



FEATURED OPTIONS RADAR REPORT



Large Call Buy in Leading Financial Advisor Growing Assets

Ticker/Price: LPLA (\$135)

Analysis:

LPL Financial (LPLA) with a rare large trade on 7/14 as 5500 August \$135 calls bought \$5.20 to \$6.40 to open in stock replacements. LPLA will report on 7/29 and has one of the strongest performance post-report of any name in the market with shares higher 12 of the last 14 with around a 6% average max move. LPLA has been pulling back with Financials in orderly fashion and now sits on rising 144-day moving average support while the 200-day is down at \$120.80. LPLA needs to clear \$142 to work out of its pullback trend. LPLA serves more than 17,000 financial advisors nationwide providing front-, middle- and back-office support they need to serve the large and growing market for comprehensive financial advice from an advisor. LPLA is a unique combination of an integrated technology platform, comprehensive self-clearing services and open architecture access to a wide range of non-proprietary products, all delivered in an environment unencumbered by conflicts from product manufacturing, underwriting and market-making. As of Q1 LPLA had total advisory and brokerage assets of \$958B. In June, LPLA announced that CUNA Brokerage Services, the wealth management business of CUNA Mutual Group, a provider of finance services to credit unions and retail investors, has chosen to use LPLA to support its brokerage and advisory business. CUNA supports ~550 advisors, across nearly 300 credit unions with ~\$36bn in brokerage and advisory assets -- of which \$32bn will be assets that LPLA supports. Once advisors have access to LPLA's strong advisory-capabilities, asset growth tends to accelerate and the mix towards advisory begins to improve and onboarding of these assets start early 2022. LPLA has a market cap of \$10.5B and trades 15X Earnings, 46.5X FCF and 11X EBITDA. Forecasts seen revenues rising 24.6% in 2021 and 16% in 2022 with EPS up 12.9% and 24.7% respectively. Analysts have an average target of \$182 with short interest low at 1.4% of the float. Goldman rates shares a Buy with a \$170 target and Citi a \$238 target.

Hawk Vision:



Hawk's Perspective: LPLA sets up with a nice reward to risk into earnings season, though one I like owning the stock, another quality name trading at attractive valuation in a market with a lot of overvalued names.

Confidence Ranking: \$\$