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Long LOAC
Trading Division

LONGEVITY
ACQUISITION CORPORATION

Target Price: 14.32 \$

Current Price: 11 \$

Upside Potential: 29.34 %

Recommendation: BUY

Investment Horizon: 30 Days

29/01/2021, Vienna (Austria)

Team Overview

Trading Division - Group A



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Agenda

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SPACs Overview

Special Purpose Acquisition Company

SPACs in general

- A special purpose acquisition company (SPAC) is formed to take private companies public.
- SPACs are generally formed by investors, or sponsors, with expertise in a particular industry or business sector.
- SPACs go public before their acquisition target is identified.

Pros and Cons of an IPO through a SPAC

Pros:

- Certainty
- Speed
- Strategic Partnerships

Cons:

- Expenses for target company
- Time constraint
- Sponsor/ target company quality

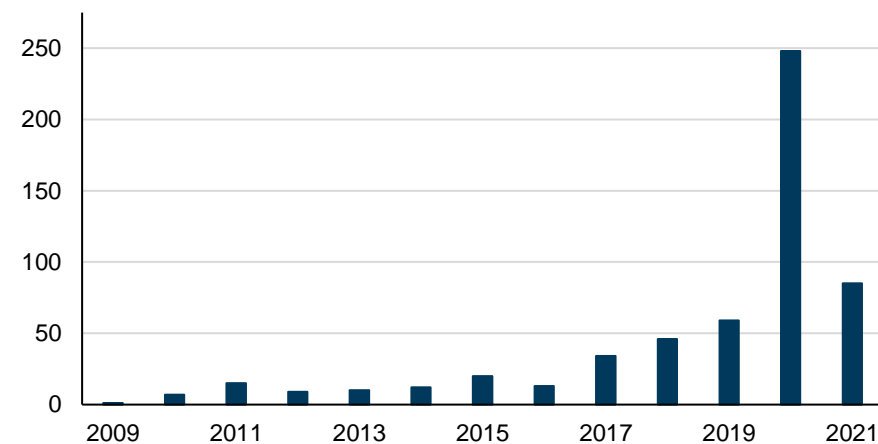
How to trade SPACs

- Ordinary Shares (LOAC)
- Warrants (LOACW – Warrant to purchase one-half of one Ordinary Share with an exercise price of \$11.50 per share)
- Rights (LOACR – Right to receive one-tenth of one Ordinary Share)
- Unit (LOACU – Comprised of Ordinary Share, Warrant and Right)

Comparable Cases

- QuantumScape merger with Kensington Capital Acquisition
- DraftKings merger with Harry Sloan's Diamond Eagle
- Immunovant merger with Health Sciences Acquisitions Corporation

Number of SPAC IPOs in the U.S.



QuantumScape – Price Performance



DraftKings – Price Performance



Immunovant – Price Performance



Price Performance LOAC

The Proof of Concept Clinical Data will boost the stock upwards



Price – Major Events

[1] Future merger company 4D Pharma announces that on Dec 18, 2020 it has joined the (Parkinson's Progression Markers Initiative) Backed by the Michael J Fox Foundation(21/12/2020)

[2] News about possible breach of fiduciary duties on the merger agreement with 4D Pharma (07/01/2021)

[3] Proof of concept Clinical Data will be conducted (28/01/2021)

*Year-to-date

Trade Overview

Trade Description

- Trade idea is based on buying in to the SPAC after initial price spike caused by merger
- The retracement is mainly caused due to warrant exercise
- After the price deflation following warrant exercise, capital tends to fall back in the asset
- At the 14.32\$ level take 50% profit

Market Environment

- Current market environment is highly bullish on both IPO and SPAC mergers
- As long as there is fair amount of hype behind the project, it goes up
- High correlation of IPO/SPAC performance with financial stimulus checks

Catalysts

- Announcement of 4D pharma plc merger
- The clinical trial design and proof of concept clinical data to be conducted (28/01/2021)
- Early stages for clinical trials have positive results.

Entry/Exit, Stop Loss, Position Size (contract/notional size)

- Entry: 11 \$
- Stop Loss: 10.25 \$ -> ADR(0.66)
- Stop Loss Readjustment: 14.32 \$ (Stop Loss at 11 \$)
- Contract size: 4,216

Risks

- Risk/Reward: 4.43
- Account risk: 2.66%
- Failure of the Proof of Concept
- Potential breach of fiduciary duties regarding the merger with 4D Pharma

Appendix

Sources

Source Name	Link	Date of Retrieval	Used for
Tradingview	https://www.tradingview.com/chart/qK3IGBsul/	24/01/2021	Chart Analysis
Proactive	https://www.proactiveinvestors.com/companies/news/932210/4d-pharma-plc-merges-with-spac-company-longevity-acquisition-corp-932210.html?fbclid=IwAR0jxVq803qWCLxKmt_6q8zre83QyMTlwYXRB-YEC99w0PUsKUNWbi1a79o	24/01/2021	Market Environment
Stockwits	https://stocktwits.com/symbol/LOAC?fbclid=IwAR3jb6d-wvRRaUYd6GhnyqRQjvZSCqB1b_L1tPN3HvMaRE3ARyAdbeMocW0	24/01/2021	Market Environment
Vox Markets	https://www.voxmarkets.co.uk/ms/announcement/a3cdc2f3-5839-4e84-a50d-b0e518cf15d5/?fbclid=IwAR30TF1WQp2d-D3Ha4m7kmdX47J25YRdxW8XDqV9Sa_5BuScnFr9ZpO32X4	24/01/2021	Catalysts
Statista	https://www.statista.com/chart/24008/growth-in-us-spac-ipo/	24/01/2021	Statistics
Cision	https://www.prnewswire.com/news-releases/longevity-acquisition-corporation-announces-4d-pharma-joining-landmark-parkinsons-progression-markers-initiative-301196472.html	24/01/2021	Price Performance
SEC	https://sec.report/CIK/0001743858	25/01/2021	LOAC Data