

Buy – ARM Holdings (ARM)

June 11, 2013

Leveraged products involve a high level of risk and you can lose more than your original investment. They are not suitable for everyone so please ensure you understand the risks involved and if necessary please obtain investment advice from a financial adviser before investing. This report is not a personal recommendation and does not take into account your personal circumstances or appetite for risk.

Trade parameters:

Opening Price 872p	Stop Loss 32p away (840p)	Profit Limit 128p away (1000p)	Reward vs. Risk 4.0x	CFD Margin 5%
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Observations - For

- Bounce off 4-month support
- RSI slowed up declines in oversold territory
- Momentum bounced from 2yr lows
- Stochastics suggests oversold
- #2 worst performer in FTSE100 since May 21 – rebound?

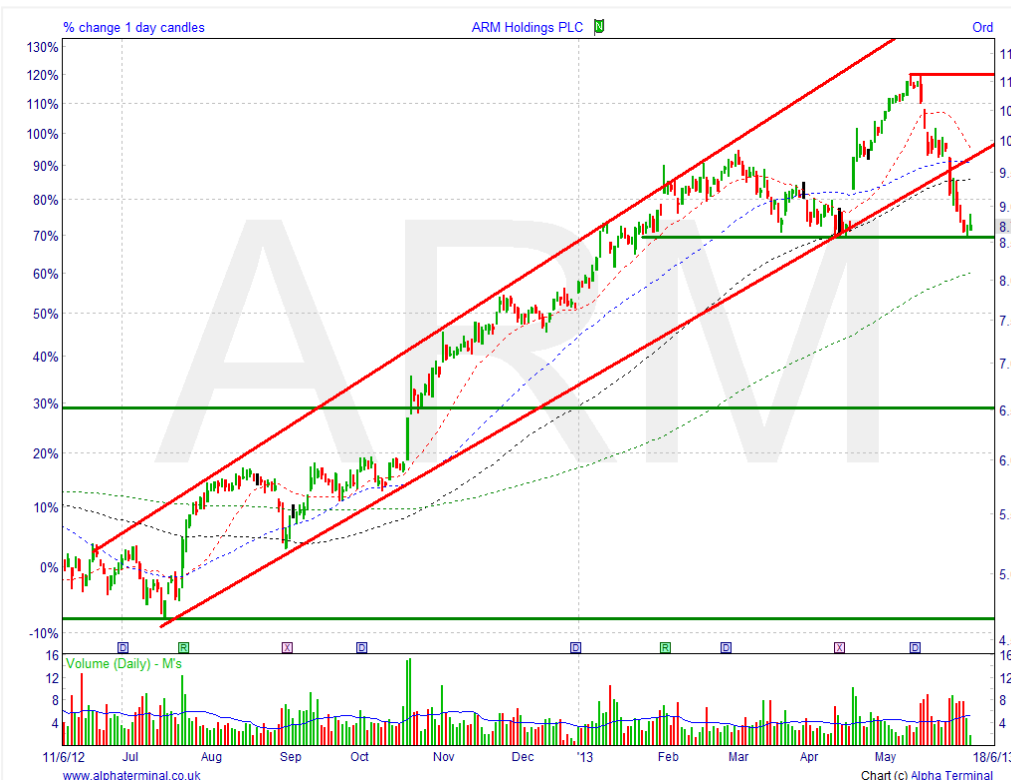
Observations - Against

- Fall from rising channel; Bounce only 2 days. 3 = better signal
- Volume declined on bounce; can be bad signal
- Oversold indicators not recovered yet (we could be too early)
- ADX and directional indicators inconclusive
- MACD still at 2yr lows; Outperformance of FTSE100 slowed

News / Broker Comments / Important Dates / Observations **

Apple iOS update could increase demand for iPhone/iPads in which ARM chips used (10 Jun). Microsoft to give more tablet makers Windows 8 Discounts (4 Jun). Bad news recently with Samsung going with Intel rather than ARM for its new tablets, which also means Intel could go it alone in competing in new tablet vs PC world rather than need to acquire ARM (3 Jun). Exane cuts to neutral on risk-reward basis, keeping 1000p target (23 May). Little broker change after investor day (22 May) **Next Event:** Q2 2013 results, 24 July;

Latest Broker 12m Consensus: 16 x Buy, 16 x Hold, 5 x Sell (Source: Digital Look, Alpha Terminal, Brokerforecasts.com) (U = Upgrade / D = Downgrade) **7-Jun,** UBS, Neutral, TP 700p (U); **5-Jun,** BoA-ML, Buy, TP 1372p; **4-Jun,** SocGen, Sell, TP 640p; **23-May,** ExaneBNP, Neutral (D), TP 1000p; **22-May,** UBS, Neutral, TP 950p; **22-May,** Credit Suisse, Outperform, TP 1130; **22-May,** Espirito Santo, Neutral, TP 920p



Stock description

ARM Holdings plc develops processors, data engines, peripherals, software, and tools. The Group's solutions are used in a variety of applications, including in the automotive, consumer entertainment, digital imaging, mass storage, networking, security, and wireless industries (FTSE 100)

Graph: 1-year (daily)

Stock last used as Trade Idea;
N/A

****Source:** DowJones Newswires, Reuters News or Company Press releases, Bloomberg.com

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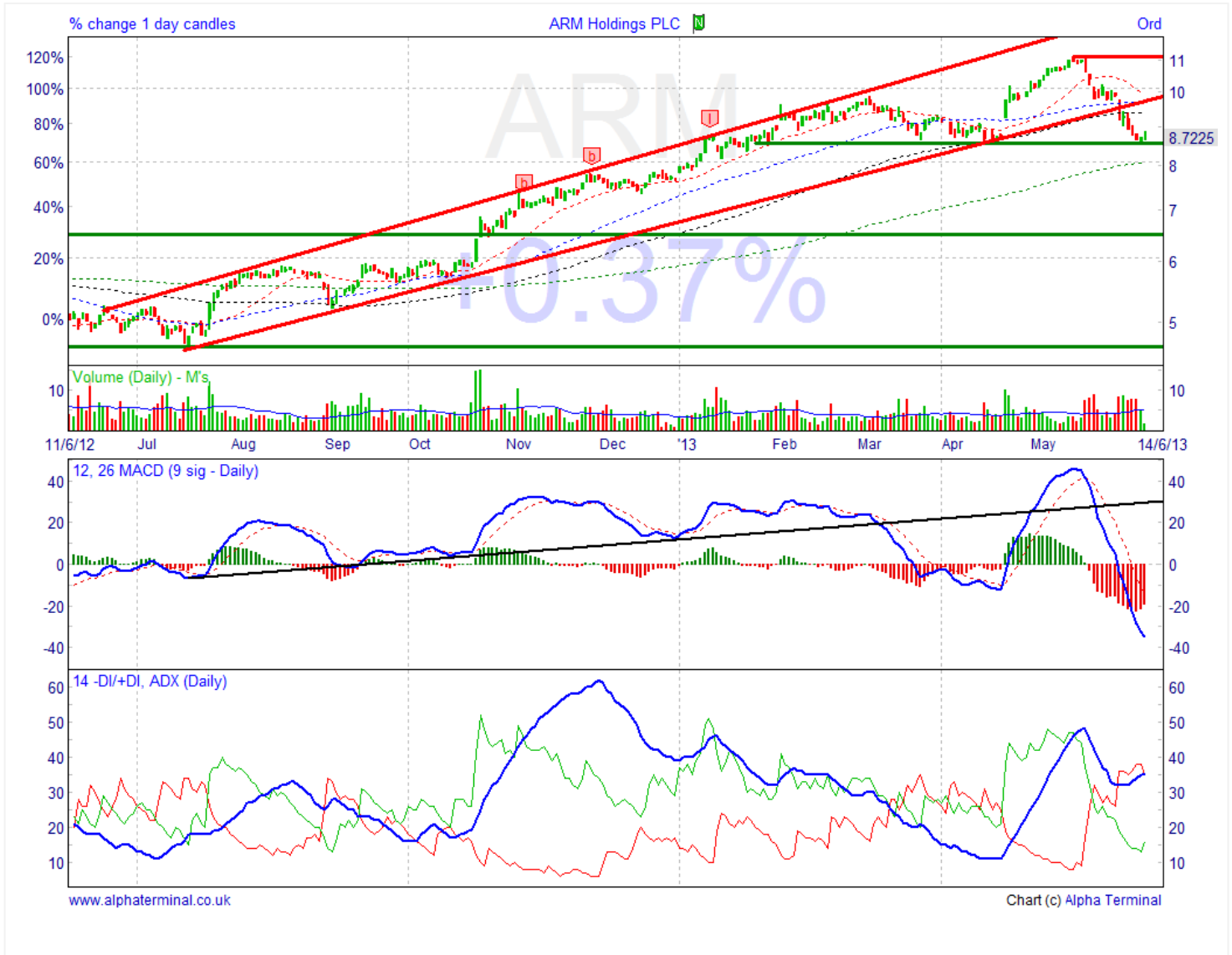
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Graph: 1-year (daily) - ADX and Directional Indicators, MACD & Volume



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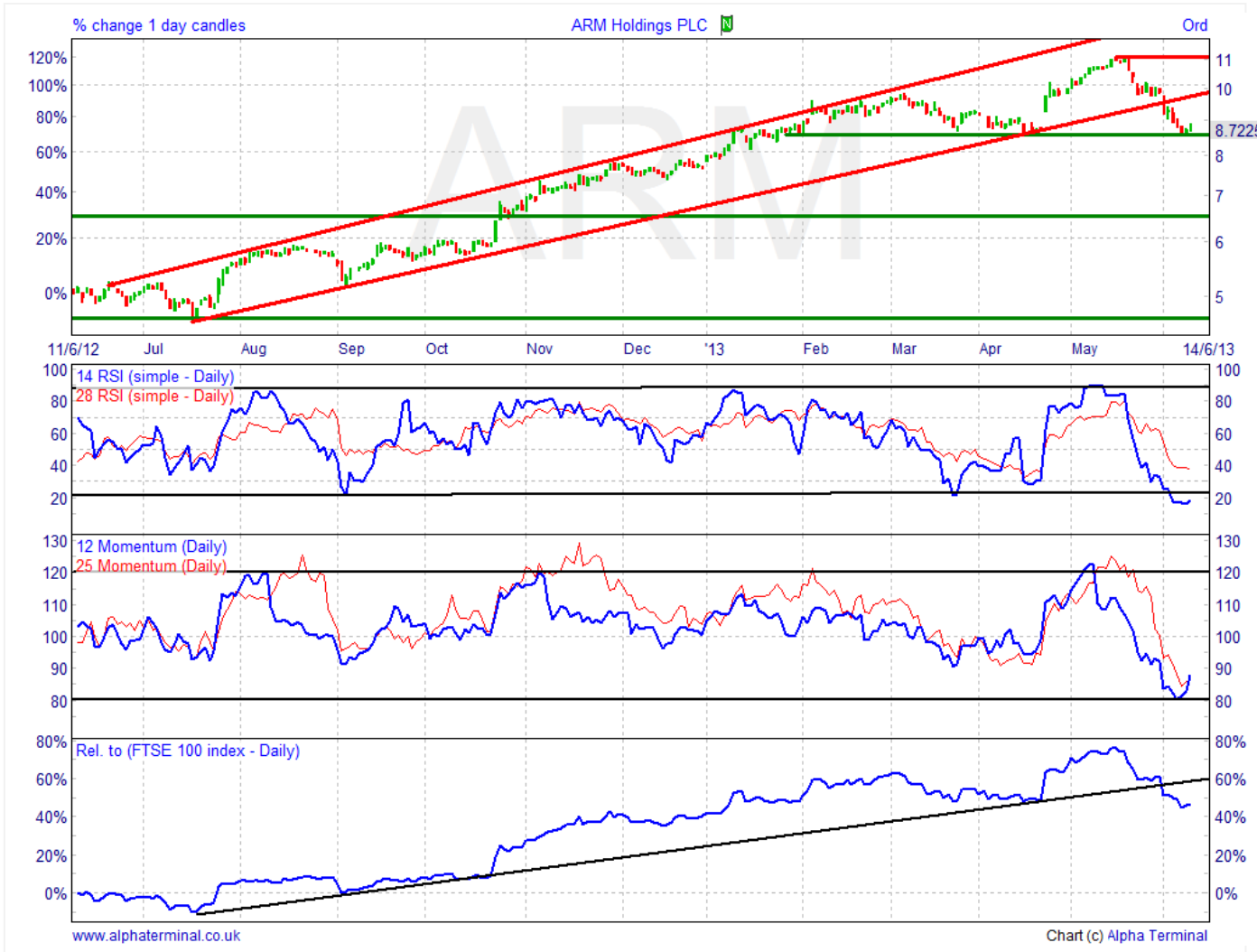
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Graph: 1-year (daily) - RSI, Momentum and Performance relative to FTSE 100



Share Perf %	1wk	1m	3m	1yr	2yr	3yr	4yr	5yr
	-5.09	-18.63	-8.18	73.07	51.04	198.72	715.19	839.92

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