

Hargreaves Lansdown PLC

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Deutsche Bank starts Hargreaves Lansdown with 'hold', prefers blue chip St James's Place Capital

Deutsche Bank has initiated coverage of investment platform group Hargreaves Lansdown PLC (LON:HL.) with a 'hold' rating, saying it prefers blue chip wealth manager St James's Place Capital PLC (LON:STJ) which it has upgraded to 'buy'

In a note to clients, designed to provide an in-depth primer on the UK retail investment market, the German bank's analysts started Hargreaves with a share price target of 1,900p, with the FTSE 100-listed stock trading at 1,956.5p, up 0.6% on Wednesday's close.

READ: Hargreaves Lansdown reports 3.1% increase in assets as it attracts new clients

The analysts said their research shows that gross inflows into the UK retail savings market have lifted by a compound 10% per annum since 2010, with an average inflow rate of round 22% since 2010.

They concluded: "We think this recent industry growth can be sustained, helped by an increasing onus on individuals to save for their own retirement, increased ISA allowances and Pensions Freedom.

"In addition, there is a growing future pipeline as retirees consolidate their myriad pension pots."

Raising their stance on St James's Place from 'hold' with an increased target price of 1,430p, up from 1,310p, the Deutsche Bank analysts said: "of SJP has an enviable track record, having lifted FuM by a compound 17.5% pa since 2006, underpinned by a net inflow rate of 12% pa."

READ: St. James's Place sees Q1 funds under management fall

They said they believe that SJP's "remarkable track record can continue."

"Specifically, we expect SJP to maintain a net inflow rate of c.12% of FuM over the next 3 years, resulting in 15% pa growth in FUM and 18% pa growth in underlying cash flow," the analysts added.

In late morning trading, St James's Place shares were up 1.8% at 1,221.5p

Price: 1800.5

Market Cap: £8.54 billion

1 Year Share Price Graph



Share Information

Code: HL.

Listing: LSE

52 week High Low
2447 1624

Sector: Financial Services

Website: www.hl.co.uk

Company Synopsis:

Hargreaves Lansdown is one of the UK's leading independent financial service providers and asset management specialists. The company is a fund supermarket, a fund manager, a discount broker, a stockbroker, a pensions specialist, an annuity specialist, a wealth manager and a financial adviser - in other words a one-stop shop.

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