



FEATURED OPTIONS RADAR REPORT



Call Buyers Target Personal Finance Disruptor Ahead of Key Regulatory Catalyst

Ticker/Price: SOFI (\$14.65)

Analysis:

SoFi Tech (SOFI) coiled under 55-MA and seeing 4500 December \$15 calls active with buyers early near \$2.20 and buyers recently in the December \$17.50 calls. Today's flows follow buyers in the April \$15/\$25 call spreads on 8/25, over 3000X, and the April \$22.50 calls bought in mid-August. The April \$10 puts also sold to open 2500X in July and remain in OI. Shares are trading near the low-end of yearly value and support from May with monthly VPOC below at \$14.25. A move above \$15.90 and outside of value as well as the 55-EMA is key here to shifting the trend with room above to \$17.50 and then \$20. The \$12.25B company trades 15X sales and 26.5X cash with profitability expected in FY23. SOFI is an online platform for financial services including lending and investments. SOFI has been growing their member base for eight straight quarters while expanding their product base across student loan refinancing, home and auto loans as well as insurance products for renters, homeowners, and autos. They see their simple, fast and efficient platform as a key differentiator that will help them win market share over the next decade with over 500M accounts available across nearly 5,000 legacy banks. SOFI has a potential near-term catalyst as they are waiting for final approval of their application for a bank charter. The move would allow SOFI to expand lending capabilities and become a long-term driver for growth while lowering their cost of capital. Analysts have an average target for shares of \$24 with a Street High \$30. CSFB starting at Neutral last week as they are bullish on SoFi's end market of digital financial services, management and the company-specific opportunity ahead, but needs to see further signs of progress toward achieving its 2025 plan first. Rosenblatt starting at Buy in June as they think challenger banks like SoFi command a powerful cost advantage over the legacy banks which will drive dramatic disintermediation over the next 5-10 years. Hedge fund ownership jumped 2000% last quarter with sizable buys from Red Crow Capital, Durable Capital, and Silver Lake. Third Point also bought 28.8M shares while Senator Investment, Miller Value and Altimeter buyers too. Insiders also active with CEO buying \$400K in stock in August at \$13.75 to \$14.30.

Hawk Vision:



Hawk's Perspective: SOFI has a ton of potential to be a long-term winner in the growing personal finance space and I like the risk/reward from a valuation perspective but price action has been weak and until it can clear that \$16-\$17 level, it could continue to see pressure, so alert set and one to watch for now

Confidence Ranking: \$\$