



## FEATURED OPTIONS RADAR REPORT



### Cassava Bull Spread Sees Significant Upside into Alzheimer's Data

Ticker/Price: SAVA (\$90)

#### Analysis:

**Cassava Sciences (SAVA)** large spread on 6/30 sold 2000 August \$65 puts to buy the \$100/\$150 call spread for a net \$1 credit and follows bullish flow recently into the August \$90 calls, over 2000X. SAVA is breaking out of a small bull flag this week after consolidating above the rising 8-EMA and showing relative strength since early May. Shares have room to run back to the February highs around \$115. The \$3.55B biotech trades 12.5X cash. The company focuses on neurodegenerative diseases with their lead therapeutic simufilam focused on Alzheimer's and stabilizing critical proteins in the brain. The treatment looks to restore the normal shape and function of FLNA in the brain, the gene which helps build the internal network of protein filaments. Simufilam has shown positive results in early interim analysis of their Phase 2 studi and they expect to initiate a Phase 3 study in the 2H of 2021 and will present further safety/cognition data at the 2021 Alzheimer's Association Conference on 7/26 to 7/30. In September, they have 12-month data. SAVA is also developing a blood-based diagnostic for Alzheimer's call SavaDx. Analysts have an average target for shares of \$55 with a Street High \$111 from B Riley. The firm was out on 6/23 seeing substantial room for further upside in the shares based on near-term catalysts from meaningfully derisking path to market and realizing substantial market opportunity. Jones Trading starting coverage at Buy in March noting that Cassava has been one of few companies to show cognitive benefits at 6 months in Phase 2 and sees the company potentially having a higher probability of success for a positive readout at 12-months than others in the space. Short interest is 9.4%. Hedge fund ownership fell 14% in Q1.

#### Hawk Vision:



**Hawk's Perspective:** SAVA has been a nice runner since we first started discussing the name in May and like the risk/reward for a run into the late July data, a nice speculative add to the portfolio

**Confidence Ranking:** \$\$