



Call Buying Heats Up in Invesco

Ticker/Price: IVZ (\$18.45)

Analysis:

Invesco (IVZ) with 4,800 April \$18 calls being bought this morning up to \$1.05, trading nearly 10X average calls in the opening hour. IVZ has bullish open interest in the April \$20, \$21, and \$22 calls already from October/November and 1,500 January 2020 \$15 puts sold to open on 1/17. Shares are forming a bull flag under \$19.50 and consolidating around its 20-EMA after the recent move from 52-week lows. A move above cloud resistance at \$19 has room to the 200-MA around \$23. The \$7.64B asset manager trades 7.55X earnings, 0.84X book and 4.7X cash with a 6.6% yield. The company sees 17% EPS growth in FY20 with 11% revenue growth driven by their acquisition of Oppenheimer Funds. The deal, announced in October, will boost AUM to \$1.3T and expand their product lineup and geographic mix across both active and passive strategies to better compete. IVZ sees \$475M in cost savings over the next two years and cash flow for the New Co topping \$1B. Analysts have an average target for shares of \$23.50 with 2 buy ratings and 8 hold ratings. RBC positive on the deal seeing the moving adding scale, distribution, and specialized investment capabilities which will help them grow at a premium rate vs peers. Barclays downgrading shares to Neutral on 1/31 as the timeline for the deal closing has shifted to Q2 and early synergy execution will be a 2H catalyst. Short interest is 2.8%, down from 4.6% in October. Institutional ownership rose 5% last quarter. IVZ saw a director buy stock last week at \$17.97, nearly \$180K investment, and the largest open market buy in four years.

Hawk Vision:



Trading Strategy: IVZ is an intriguing low volatility name, alert in at \$18.90 for a move out of this nice pattern.

Confidence Ranking: \$\$