GLUU** has a \$1.5B market cap as a leading developer of mobile games and has seen revenues grow from \$287M in 2017 to an expected \$527.5M in 2020, +28% Y/Y. Mobile is expected to be the fastest growing segment of the gaming industry with a 26.8% CAGR 2012-2021. Its three core products are seeing strong bookings growth with Design Home, Covert Fashion, and Tap Sports Baseball. It also has three new launches and three key games in development, Deer Hunter a key one it thinks has a lot of potential. Glu Mobile is a pure-play mobile business, mobile freemium to be exact. GLUU also has cash on hand with intention to do M&A.

Small Cap of the Month

Celsius Holding (CELH) is a \$785M maker of calorie-burning fitness beverages. Its studies show a single serving of Celsius® burns 100 to 140 calories by increasing a consumer's resting metabolism an average of 12% and providing sustained energy for up to a three-hour period. The studies show benefits such as increase in fat burn, increase in lean muscle mass and increased endurance. Celsius® has no artificial preservatives, aspartame or high fructose corn syrup and is very low in sodium. Celsius® uses good-for-you ingredients and supplements such as green tea (EGCG), ginger, calcium, chromium, B vitamins and vitamin C.



Looking at the financials CELH revenues have grown rapidly and consistently over the past six years with 55% revenue growth seen in 2020 and profitability seen ramping. The global energy drink market is expected to reach \$85B in 2015 with a 7% CAGR driven by rising demand in health consciousness and lifestyle changes. CELH is increasing its penetration across major distribution channels.

LONG-TERM REVENUE GROWTH



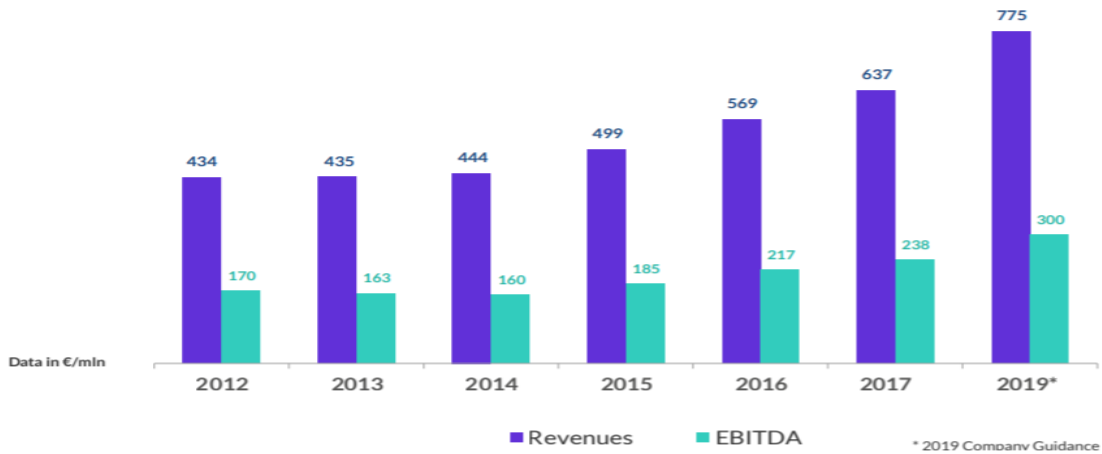
International Stock of the Month

DiaSorin (DIA:IM) is an Italian provider of diagnostics, the broadest range of immunodiagnostic specialty tests available worldwide, with over 121 products, including 40 high-quality tests, on its LIAISON analyzers. DiaSorin operates in the laboratory diagnostics market, providing both private and hospital microbiology laboratories with innovative solutions. The Immunodiagnostics market develops, produces and markets immunoreagent kits, which are based on three techniques: Chemiluminescence (CLIA), Colorimetry (ELISA) and Radioimmunochemistry (RIA).

Installed base evolution



Shares trade 27.5X EV/EBITDA and 11.2X EV/Sales. Revenues grew 13.8%, 14.1% and 9.8% for the period 2016-2018 before slowing in 2019 and 2020 seen at 21% growth.



IPO Watch

Shift4 Payments (FOUR) is a recent IPO is the payment processing group that has seen a strong run. FOUR is a leading independent provider of integrated payment processing and technology solutions in the United States based on total volume of payments processed. For merchants it provides a seamless, unified consumer experience as an alternative to relying on multiple providers to accept payments and utilize technology in their businesses. Merchants are increasingly adopting disparate software solutions to operate their businesses more effectively. The complexity of integrating a seamless payment solution across these software suites has grown exponentially. Its payments platform is a full suite of integrated payment products and services that can be used across multiple channels (in-store, online, mobile and tablet-based). Its merchants range from small-to-medium-sized businesses, or SMBs, to large enterprises across numerous verticals in which it has deep industry expertise, including food and beverage, lodging and leisure (which we collectively refer to as

hospitality). FOUR benefits from a high degree of operating leverage given the combination of our highly scalable payments platform and strong customer unit economics.

Full End-to-End Solution — Integrated Payments & Technology Platform



3.5 Billion+
Annual Transactions

200,000+
Current Customers

\$200 Billion+
Payment Volume
Processed Annually

7,000+
Software Partners

Financials

Total revenue increased to \$731.4 million for fiscal year ended December 31, 2019 from \$560.6 million for fiscal year ended December 31, 2018. Adjusted EBITDA increased to \$103.8 million for fiscal year ended December 31, 2019 from \$89.9 million for fiscal year ended December 31, 2018, representing year-over-year growth of 15.5%. The percentage of total net revenue derived from volume-based payments, subscription agreements and transaction fees was 56.7%, 26.5% and 14.6% for the fiscal year ended December 31, 2019, respectively.

Market Opportunity

The market opportunity is large and growing. According to the January 2019 issue of The Nilson Report, purchase volume on cards in the United States is expected to reach \$10.4 trillion by 2027 from \$5.5 trillion in 2017, representing a compound annual growth rate, or CAGR, of approximately 7%.

Conclusion

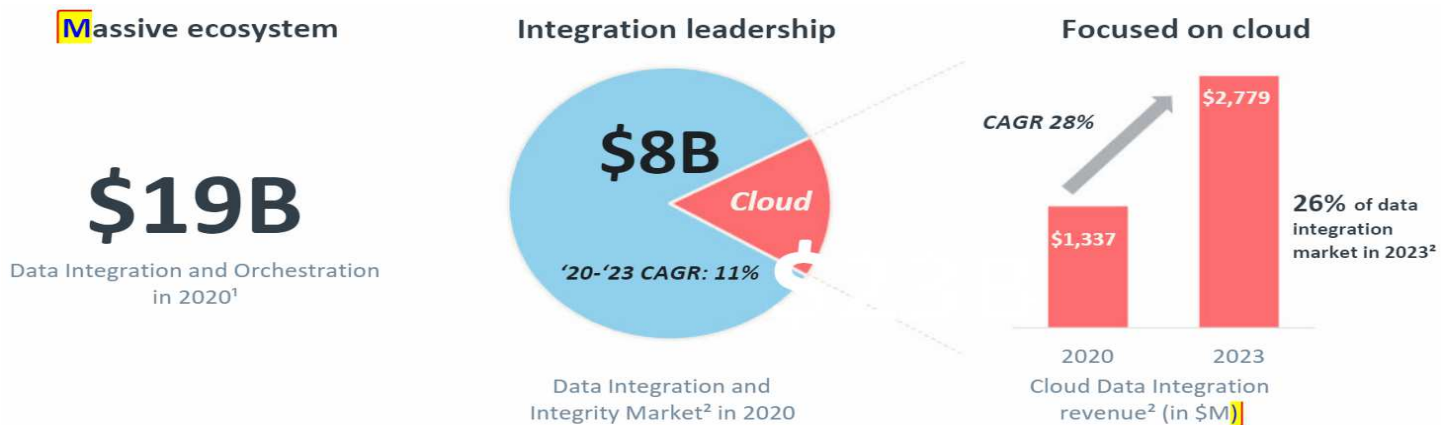
FOUR is a new name to keep an eye on in this group though near-term its exposure to the hospitality industry is a concern.

Insider Activity Monthly Recap

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

Featured

Talend (TLND) with its first insider purchase on 5/29 as a Director bought 15,000 shares at \$30.61. Talend is a leader in data integration and data integrity. Talend helps organizations overcome the barriers that stand in the way of harnessing data, enabling them to discover it across systems, aggregate it to power analytics, clean it to correct errors, transform it through machine learning, share it across internal and external stakeholders and govern it holistically. Talend Data Fabric consists of a suite of applications that enables users to collect, transform, govern, and share data. It allows organizations to use data to make better strategic decisions, enhance customer experience and drive long-term business value. Its platform addresses the markets for Data Integration and Integrity Software, Applied Master Data Management, and Integration and Orchestration Middleware, which IDC forecasts will grow from \$18.5 billion in 2020 to \$28.2 billion in 2023. Specifically, IDC forecasts the data integration and integrity software market to grow from \$7.7 billion in 2020 to \$10.6 billion in 2023. Specific positive tailwinds for TLND include the push to the cloud, modular software, data governance, machine learning and the demand for self-service technology.



Data is a critical asset to harness and protect



TLND grew revenues 39.5%, 40.2%, 37.5% and 21.3% the last four years before slowing to 9.8% growth in 2020. The slowdown from hyper growth to strong growth has resulted in a value name at 3.8X EV/Revenues with 75% gross margins and very high ROIC. It does, however, carry a lot of debt compared to software peers. Its Q1 numbers below were very solid.



Trade Date	Ticker	Company	Insider Name	Insider Title	Price	Qty	ΔOwn	Value
6/15/2020	AAP	Advance Auto Parts Inc	Greco Thomas	Pres, CEO	\$136.13	7,285	6%	\$991,707
6/12/2020	ADS	Alliance Data Systems Corp	Gerspach John C	Dir	\$51.51	5,000	New	\$257,550
6/11/2020	AES	Aes Corp	Ubben Jeffrey W	See Remarks	\$12.22	500,000	10%	\$6,110,000
6/5/2020	ALGT	Allegiant Travel Co	Redmond John	Pres	\$122.89	5,000	2%	\$614,469
6/4/2020	ALLO	Allogene Therapeutics, Inc.	Belldegrun Arie	Dir	\$47.00	146,382	2%	\$6,879,954
6/12/2020	AMED	Amedisys Inc	Perkins Bruce D	Dir	\$167.48	2,000	8%	\$334,960
6/8/2020	AMWD	American Woodmark Corp	Tang Vance W	Dir	\$72.08	6,000	42%	\$432,469
6/9/2020	ASB	Associated Banc-Corp	Bergstrom John F	Dir	\$25.00	20,000	New	\$500,000
6/11/2020	ATH	Athene Holding Ltd	Belardi James Richard	COB, CEO, CIO	\$25.00	40,000	New	\$1,000,000
6/11/2020	ATH	Athene Holding Ltd	Kvalheim Grant	See Remarks	\$25.00	40,000	New	\$1,000,000
6/5/2020	AXDX	Accelerate Diagnostics, Inc	Schuler Jack W	Dir, 10%	\$8.58	1,100,000	7%	\$9,438,000
6/9/2020	AXDX	Accelerate Diagnostics, Inc	Schuler Jack W	Dir, 10%	\$9.63	180,955	1%	\$1,742,597
6/12/2020	AXDX	Accelerate Diagnostics, Inc	Schuler Jack W	Dir, 10%	\$9.34	134,080	1%	\$1,252,307
6/11/2020	AXDX	Accelerate Diagnostics, Inc	Schuler Jack W	Dir, 10%	\$9.18	129,000	1%	\$1,184,220
6/10/2020	AXDX	Accelerate Diagnostics, Inc	Schuler Jack W	Dir, 10%	\$9.84	100,000	1%	\$984,000
6/15/2020	AXDX	Accelerate Diagnostics, Inc	Schuler Jack W	Dir, 10%	\$9.86	95,492	1%	\$941,551
6/16/2020	AXS	Axis Capital Holdings Ltd	Davis Charles A	Dir	\$42.20	772,707	69%	\$32,610,430
6/18/2020	AXS	Axis Capital Holdings Ltd	Davis Charles A	Dir	\$42.61	575,000	30%	\$24,503,143
6/12/2020	AXS	Axis Capital Holdings Ltd	Davis Charles A	Dir	\$40.11	575,000	106%	\$23,060,520
6/12/2020	BELFB	Bel Fuse Inc /nj	Bernstein Daniel	Pres, CEO	\$9.69	55,074	12%	\$533,667
6/5/2020	BHC	Bausch Health Companies Inc.	Valueact Holdings, L.P.	See remarks	\$19.24	948,353	6%	\$18,246,312
6/15/2020	BMY	Bristol Myers Squibb Co	Paliwal Dinesh C	Dir	\$54.50	9,174	71%	\$499,983
6/19/2020	CATM	Cardtronics Plc	Hudson Executive Capital LP	Dir, 10%	\$23.96	208,924	3%	\$5,005,016
6/10/2020	CHNG	Change Healthcare Inc.	Eliasson Fredrik J	EVP, CFO	\$12.00	100,000	174%	\$1,200,000
6/15/2020	CI	Cigna Corp	Foss Eric J	Dir	\$187.37	5,460	21%	\$1,023,018
6/22/2020	CLR	Continental Resources, Inc	Hamm Harold	Exec COB, 10%	\$16.62	3,436,264	1%	\$57,117,798
6/15/2020	CNNE	Cannae Holdings, Inc.	Martire Frank R	Dir	\$37.50	133,333	78%	\$4,999,988
6/15/2020	CNNE	Cannae Holdings, Inc.	Bickett Brent B	Pres	\$37.50	26,667	7%	\$1,000,013
6/15/2020	CNNE	Cannae Holdings, Inc.	Massey Richard N	Dir	\$37.50	26,667	11%	\$1,000,013
6/15/2020	CNNE	Cannae Holdings, Inc.	Cox Richard L.	EVP, CFO	\$37.50	26,667	23%	\$1,000,013
6/15/2020	CNNE	Cannae Holdings, Inc.	Willey Frank P	Dir	\$37.50	15,000	4%	\$562,500
6/15/2020	CNNE	Cannae Holdings, Inc.	Meinhardt Erika	Dir	\$37.50	13,333	14%	\$499,988
6/11/2020	COO	Cooper Companies, Inc.	Ricupati Agostino	SVP, Fin, Tax; Chief Actg Off	\$281.47	1,000	125%	\$281,470
6/4/2020	CRTX	Cortexyme, Inc.	Lamond David	Dir	\$43.27	49,125	2%	\$2,125,795
6/11/2020	CWH	Camping World Holdings, Inc.	Lemonis Marcus	CEO, 10%	\$21.27	23,500	5%	\$499,958
6/5/2020	CWH	Camping World Holdings, Inc.	Lemonis Marcus	CEO, 10%	\$21.48	13,975	3%	\$300,130
6/1/2020	DEI	Douglas Emmett Inc	Anderson Christopher H	Dir	\$30.33	42,800	2%	\$1,297,999

Trade Date	Ticker	Company	Insider Name	Insider Title	Price	Qty	ΔOwn	Value
5/29/2020	DHR	Danaher Corp /de/	Rales Mitchell P	COB of Exec. Committee	\$164.69	141,420	0%	\$23,291,085
6/18/2020	ESCA	Escalade Inc	Glazer Walter P. Jr.	Dir	\$11.42	53,633	26%	\$612,543
5/28/2020	ESNT	Essent Group Ltd.	Casale Mark	COB, CEO, Pres	\$33.25	50,000	3%	\$1,662,500
6/16/2020	FGBI	First Guaranty Bancshares, Inc.	Hood William K	Dir	\$12.00	37,000	2%	\$444,000
6/16/2020	FGBI	First Guaranty Bancshares, Inc.	Smith Edgar R. III	Dir, 10%	\$12.00	27,000	2%	\$324,000
6/10/2020	FGEN	Fibrogen Inc	Conterno Enrique A	CEO	\$35.57	27,800	46%	\$988,882
6/9/2020	FLXS	Flexsteel Industries Inc	Schmidt Derek P	CFO, COO	\$11.78	35,506	158%	\$418,346
6/17/2020	FMBI	First Midwest Bancorp Inc	Hayley Kathryn	Dir	\$25.00	12,000	52%	\$300,000
6/15/2020	FOX	Fox Corp	Murdoch Lachlan K	Exec COB, CEO	\$28.29	101,556	67%	\$2,873,019
6/20/2020	FOX	Fox Corp	Murdoch Lachlan K	Exec COB, CEO	\$28.32	49,498	20%	\$1,401,783
6/16/2020	GBIO	Generation Bio Co.	Rowland Charles A Jr	Dir	\$19.00	30,000	59%	\$570,000
6/18/2020	GRPN	Groupon, Inc.	Lefkofsky Eric P	Dir, 10%	\$21.57	250,000	0%	\$5,391,550
6/15/2020	HMST	Homestreet, Inc.	Patterson Mark Robert	Dir	\$22.95	15,000	13%	\$344,250
5/29/2020	HPQ	Hp Inc	Bennett Robert R	Dir	\$14.95	50,000	83%	\$747,720
6/2/2020	HPQ	Hp Inc	Bennett Robert R	Dir	\$15.11	17,000	15%	\$256,918
6/8/2020	KDP	Keurig Dr Pepper Inc.	Arboleda Mauricio Leyva	Pres,Int'l, Bus. Development	\$28.47	123,400	New	\$3,513,210
6/9/2020	MCACU	Mountain Crest Acquisition Corp.	Liu Suying	CEO, 10%	\$10.00	296,500	21%	\$2,965,000
6/9/2020	MCACU	Mountain Crest Acquisition Corp.	Liu Dong	CFO, 10%	\$10.00	296,500	21%	\$2,965,000
6/16/2020	PCVX	Vaxcyte, Inc.	Heron Patrick J	Dir	\$16.00	250,000	12%	\$4,000,000
6/16/2020	PCVX	Vaxcyte, Inc.	Hopfner Robert Lorne	Dir	\$16.00	93,000	4%	\$1,488,000
6/1/2020	PK	Park Hotels & Resorts Inc.	Eckert Thomas D	Dir	\$10.55	30,000	52%	\$316,600
6/3/2020	PNFP	Pinnacle Financial Partners Inc	Ingram David B	Dir	\$25.00	80,000	33%	\$2,000,000
6/11/2020	PNFP	Pinnacle Financial Partners Inc	Ingram David B	Dir	\$25.00	40,000	12%	\$1,000,000
6/3/2020	PNFP	Pinnacle Financial Partners Inc	McCabe Robert A Jr	COB	\$25.00	30,000	6%	\$750,000
6/3/2020	PNFP	Pinnacle Financial Partners Inc	Thompson G Kennedy	Dir	\$25.00	20,000	92%	\$500,000
6/3/2020	PNFP	Pinnacle Financial Partners Inc	Callicutt Richard D II	COB-Carolinas, Virginia	\$25.00	12,000	12%	\$300,000
6/19/2020	PROG	Progenity, Inc.	Stylli Harry	COB, CEO, 10%	\$15.00	33,333	0%	\$499,995
6/11/2020	QDEL	Quidel Corp /de/	Bryant Douglas C	Pres, CEO	\$160.33	5,000	1%	\$801,670
6/4/2020	REZI	Resideo Technologies, Inc.	Fradin Roger	Dir	\$9.08	109,860	189%	\$997,978
6/5/2020	REZI	Resideo Technologies, Inc.	Teich Andrew C	Dir	\$8.51	54,732	82%	\$465,769
6/3/2020	RILY	B. Riley Financial, Inc.	Riley Bryant R	COB, Co-CEO, 10%	\$20.81	40,000	1%	\$832,260
6/9/2020	RILY	B. Riley Financial, Inc.	Riley Bryant R	COB, Co-CEO, 10%	\$22.85	20,000	0%	\$457,040

Trade Date	Ticker	Company	Insider Name	Insider Title	Price	Qty	ΔOwn	Value
5/29/2020	SIGI	Selective Insurance Group Inc	Rue William M	Dir	\$52.45	25,000	7%	\$1,311,250
6/19/2020	TBK	Triumph Bancorp, Inc.	Davis Richard Loren	Dir	\$25.00	20,000	9%	\$500,000
6/12/2020	TDG	Transdigm Group Inc	Graff Michael	Dir	\$448.07	618	18%	\$276,907
6/12/2020	TFC	Truist Financial Corp	Qubein Nido R	Dir	\$37.98	10,000	15%	\$379,800
5/29/2020	TLND	Talend S.A.	Singh Sudhir Steven	Dir	\$30.61	15,000	500%	\$459,144
6/1/2020	TSC	Tristate Capital Holdings, Inc.	Dolan James J.	Dir	\$22.94	13,700	21%	\$314,321
6/15/2020	UBER	Uber Technologies, Inc	Eckert Robert	Dir	\$31.60	15,740	New	\$497,400
5/29/2020	UPS	United Parcel Service Inc	Tome Carol B	CEO	\$99.33	10,100	119%	\$1,003,233
6/11/2020	VCTR	Victory Capital Holdings, Inc.	Hawkes James B	Dir	\$15.76	17,404	4%	\$274,287
6/10/2020	VPG	Vishay Precision Group, Inc.	Cummins Wes	Dir	\$23.50	100,000	>999%	\$2,350,000
6/11/2020	VRM	Vroom, Inc.	Dahnke Scott Arnold	Dir, 10%	\$22.00	318,181	2%	\$6,999,982
6/11/2020	WD	Walker & Dunlop, Inc.	Malone Michael D	Dir	\$47.82	10,000	46%	\$478,170
6/22/2020	WSBC	Wesbanco Inc	Libs Gary L	Dir	\$20.70	25,000	12%	\$517,525

Sector ETF Set-Up of the Month

Semiconductors (SMH) a top group to watch into 2H20 with likely rebounds in key end-markets like Auto, Industrials and Consumer while Data-Center & Gaming remain key growth drivers. The SMH is forming a nice flag right around February 2020 highs and potential to breakout to a new high, out of a large volume zone, to new territory.



Monthly Educational and Insightful Links

Jeremy Grantham Podcast from "Invest Like the Best"

<http://investorfieldguide.com/jeremy-grantham-an-uncertain-crisis-invest-like-the-best-ep-177/>

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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