

SPOTLIGHT OPTION TRADE



Solar Next Growth Group to Run, Sunrun Attractive Based on Flows, Inverted Skew

TRADE SNAPSHOT

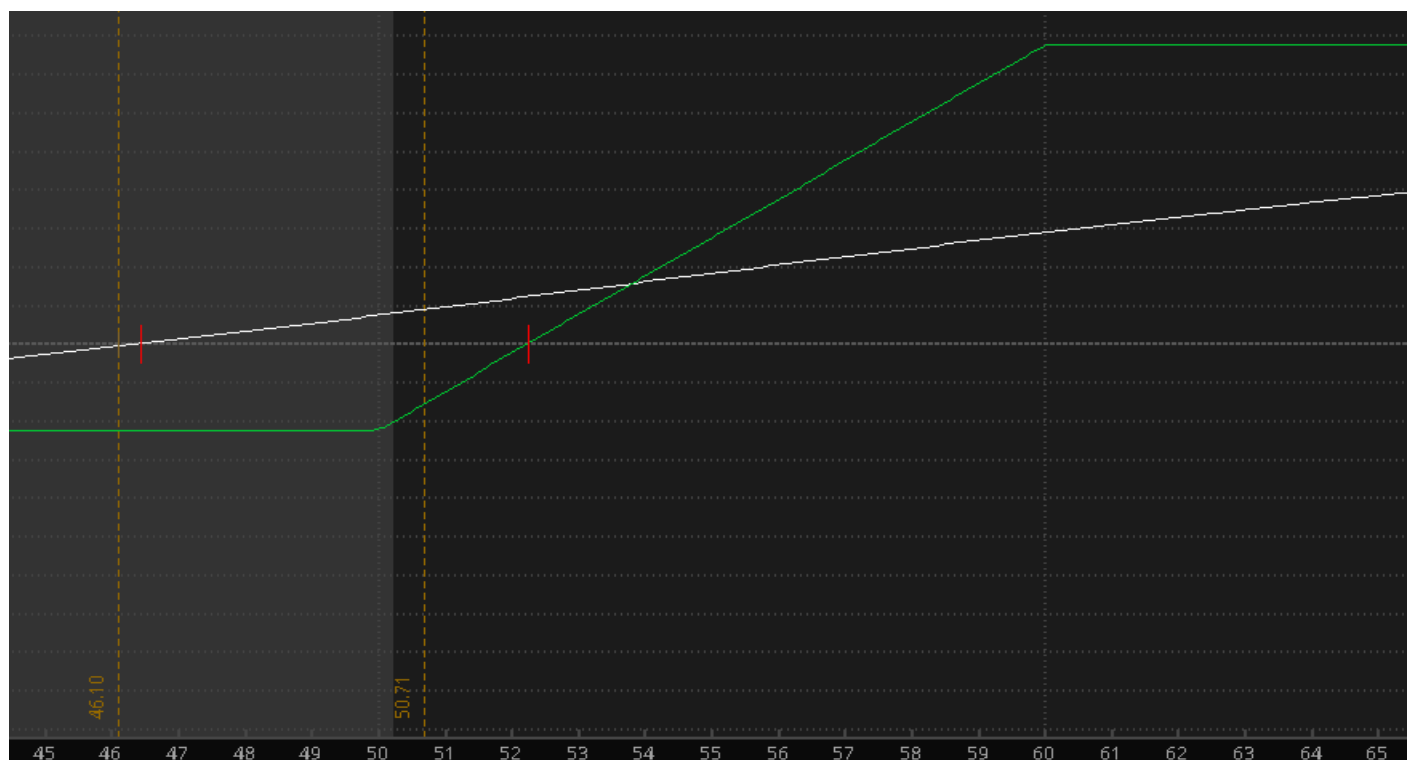
TICKER	RUN
SECURITY	Sunrun
SECTOR	Energy - Solar
CURRENT PRICE	\$46.15
LONG/SHORT	Long
TARGET	\$60
STOP	\$41
TIMEFRAME	2 Months

Trading Strategy: Long the RUN August \$50/\$60 Call Spreads at \$2.25 Debit

Net Debit/Credit: Debit \$2.25

Profitability Zone: RUN Above \$52.25 on August OpEx

Options Volatility / Trade Simulator View:





Technical Analysis: RUN quietly broke out of June OpEx value range Monday and into a volume pocket, also clearing a long downtrend from the early 2021 highs and RSI back above the 50 level. Shares have plenty of room for a retracement move, 38.2% at \$61.70, while VWAP off those highs is near \$57.75.



Fundamental Analysis: RUN has a \$9.43B market cap and runs a solar-as-a-service model, which provides clean energy to households with little to no upfront cost and at a saving compared to traditional electricity. The company designs, installs, finances, insures, monitors and maintains the systems, while families receive predictable pricing for 20 years or more. The company also offers a home solar battery service, Sunrun Brightbox, that manages household solar energy, storage and utility power. RUN has also been highlighting its grid services at recent investor presentations. RUN's value proposition to customers continues to improve and with that it will see accelerated penetration. As the market leader in residential solar yet having < 1% of the share of US residential electricity generation, the opportunity is enormous over the next ten years. RUN is trading at 9.7X EV/Sales with revenues seen rising 57.7% in 2021 and 15% in 2022. US residential remains early-stage at less than 150,000 households for energy storage and volumes appear to be accelerating with 1Q21 deployments up over 150% owing to improved affordability, higher solar penetration and heightened customer concerns over grid stability in light of recent events in CA and TX. Solar could get a boost from the eventual Biden infrastructure plan and potential storage-only ITC. Recent proposals from the Biden administration within the American Jobs Plan have detailed a 10-year extension for the solar ITC, alongside other pro-clean energy initiatives included with the bill. RUN has a leading position in key states like California and Hawaii. Analysts have an average target of \$80 and short interest is elevated at 15.7% of the float. Guggenheim positive on 6/2 of its growing scale and RUN is leveraging its advantages. Truist lowered its target to \$81 on 5/7 but noted all relevant metrics outperformed in Q1 with strong execution. Tiger Global, Coatue and Viking Global all notable top holders.

Options Activity: RUN has large bull risk reversals in August and November expirations and upside January call spreads. Its 30-day IV Skew at -4.3 is sharply inverted.

Date	Description	Volume	Open_In	Price	Delt	Impl Vo	Prob.ITM	Premium Paid	Symbol	Current Price	Current OI
6/14/2021	RUN 100 21 JAN 22 70 CALL	1,256	877	\$3.10	0.28	65.42%	13.46%	\$401,920	.RUN220121C70		
6/14/2021	RUN 100 21 JAN 22 50 CALL	1,000	755	\$7.20	0.52	63.22%	32.89%	\$730,000	.RUN220121C50		
6/14/2021	RUN 100 16 JUL 21 50 CALL	5,551	5,727	\$2.39	0.39	70.18%	31.37%	\$1,359,995	.RUN210716C50		
6/14/2021	RUN 100 16 JUL 21 45 CALL	1,277	1,571	\$3.70	0.55	67.27%	46.59%	\$485,260	.RUN210716C45		
6/8/2021	RUN 100 16 JUL 21 45 CALL	1,227	649	\$4.02	0.54	70.09%	44.71%	\$503,070	.RUN210716C45	\$3.60	1571
6/4/2021	RUN 100 20 JAN 23 35 PUT	800	609	\$7.30	-0.26	61.77%	56.17%	\$584,000	.RUN230120P35	\$7.30	1309
6/3/2021	RUN 100 19 NOV 21 65 PUT	1,185	14	\$25.29	-0.71	72.31%	87.22%	\$3,021,750	.RUN211119P65	\$23.50	1881
6/3/2021	RUN 100 19 NOV 21 55 CALL	1,203	700	\$4.06	0.37	69.99%	20.94%	\$493,230	.RUN211119C55	\$4.70	2097
6/1/2021	RUN 100 16 JUL 21 50 CALL	1,352	603	\$2.25	0.35	69.49%	26.15%	\$310,960	.RUN210716C50	\$1.95	5727
6/1/2021	RUN 100 16 JUL 21 35 PUT	3,518	98	\$0.85	-0.14	69.88%	20.17%	\$334,210	.RUN210716P35	\$0.45	6827
5/21/2021	RUN 100 20 AUG 21 70 CALL	7,548	6,654	\$1.70	0.19	79.05%	10.42%	\$1,320,900	.RUN210820C70	\$0.95	22536
5/21/2021	RUN 100 20 AUG 21 55 CALL	1,069	1,807	\$3.90	0.39	75.45%	25.42%	\$416,910	.RUN210820C55	\$2.50	4638
5/21/2021	RUN 100 20 AUG 21 50 CALL	7,602	3,088	\$5.40	0.49	73.59%	34.92%	\$4,181,100	.RUN210820C50	\$3.80	12204
5/20/2021	RUN 100 18 JUN 21 47 CALL	1,077	700	\$2.80	0.43	77.90%	34.26%	\$306,945	.RUN210618C47	\$1.02	2812
5/18/2021	RUN 100 21 JAN 22 32 PUT	834	60	\$4.30	-0.24	65.70%	43.95%	\$366,960	.RUN220121P32	\$3.68	781
5/17/2021	RUN 100 20 JAN 23 45 CALL	1,080	607	\$10.10	0.59	59.90%	29.58%	\$1,177,200	.RUN230120C45	\$13.20	1642
5/17/2021	RUN 100 20 AUG 21 60 CALL	5,060	3,359	\$1.47	0.2	80.80%	10.76%	\$834,900	.RUN210820C60	\$1.75	4604
5/17/2021	RUN 100 20 AUG 21 45 CALL	5,029	614	\$4.00	0.43	76.07%	28.87%	\$2,061,890	.RUN210820C45	\$5.50	1703
5/14/2021	RUN 100 20 JAN 23 45 CALL	641	147	\$10.62	0.617	61.74%	30.70%	\$680,742	.RUN230120C45	\$13.20	1642
5/11/2021	RUN 100 18 JUN 21 50 CALL	18,565	2,162	\$2.14	0.33	74.66%	24.84%	\$3,898,650	.RUN210618C50	\$0.55	18312
5/10/2021	RUN 100 20 AUG 21 65 CALL	1,258	674	\$1.37	0.18	77.12%	9.12%	\$176,120	.RUN210820C65	\$1.20	4262
5/10/2021	RUN 100 18 JUN 21 45 CALL	1,491	491	\$2.43	0.4	71.36%	31.11%	\$372,750	.RUN210618C45	\$1.55	4407
5/7/2021	RUN 100 20 AUG 21 75 CALL	5,200	9,212	\$1.22	0.157	76.23%	7.84%	\$634,400	.RUN210820C75	\$0.75	9863
5/7/2021	RUN 100 20 AUG 21 55 CALL	5,063	764	\$4.90	0.46	68.22%	32.44%	\$2,835,280	.RUN210820C55	\$2.50	4638
5/6/2021	RUN 100 19 NOV 21 80 CALL	2,462	366	\$2.35	0.218	70.23%	9.75%	\$578,570	.RUN211119C80	\$1.52	4711
5/6/2021	RUN 100 19 NOV 21 75 CALL	1,600	44	\$2.48	0.23	70.37%	10.41%	\$448,000	.RUN211119C75	\$1.90	2504
5/6/2021	RUN 100 19 NOV 21 50 CALL	1,603	169	\$7.13	0.51	67.74%	31.76%	\$1,202,250	.RUN211119C50	\$6.02	6027
5/6/2021	RUN 100 19 NOV 21 45 PUT	1,200	148	\$9.02	-0.4	66.98%	60.19%	\$1,104,000	.RUN211119P45	\$8.00	2690
5/6/2021	RUN 100 18 JUN 21 65 CALL	20,491	3,835	\$0.66	0.123	73.46%	7.82%	\$1,352,406	.RUN210618C65	\$0.05	22195
5/6/2021	RUN 100 18 JUN 21 55 CALL	17,169	5,076	\$1.85	0.293	69.89%	21.52%	\$3,176,265	.RUN210618C55	\$0.25	22607
5/6/2021	RUN 100 18 JUN 21 40 PUT	10,230	704	\$1.53	-0.216	67.58%	29.11%	\$1,565,190	.RUN210618P40	\$0.22	7427
5/6/2021	RUN 100 18 JUN 21 35 PUT	10,392	388	\$0.65	-0.094	69.80%	14.09%	\$675,480	.RUN210618P35	\$0.05	7237

Potential Catalysts: August 9th Earnings

Disclaimer:

Not Investment Advice or Recommendation

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