



OptionsHawk Open Interest Report 2H 2015

Introduction

The following report details 45 stocks with notable Institutional option trades in open interest, along with a brief view on fundamentals, technicals, and potential catalysts. If you have followed the OptionsHawk website you know that I utilize options flow to find trading opportunities, generally directional trades. Without going into too much detail the notion behind this method is that Institutions have the best access to information that impacts stock performance, and by following the large money trades you can piggy-back on that knowledge and take part in the profits.

Most of the trades discussed below have taken place in the first half of 2015 and are positioned in July 2015 - January 2016 option contracts, a broad array of companies in various industries. With each I provide the initial entry price to allow easy comparison to the current price, and one can decide to keep things simple, or develop more complex strategies based on the options positioning. The details of the trade will give you a good idea about the expected target move for shares, and the timeframe.

As with any trade it remains important to do your own due diligence, but these stocks are presented as ideas, a starting point to find your own profitable trades. In any case it is always important to manage risk, and determine entry and exit points as appropriate whether through valuation techniques, or important technical levels on the chart. It can be utilized as a watch list, and look for entry with names oversold at support via the stock or an option strategy deemed appropriate. Most of the charts provided are a long-term view with weekly and monthly candles just to gain a better overall perspective with many stocks testing multi-year highs.

I will also note that the trades noted below are of the bullish variety, and this is for a couple reasons. First, we are in a raging bull market, and the Institutional options flow has been positioning with sizable bullish trades, often adjusting out and up in strikes, and been very accurate to this point, just as they were positioning for downside ahead of the Financial Crisis. Secondly, a large opening position in calls provides much more clarity than one in puts, as puts are often utilized to hedge long stock, and although one could argue that calls are hedging short stock, this can be discounted by observing short interest trends in the stocks, and also a lot of Institutions are not apt to take short positions. I tried to keep the language simple and not get too complex in the trade descriptions, but if you are confused feel free to visit the OptionsHawk site and check out the Education tab, and also learn more about the art of following options flow.

Akamai (AKAM): (\$77.68)

Notable Trades:

- 5/8 - 1,000 Nov. \$77.50 calls bought for \$5.75
- 5/12 - 2,000 June \$75 calls bought for \$2.50
- 5/22 - 1,500 June 26th (W) \$78.50 calls bought for \$1.60
- 2/19 – January 2017 \$72.5/\$95 Call Ratio Spread bought 1,000X2,000 at \$2.80 Debit

Fundamental Snapshot: The \$13.87B provider of CDN services trades 25.58X earnings, 4.65X book and 19.44X cash with earnings expected to grow 20.5% this year. The company recently reported 20% YOY revenue growth including 21% international growth but lowered their outlook as currency headwinds will cut into Q2 sales. AKAM has positioned themselves to take advantage as next-generation HD video streaming becomes more mainstream including 4K, an area they're investing in heavily. In addition, AKAM has seen strong growth in their cloud security business on the heels of repeated attacks on infrastructure with revenues up 82% YOY last quarter. AKAM security has the potential to be an additional driver going forward as only 32% of current customers are using their products so far.

Analyst Notes: Oppenheimer downgraded shares on 5/19 to Perform looking for a better entry point while UBS maintained their Buy rating and \$88 price target and Deutsche Bank upgraded shares on 4/29 to Buy with a \$79 price target

Catalyst: Rising Use of 4K Video Streaming, Further Penetration of Akamai Security Solutions, FX relief

Technical View: Shares recently moved out of a large consolidation pattern and a measured move to \$80, so definitely a name to target on pullbacks. Major support is at the rising 50-week EMA at \$64.00-64.50.



Ownership Trends: Short interest is 5.29M shares, 3.05% of the float, and has remained steady over the last year between 3.5-5.5M shares. Institutional ownership was up 0.42%. Blue Harbour added to their position (their 2nd largest) as was Stan Druckenmiller's Family Office (their 12th largest position) while Coatue (their 12th largest position) and Fairpointe (their 15th largest position) still hold large positions in the stock.

Anadarko Petroleum (APC) (\$86.17)

Notable Trades:

- 4/8 Buyer 3,500 January 2017 \$110/\$65 Bull Risk Reversals at \$0.10 Credit
- 4/20 Opened 5,000 January 2016 \$120/\$65 Bull Risk Reversals \$0.36 Debit
- 4/8 Buyer 1,000 November \$90 Calls \$6.23
- 5/8 Buyer 2,000 November \$95 Calls \$2.55
- 5/7 Opened 5,000 August \$85/\$75 Bull Risk Reversals \$6.15
- Aug. \$95 Calls → 3/6 Buyer 7,500 \$2.18; 3/16 Buyer 8,500 at \$2.10; 3/23 Buyer 8,500 \$2.31; 4/10 Buyer 5,000 at \$3.95

Fundamental Snapshot: The \$43.77B Oil Company trades 2.93X Sales, 2.68X Book and yields a 1.25% dividend. APC was hit hard with the Oil sell-off but with prices stabilizing shares have recovered, and it has long been thought of as a name with some of the best producing properties on the planet. APC should post 5-7% annual production growth through 2020 and has a solid balance sheet. APC is a levered play on Oil & Gas price recovery and many believe it may do \$8-\$10B in asset monetization this year.

Analyst Notes: On 4-10 Imperial started APC Outperform with a \$117 target and BAML rates APC a Top Buy with a \$116 target.

Catalyst: Acquisition Target; Asset Sales

Technical View: APC shares have moved well off the late 2014 lows and recently testing that uptrend support, providing a nice entry level, RSI climbing strong in 2015. Look for APC to take another run at \$95 for a key breakout that would target above \$110.



Ownership Trends: APC has 93% institutional ownership and just 1.6% of the float short. Three Bays Capital and Highlands Capital bought APC call options in Q1. Elliott owns 4.25M shares, its 7th largest position.

Analog Devices (ADI) (\$67.10)

Notable Trades:

- 5/22 Buyer 5,000 September \$70 Calls \$1.80 to \$1.95
- 5/21 Trade Opens 5,000 September \$70/\$62.5 Bull Risk Reversals at \$0.45 Net Credit

Fundamental Snapshot: The \$21B Semi trades 20.7X Earnings, 6.7X Sales, 4.23X Book and yields a 2.38% dividend. ADI is coming off a strong report last week with Industrial and Automotive markets continuing to perform well. ADI acquired Hittite in 2014 in an accretive \$2B deal, boosting margins and the growth profile. On the conference call management expressed confidence in mid-teens accretion for FY16. ADI also still has a lot of cash and a strong balance sheet that could be used for more deals.

Analyst Notes: On 5-20 Argus raised its target on ADI to \$73 noting healthy demand across most end-customer groups in most regions, very strong US growth.

Catalyst: M&A; Synergies from Hittite Deal

Technical View: ADI shares broke out in a big way last week after a 7 week consolidation, one of the strongest trends in Semiconductors and one that is sure to see further continuation. The \$72 level is my next upside target projection.



Ownership Trends: ADI has 91% institutional ownership and 2.4% of its float short. ADI saw institutional ownership rise near 1% in Q1.

Anheuser Busch (BUD) (\$122.54)

Notable Trades:

- 2/19 Buyer 14,600 Jan. 2017 \$180 Calls \$2.75
- 1/30 Buyer of 32,500 Jan. 2016 \$150 Calls \$2.50; Jan. 2016 \$130/\$110 Bull Risk Reversals Opened 5,000X at \$1.50
- 4/29 Buyer of 6,000 September \$140 Calls \$1.40 and 6,000 June \$130 Calls \$1.10

Fundamental Snapshot: The \$200B brewing leader trades 21.5X Earnings, 4.23X Sales and 4X Book with a 3.55% dividend yield. BUD recently posted a strong quarter and also beat estimates back in February. It has been speculated that Anheuser Busch may be interested in acquiring SAB-Miller to tap faster growing regions such as Africa. Consolidation is a major trend in this group and this would be a massive deal, but makes a lot of sense for both companies trying to grow earnings in a low growth business. BUD has been able to realize stronger pricing, but not offsetting loss in volume as consumers look more towards craft brands.

Analyst Notes: On 5-6 CLSA cut BUD to Underperform citing lackluster US sales and a gloomy Brazilian economy; On 3/17 Tigress cut BUD to Underperform on market share concerns

Catalyst: Transformative Acquisition (SAB-Miller)

Technical View: BUD shares recently pulled in to re-test a former breakout and near trend support, now coiled nicely on the weekly chart. The next leg up for BUD measures to a \$150 target on a break above \$128.



Ownership Trends: BUD only has 59% institutional ownership and nearly any short float. In Q1 filings Soroban Capital, an activist, bought a large amount of call options in BUD, and Third Point bought calls as well. Soroban is also the 2nd largest stockholder, tis 4th largest position, and Senator Investment and Third Point LLC are also top holders.

Arm Holdings (ARMH): (\$52.26)

Notable Trades:

- 5/13 - 3,000 Oct. \$60 calls bought for \$1.50
- 5/13 - 5,000 Oct. \$65 calls bought for \$0.70-0.80

Fundamental Snapshot: The \$24.74B semiconductor trades 30.02X earnings with a 0.80% yield and sees earnings growing 18-20% over the next five years, a strong trend. ARMH recently reported strong earnings with double-digit revenue growth driven by a 31% YOY boost in processor royalty revenues on 3.8B ARM-based chips delivered during the quarter. The company is positioned well to take advantage of smartphone growth and inventory turnover as the predominant market provider of MAPs and inked 30 licenses last quarter, signs of strong demand. ARMH recently made two acquisitions in Wicentric and Sunrise Micro, both strengthen their position in the rapidly-growing Internet of Things industry and is focused on expanding their reach into Automotive as well.

Analyst Notes: Benchmark raised their price target on 4/22 to \$56 and Canaccord Genuity, which has a Buy rating on shares, set their price target at \$63 on 4/21; Goldman Sachs rates shares at Conviction Buy

Catalyst: Growth of Wearables Market (ARMH has 25% share in 2014), Rise in "Smart" Cars , Rising Royalty Revenues from Physical and Multimedia IP, Accretive Acquisitions in IoT Space

Technical View: Shares have made a huge run since 2009 and have re-traced the entirety of the 1999/2000 move, ahead of most tech names that were hurt during the same period. Shares double-topped around \$54.50 over the last two years and a move higher would target a long-term move to \$75.



Ownership Trends: Short interest in 9.1M shares, 52-week highs, and 1.95% of the outstanding float. Institutional ownership was up 0.46% last quarter with notable buys by Edgewood Management (their 7th largest position) and WCM Investments (their 9th largest position). Sands Capital remains the top holder with 19.4M shares while Jennison Associates holds 15.7M shares and added last quarter.

Autodesk (ADSK): (\$56.40)

Notable Trades:

- 4/15 - 10,000 Oct. \$70 calls bought for \$1.77-1.83
- 4/20 - 2,000 June \$62.50 calls bought for \$2.25
- 5/4 - 5,000 January 2017 \$65/50 bull risk reversals bought for \$1.60

Fundamental Snapshot: The \$12.84B software maker trades 53.3X earnings, 5.11X sales and 20.29X free cash flow with earnings growth forecast to reach the low double-digits over the next five years. The company recently posted better-than-expected quarterly results with revenue from their Architecture, Engineering and Construction business up 21% YOY, Manufacturing up 25%, and Media and Entertainment up 6%. ADSK lowered its outlook for the year as they transition into a subscription-based business model. The company will stop selling perpetual offerings including licenses for suites by the end of the year in favor of standalone products. While this may cause short-term struggles, it'll open up predictable revenue streams and earnings power should grow. In April, PacCrest noted that the company could generate up to \$7 in free cash flow by 2018 as the model takes hold.

Analyst Notes: Barclays lowered their price target on 5/20 to \$68 with an Overweight rating and Canaccord lowered their target to \$70, PacCrest upgraded shares to Outperform on 5/1 with an \$81 target

Catalyst: Earnings Acceleration w/ Transition, Share Buybacks

Technical View: Shares are trading near the base of a large upward channel on the weekly with a measured move to \$67. Major support is near \$50, the Oct. 2014 lows.



Ownership Trends: Short interest is 4.1M shares, 1.83% of the float, and down from 52-week highs of over 5M in October 2014. Institutional ownership fell 1.64%. Eminence Capital was a buyer (their 9th largest position) and Maverick Capital started a new 1.08M share position (their 30th largest position).

Broadcom (BRCM): (\$47.26)

Notable Trades:

- 4/7 - 5,000 Nov. \$47 calls bought for \$2.05
- 5/7 - 1,500 Aug. \$47 calls for \$2.12
- 5/7 - 1,000 Nov. \$46/55 call spreads for \$2.63
- 5/13 - 5,000 Aug. \$50 calls bought for \$1.16
- 5/13 - 2,500 Aug. \$48 calls bought for \$1.84
- 5/14 - 2,500 Aug. \$50/41 bull risk reversals bought for \$0.76
- 5/20 - 2,000 July \$49 calls bought for \$1.15

Fundamental Snapshot: The \$28.26B semiconductor company trades 14.6X earnings, 3.32X sales with about \$2.7B in cash on hand. Shares yield 1.19% with earnings expected to grow in the low teens over the next five years. BRCM has been one of the few tech names to hold up well and recently posted very strong earnings with upside surprise in its connectivity segment. Growth has been driven by better-than-expected adoption rates of high-end smartphones, new product roll-outs and expansion of the global LTE infrastructure market which has an expected CAGR greater than 60% through 2019.

Analyst Notes: Nomura raised their price target on 4/22 to \$60

Catalyst: 4G LTE build-out in China, Target for either Intel (INTC) or Qualcomm (QCOM)

Technical View: Shares are trading just off of 52-week highs at \$48.16 and near a major breakout on the monthly chart with a May close over \$45.50. A move higher would target the 123.6% fibonacci extension off the Aug. 2013 lows.



Ownership Trends: Short interest is 7.7M shares, 1.42% of the float, and down considerably from the 52-week highs of 15.1M in September. Institutional ownership was up 0.15% last quarter.

Coca Cola Enterprises (CCE) (\$44.80)

Notable Trades:

- 4/27 Buyer of 50,000 Jan. 2016 \$49 Calls at \$1.80 to \$2
- 4/28 Buyer of 20,000 Jan. 2016 \$49 Calls at \$2
- 5/1 Buyer of 19,000 Jan. 2016 \$49 Calls at \$1.90
- 5/6 Trade Bought 2,000 November \$47 Calls \$2.40 and Sold 3,000 November \$41 Puts \$1.75
- 5/11 Trade Sold 2,000 November \$38 Puts \$0.80 and Bought the November \$47/\$55 Call Ratio Spread 2,000X3,000
- 5/19 Trade Opened 20,000 Jan. 2016 \$49/\$39 Bull Risk Reversals at \$1.50 Debit

Fundamental Snapshot: The \$10.44B European beverage Company trades 16X Earnings, 1.3X Sales, and 21.6X FCF with a 2.5% dividend yield. CCE has been cutting costs and buying back stock as well as raising the dividend, but continues to trade at a discount to peers as the market awaits market share gains. CCE is set to benefit in 2015 from higher marketing spend. CCE may look to utilize cash in 2015 to acquire more Western European territories as KO looks to sell franchises. A strong US Dollar remains a risk for CCE with 100% of its sales in Europe.

Analyst Notes: On 3-24 Merrill Lynch added CCE to the US 1 List with a \$52 target.

Catalyst: Acquisitions of Additional Coca Cola (KO) Franchises and Expansion into Growth Markets

Technical View: CCE shares have traded in a defined sideways channel for the past year, \$41/\$48, and an upside breakout targets a trend move to \$55.



Ownership Trends: CCE has 85% institutional ownership and just 1.1% of its float short. Institutional ownership fell in Q1, Viking Global sold its full 3.24M share stake. Senator Investment, OZ Mgmt., and Hoplite Capital were notable buyers of the stock in Q1 and are all top holders.

Centene (CNC): (\$71.11)

Notable Trades:

- 3/11 - 2,500 Sep. \$70/80 call spreads bought and 2,500 \$60 puts sold to open
- 5/12 - 2,500 June \$67.50 calls bought for \$2.45
- 5/19 - 2,000 June \$72.50 calls bought for \$1.20

Fundamental Snapshot: The \$8.46B managed care company trades 22.52X earnings, 0.46X sales and 5.08X cash with double-digit earnings growth forecast over the next five years. CNC provides managed care solutions primarily through Medicaid and related government-sponsored healthcare plans and is poised to benefit from an aging baby-boomer population which is driving membership. CNC is also benefitting from the rise in “dual eligibles” who qualify for both Medicare and Medicaid. The company recently said that the Medicaid market is robust and they see the potential for \$138B market over the next several years, great opportunity for organic growth. CNC is also a potential acquisition target as both Anthem (ANTM) and Aetna (AET) look for deals.

Analyst Notes: BMO raised their price target on 5/4 to \$78 and Cantor Fitzgerald maintained their Buy rating on 4/29 with a \$80 price target; Barclays has an \$84 price target

Catalyst: Additional States Adopt Medicaid Expansion (23 have yet to do so), Supreme Court Decision on ACA in late-June, Change in Rates for Plans Sold Under ACA, Industry Consolidation, Rising Interest Rates

Technical View: Shares have been parabolic since the start of 2013, nearly tripling in price, and are just off of all-time highs at \$74.26. Near-term support would be the rising 100-day EMA at \$63.07.



Ownership Trends: Short interest is 5.7M shares, 4.92% of the float, and off 52-week highs of over 8.5M shares. Institutional ownership fell 0.27% but saw buying from Capital World Investors and Vanguard, the two largest holders of the stock. Earnest Partners (their 13th largest position) and Frontier Capital (their 14th largest position) remain large holders.

Credit Suisse (CS) (\$26.76)

Notable Trades:

- 5/13 Buyer 6,500 June \$27 Calls \$0.60 to \$0.85
- 5/14 Buyer 3,000 June \$27 Calls \$0.85
- 4/29 Buyer 10,000 September \$26 Calls \$1.58 to \$1.75 (4,000 Remain in OI)

Fundamental Snapshot: The \$44.3B investment bank trades 9.87X Earnings and 0.93X Book with a 2.69% dividend yield. CS announced in March that Prudential (PUK) former CEO Tidjane Thiam will become their new CEO. Eric Knight, head of activist investor Knight Vinke, in early May said UBS could combine its investment banking arm with Credit Suisse to create a top player.

Analyst Notes: On 3-11 JP Morgan upgraded CS to Overweight from Underweight seeing the new CEO increasing the potential for restructuring

Catalyst: Merger with UBS Investment Bank

Technical View: CS shares cleared a long downtrend earlier this year and now consolidating above the 20/40 weekly EMA crossover after failing near \$28 resistance. CS has formed a cup and handle pattern on the weekly, so above \$28 targets a move to \$35.



Ownership Trends: CS has low institutional ownership and short float. Fisher Asset Mgmt. is its largest holder.

CVS Health Corp. (CVS) (\$103.95)

Notable Trades:

- 4/20 Buyer 7,150 Jan. 2016 \$110 Calls \$2.44
- 4/13 Buyer 1,200 November \$105 Calls \$4.31

Fundamental Snapshot: The \$117.3B Pharmacy trades 17.6X Earnings, 0.82X Sales, 3.17X Book and 26.55X FCF with a 1.35% dividend yield. CVS grew EPS 5.9% in 2014 and projecting 12-15% forward growth. CVS recently announced a \$12.7B deal for Omnicare (OCR) which will significantly expands its business, and synergies will save costs, an accretive deal. CVS exited the tobacco business last year but has quickly made up lost ground and pharmacy services trends are very strong.

Analyst Notes: Jefferies boosted its target on CVS to \$125 on 5-22; FBR commented on the CVS deal for OCR calling it a wise move, catering to the growing senior population.

Catalyst: Omnicare (OCR) Deal Synergies/Accretion; Generic Drug Launches

Technical View: CVS shares have coiled tightly on the weekly chart and held the 20 week rising EMA on weekly closes, RSI now nearing a move through a downtrend to initiate a new leg higher, one that would target \$115+.



Ownership Trends: CVS has 90% institutional ownership and just 0.8% of its float short. Marisco Capital and Millennium Mgmt. added to their stakes in Q1.

Dick's Sporting Goods (DKS): (\$54.19)

Notable Trades:

- 4/15 & 4/22- 7,000 January \$60/52.50 bull risk reversals accumulated with 4,600 bought for \$0.73 and 2,400 bought for \$0.17

Fundamental Snapshot: The \$6.41B sporting goods company trades 15.21X earnings, 0.94X sales with a 1.01% yield. Earnings are forecast to grow by double-digits but is largely dependent on a turnaround at their Golf Galaxy stores which continued to struggle last quarter. DKS is considered one of the most attractive LBO candidates on the market with limited debt and over \$750M in EBITDA last year. Private equity could focus on improving expenses and expanding the company's e-commerce presence which contributed to just 8.5% of sales last quarter.

Analyst Notes: Sterne Agee upgraded shares to Buy on 5/19 with a \$62 price target and BMO Capital upgraded to Outperform on 5/7 with a \$63 price target

Catalyst: Turnaround in Golf Galaxy Comps, LBO, Activist 13D filing

Technical View: DKS hit all-time highs of \$60.33 recently but sold down to the 200 EMA after giving long-term guidance in April. Major support lies at \$43 where shares formed a 'W' pattern and the lower end of a big value area formed since 2012 around \$49.50. A move above the April high would target the 138.2% fibonacci at \$67.60.



Ownership Trends: Short interest fell to 1.3M shares, only 1.48% of the outstanding shares, and down considerably from 52-week highs of 6.08M. Institutional ownership dropped 9.3% during Q1 but Point72 was a buyer increasing their position by 48%.

Dish Network (DISH): (\$69.15)

Notable Trades:

- 4/28 - 2,000 June \$70 calls bought for \$2.60
- 5/13 - 1,250 Sep. \$70 calls bought for \$3.20-3.30
- 5/15 - 2,150 Sep. \$65 calls bought for \$5.60-5.80
- 5/18 - 2,500 June \$70/66 bull risk reversals bought for \$0.45
- 4/21 – 1,000 December \$70 calls bought \$7.15; 5/12 1,000 December \$70 calls bought \$4.65

Fundamental Snapshot: The \$32B company trades 39.95X earnings, 2.17X sales, and 22.88X cash with earnings growth in the high single-digits, although expected to contract. The company recently reported earnings which beat on both the top and bottom lines as ARPU came in at \$86.01 on weaker-than-expected subscriber numbers. SlingTV, a subsidiary of DISH, rolled out earlier this year and recently became available on Android TV. In January, DISH surprised many by outbidding Verizon (VZ) for New York and Chicago spectrum licenses in a government auction, arousing speculation as to the company's motives. DISH's bids have come under scrutiny recently amid whether they improperly used designated entities to win small-business discounts of around \$3B.

Analyst Notes: Brean Capital reiterated their Buy rating on 5/13 with an \$88 price target

Catalyst: FCC Approval for \$3B in Discounts Related to Spectrum Bid, Build-Out of Wireless Network, Partnership or Acquisition of Existing Carrier, Leasing Agreements

Technical View: Shares have been under pressure in 2015, down off the highs of \$80.75 made in early March but have pulled back into prior support at \$67 and broke a downtrend.



Ownership Trends: Short interest is 3.07M shares, 1.41% of the float, and at 52-week lows. Institutional ownership rose 0.94% last quarter. Eagle Capital (their 16th largest position) was a net buyer last quarter while Leon Cooperman (his 15th largest position), Anchorage Capital (their 10th largest position), and George Soros (his 29th largest position) remain large holders of the stock.

Walt Disney (DIS) (\$110.26)

Notable Trades:

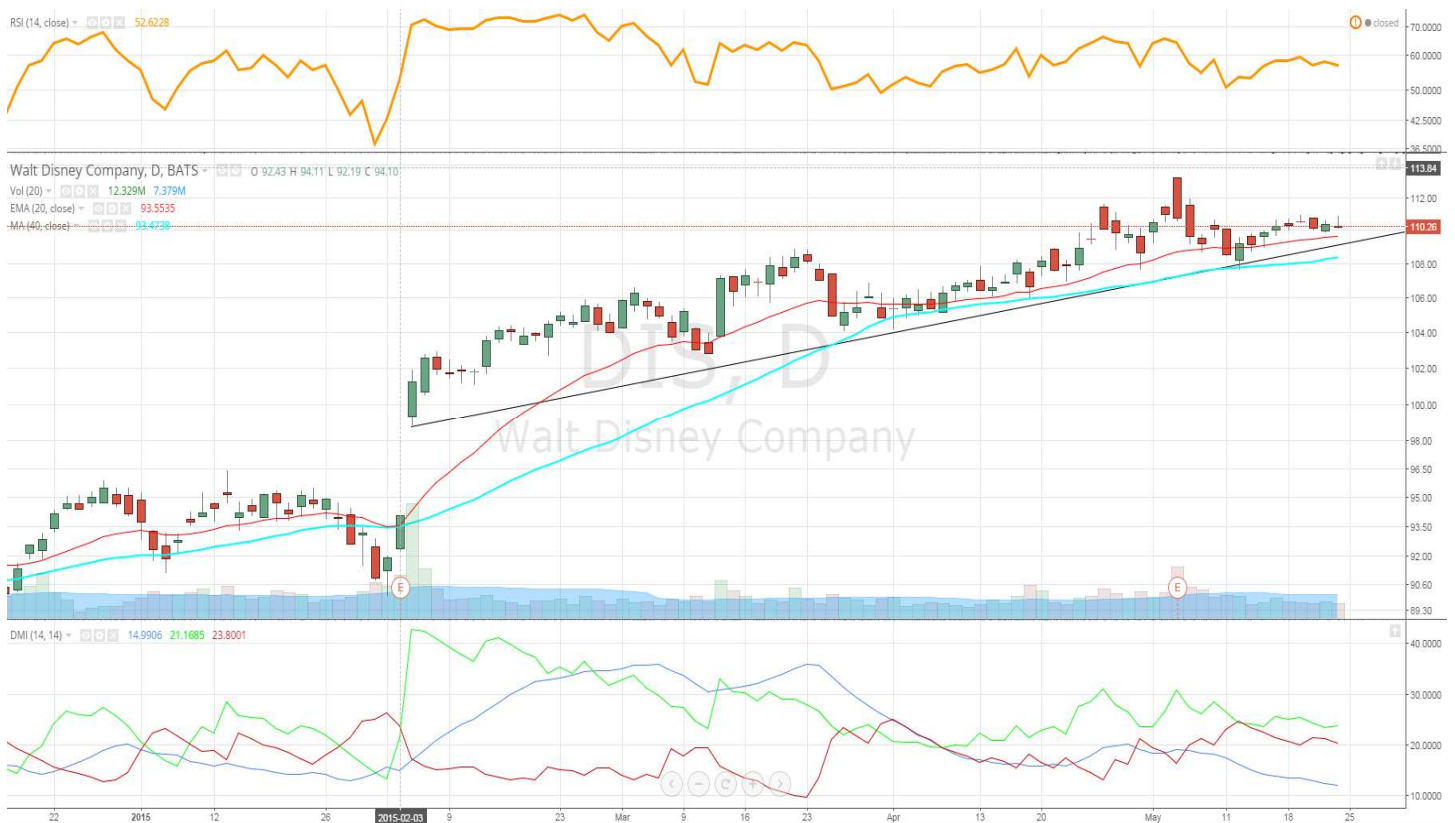
- 4/14 Buyer 4,000 Jan. 2016 \$125 Calls \$1.81 to \$1.85
- 4/28 Buyer 4,000 October \$115 Calls \$4.15
- 3/2 Opened 5,000 July \$115/\$95 Bull Risk Reversals at \$0.16
- 3/13 Buyer 6,000 July \$115 Calls \$1.82
- 4/14 Buyer 7,200 July \$115 Calls \$1.31

Fundamental Snapshot: The \$187B Media/Entertainment Co. trades 19.45X Earnings, 3.69X Sales, 4.07X Book and 37.35X FCF with a 1.04% yield. DIS grew EPS 26% in 2014 and continues to post very strong earnings. DIS owns a lot of key assets with Theme Parks, ABC TV and ESPN, and Film (Pixar, Lucas, Disney, Marvel). DIS has performed well across all segments but is getting so large that a spin-off of one of its divisions could make sense in the future, and would likely unlock even more value.

Analyst Notes: On 5-12 Deutsche Bank raised its target to \$120 and on 5-6 Nomura raised its target to \$125

Catalyst: Spin-Off Potential; Film Releases; Earnings Momentum; Shanghai Park Opening

Technical View: DIS shares have been ascending for years and continue to show positive momentum, not far off new highs. It continues to be one of the names that is a buy on dips to its 50 day moving average.



Ownership Trends: DIS institutional ownership is just 68%, so there remains room for institutional buyers. DIS also has minimal short float, just 2.45%.

Eaton (ETN) (\$73.09)

Notable Trades:

- 5/1 Buyer 3,500 October \$72.50 Calls \$2.50
- 5/1 Buyer of 3,000 June \$72.50 Calls \$0.90
- 5/13 Buyer 2,000 October \$77.50 Calls \$1.52
- 4/20 Buyer 2,000 July \$72.50 Calls \$1.15
- 5/21 Buyer 1,500 July \$75 Calls \$1.15

Fundamental Snapshot: The \$34B industrial Company trades 13.9X Earnings, 1.53X Sales, and 2.25X Book with a 3% dividend yield. ETN's EPS fell 3.6% in 2014 but expecting 10% forward growth. ETN has 25% of revenues leveraged to private nonresidential construction which is expanding. In 2012 Eaton acquired Cooper Industries for \$11.8B and continues to benefit from that deal.

Analyst Notes: JP Morgan upgraded ETN to Overweight on 5-5 with an \$84 target noting \$3B capacity for acquisitions or share repurchases. UBS started ETN at Buy with an \$85 target in January, expecting improved execution and cash flow.

Catalyst: M&A and/or Buybacks

Technical View: ETN's monthly chart provides a clear view, shares re-testing a key breakout early in 2015 and consolidating now for many months. ETN shares recently started to move out of a base and looking to clear \$77.50 resistance for a move up to \$90.



Ownership Trends: ETN is 80% institutionally owned with just 1.2% of its float short. Citadel was the top buyer of ETN in Q1 and Point 72 added 600K shares.

eBay (EBAY) (\$59.72)

Notable Trades:

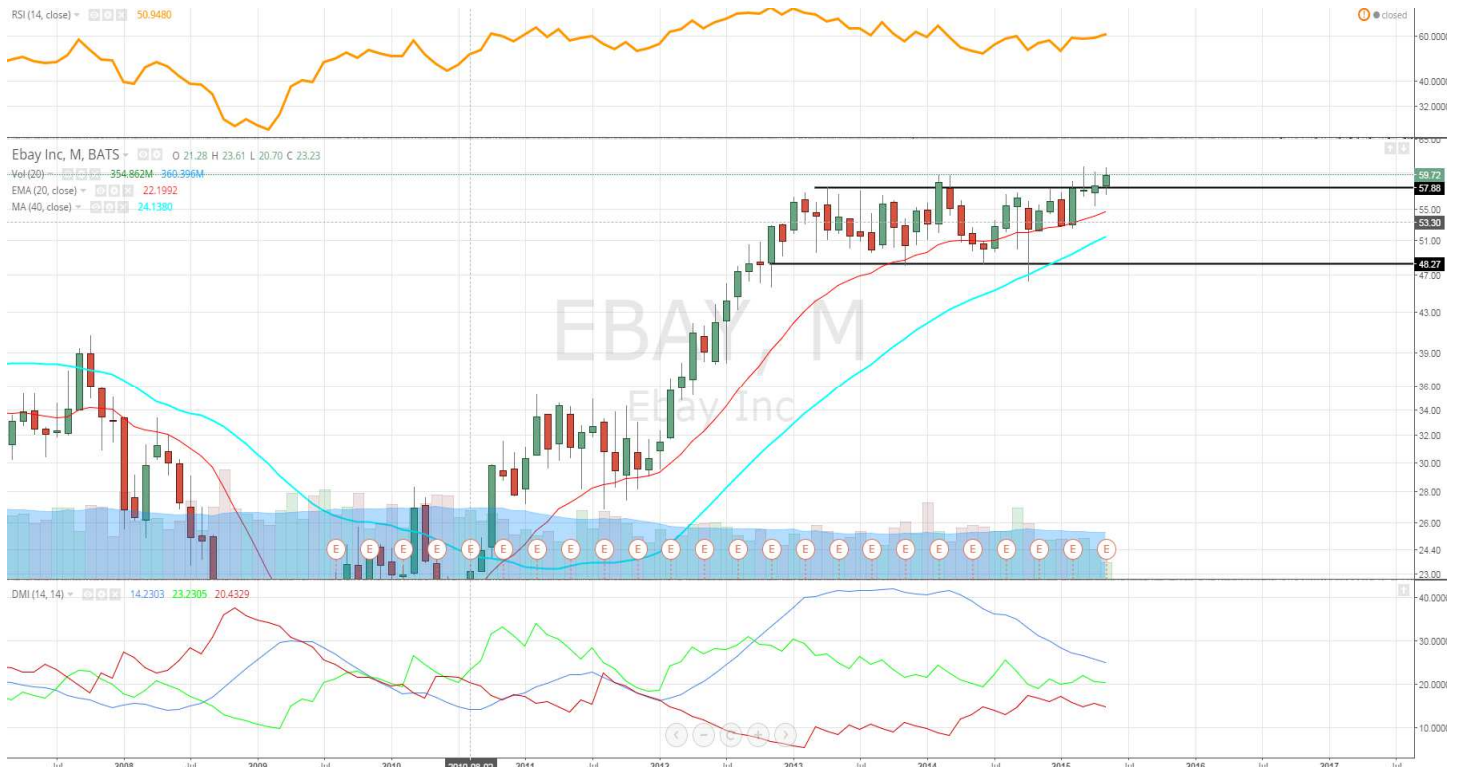
- 5/22 Buyer 4,000 July \$60 Calls \$1.87, 4,000 July \$62.50 Calls \$0.99 and 5,000 July \$65 Calls \$0.45
- 1/28 Opening 5,000 Jan. 2017 \$60/\$50 Bull Risk Reversals at \$1.40
- 8/19/14 Buyer 10,000 Jan. 2016 \$70 Calls \$1.95 and 4,250 at \$2.50 on 8/22/14
- October \$62.5/\$70 Call Spread with Short \$52.50 Puts in OI for 40,000+ Contracts
- 4/13 Buyer 3,000 October \$60/\$70 Call Spreads \$2.15

Fundamental Snapshot: The \$72.55B Internet Company trades 17.5X Earnings, 4X Sales, 3.7X Book and 17X FCF. EBAY has seen same store sales decelerate from 7.3% in March to 5.8% in April. EBAY plans to separate PayPal in a transaction expected to be completed in Q3.

Analyst Notes: Deutsche Bank rates EBAY a Hold with a \$63 target seeing value creation from the spin-off and UBS has a \$64 target; SIG rates EBAY Positive with a \$75 target on PayPal strength

Catalyst: PayPal Separation and Resultant EBAY Capital Allocation (Buybacks and Dividend); Potential for PayPal to be Acquired

Technical View: EBAY shares have been in a sideways channel for 2+ years and finally showing signs of an upside breakout, the channel measured move targets \$68 and the full leg extension targets \$86.



Ownership Trends: EBAY has 85% institutional ownership and 1.5% of its float short. JANA Partners added 6.55M shares in Q1, its 4th largest holding, Magellan added 6.24M shares, its top holding, and OZ Mgmt., Soros Fund, and Third Point were also net buyers. Carl Icahn has a 46.27M shares stake, his 4th largest position.

Edison International (EIX): (\$60.74)

Notable Trades:

- 4/23 - 12,500 Oct. \$62.50/67.50 call spreads bought for \$1.70
- 5/13 - 31,000 Oct. \$60/65 call spreads bought for \$1.70

Fundamental Snapshot: The \$19.79B electric utility trades 15.58X earnings, 1.52X sales and 1.79X book. Shares yield 2.75% which lags most utility names but the company delivers on earnings with EPS expected to grow 9% in 2015, a standout among its peers XEL, DTE, and ED. The company recently reported an in-line quarter and withheld guidance as it awaits a final decision for 2015-2017 rates. The pending General Rate Case (GRC) shows EIX requesting a cumulative increase of 12.4% over the next three years and the decision will bring clarity to EIX's earnings power and capital spending plans as they intend to deploy \$15-17B by 2017 to replace infrastructure. A decision is expected this Summer.

Analyst Notes: UBS upgraded shares to Buy on 4/29 with a \$70 price target

Catalyst: Final Decision in the So. California General Rate Case, Dividend Increase, Clarity Regarding Alleged Impropriety in 2014 SONGS Settlement

Technical View: Shares have been under pressure in 2015, off about 6% and down 12% from the highs in February, and are forming a well-defined downward channel to trade against. On a longer-term horizon, shares have pulled back nicely to re-test a big monthly breakout at \$60.25 and the 23.6% fibonacci retracement from the 2009 lows.



Ownership Trends: Short interest is 4.65M shares, 1.43% of the float, and up slightly YTD as shares have faded. The 52-week high was posted in February with just over 6M shares. Institutional ownership fell 0.44% last quarter but notable buys from Ridgeworth Capital (their 19th largest position) and Macquarie added shares (their 6th largest position). New buyers included Crow Point (their 5th largest position) and Luminus (their 24th largest position).

Energizer (ENR) (\$144.67)

Notable Trades:

- 5/8 Trade Opened November \$150/\$170 Call Ratio Spread 2,500X5,000 at \$3 Debit
- 3/4 Buyer of 2,000 August \$150 Calls at \$3.85
- 3/17 Trade Opened 3,000 August \$150/\$130 Bull Risk Reversals at Net Credit; Buyer of 2,500 August \$165 Calls \$1.10
- 4/10 Buyer 2,500 August \$150 Calls \$5.20
- 4/13 Buyer 1,000 August \$150 Calls \$5.60
- 4/17 Buyer 6,000 August \$150/\$175 Call Spreads \$4.50

Fundamental Snapshot: The \$9B consumer products Company trades 20X Earnings, 2.08X Sales, 3.8X Book and 42.2X FCF with a 1.38% dividend yield. ENR has already announced a planned separation of its Personal Care and Household Products businesses, expected to be finalized on 7-1-15, and last week adopted a shareholder rights plan which signals there is acquisition interest. ENR posted results on 5-5 beating EPS handily but revenues were down 5% year/year.

Analyst Notes: On 5-7 RBC raised ENR's price target to \$176, seeing shares trading near sum of the parts valuation, but believes the Company's Personal Care assets will be acquired within the next 12-18 months. On 5-6 Jefferies reiterated a Buy rating with a \$167 target.

Catalyst: Spin-Off Revaluation; Acquisition of Personal Care Assets

Technical View: ENR shares have been trading in a sideways range for a few weeks but always finding support at the 20 week MA, now starting to breakout and can target an upward leg to \$160.



Ownership Trends: ENR has 91% institutional ownership and 6.1% of its float short. York Capital bought 770K shares of ENR in Q1 and Third Point LLC owns 1M shares, its 26th largest holding. Mason Capital is a large holder with 2.5M shares, 7.18% of its portfolio is in ENR.

Express Scripts (ESRX): (\$90.44)

Notable Trades:

- 4/9 - 1,500 January \$82.50/90/105 covered risk reversals bought for \$0.05 credit
- 4/10 - 2,500 January \$90/80 bull risk reversal for \$3.00
- 5/4 - 2,400 Aug. \$95 calls for \$1.50
- 5/5 - 1,000 Nov. \$97.50 calls for \$2.01-2.07
- 5/21 - 4,000 Aug. \$95 calls bought for \$2.18-2.22

Fundamental Snapshot: The \$65.96B pharmacy benefit management company trades 0.65X sales and 3.2X book with over \$4B in FCF generated in 2014. Shares trade at 15.01X forward earnings, a slight discount to peer CVS, and are forecast to grow 10.75% in 2015. ESRX is the largest PBM in the country after its 2012 acquisition of Medco with over \$98B in revenues last year and filled 1.3B prescriptions last year. They benefit from new generics coming to market as well as spending on specialty medicines which rose to record highs last year. ESRX has long been mentioned as a possible target for Walgreens (WBA) and the talk grew louder recently after UnitedHealth (UNH) acquired Catamaran (CTRX).

Analyst Notes: Maxim maintains shares at Buy with a Street High \$109 price target while J.P. Morgan and Barclays both maintain Overweight ratings with \$100 and \$102 price targets respectively

Catalyst: Partnership or Merger with WBA, Growth of Mail-Order Pharmacy Business

Technical View: Shares are trading near all-time highs of \$91.20 and broke out of a big bull flag on the weekly recently which ultimately targets a move to \$100. Shares have ridden the 20-week EMA higher in 2015 and should act as support on a pullback with major support lower at \$79.25, testing the prior break-out level.



Ownership Trends: Short interest jumped to 74M shares last reporting period, 52-week highs, and 10.22% of the outstanding float. Institutional ownership dropped 1.43% last quarter.

GNC Holdings (GNC) (\$46)

Notable Trades:

- 5/22 Trade Opened 2,500 September \$47.5/\$42.5 Bull Risk Reversals at \$0.45 Debit
- 5/20 Opening Sale 2,000 September \$45 Puts \$3.40 to \$3.50
- 5/4 Buyer of 7,000 Jan. 2016 \$47.50 Calls \$3.30
- 5/1 Buyer of 7,500 January 2017 \$47.50 Calls \$6.20

Fundamental Snapshot: The \$4B specialty retailer of health and nutritional products trades 13.5X Earnings, 1.55X Sales and 22.9X FCF with a 1.57% dividend yield. On 4-30 GNC reported a disappointing quarter, sharply missing estimates and same store sales -4.1% domestically. GNC has a fairly new CEO that is focusing on turning around the business and improving margins. GNC is also focusing on utilizing analytics to better target customers and provide a better experience. In late 2014 Reuters reported a number of large shareholders are pushing Vitamin Shoppe (VSI) towards a sale, and CSFB said an acquisition by GNC Holdings (GNC) of VSI would yield many benefits.

Analyst Notes: On 3-12 Morgan Stanley upgraded GNC to Overweight with a \$56 target, seeing regulatory concerns as overblown in a strong cash generating business.

Catalyst: Merger with Vitamin Shoppe (VSI); Initiatives Resulting in Improved Sales Trends

Technical View: GNC shares traded above \$60 is late 2013 before being cut in half, but have been rebounding now for months and failed at the 61.8% Fibonacci of \$49.30, pulling back to 40 MA support. Look for GNC to move out of this \$42/\$49 zone and target a move to \$55.



Ownership Trends: GNC has 99% institutional ownership and just 3.2% of its float short. Eminence Capital, an activist, bought another 834K shares in Q1 making it the 3rd largest holding in its portfolio.

H&R Block (HRB): (\$32.09)

Notable Trades:

- 3/26 - 3,000 July \$32 calls bought for \$1.70
- 3/31 - 3,000 July \$31 calls bought for \$2.25
- 5/6 - Spread bought 10,000 Oct. \$33 calls for \$1.00-1.01 and sold 4,850 Oct. 30 puts for \$2.15-2.19, closed out 15,000 July \$34 calls for \$0.25
- 5/20 - 3,000 July \$35 calls bought for \$0.30-0.35

Fundamental Snapshot: The \$8.83B provider of tax services trades 15.71X earnings, 2.64X sales, and 5.23X cash with a 2.49% yield. Earnings grew 7% in 2014 with double-digit growth forecast in 2015. HRB reported an in-line quarter in March but will report results for the seasonally strong Q4 upcoming and could see a boost from bevy of new tax laws related to the ACA this year. The company sold their banking business last year to avoid Dodd-Frank classification as a S&L and should close the deal on June 30th after being delayed. The move will reduce Federal oversight and the need to keep specific amounts of cash on the balance sheet and allow HRB to potentially buyback stock or raise its dividend.

Analyst Notes: Piper Jaffray initiated coverage at Overweight on 5/22 with a \$38 price target while BMO Capital maintains a \$41 target for shares

Catalyst: Bank Sale Closing w/ BOFI, Earnings on 6/8 with 2014 Tax Season Clarity, Share Repurchase, Private Equity Interest, Changes to Industry Regulation

Technical View: Shares are off 52-week highs about 10% and pulled back to a rising weekly trendline support and channel support which targets a move higher to \$36. RSI is curling higher.



Ownership Trends: Short interest is 10.2M shares, 3.72% of the float, and up from 2.2M shares in late-November. Institutional ownership fell 1.02% last quarter but notable holders include Orange Capital (their 5th largest position), Senator Investment Group (their 42nd largest position), and Matrix Capital (their 7th largest position).

Hilton Hotels (HLT): (\$29.36)

Notable Trades:

- 4/10 - 2,500 January \$35 calls for \$1.25 and on 4/13 6,000 January \$35 calls for \$1.45
- 4/15 - 1,500 July \$30 calls for \$2.15
- 4/20 – 6,000 January 2016 \$35 calls bought \$1.60
- 4/24 - 2,500 July \$31 calls for \$1.70
- 5/22 - 5,000 Oct. \$29 calls for \$2.15

Fundamental Snapshot: The \$28.98 hospitality company trades 28.55X earnings, 2.7X sales, and 27X free cash flow. Earnings are set to grow 20-25% going forward with system wide RevPAR set to grow 5-7% and over 240,000 rooms in development. HLT has undergone a fair amount of restructuring over the last year including selling the Waldorf Astoria, buying new properties in FL and CA, and launching two boutique chains in Curio and Canopy. It's also been aggressively paying down its debt. HLT management has been very receptive to unlocking shareholder value and making a significant move such as spinning off its timeshare business (12% of EBITDA) or moving their owned-properties into a REIT would be two such ways to achieve it.

Analyst Notes: Citigroup reiterated a Buy rating on 5/6 with a \$34 price target and Barclays raised their price target on 4/30 to \$34 calling HLT their Top Pick in Lodging

Catalyst: Dividend Initiation, Spin-Off (Timeshare business), Separating Its Owned Hotels into a REIT, Blackstone Sale of Full or Partial Stake

Technical View: Shares are currently basing along a flattening 50-day EMA underneath all-time highs of \$31.60 and holding the 23.6% Fibonacci retracement from the February 2014 low at \$29. A move higher would target the 123.6% fib extension at \$34.21.



Ownership Trends: Short interest is 7M shares, down 1.8M shares from the end of March and just 0.72% of the float. The 52-week high was 9.04M shares in September 2014. Institutional ownership fell 2.45% during the last quarter but saw new positions started by Coatue with 8.4M shares (their 18th largest position) and York Capital with 2.65M shares (their 53rd largest position). Blackstone (BX) remains the majority holder with 544M shares.

Horizon Pharmaceuticals (HZNP): (\$32.06)

Notable Trades:

- 4/16 - 1,000 Nov. \$38 calls bought for \$2.80
- 5/15 - 2,000 June \$31/27 bull risk reversals bought for \$0.15 credit
- 5/15 - 2,400 Aug. \$31 calls bought for \$2.75
- 5/15 - 3,000 Aug. \$31 calls bought for \$2.55 and 4,500 June \$27 puts sold for \$2.40

Fundamental Snapshot: The \$4.95B specialty drug company trades 18.12X earnings, 13.82X sales, and 9.10X cash with earnings expected to grow by over 40% next year. HZNP recently reported strong sales numbers, nearly doubling YOY, and raised full-year guidance. The company's biggest seller is Vimovo, a pain reliever for osteoarthritis, but as revenue for the product begins to contract the company may look to build-out their offerings with an acquisition. HZNP has about \$508M in cash on hand, driven by success of their legacy brands, and Leerink believes they may look at names like Pernix (PTX), Supernus (SUPN) and Vanda (VNDA). HZNP also settled a patent-suit with Perrigo (PRGO).

Analyst Notes: Leerink initiated coverage on 5/22 at Outperform with a \$37 price target for shares while Jefferies initiated coverage at Buy on 5/15 with a \$37 price target and Guggenheim raised their price target on 5/8 to \$40

Catalyst: Accretive Acquisition

Technical View: Shares have been in a strong uptrend since last June, up almost 300% and are flagging on the daily with all-time highs above. Shares have been under considerable accumulation since January, riding the 20 EMA higher. Major support lies at \$18.50.



Ownership Trends: Short interest is 9.1M shares, 6.34% of the float, and down sharply from 52-week highs of 20.2M shares in October 2014. Institutional ownership jumped 10.48% in the prior quarter with the company's largest holder Deerfield (their 2nd largest position) adding to their stake.

IAC Interactive (IACI): (\$75.92)

Notable Trades:

- 3/9 - 2,500 July \$75 calls bought for \$2.60 and 2,500 Oct. \$75 calls bought for \$4.05
- 5/5 - 3,000 Oct. \$70 calls bought for \$6.70
- 5/20, 5/21, and 5/22 - 4,000 January \$65 calls bought for \$12.20-12.30, rolled from Oct. buys

Fundamental Snapshot: The \$6.24B media and Internet company trades 18.33X forward earnings, 1.98X sales and 3.6X book with a 1.79% yield. IAC has over 100 brands from search to e-commerce but the crown jewel is Tinder which has the most promising growth prospects of any other owned-entity. Tinder unveiled their first subscription service Tinder Plus in March and reported that Q1 was the highest registration quarter in the app's history. Tinder also began running video ads in early April. The fast-growing app is part of IACI's The Match Group which also includes Match.com and OKCupid and monetizing Tinder may be the first step towards spinning out the group into a separate, publicly traded company. The spin would allow The Match Group to be re-rated with a multiple more in-line with its long-term growth prospects.

Analyst Notes: Deutsche Bank raised their price target to \$80 on 4/30 and JMP Securities initiated with an Outperform on 3/31 with an \$80 price target; Maxim maintains a Buy rating on shares with an \$81 SOTP

Catalyst: Spin-off (The Match Group), College Humor Sale, Tinder International Expansion

Technical View: Shares are nearing all-time highs of \$80.64 and have made a big move YTD since breaking past \$65 and successfully re-testing that level in late-March. A closing month above \$77.50 would target a big move higher and eventually \$95-100 is within reach. Intermediate support for shares would be the rising 100-day EMA below at \$68.75 and major support is \$64.75.



Ownership Trends: Short interest is 1.3M shares, 1.85% of the float, and down off the 52-week highs of over 4M in July of 2014. Institutional ownership fell 4.32% but Greenlight Capital and Third Point remain top holders of shares. Pointstate Capital (their 27th largest position) and Senator Investments (their 51st largest position) added a new positions.

ING Group (ING) (\$16.42)

Notable Trades:

- 3/17 Buyer 13,500 October \$15 Calls \$0.99 to \$1.05

Fundamental Snapshot: The \$64.45B financial services Company trades 11.7X Earnings and 1.2X Book with a 1.64% dividend yield. ING recently posted a strong rise in profits due to increased lending around Europe. ING sold its insurance operations during the financial crisis and focus on banking. ING is expected to see a further rise in net interest income next quarter.

Analyst Notes: Nomura added ING to European recommended portfolio on 5-21

Catalyst: European Economic Recovery; Sale of NN Group Remaining Stake; Resumption of Dividend

Technical View: ING shares have been climbing to multi-year highs and the recent breakout near \$13.30 targets a move up to around \$20.



Ownership Trends: Brinker Capital opened a large 2.29M share position in Q1.

Johnson Controls (JCI) (\$51.23)

Notable Trades:

- 5/20 Buyer 1,200 October \$52.50 Calls Near \$2
- 4/17 Buyer 10,000 July \$55 Calls \$0.65 to \$0.75
- 5/20 Buyer 6,000 July \$52.50 Calls \$1.05

Fundamental Snapshot: The \$33.55B industrial trades 13X Earnings, 0.83X Sales, and 3.17X Book with a 2.03% dividend yield, and grew EPS 35.9% in 2014 with double digit forward growth projected. JCI expects China sales to grow to \$20.5B in 2019 from \$8.5B in 2014, and has seen strength in its building efficiency unit. JCI has been involved with a few divestures over the past year and may continue that route, potentially diverting away from Auto.

Analyst Notes: In December RW Baird assigned a Buy rating to JCI with a \$62 target and in December Ascendant Capital with a Buy and \$68 target.

Catalyst: M&A (Potential Emerson Target); Divestures or Break-Up

Technical View: JCI shares have formed a massive bull flag on the monthly chart, riding the 20 EMA as support, a breakout move that suggests 50% upside in shares over the next few years.



Ownership Trends: JCI is 84% institutionally owned and just 0.9% of its float is short. JCI did not see any notable new large investors in Q1 filings.

Johnson and Johnson (JNJ) (\$101.35)

Notable Trades:

- 5/8 Buyer 3,600 Jan. 2016 \$95 Calls \$8.35
- 5/15 Buyer 3,500 July \$100 Calls \$3.05
- 2/12 Buyer 66,500 July \$105 Calls \$1.26
- 4/20 Trade Bought 6,000 June \$110 Calls \$0.12 and Sold 3,000 June \$90 Puts \$0.26

Fundamental Snapshot: The \$280B Healthcare Company trades 15.8X Earnings, 3.82X Sales, 4.16X Book and 47.3X FCF with a 2.96% dividend yield. JNJ has nearly \$30B of cash on hand and recently a failed attempt to acquire Phamacyclics (PCYC), so clearly hunting for M&A opportunities. JNJ has underperformed in 2015 due to concerns with the strong US Dollar as well as worries about slowing growth of its Pharmaceutical unit due to Remicade (9% of Sales) competition. JNJ has consistently posted strong Pharma sales gains, but weakness in Consumer and Medical Device units have held shares back, so it makes a sensible break-up target for an activist as well. JNJ's recent commentary suggests even more divestures to come over the next year.

Analyst Notes: Goldman Sachs cut JNJ to Sell in January with a \$97 target; Deutsche Bank reiterated a Hold and \$110 target on 5-21

Catalyst: 5/24 PDUFA for YONDELIS; Company Break-Up; Cash Utilization for Buybacks and/or M&A

Technical View: JNJ shares spent weeks basing above the \$98 level and began to break higher last week before selling off. JNJ remains in a strong uptrend and weekly RSI climbing, breaking a downtrend, shares should be able to move back above \$108 over the next few weeks.



Ownership Trends: JNJ has 70% institutional ownership, room for incremental buyers, and a minimal short float. JNJ is Tweedy Browne's top holding and accounts for 11% of its portfolio.

Kinder Morgan Inc. (KMI) (\$42.69)

Notable Trades:

- January 2017 \$50/\$60 Bull Call Spread with > 350,000 in Open Interest from April 2015 Accumulation

Fundamental Snapshot: The \$92.5B diversified Energy Company trades 45.4X Earnings and 2.6X Book with a 4.5% dividend yield. In August 2014 Kinder Morgan (KMI) merged with Kinder Morgan (KMP in a \$70B deal, and started a trend in the industry for consolidation. KMI's growth strategy is being done both organically and via acquisitions and now the largest energy infrastructure Company in North America gives it a competitive advantage due to scale. KMI has a strong growth project backlog that will support its continual dividend growth.

Analyst Notes: On 4-1 Stifel started KMI at Buy with a \$47 target; On 3-23 Argus started shares Buy with a \$50 target; CSFB calls KMI a "core mid-stream holding based on its size, geographic footprint, diversified asset base, proven track record, investment grade balance sheet, demonstrated access to capital, and strong management."

Catalyst: M&A; Stability in Energy Markets

Technical View: KMI shares broke out past \$42.50 and ran to new highs, but now have pulled back to test 20 week EMA and near trend support. KMI's recent breakout has a longer term measured move target above \$52.



Ownership Trends: KMI is under-owned with just 56% institutional ownership and has 4.4% of its float short. Leon Cooperman added 1.9M shares in Q1.

Lennar (LEN) (\$48.53)

Notable Trades:

- 5/8 Buyer of 4,000 Jan. 2016 \$48 Calls at \$4.75 to \$4.80
- 5/7 Buyer of 1,000 November \$47 Calls at \$3.60
- 5/7 Buyer 5,000 August \$48 Calls \$2.03 to \$2.08; 2,500 Bought 5/19 at \$2.95; 3,500 Bought 5/20 at \$2.67 to \$2.88
- 4/22 Buyer 5,000 June \$50 Calls \$1.50; 15,000 Bought on 4/23 at \$1 to \$1.10
- 4/21 Buyer 5,000 June \$48 Calls \$2.55

Fundamental Snapshot: The \$9.7B homebuilder trades 13.5X Earnings, 1.2X Sales and 2X Book with a 0.33% dividend yield. LEN grew EPS 30% in 2014 and set to surpass 2012 EPS in 2015. In March LEN posted a very strong quarter, thrashing Analyst estimates and delivering 20.6% year/year revenue growth, 18% growth in new order units and 25% growth in new order dollar value. Rising rates remain a risk for LEN, and homebuilders in general, but in such an environment LEN could be paired with a short of a lesser quality homebuilder.

Analyst Notes: On 5-8 Barclays upgraded to Overweight with a \$53 target noting the Five-Point subsidiary is undervalued and LEN is best of breed. FBR rates LEN Buy with a \$57 target, last issued a note on 3-20.

Catalyst: Housing Momentum from Recent Strong Data; Multiple Expansion with Five-Point Value

Technical View: LEN shares are in a strong multi-year uptrend and recently provided nice entry re-testing a breakout and touching the 40 week MA. LEN shares appear to be basing and ready to emerge to new highs around \$55.



Ownership Trends: LEN is 99% institutionally owned and 17.15% of the float is short, though that short interest near a 3 year low. Soros Fund bought 1.575M shares of LEN in Q1.

Lions Gate Entertainment (LGF) (\$33.63)

Notable Trades:

- 5/8 Buyer of 1,500 December \$34/\$40 Call Spreads at \$1.33
- 4/24 Buyer of 1,000 September \$36 Calls at \$1
- 5/22 Buyers of 10,000 July \$35 Calls at \$0.70 to \$0.90

Fundamental Snapshot: The \$5B entertainment Company trades 17.7X Earnings, 2X Sales and pays a 0.83% dividend yield. A LGF Director bought \$1M of stock on 4-24 near \$31. LGF announced a streaming partnership with Alibaba (BABA) earlier this year and continues to expand into Asia. LGF has both strong Film and Television units that may allow it to eventually spin off one of those segments, unless M&A comes first. In the most recent quarter Motion Pictures revenue fell 17% year/year due to a smaller slate of films, but Television Production revenues jumped 30%.

Analyst Notes: Jefferies initiated LGF at Buy on 5-20 with a \$37 target. Wunderlich rates LGF a Buy with a \$40 target.

Catalyst: M&A Opportunities (Starz, Google, Amazon); Spin-Off Potential; Box Office Results

Technical View: LGF has formed a large monthly bull flag pattern that is very close to breaking out, the 20 week MA supportive on dips. A move out of this pattern projects a longer term move to above \$50.



Ownership Trends: LGF has 78% institutional ownership and 19.35% of its float short, short interest doubling since July 2013 potentially on fears of The Hunger Games boon ending. JANA Partners added nearly 6M shares of stock in LGF in Q1 and OZ Mgmt. went long call options.

McDonald's (MCD) (\$98.99)

Notable Trades:

- 4/29 Buyer 2,000 September \$97.50 Calls \$3.75
- 2/6 Buyer 5,300 Jan. 2017 \$105 Calls \$3.75 and 7,200 Jan. 2017 \$110 Calls \$2.73
- 5/22 Buyer 2,500 September \$100 Calls \$3.45
- 5/5 Buyers 7,000 July \$97.50 Calls \$2.04
- 5/19 Buyer 2,750 August \$97.50 Calls \$4.20

Fundamental Snapshot: The \$95B fast food Company trades 19X Earnings, 3.55X Sales and 8.35X Book with a 3.43% dividend yield. MCD saw EPS fall 13.2% in 2014 and has struggled with soft comp sales. MCD recently hosted an Analyst Day and addressed upcoming changes with new management including accelerated refranchising and improving efficiency. MCD failed to wow shareholders and remains a ripe target for an activist.

Analyst Notes: Most of the Street rates MCD a Hold while Stephens raised MCD to Overweight on 1-26 with a \$105 target, expecting menu improvements and additional leverage.

Catalyst: Increased Dividends/Buybacks; Evaluation Real Estate Value for Sale-Leaseback Opportunity

Technical View: MCD has formed a large ascending triangle on a long term view after a strong run-up 2009-2011, so the next leg up measures to \$150 potential (long-term) once shares clear the \$100/\$105 zone.



Ownership Trends: MCD has just 67% institutional ownership and 1.5% of the float short. Highfields Capital bought 9M shares (and long calls), OZ Mgmt. 3.68M shares, and Glenview 2.9M shares, so a lot of smart money moving into the name in Q1. JANA Partners took a small stake late last year.

Mead Johnson (MJN): (\$98.00)

Notable Trades:

- 3/3 - 1,400 Aug. \$110 calls for \$5.60
- 3/16 - 2,000 Aug. \$105/90 bull risk reversals bought for \$2.85
- 4/27 - 1,000 Aug. \$100 calls bought for \$4.65
- 4/30 - 1,000 January \$95 puts sold to open for \$7.20

Fundamental Snapshot: The \$19.85B maker of infant and children's nutritional products trades 22.28X earnings and 4.52X sales with a 1.68% yield and over \$7 per share in cash. The company recently reported mixed quarterly results largely due to currency headwinds as well as strong 2014 comps. Sales in Asia were more than 50% of total sales and MJN is positioned well in the country that represents the fastest growing region for infant-formula worldwide and is expected to reach \$31B by 2017. MJN is also investing in their Chinese infrastructure to ramp up additional capacity as demand continues to grow.

Analyst Notes: Nomura reiterated their Buy rating on 4/22 with a \$121 price target and Credit Suisse maintains a Buy rating with a \$112 price target

Catalyst: Target for Abbott Labs or French-based Danone who are looking to strengthen their footprint in Latin America and Asia, Change in the WIC program eligibility requirements, SEC settlement regarding China Promotional activities, weakening U.S. dollar

Technical View: MJN shares have been range-bound since Oct. 2014, moving between \$104 and \$94.50 and trailing the S&P in 2015 by over 5%. Shares hit all-time highs in February at \$105.45 and have pulled back to the 23.6% retracement off the Oct. 2012 lows with major support below at \$88.50. A move higher would target the 138.2% Fibonacci extension at \$122.33.



Ownership Trends: MJN has 2.25M shares short, around 1% of the outstanding shares, down from 3.5M shares in Aug. 2014. Institutional ownership fell 1.03% in Q1 but York Capital holds over 2.4M shares and was a buyer as was Hitchwood Capital who maintains MJN as their 5th largest position.

Medtronic (MDT): (\$77.82)

Notable Trades:

- 3/13 - 9,150 Aug. \$80/85 call spreads bought for \$1.42
- 4/28 - 6,000 June \$77.50 calls bought for \$1.82, rolled from May

Fundamental Snapshot: The \$110.90B maker of medical equipment trades 17.49X earnings, 6.33X sales and 3.79X book with a 1.57% yield. Earnings contracted in 2014 but are expected to return to mid-single digit growth over the next five years as they integrate the Covidien (COV) deal. MDT recently reported strong earnings growth as all four business segments improved (Cardiac and Vascular +10%, MITG +6%, Restorative +5%, and Diabetes +8%). The company also had three different devices cleared for approval by the FDA within the last month, adding to an already strong pipeline. MDT carries over \$20 per share in cash and has stated that they are committed to returning 50% of cash flow to shareholders.

Analyst Notes: Oppenheimer reiterated their Outperform rating on 5/20 with an \$84 price target while Needham raised their price target on 5/20 to \$90

Catalyst: Full Quarterly Results with Covidien on 6/2, Multiple Expansion as COV acquisition is Fully Integrated, Real Estate Sales in Beijing and Delhi, Capital Return Plan with Share Repurchases and Dividend Increase

Technical View: Shares are up sharply off the 2012 lows, nearing 52-week highs where they've been range-bound since February. A move higher would target \$82-85 with support below at the rising trend line near \$72.



Ownership Trends: Short interest is 12.7M shares, 0.90% of the float, and down considerably as spreads have been unwound following the COV transaction. Institutional ownership jumped 28.98% last quarter. Artisan Partners added 19.5M shares last quarter to make MDT their top position.

MetLife (MET): (\$53.23)

Notable Trades:

- 12/23/14 - 20,000 January \$57.50 calls bought for \$3.10
- 4/2 - 10,000 January 2017 \$55 calls bought for \$4.15
- 4/22 - 2,000 Sep. \$52.50 calls bought for \$1.36, rolled from June position
- 5/6 - 5,000 Sep. \$52.50 calls bought for \$2.05

Fundamental Snapshot: The \$59.4B insurance company trades 8.51X earnings, 0.79X sales, and 0.81X book with a 2.82% yield, fundamentally very strong relative to its peers. MET's operating ROE last quarter was 11.7%, better than both Prudential (PRU) and AIG, and stands out as most life insurers struggle in a low rate environment. MET was given SIFI designation in December and is now subject to increased regulation regarding the amount of cash it keeps on hand and additional oversight from the Federal Reserve. MET is currently appealing the decision.

Analyst Notes: Goldman Sachs initiated coverage on 5/15 with a Neutral rating and \$54 price target while Deutsche Bank maintained their Buy rating on 5/8 and raised their price target to \$60

Catalyst: SIFI Designation Overturned, Tax Benefit from new Japanese Tax Reform Plan, Rising Interest Rates, Accelerated Buyback and Capital Return Plans

Technical View: Shares have traded in a very tight range for most of 2015 but broke higher recently and are starting to trend above all of its major moving averages, likely to re-test the July 2014 highs at \$56-57 in the short-term. On the monthly view, shares held prior support at \$48.75 and a move over \$57 would make the 2007 highs of \$70 in play.



Ownership Trends: Short interest is 13.6M shares, 1.45% of the float, and off the 52-week highs of 24.9M shares in June of 2014. Institutional ownership fell 2.98% last quarter but Viking Global was a big buyer of over 6.6M shares (their 29th largest position) and Fir Tree added 4.2M shares (their 4th largest position).

Molson Coors Brewing Co. (TAP) (\$74.24)

Notable Trades:

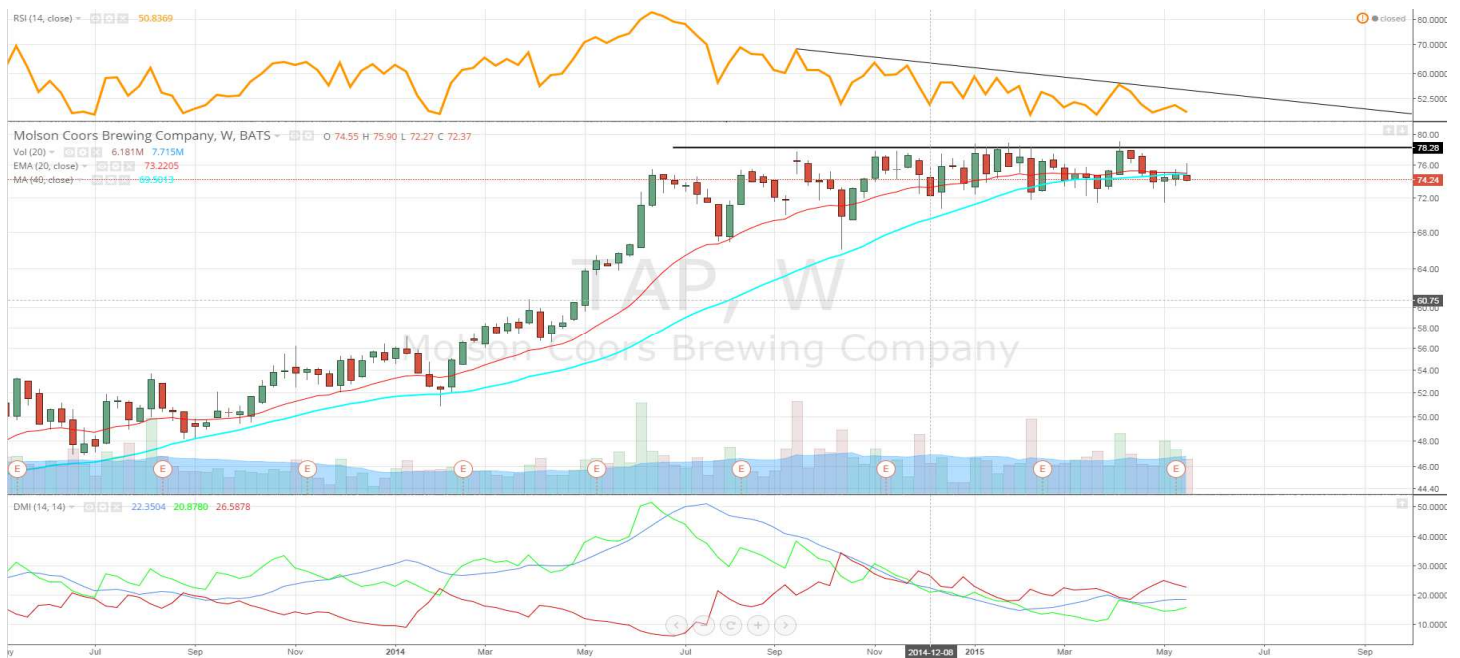
- 5/20 Buyer of 1,000 October \$77.50 Calls \$4.40
- 4/9 Trade Opens 4,000 Jan. 2016 \$87.5/\$65 Bull Risk Reversals at \$1.25 Debit
- 4/24 Buyer 11,500 July \$77.50 Calls at \$3.20
- 5/19 Seller of 4,000 July \$85 Calls at \$1 vs. Long Stock
- 5/18 Buyer of 5,000 October \$85/\$95 Call Spreads at \$1.60
- 4/20 Buyer 2,500 October \$85 Calls \$2.90

Fundamental Snapshot: The \$13.8B brewing Company trades 18.25X Earnings, 3.43X Sales and 37.26X FCF with a 2.21% dividend yield. TAP reported in early May and beat on EPS but saw revenues fall more than 14% year/year, though Coors Light volume grew 0.6% as worldwide beer volume fell 3.5%, and TAP showed margin improvement. The expected catalyst for TAP is the optionality of its Miller-Coors joint venture which TAP would likely look to acquire the SAB-Miller stake if SAB-Miller were to be acquired. The integration would lead to cost savings. York Capital's Jamie Dinan said in October that TAP shares could see 50% upside on the deal.

Analyst Notes: SIG started TAP at Positive on 4-14 with a \$97 target. Nomura upgraded TAP to Buy on 1-8 with an \$85 target.

Catalyst: Craft Beer Acquisitions; Buying Remaining Stake of Miller-Coors JV

Technical View: TAP shares have been in a holding pattern for nearly a year now and would like to see RSI on the weekly move back above the trend line. A move out of the \$72/\$78 range gives a measured move target of \$84, but the event potential fundamentally says shares can reach \$100.



Ownership Trends: TAP is 73% institutionally owned and just 2.45% of its float is short. Corvex Mgmt. added 1.5M shares last quarter, and OZ Mgmt. and Soroban Capital each bought call options. York Capital has a 3.7M share position and Millennium Mgmt. with a 1.78M share position.

Owens Corning (OC) (\$40.19)

Notable Trades:

- 3/25 Trade Opened 3,000 Jan. 2016 \$47/\$37 Bull Risk Reversals at \$0.10 Debit
- 1/7 Trade Opened 2,000 Jan. 2016 \$45/\$30 Bull Risk Reversals at \$0.20 Credit
- 5/7 Buyer of 5,000 Jan. 2016 \$42 Calls \$2.60
- 4/30 Buyer 12,000 November \$42 Calls \$2.45 to \$2.65
- 5/5 Buyer 1,500 November \$41 Calls \$2.90 and 1,500 November \$43 Calls \$2.20
- 5/8 Buyer 2,000 August \$43 Calls \$1.45 and 5/11 Buyer 1,700 August \$43 Calls \$1.60
- 4/15 Buyer 5,000 August \$42 Calls \$3.20 to \$3.30
- 5/21 Buyer 2,200 July \$42 Calls \$0.95 to \$1

Fundamental Snapshot: The \$4.74B building materials Company for residential and commercial buildings trades 14X Earnings, 0.9X Sales and 1.3X Book with a 1.59% dividend yield. On 4-22 OC posted results beating expectations on EPS but came up short on revenues which fell 5.6% y/y. OC operates with three businesses, Composites, Roofing, and Insulation which may make it an optimal activist target to sell-off a non performing segment. OC's Insulation business is still well below historical margins but trending upward, while the Roofing business has been the problem area.

Analyst Notes: On 3-20 Barclays upgraded OC to Overweight with a \$48 target, convinced the asphalt shingle market heading into Spring is the best in years, and OC to benefit from price increases.

Catalyst: Company Breakup (Spin/Sell Roofing); Housing Strength

Technical View: OC shares are forming a large ascending triangle with \$45 a key breakout area for a measured move to \$55+. OC bounced off its 40 MA earlier this month.



Ownership Trends: OC has 98% institutional ownership and 3.7% of its float short, multi-year lows in short interest. OC's institutional ownership rose more than 7% in Q1, and OC is Fairpointe Capital's top holding and Appaloosa Mgmt.'s 14th largest.

Perrigo (PRGO) (\$198.47)

Notable Trades:

- 5/16 Opens 2,500 November \$200/\$230 Call Spreads, Sell \$180 Puts to Open, Net Debit \$4.10
- 5/15 Open 2,500 June \$200/\$230 Call Spreads, Sell \$175 Puts to Open, Net \$2.40 Debit and 2,500 More Spreads 5/16
- 4/29 Trade 1,000 January 2016 \$190/\$175 Bull Risk reversals \$5.50 Debit
- 5/22 Trade 2,300 June \$200/\$180 Bull Risk Reversals \$5 Debit
- 5/21 Spreads Sold 2,000 June \$210/\$185 Strangles to Open \$6.30, Bought 2,000 August \$195 Calls \$15.70

Fundamental Snapshot: The \$29B maker of OTC drugs trades 22.35X Earnings, 6.88X Sales, 2.92X Book and 34.7X FCF with a 0.25% dividend yield. PRGO has been rejecting Mylan's (MYL) cash and stock offer but last week indicated there is a price point at which it could come to an agreement. There has also been talk that PRGO may attract interest from other parties. PRGO remains a nice event play with limited downside and potential for another 25% upside.

Analyst Notes: On 4-22 JP Morgan estimated PRGO is worth \$215 in a M&A scenario, and \$180 stand-alone.

Catalyst: Acquisition at Higher Price

Technical View: PRGO shares have consolidated the initial jump on MYL's buyout offer and the current flag structure measures a move to \$220-\$225.



Ownership Trends: PRGO has 75% institutional ownership and 1.2% of its float short. Highfields Capital bought 1.1M shares in Q1.

Qualcomm (QCOM): (\$69.51)

Notable Trades:

- 5/4 - 5,000 January \$72.50 calls bought for \$2.85-2.97
- 5/13 - 8,000 Oct. \$70 calls bought for \$3.15-3.20
- 5/14 - 1,250 July \$75 calls bought for \$0.48
- 5/18 - 1,500 July \$70 calls bought for \$1.97
- 5/19 - 2,000 July \$70 calls bought for \$1.80

Fundamental Snapshot: The \$113.27B digital communications company trades 13.5X forward earnings, 4.12X sales, and 3.02X book value. Earnings are expected to contract to 7-10% growth over the next five years. QCOM is cash-rich with over \$9.50 per share and the company recently announced an accelerated \$5B buyback plan with a goal of repurchasing \$10B in stock by March 2016. Combined with a 2.76% dividend this puts QCOM on pace to return over \$24B to shareholders over the next two years. QCOM generates significant revenue from patent royalties but their chip-business is under pressure amid competition and the loss of Samsung. JANA Partners recently took a large stake in the company and has proposed separating the business which would allow the patent business to work conflict-free with some of QCOM's hardware competitors. The chip business may be attractive as a standalone target for either Intel or Broadcom.

Analyst Notes: Cowen & Co reiterated their \$75 price target for shares on 5/21 and William Blair reiterated their Outperform, BAML upgraded shares to Buy on 4/14

Catalyst: Spin-Off (Chip Unit), Changes to Executive-Pay Structure, JANA Representative on the BOD

Technical View: Shares have been under pressure since making 52-week highs last July, lagging the broader market but remain in a long-term uptrend which recently held the 38.2% retracement level off the 2010 lows.



Ownership Trends: Short interest stands at 19.1M shares, down slightly from the prior reporting period and 52-week highs. The short float is 1.19%. Institutional ownership fell 2.78% last quarter but buyers in Wedgewood and Jackson Square (both have QCOM as their top holding). JANA Partners was the most significant addition last quarter buying over 24M shares (their 2nd largest position).

Qlik Technologies (QLIK) (\$37.24)

Notable Trades:

- 1/21 Buyer of 10,000 August \$30 Calls \$4.30 to \$4.60 and 5,000 August \$40 Calls \$1.05
- 12/17/14 Buyer of 2,500 January 2016 \$40 Calls \$2.25
- 5/6 Buyer 6,000 November \$36 Calls \$3.30 (Rolled Out and Up from May \$28)
- 2/12 Buyer of 7,500 August \$28/\$38 Call Spreads at \$4

Fundamental Snapshot: The \$3.4B Tech Company focused on business intelligence software trades 72.2X Earnings, 5.3X EV/Revenues and 6X Sales. QLIK on 4-23 beat estimates with 8.3% revenue growth year/year. QLIK is a leader in data discovery and since 2009 has posted a 32% CAGR. QLIK has a strong position in a growth industry with a large untapped market, and also makes QLIK an attractive M&A target with its relatively small market cap.

Analyst Notes: On 5-8 RBC raised its target on QLIK to \$44 noting strength in Qlik View and Qlik Sense, potential for expanding margins and accelerating revenues.

Catalyst: Acquisition Target; Sales Acceleration and Margin Expansion

Technical View: QLIK has been a strong Tech name in 2015 and recently cleared \$34.50 resistance, setting up for a strong leg up to \$40.



Ownership Trends: QLIK has institutional ownership of 98% and 10.65% of its float short. In Q1 Hoplite Capital sold out of its 2.6M share position and Maverick Capital sold its 1.8M share position. Platinum Investment Mgmt. bought 5.2M shares.

Sun Edison (SUNE): (\$30.67)

Notable Trades:

- 5/5 - 10,000 June \$25 calls bought for \$1.52-1.59 and 5,000 July \$26 calls bought for \$1.56
- 5/8 - 2,200 Oct. \$27 calls bought for \$3.75, rolled up from Oct. \$25s
- 5/13 - 5,000 July \$30 calls bought for \$1.05, stock replacement
- 5/14 - 10,000 Oct. \$30/26 bull risk reversals bought for \$0.56

Fundamental Snapshot: The \$8.42 company is one of the leaders in the solar space and trades 3.72X sales, 10.67X cash. The company is undergoing a significant transformation as it spins off projects into new YieldCo vehicles and stated in February that their IPO of Terraform Power (TERP) was already generating significant dividends and the company boosted their long-term outlook as a result. Available cash-flow should remain strong as SUNE's pipeline is robust with 2.9GW of backlog, 2.7GW of additions and 774MW under construction. SUNE expects to IPO an emerging markets YieldCo sometime this year that will develop clean energy projects in countries such as Brazil, China, and India, a major opportunity for the company and an area of expansion going forward.

Analyst Notes: Wolfe Research initiated coverage at Outperform on 5/22 with a \$44 price target while Robert W. Baird initiated coverage on 5/20 at Outperform with a \$35 price target

Catalyst: MLP Structure, Pending Emerging Markets YieldCo/IPO, Acquisitions

Technical View: Shares of SUNE recently broke out of a big monthly flag which measures to the 50% fibonacci retracement level from the 2008 highs near \$48, a potentially huge move for shares over the next 12-18 months with major support near \$25, the prior breakout levels.



Ownership Trends: Short interest is 79M shares, 29.21% of the float, and near 52-week highs near 83.3M shares in February. Institutional ownership rose 2.05% last quarter. Greenlight Capital remains the top holder of stock with 24.9M shares, their 3rd largest holding. Glenview and Lone Pine added to their large stakes while Fir Tree, Third Point, and Leon Cooperman all remain top holders.

Time Warner (TWX): (\$85.20)

Notable Trades:

- 4/15 - 5,000 January \$105 calls for \$0.75
- 4/20 - 1,000 July \$92.50 calls for \$0.66
- 4/20 & 4/21 - 43,000 July \$92.50 calls bought for \$0.70 and \$0.81
- 4/24 - 1,000 Oct. \$90 calls bought for \$3.05
- 5/19 - 5,000 July \$90 calls bought for \$0.80

Fundamental Snapshot: The \$70.26B multimedia company trades 14.26X Earnings and 2.54X sales with a 1.64% yield and strong forward earnings growth, over 20%. The company operates in three segments: HBO, Warner Bros., and Turner Broadcasting which recently posted big audience growth numbers from their “March Madness” coverage which included 80M live video streams, up 20% from the prior year. TWX has been shifting focus more on capturing “cord cutters” as streaming becomes more dominant and recently began offering a standalone version of HBO.

Analyst Notes: MKM Partners raised their price target on 4/30 to \$94 and Wedbush raised their target to \$95 as well; Citigroup has a \$97 price target for shares

Catalyst: Industry Consolidation, Further Licensing Deals (ala “Friends”) and SlingBox Partnerships, HBO Now subscriber numbers, Divestitures/Spin-Off (HBO)

Technical View: Shares have been consolidating between \$87.50 and \$77.50 since last November and found support in mid-May at the rising 100 EMA. Major trend support lies at 70.50 below. On the weekly chart, shares are forming a large bull flag which triggers above \$88.25 and measures to \$106.



Ownership Trends: Short interest is 11.3M shares up from 7.2M in November but still just 1.38% of the outstanding shares. Institutional ownership dropped 2.47% last quarter but JANA Partners started a new position with over 1.2M shares (their 31st largest) and Oz Management added 3.4M shares (their 4th largest position). Longview, Greenlight, and Coatue remain top holders.

Wal-Mart (WMT) (\$75.86)

Notable Trades:

- 4/22 Buyer of 3,000 Jan. 2016 \$85 Calls \$1.60
- 4/22 Buyers of 5,000 December \$85 Calls to Open \$1.31
- 4/22 Buyer 5,000 September \$82.50 Calls \$1.42 and 4/29 5,000 Bought \$1.38 to \$1.45
- 5/19 Buyer of 5,000 December \$85 Calls \$0.96; 5,000 December \$87.50 Calls \$0.60; 8,000 September \$82.50 Calls \$0.66
- 5/19 Buyer 3,000 August \$80/\$72.5 Bull Risk Reversals \$0.18

Fundamental Snapshot: The \$245B global retailer trades 15.15X Earnings, 0.5X Sales, 3.2X Book and 28.35X FCF with a 2.58% dividend yield. WMT shares were hit hard on earnings last week, but there were some positives such as positive traffic in the US. WMT was hurt by FX pressure as well as soft consumer spending, but continues to invest in e-commerce. The rising minimum wage is also a potential negative for WMT. WMT posted +7.9% comps at Neighborhood Markets and E-Commerce jumped 17% in Q1, so there were some positive takeaways. WMT lacks growth but has indicated interest in a smaller store format, and eventually may be involved in M&A. WMT's long period of underperformance and relatively cheap valuation may also make it a target for an activist, potential value creation in a spin-off of Sam's Club and/or realizing value of its real estate.

Analyst Notes: On 5-20 Barclays lowered its target to \$80 and TAG lowered to \$83, both Neutral rated; CSFB maintained an Outperform and lowered its target to \$85

Catalyst: Buybacks and M&A; Activism – Spin-Off or Real Estate; Improving Consumer Spending in 2H 2015

Technical View: WMT shares are the most oversold in a few years and touched trend support last week on the lows, ready for a rebound.



Ownership Trends: WMT is 84% institutionally owned and just 1.25% of its float short. Discovery Capital bought 3.55M shares in Q1, a new holding, and its 8th largest. Berkshire Hathaway owns nearly \$5B, its 5th largest holding.

The White-Wave Foods Company (WWAV) (\$47.80)

Notable Trades:

- 4/16 Trade Bought 2,500 Jan. 2016 \$47.5/\$55 Call Spreads at \$2.45 and Sold 2,500 Jan. 2016 \$35 Puts to Open at \$0.80
- 4/6 Buyer 2,000 October \$47.5/\$55 Call Spreads at \$2.20
- 5/13 Buyer 4,450 July \$50 Calls at \$0.95
- 2/24 Buyer of 6,000 July \$45/\$50 Call Spreads at \$1.05
- 3/4 Trade Sold 2,500 July \$35 Puts \$0.60 and Bought 2,500 July \$45/\$50 Call Spreads \$1.20
- 5/20 Buyer 1,000 June \$50 Calls at \$0.60

Fundamental Snapshot: The \$8.37B packaged foods Company that owns a lot of key strategic brands 36X Earnings and 2.38X Sales, a richly valued consumer goods Company due to its extraordinary growth, EPS climbed 38.6% in 2014 and expecting 15-20% forward growth the next 3-5 years. On 5-8 WWAV posted 9.8% year/year revenue growth and in an industry with a dearth of growth, WWAV is a clear attractive name that is seen as a highly likely buyout target. A comparable valuation to the Annie's deal that General Mills did last year would imply around a \$52/share value for WWAV.

Analyst Notes: On 5-18 CSFB reiterated Outperform on WWAV with a raised target to \$65. BAML raised its WWAV target to \$52 on 5-8 noting sales momentum, a high quality beat, and European expansion. On 5-11 SunTrust raised its target to \$55.

Catalyst: Prime Acquisition Target

Technical View: WWAV shares have not pulled back much at all since the March breakout and continue to be bought aggressively on minor dips. In recent days shares have been rejected at the \$48 level, but that looks likely to give way as WWAV continues to new highs.



Ownership Trends: WWAV has 82% institutional ownership and just 2.3% of its float short. WWAV does not have any notable holders as of the last filing.

Wyndham Worldwide (WYN): (\$86.89)

Notable Trades:

- 4/13 & 4/15 - 8,000 January \$100 calls accumulated for \$3.60

Fundamental Snapshot: The \$10.43B hospitality company trades 15.83X earnings, 1.95X sales and 21.2X free cash flow with a 1.93% yield and double-digit earnings growth forecast. Impressive fundamentals and a standout among peers HOT, IHG, and H. WYN has seen good domestic RevPAR growth on the hotel side and Internationally should be helped as currency pressure subsides. The company is also positioned at the top of the growing vacation/timeshare industry with over 900K owners on 107K properties and stands to benefit greatly as U.S. leisure and travel demand continues to trend higher among HNW customers.

Analyst Notes: JPM Securities reiterated their Market Outperform rating on 4/30 with a \$100 price target

Catalyst: Multiple Expansion as Total RevPAR Stabilizes w/ China Improvement, Accretive Acquisitions from either a tuck-in purchase or larger move such as HOT to boost luxury brands, Separating Business, Additional Buybacks

Technical View: WYN has been in a strong uptrend since bottoming in 2009 and currently sits near the low-end of a rising channel which targets a move up to \$97. Major support lies below at \$82.75, the rising 50-week EMA, and would form a higher-low vs. the Feb. bottom at \$79.55, an optimal place to lean against.



Ownership Trends: Short interest is just over 4M shares, 3.41% of the float, and up from 1.6M shares a year ago, nearing 52-week highs. Institutional ownership fell 1.44% last quarter but remains a top holding for Iridian Management (their 9th largest position) and Wedge Capital (their 14th largest position).

Xilinx (XLNX) (\$46.94)

Notable Trades:

- 3/26 Buyer of 15,000 Jan. 2017 \$40 Calls \$4.41 and 15,000 Jan. 2016 \$40 Calls \$3.11
- 4/10 Buyer 6,400 Jan. 2016 \$45 Calls \$2.60 to \$2.68 and 6,000 on 4/13 at \$3.05 to \$3.10
- 5/21 Buyer 5,500 September \$47 Calls \$2.83 and 800 December \$55 Calls \$0.92

Fundamental Snapshot: The \$12.15B maker of programmable chips trades 19.25X Earnings, 5.1X Sales, and 4.68X Book with a 2.64% dividend yield and \$3.3B cash on hand. XLNX's closest peer, Altera (ALTR), has been in the news after Intel (INTC) made a bid to acquire the Company, coming up short on price thus far, and now Xilinx is being discussed as a target for Avago Tech (AVGO). XLNX stands to benefit from FPGA acceleration in the data center.

Analyst Notes: On 5-19 Pacific Crest upgraded XLNX to Overweight with a \$60 target, citing the phenomenon of dark silicon imperiling the ability of chips to keep up with power requirements, and making XLNX's products valuable with M&A possibility.

Catalyst: M&A

Technical View: XLNX shares on the weekly cleared a downtrend in April and RSI also broke out. The 20 week EMA crossed the 40 week EMA and XLNX is gaining momentum without much resistance until above \$50.



Ownership Trends: XLNX has institutional ownership of 93% and 3.9% of its float short. Blue Harbour Group added a new 2.127M share position in Q1, now its 13th largest holding.

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