



UltraGenyx Calls Bought as Key Catalysts Near

Ticker/Price: RARE (\$57.50)

Analysis:

UltraGenyx (RARE) with 500 April \$60 calls opening mid-market at \$4.30 and IV jumping indicating a buy. RARE still has 1,000 August \$55 puts sold to open on 1/16 in OI and 300 May \$50 calls recently opened. The April \$65/\$60 strangles opened 300X yesterday at \$6.35. RARE shares have spent the last three years in the \$45/\$87 range for the most part, sideways choppy move and currently +40% YTD on a big run. The \$3B Biotech focuses on rare diseases and entering a strong topline growth phase with revenues seen reaching \$850M in 2023 from \$51.5M in 2018. RARE is also well capitalized with \$10/share in cash. On 2-14 RARE announced positive 64 week results for Crysivita in a Phase 3 study, its key product as a long-term revenue growth driver. RARE also has 6 gene therapy programs. It will be submitting UX007 for LC-FAOD in mid 2019 as it attempts to have a third commercial product. DTX401 for AAV8 gene therapy will be presenting data in 2019 as well as DTX301. Analysts have an average target of \$73 on shares and short interest elevated at 10.8% of the float, rising 25% Q/Q and back near a three year high. CSFB has a Neutral rating and \$59 target, waiting on gene therapy pipeline updates and the April 17th Analyst Day a potential positive driver. Jefferies was out positive this morning with an \$81 target positive on the Crysivita launch and gene therapy mid-2019 data a catalyst. Barclays out earlier this week with a \$92 target and Overweight rating seeing multiple positive catalysts this year. Hedge Fund ownership rose 6.4% in Q4 filings.

Hawk Vision:



Trading Strategy: RARE broke out at \$55 and measured back to \$70, the April Analyst Meeting could be a nice catalyst. Options are fairly illiquid but a Biotech of interest worth keeping an eye on.

Confidence Ranking: \$\$