



FEATURED OPTIONS RADAR REPORT



Lincoln Calls Continue to Accumulate in Relative Strength Insurer

Ticker/Price: LNC (\$60)

Analysis:

Lincoln Financial (LNC) with 1165 May \$60 calls bought today from \$3.70 to \$3.80, follows buyers in the \$65 calls yesterday 1500X for \$2.45. LNC has 2,000 April \$60 calls in OI from buyers on 3/5 and 1,150 October \$90 calls in OI from buyers on 3/16 while the July \$65 calls were bought over 3,000X in early 2021. Shares are putting in a bullish reversal today after re-testing the top end of February value and room back to \$62 near-term. The \$11.36B company trades 5.45X earnings, 0.50X book and 6.6X cash with a 2.9% yield. LNC is guiding to 2-3% revenue growth and 24% EPS growth in FY22. LNC primarily focuses on annuities, retirement and life plans in the US. LNC has been expanding their variable annuities business with new products and thinks the space offers a lot of growth and innovation opportunities versus fixed annuities, a space they have been taking down in size. Analysts have an average target for shares of \$50 with a Street High \$60. CSFB upgrading to Outperform in December citing potential accretion from annuity block divestitures and solid capitalization and risk management which should drive high-single digit growth. Goldman has a Buy rating for shares and likes that their balance sheet is largely protected through hedges and capital buffers while buybacks and cost savings will drive growth in 2021+. Short interest is 3.3%. Hedge fund ownership rose 1% in Q4, Moore Capital a buyer of 875,000 shares and Lyrical Asset Management remains a top holder with 4.7M shares.

Hawk Vision:



Hawk's Perspective: LNC is not a very exciting business but the stock has shown a lot of strength since November and today's low gives a nice area of support to lean against, especially if the group continues to see M&A

Confidence Ranking: \$\$