

Buy – Lancashire Holdings (LRE)

January 22, 2014

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 | Stop Loss | Profit Limit | Reward vs. Risk | CFD Margin |
| 763p | 742p (21p/2.8% below) | 815p (52p/6.8% above) | 2.5x | 10% |

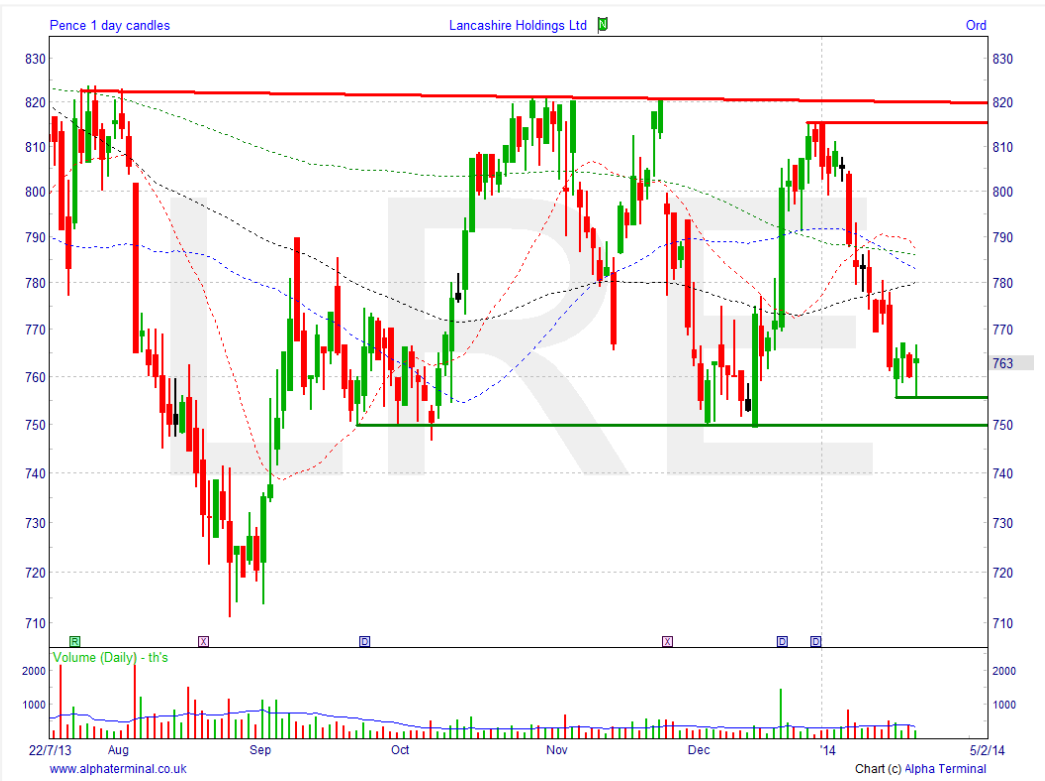
- Observations - For**
- 4-month sideways trend; support at 750p
 - MACD near rising support
 - RSI ticked up from lows
 - Momentum near rising support
 - Stochastics suggests oversold

- Observations - Against**
- Point & Figure chart shows no reversal yet
 - Most momentum indicators yet to go positive
 - Shares still underperforming FTSE100
 - Directional indicators still diverging bearishly
 - No support from moving averages

News / Broker Comments / Important Dates / Observations **

HSBC reiterates Buy rating (21 Jan). Espirito Santo sees value in Lloyds insurers after sell-off; potential special divs from peers. (16 Jan). Deutsche cuts to Hold from Buy saying current earnings outlook now priced in following 14% rise to 815p. Does not view Q3 profits miss as structural trend (8 Nov). LRE announces acquisition of Cathedral Capital Ltd for £266m (7 Nov). Attractive dividend yield and healthy dividend cover by profits. Exposed to insurance risk and natural disasters (i.e. floods, storms) **Next Event:** Q4 results, 13 Feb

Latest Broker 12m Consensus: 6 x Buy, 111 x Hold, 4 x Sell (Source: Digital Look, Alpha Terminal, Bloomberg) (U = Upgrade / D = Downgrade)
21-Jan, HSBC, Buy, TP 954p; **20-Jan,** Canaccord, Hold, TP 790p; **16-Jan,** Espirito Santo, Hold, TP 805p (D); **16-Jan,** Numis, Add, TP 875p; **15-Jan,** Credit Suisse, Buy, TP 860p; **15-Jan,** JPMorgan, Hold, TP 810p (U); **15-Jan,** Westhouse, Hold, TP 820p



Stock description

Lancashire Holdings Ltd is a global provider of specialty insurance products (non-life). The Company is focused on short-tail, specialty property insurance, with underwriting operations in Bermuda and London. Lancashire's business areas include aviation, energy, marine, and property (FTSE 250)

Graph: 6-months (daily)

Stock last used as Trade Idea: N/A

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

Need help understanding this page? [Click](#)

Need help with Technical Analysis? [Click](#)

Our research is produced by Accendo Markets Limited. Research produced and disseminated by Accendo Markets is classified as non-independent research, and is therefore a marketing communication. Accendo Markets research has not been prepared in accordance with legal requirements designed to promote its independence and may not comply with FCA guidelines to prevent conflicts of interest and is not subject to any prohibition on dealing ahead of the dissemination of research. As such, this research does not constitute a personal recommendation or offer to enter into a transaction or an investment, and is produced and distributed for information purposes only. Accendo Markets considers information contained within the research to be valid when published, and gives no warranty as to the investments referred to in this material. The income from the investments referred to may go down as well as up, and investors may realise losses on investments. The past performance of a particular investment is not necessarily a guide to its future performance. Prepared by Mike van Dulken, Analyst

Buy – Lancashire Holdings (LRE)

January 22, 2014

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.

Graph: 1.5-year (daily) - ADX and Directional Indicators, MACD & Volume



Need help understanding this page? [Click](#)

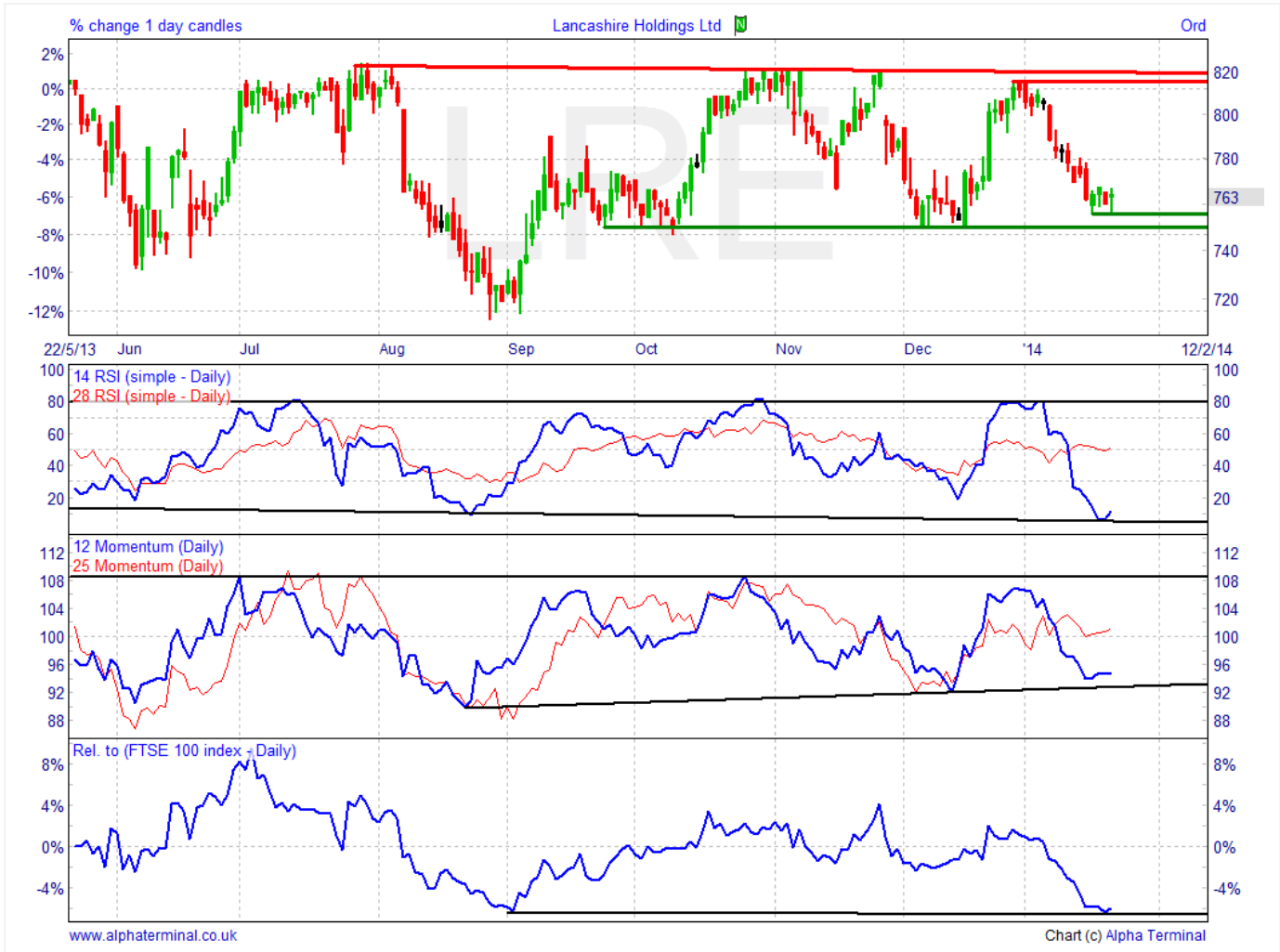
Need help with Technical Analysis? [Click](#)

Buy – Lancashire Holdings (LRE)

January 22, 2014

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.

Graph: 1.5-year (daily) - RSI, Momentum and Performance relative to FTSE 100



| Share Perf % | 1wk | 1m | 3m | 1yr | 2yr | 3yr | 4yr | 5yr |
|--------------|-------|------|------|------|------|-------|-------|-------|
| | -1.68 | -1.1 | -5.8 | -5.8 | 6.86 | 29.87 | 71.08 | 67.51 |

Need help understanding this page? [Click](#)

Need help with Technical Analysis? [Click](#)