

Buy – Legal & General (LGEN)

January 28, 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
216.6p	207p (9.6p/4.4% below)	245p (28.4p/13.1% above)	3.0x	5%

Observations - For

- 18-month rising lows; 10-month rising highs; strong trend
- MACD down near prior support
- RSI, Stochastics & Momentum all suggest oversold
- Outperformance vs FTSE100 continues
- ADX (trend strength) still strong

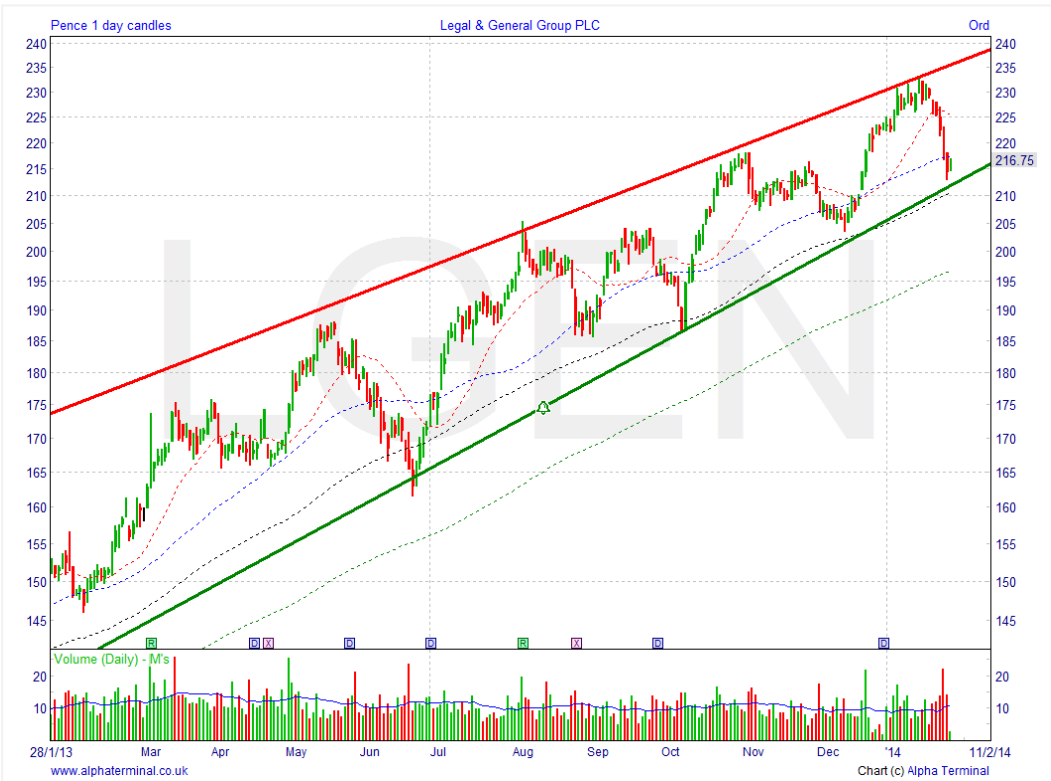
Observations - Against

- Directional indicators still diverging bearishly
- Momentum indicators yet to turn up
- 100-day moving average not been supportive every time
- Point & Figure chart suggests still no reversal yet
- Channel slightly narrowing. Bearish wedge?

News / Broker Comments / Important Dates / Observations **

HSBC cuts to Neutral from Overweight (21 Jan). Ratings agency Fitch says LGEN highly exposed to credit markets but strong positioning and franchise in the UK (26 Nov). BoA-ML upgrades LGEN to Buy and TP to 250p on confidence in cash generation and earnings potential (21 Nov). Newsflow limited. Exposed to financial markets, but diversity can be protective hence lack of major share price volatility. Attractive 4.3% dividend yield. **Next Event:** Preliminary 2013 results, 5 Mar

Latest Broker 12m Consensus: 6 x Buy, 9 x Hold, 3 x Sell (Source: Digital Look, Alpha Terminal, Bloomberg) (U = Upgrade / D = Downgrade)
22-Jan, RBC Capital, Neutral (D), TP 250p; **21-Jan**, HSBC, Neutral (D); **17-Jan**, Goldman Sachs, Neutral, TP 215p (U); **13-Jan**, Citigroup, Neutral, TP 235p; **16-Dec**, Deutsche, Buy, TP 236p (U); **29-Nov**, Canaccord, Hold, TP 215p; 21-Nov, Oriel, Hold (D), TP 200p



Stock description

Legal & General Group plc is a holding company. The Company, through its subsidiaries, provides savings, risk and investment management services such as annuities, long-term savings, life assurance and financial protection products. Legal & General Group's products are sold through bank, building society relationships, Independent Financial Advisers and directly to customers. (FTSE 100)

Graph: 1-year (daily)

Stock last used as Trade Idea;
22-Aug-13

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

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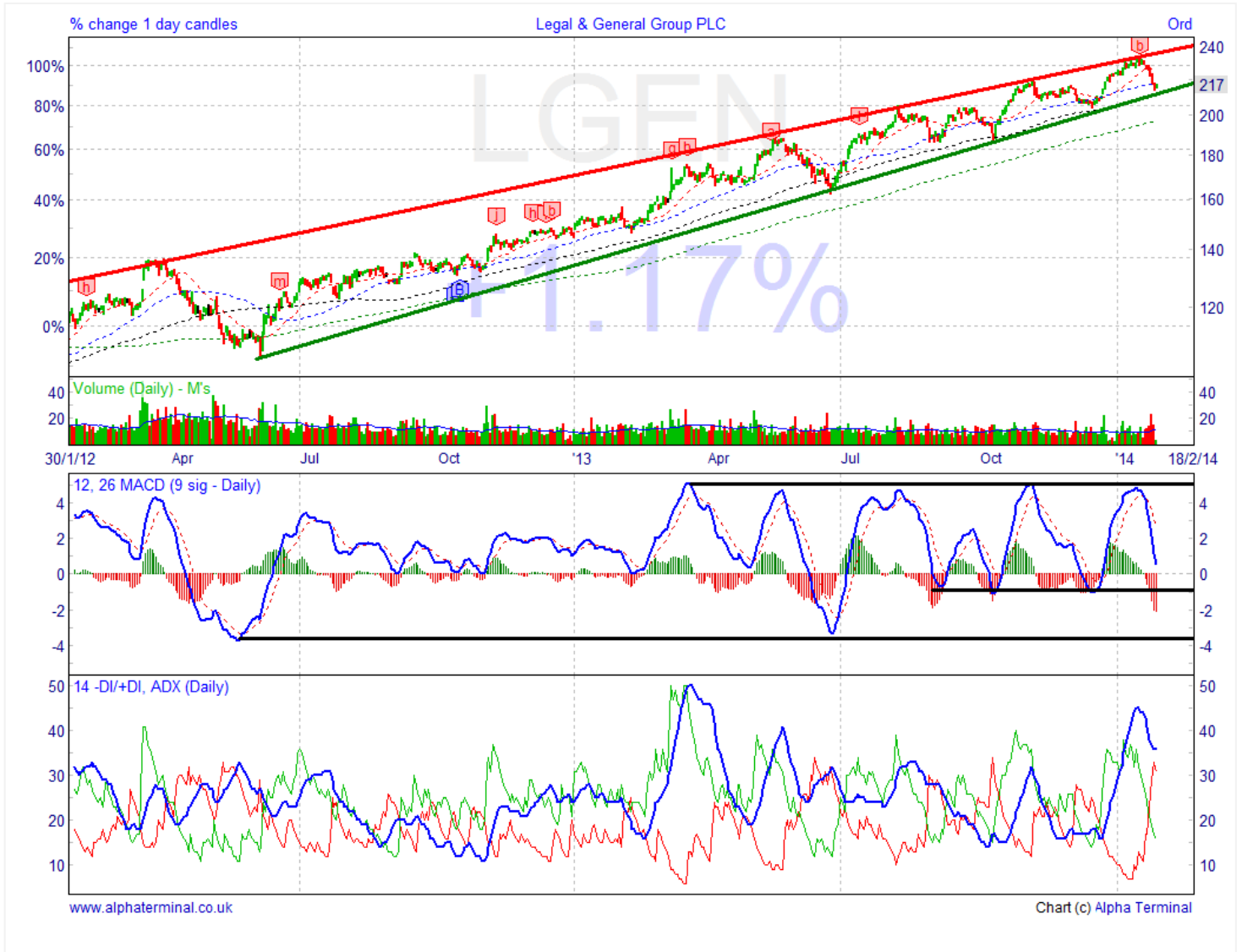
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Graph: 2-year (daily) - ADX and Directional Indicators, MACD & Volume



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Graph: 2-year (daily) - RSI, Momentum and Performance relative to FTSE 100



Share Perf %	1wk	1m	3m	1yr	2yr	3yr	4yr	5yr
	-5.43	-2.8	0.72	43.01	88	86.7	180.12	263.4

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