



## LPL Financial Large Bullish Trade in a Top Reporter

**Ticker/Price:** LPLA (\$74.65)

### Analysis:

**LPL Financial (LPLA)** with 8,800 December \$80 calls bought today for \$3.40 in a stock replacement, nearly 40X average volume and by far the largest position in open interest. LPLA had some September and October call buys recently but some closing. Shares are down nearly 20% from the recent highs and back to the 200-day MA where it's putting in a bullish engulfing candle today. LPLA is also re-testing the key breakout spot around \$73.25 which stretches back to early 2018 and remains in a strong trend higher above weekly cloud support. The \$6.06B company trades 9.6X earnings, 1.12X sales, and 5.9X book with over \$13/share in cash on hand. They see EPS growth accelerating into FY21, up 13%, while revenues also growing 7.4% and 9.8%. LPLA reported a strong quarter and generating \$33B in AUA over the last four quarters, a record. They've made a lot of investments in their tech and product -- including a feature-rich centrally-managed platform -- which is allowing them to expand their advisor base. They just completed a deal for Allen & Co which adds another \$3B of client assets. Analysts have an average target for shares of \$85. CSFB has a Street High \$110 PT. They were out positive on 7-25 seeing its new advisory solutions they're offering within the centrally-managed platform driving demand from more than 1500 advisors and adding \$600M in AUA. They note that LPLA's model is seeing less fee pressure than peers given long-term trends towards advisory services as well as more hybrid services vs RIA. Short interest is 1.2%. Hedge Fund ownership fell 28.5% in Q2. Samlyn Capital, Junto Capital, and Maverick all notable holders.

### Hawk Vision:



**Hawk's Perspective:** LPLA is putting in a nice candle for trading against that low and is one of the better growth stories in its industry, a high quality name.

**Confidence Ranking:** \$\$