CANTOR
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January 2017

Investment JOURNAL

Featured this Month:

Core Portfolio: December 2016

Stock Watch: Facebook, Paddy Power Betfair, Ryanair, Daimler, City of London Trust

2017 Outlook

Investment Fund Focus: Invesco Global Targeted Returns

ETF of the Month: iShares Euro STOXX 50 UCITS ETF

Corporate Interview: Peter Kidney Founding Director and CFO of Hibergene Diagnostics

Welcome...

Welcome to the first Cantor Investment Journal for 2017.

Last year was marked by significant political upheaval and uncertainty, yet many asset classes posted strong gains; 2017 looks set to be no different. To start the year, in this month's Investment Journal we outline our investment strategy for the first half of 2017, including changes to our recommended asset allocation and our predictions for major asset classes for the coming 6 months.

At its outset, 2017 looks set to offer a wealth of investment opportunities given the raft of major political events on the cards. We encourage you to talk to your broker or portfolio manager in order to receive our Daily Note and Weekly Trader research, which provides up-to-date insights and views across a broad array of asset classes and is also available on our website www.cantorfitzgerald.ie.

We look forward to helping you meet your investment goals in 2017.

David Donnelly
Senior Investment Analyst
January 2017

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Cantor Fitzgerald Ireland was formed through the acquisition of Dolmen Stockbrokers in 2012, by leading global financial services firm Cantor Fitzgerald. With a proud history of stockbroking and servicing our private clients in Ireland since 1995, Cantor Fitzgerald Ireland provides a full suite of investment services, primarily in personalised Share Dealing, Pensions and Investment Management, Debt Capital Markets, Corporate Finance and Research. We are recognised as a primary dealer in government bonds. Our clients include private individuals and corporate entities, financial institutions, investment funds, Credit Unions and charities.

Cantor Fitzgerald, a leading global financial services group at the forefront of financial and technological innovation has been a proven and resilient leader for over 65 years. Cantor is a preeminent investment bank serving more than 7,000 institutional clients around the world, recognised for its strengths in fixed income and equity capital markets.

At Cantor Fitzgerald Ireland we pull together the expertise and experience of Analysts and Investment Professionals from across three continents. An office network that spans from New York to Hong Kong provides us with a uniquely global perspective on the investment goals of our clients, which we service through our local offices in Dublin, Cork and Limerick.

Core **Portfolio** 2016

David Donnelly, *CFA, Senior Investment Analyst*

The Cantor Equity Core Portfolio is a collection of our preferred equity names in the US, UK and Eurozone and is benchmarked against an equal weighting of the leading indices in each region. The return of the portfolio and the benchmark are calculated in euro terms which include dividends.

The portfolio has enjoyed substantial annual returns since its inception, as highlighted in the table below. In 2015, the Core Portfolio's return was 4% higher than the benchmark.

Year	Core Portfolio Returns	S&P	EuroStoxx50	UK Index
2014	15.60%	29.60%	4.90%	7.90%
2015	14.00%	12.30%	7.40%	-1.40%
2016	1.66%	15.34%	4.83%	2.85

**Total Returns in € terms. *Source: CFI Research / Bloomberg*

Core Portfolio at 30th December 2016

StocStock	Price 30/12/16	Total Return Local Cncy (%) Year to date	Total Return Euro (%) Year to date *(SIP)	Fwd P/E FY1 (x)	Div Yield FY1	Target Weight (%)	Low of 2016	Date of that low
Glanbia	15.78	-6.24	-6.24	17.2	0.93%	2.0	15.61	27/06/2016
Ryanair	14.51	-3.36	-3.36	12.3	0.33%	4.5	10.46	27/06/2016
ICG	4.50	-14.99	-14.99	13.9	2.63%	2.0	4.20	30/06/2016
GlaxoSmithKline	1,562.00	21.66	5.02	14.0	5.15%	4.0	1344.50	07/01/2016
Pfizer	32.48	4.46	7.62	12.4	3.89%	4.0	28.56	08/02/2016
General Electric	31.60	4.59	7.75	19.0	3.04%	2.0	27.45	11/02/2016
Smurfit Kappa	21.80	-4.51	-4.51	10.8	3.48%	3.0	18.23	09/02/2016
Daimler	70.72	-3.86	-3.86	8.6	4.80%	3.5	51.97	06/07/2016
DCC*	6,040.00	8.47	-6.42	19.2	1.95%	2.0	4779.00	08/02/2016
CRH	32.96	26.50	26.50	17.6	2.13%	4.5	21.00	09/02/2016
Royal Dutch Shell	2,354.00	64.40	41.91	15.9	6.39%	4.0	1277.50	20/01/2016
Exxon Mobil	90.26	19.90	23.53	21.3	3.41%	4.0	73.18	20/01/2016
Apple	115.82	12.48	15.88	11.5	2.19%	2.0	90.34	12/05/2016
Alphabet	792.45	1.86	4.94	19.2	0.00%	4.0	681.14	27/06/2016
SAP	82.81	14.75	14.75	19.4	1.63%	4.0	64.90	11/02/2016
Facebook	115.05	9.93	13.25	22.0	0.00%	3.0	94.16	21/01/2016
PayPal	39.47	9.03	12.33	22.8	0.00%	3.5	31.20	20/01/2016
Vodafone	199.85	-4.49	-17.55	27.0	5.77%	3.5	200.20	08/02/2016
Verizon	53.38	20.72	24.37	13.3	4.40%	3.5	44.15	13/01/2016
Bank of Ireland	0.23	-27.55	-27.55	11.6	3.28%	1.5	0.16	02/08/2016
Prudential	1,627.50	10.38	-4.72	12.2	2.73%	2.0	1087.00	11/02/2016
Lloyds	62.51	-8.23	-21.15	10.1	5.40%	1.5	47.55	06/07/2016
AIG*	65.31	14.04	18.11	12.0	2.13%	2.0	48.79	27/06/2016
Allianz	157.00	1.00	1.00	10.5	4.80%	4.0	119.20	06/07/2016
Kingspan*	25.80	0.00	0.00	17.6	1.34%	3.5	18.09	06/07/2016
iShare Dax ETF	100.38	6.51	6.51	12.5	3.26%	4.0	77.28	11/02/2016
Proshares Short S&P 500 ETF*	36.54	-8.83	-2.11	n/a	n/a	4.0	37.86	15/08/2016
Kerry Group*	67.90	9.75	9.75	19.6	0.89%	3.5	70.25	12/02/2016
Weighted Return (Local Crncy)		**3.9%**		**15.7**	**2.85%**			

*Current Price as at 30/12/2016. Source: Bloomberg, CFEU estimates. *SIP = Since Inclusion in Portfolio*

Portfolio Total Return (€) YTD 1.66%. | Benchmark Return(€) YTD 7.60%

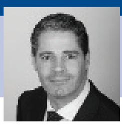
Performance year to date

In 2016, our Core Portfolio closed 1.7% higher, underperforming our benchmark, having been heavily impacted by the effects of the surprise UK vote to leave the European Union. The portfolio had been positioned to take advantage of weakness in stocks that are heavily exposed to either the underlying UK economy or to sterling, for example Bank of Ireland, Lloyds and Grafton Group, in the belief that following a successful Remain campaign the stocks would rebound strongly.

Conversely, our exposures to high dividend yielding names as well as some of our preferred names within the Tech sector have performed exceptionally well and include Verizon, Royal Dutch Shell and GlaxoSmithKline. Our top conviction call for 2016, Facebook has provided a total return in Euro terms of 13.2% year-to-date, and we see ample further upside potential for the stock

A few **points of interest** in...

December



***David Coffey**, Senior Portfolio Manager*

The Dot Plot

This is a chart produced by the US Federal Reserve (the Fed) forecasting the interest rate expectations of the members of the Federal Open Markets Committee (FOMC). Each dot on the chart represents where each committee member believes interest rates will be in each of the three years ahead and the "longer run" level for rates. Following the most recent meeting of the FOMC, the committee now believes that there will be three rate hikes in 2017. However, a word of caution: at the beginning of 2016, the dot plot was forecasting four rate hikes in the year ahead and all we got was one – at the last meeting of the year. With all that information at its disposal, even the Fed doesn't know for sure where things will be in 12 months time.

Rise of the Drones

Amazon delivered its first package by drone to a UK customer taking part in a trial. A bag of popcorn arrived in the customer's garden just 13 minutes after he placed the order. This could revolutionise shopping for people living in rural and remote areas. Vodafone seems keen to get in on the act as it begins talks with aviation authorities about using its networks to manage drone traffic and Nokia is to test a drone traffic management system in Holland.

In Brief....

US bond yields continued to move higher as the Fed raised rates and highlighted the likelihood of further rate hikes in 2017. The Bank of England may follow the Fed in raising rates next year but it will depend on how the economy behaves as Brexit negotiations begin. The ECB is likely to stay at zero for the foreseeable future. The difference between current central bank policies saw the spread between the German and US 2-year bond yields move to its widest level in 16 years.

***

The US dollar, as measured by the DXY Index (an index of the US dollar relative to a basket of other foreign currencies), hit a 14-year high during December as the Fed raised interest rates for only the second time in a decade.

***

Apple Inc publically acknowledged that it plans to develop self-driving cars. A dedicated team of employees have been working on the project for more than two years but this was the first time they have acknowledged it.

***

OPEC finally got its act together and cut oil production for the first time in 8 years. Having plunged to a multi-year low of $27 in February, Brent Crude has had a strong recovery and was up c. 45% in 2016. Crude was broadly trading between $45 and $55 since the summer months and is currently at the higher end of that range.

***

Australia had its first negative quarterly GDP print in 5 years as the economy unexpectedly contracted by 0.5% in the third quarter. A recession is often defined as two consecutive negative quarters and Australia has not seen such an event for over 25 years.

***

Gold continued its decline since the US election. It has fallen c. 10% since the election and c. 18% since its high point last July.

Debt Capital Markets

***Ryan McGrath** , Head of Fixed Income Strategy & Sales*

Cantor Fitzgerald Mandated as Lead Manager in Syndicated Sale of 20-Year Benchmark Treasury Bond along with Major International Banks

Rossa White, Chief Economist with the NTMA, pictured at an investor breakfast in New York last year hosted by Cantor Fitzgerald.

For close to 10 years, our Debt Capital Markets team has been working with Irish and international financial institutions, banks and government bodies facilitating trades and debt origination. The National Treasury Management Agency (NTMA) recently appointed Cantor Fitzgerald as a lead manager for its 20-year syndicated bond sale (along with Barclays, Danske Bank, HSBC, JP Morgan and Morgan Stanley), a testament to our international network and expertise. We have been working closely with the NTMA since 2013 when Cantor Fitzgerald was recognised as a primary dealer in Irish government bonds.

On Wednesday, 4th January, the NTMA raised €4 billion through the syndicated sale of a new 20-year benchmark treasury bond maturing in May 2037. The funds were raised at a yield of 1.734%. The strong and broad-based demand for the transaction allowed for the final €4 billion size to be at the very top end of our expected range. The total order book of over €11 billion included 255 individual accounts. Of the €4 billion issued, 97% was taken up by overseas investors, including Germany/Austria (31%), the UK (25%), Nordics (10%), Americas (8%), Other Europe (7%), Switzerland (7%), France (5%) and Asia /Middle East (4%). The stated target total funding range for 2017 is €9-€13 billion, using the mid-point, Ireland has already completed 36% of its 2017 funding requirement.

Stock**Watch**

The 5 for 5 - Five equities to own on a 5-year horizon

Our equity investment strategy remains focused on strong stock specific stories. To that end, we highlighted 5 specific stocks late last year which we believe should be structural long term winners within their respective sectors, and should offer investors substantial returns over a 3-5 year period

Facebook Current Price: $115.05*

Facebook remains one of our core conviction calls as we see further substantial upside to the share price. We believe that as consumers spend an increasing amount of time viewing media online, greater proportions of advertising budgets will flow to the area, and with c1.2 billion active users per day, Facebook will be a key beneficiary of that increased spend. We view this as a multi-year growth story which remains highly undervalued in our view.

David Donnelly CFA
Senior Investment Analyst

Facebook Share Price

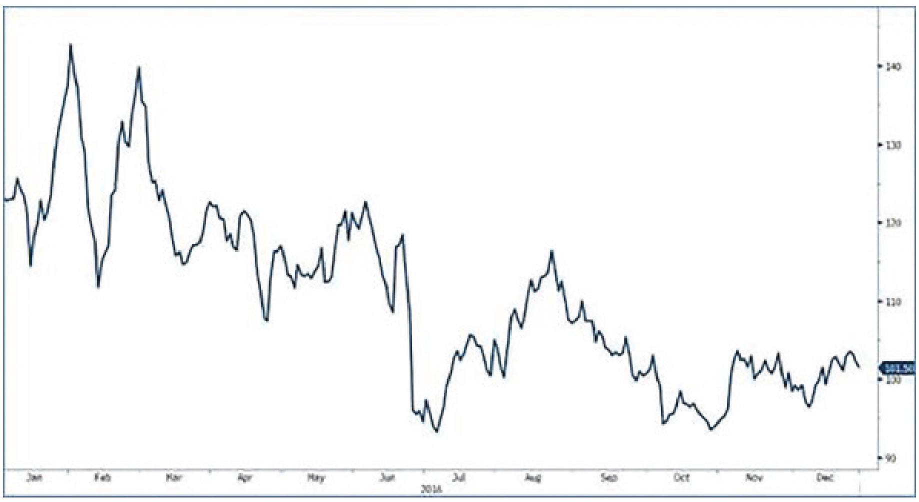
Source: Bloomberg

Paddy Power Betfair Current Price: €101.50*

Having already completed a transformative merger in a sector in need of consolidation, Paddy Power Betfair should benefit from the substantial synergies on offer, low crossover of customers and preferred sports, and the advantages of two leading brand names in the space.

Stephen Hall, CFA
Investment Analyst

Paddy Power Betfair Share Price

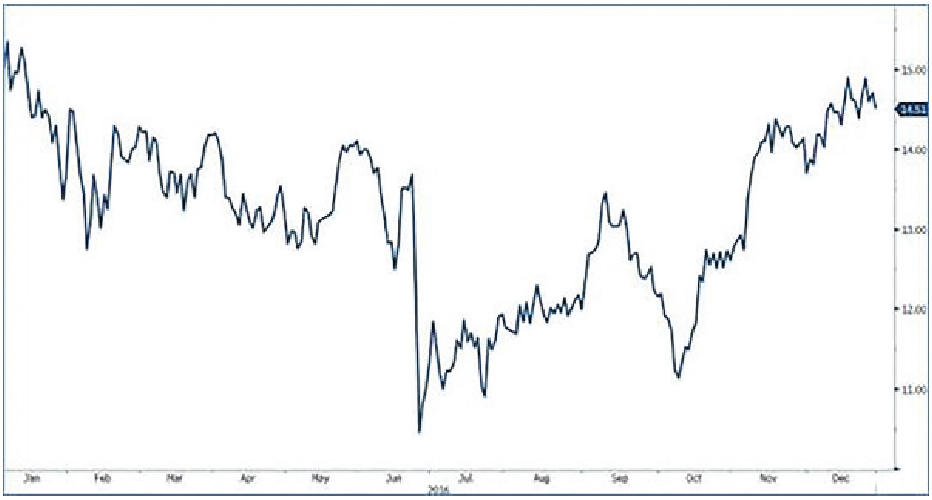


Source: Bloomberg

Ryanair Current Price: €14.505*

Benefitting from lower average costs, a fleet of new, more fuel efficient planes, and advances in customer targeting and satisfaction means Ryanair is well placed to be the long term winner in price wars with other European low cost carriers in our view. Management raised the long term passenger target of the airline from 180 million to 200 million by 2024, and also recently announced a new share buyback programme to the tune of €550m, which will run from November 2016 to February 2017. Despite the recent rally we see solid capital appreciation potential for the stock over a 3 - 5 year time horizon, as we believe the airline is the structural winner within the European low cost carrier sector.

Ryanair Share Price



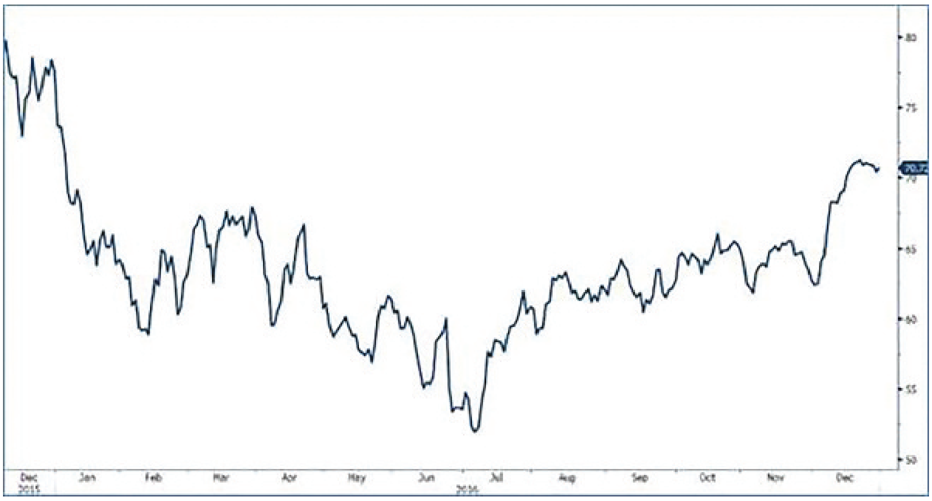
Source: Bloomberg

Stephen Hall, CFA
Investment Analyst

Daimler Current Price: €70.72*

Daimler offers a strong and well covered dividend yield of 4.8% for 2017, robust balance sheet and to date, has executed its group strategy well across its geographies. In 2011, Daimler lost its #2 position in the luxury car market to peer Audi. Since then, management has invested heavily in redesigning its fleet, while also keeping tight control of costs, and is on track to reclaim the #1 position from BMW. Daimler boasts an exceptionally strong balance sheet, with c. €18 billion in net cash.

Daimler Share Price



Source: Bloomberg

David Donnelly CFA
Senior Investment Analyst

City of London Trust Current Price: GBp 406.00*

For a more diversified exposure to the UK equity market, we would suggest the City of London Investment Trust Plc. The trust has taken advantage of the weaker sentiment in UK focused equity names in the run up to the Brexit referendum, and offers a yield of 4.2% having successfully raised the level of its dividend payment in each of the last 50 years.

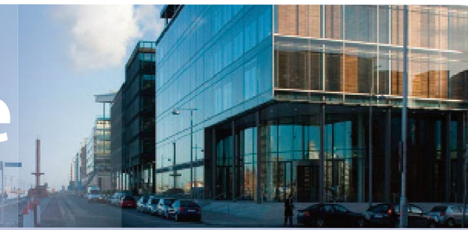
Mark McPaul
Investment Analyst

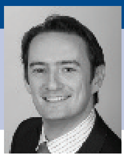
City of London Trust Share Price

Source: Bloomberg

*Prices as of 31/12/2016

Irish REITs **Monthly Update**





David Donnelly, *CFA, Senior Investment Analyst*

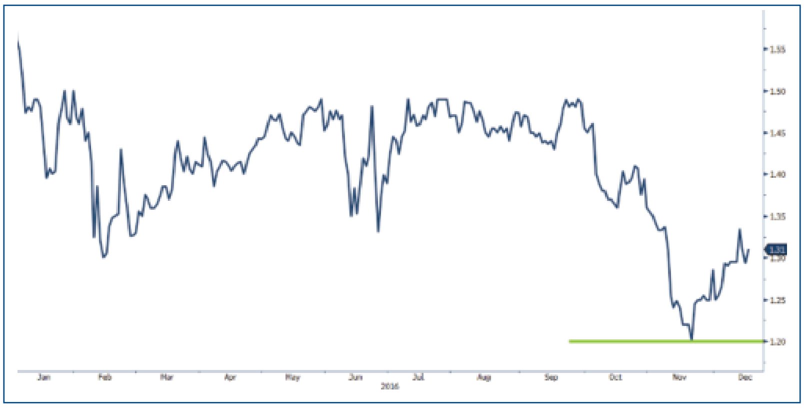
Green REIT Current Price €1.372 | NAV FY17e €1.68

Green held its AGM at the start of December where a canvas of shareholders reapproved a raft of proposals, including the re-authorisation of the company to purchase its own shares. Later in the month, management announced that it had successfully let 32 Molesworth Street in Dublin 2. The new tenant is described as an international service provider and will occupy the full building which comprises 32,000 sq. foot. The agreement is for 20 years, with breaks in years 10 and 15, and at a rent of €51.70 per sq. foot.

Separately, Green also acquired c.164 acres of land beside its existing holding at the Horizon Logistics Park at Dublin Airport for a total consideration of €12.25m. The acquisition will bring Green's total holding in the Park to 264 acres.

In our view, Green continues to trade at an attractive discount to its net asset value despite its long list of blue chip tenants with long lease agreements.

Green REIT Share Price



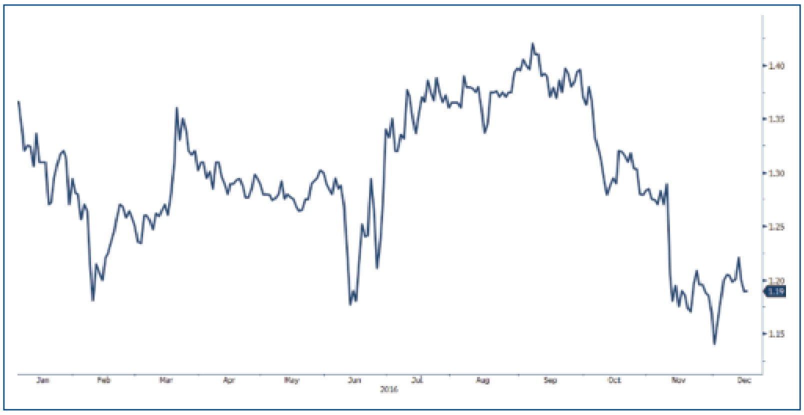
Source: Bloomberg

Hibernia REIT Current Price €1.231 | NAV FY17e €1.41

Hibernia REIT announced two deals during December; the first was the acquisition of the remaining interest in the Windmill Lane Partnership, which had been a 50:50 joint venture with Starwood Capital Group. The partnership was formed in 2015 for the development of 1 Windmill Land, a 1 acre site in Dublin's South Docks where 122,000 sq. ft. of offices, 7,000 sq. ft. of retail and 14 residential units are under construction, scheduled for completion in late 2017. Hibernia paid €27.5m for the property, and assumed the 50% share of the €44.2m of non-recourse debt associated with the project.

Hibernia also reached new terms with the Office of Public Works (OPW) for the continued leasing of Harcourt Square which is currently occupied by An Garda Síochána. The OPW will pay an annual rent of €6m for the building, up from €4.9m, plus a one-off arrears payment of €0.5m. Hibernia acquired the building in February 2015 and has since received planning permission for 276,500 sq ft of office space and ancillary accommodation. This compares to the current building size of 117,000 sq. ft.

Hibernia REIT Share Price



Source: Bloomberg

2017 **Outlook**

David Donnelly, *CFA, Senior Investment Analyst*

2017 – A Tale of Two Halves

Similar to last year, 2017 is going to be dominated by political events, particularly the first half of the year. Major events include the inauguration and first 100 days of Donald Trump, where his policy agenda will be rolled out, French Presidential candidate run-off, the initiation of Brexit negotiations and Dutch parliamentary elections. As such, we are focusing our investment strategy on the first 6 months of the year, as the outcomes of these events will have a substantial bearing on the investment landscape in the second half of 2017.

Market backdrop and base case assumptions

The latter months of 2016 were most notably marked by an increase in bond yields, the drivers of which can be traced to a number of elements including a rise in inflation expectations, changes in interest rate forecasts, and the potential for increased issuance. Though yields have risen, this has not been reflected in equity market prices, which also rallied on the anticipation of the introduction of fiscal stimulus in the US. As a result, a disconnection between asset prices has occurred, as higher yields should normally result in lower equity prices.

Also of note is the range of potential outcomes from the political events mentioned above, and the differing impact each outcome would have on the investment landscape. Against this backdrop, we make the following assumptions as our base case:

- Following his inauguration, the new President Trump will make overtures to increase fiscal spending; however Congressional approval and budgetary planning will take many months to come to fruition
- US inflation expectations rise modestly, and coupled with continued gradual improvement in economic data, prompt the Fed to raise interest rates in the latter stages of H1, while the ECB will maintain dovish rhetoric and accommodative policy during the period
- Political risks and uncertainty continues to dominate in Europe creating headwinds for investment in the region

Equity Market Forecasts

- As noted above, there has been a disconnection between bond and currency markets and equities. The recent rise in interest rates, particularly in the US, have not been reflected in equity prices; on a relative basis equities now offer a lower risk adjusted return than before Trump's election, making the elevated valuations of the S&P look particularly expensive
- As a result, we expect equities, particularly those of the US, are vulnerable to a pullback of c.10% in the new year, most likely around the time of the Presidential inauguration on January 20th
- Following a pullback, we would have a preference for US equities over those of the UK and Europe for H1, given the extent of the political headwinds in Europe which we expect will curb investment appetite for the region
- If these headwinds ease however, we see substantial upside in European indices later in the year given the more favourable valuations

Bond Market Forecasts

- The rout in bonds should ease in the near term, and we anticipate yields on benchmark Government bonds like the US and German 10y to broadly trade at current levels having already fully priced in the expected Central Bank policy at this point
- As such we see a range of 2.34% - 2.5% on the US 10y and 0.25%-0.34% on the German 10y

Currencies

- **US dollar:** At $1.05 against the euro we believe the market has fully priced in the changes in Central Bank policy outlined above. In our view, a substantial shift in relative yields between the US and German 10y, or change in Central Bank policy from that outlined, would be required to move the dollar through the previous low of $1.0340
- **Sterling:** In our view sterling will weaken back toward £0.90 as economic data in the country begins to slow. Data has been robust in the wake of Brexit, but we believe this is the "eye of the storm" and that weaker data will precipitate a decline in sterling. A major risk to this view is clearly a softening of the UK's stance on Brexit negotiations when Article 50 is invoked in March

Commodities

- **Gold:** Our bullish stance on gold is being reduced to neutral in the face of rising yields and reduced Chinese imports as authorities attempt to stem the flow of dollars out of the country. A rise in risk aversion or an uptick in inflation would be required for gold to rally substantially.
- **Oil:** We expect the European benchmark, Brent, should trade at c.$50 on average in H1. Though OPEC has reduced output, higher cost wells, particularly US shale, become profitable above $45, inducing an increase in supply above this price

ETF of the **Month**

***Mark McPaul**, Portfolio Construction Analyst*

iShares Euro STOXX 50 UCITS ETF

Why Invest in this Fund?

ECB Stimulus: Ongoing monetary stimulus from the European Central Bank should attract capital flows into European equities.

Attractive Valuation: European indices continue to trade at a discount to their US and UK counterparts offering further upside potential.

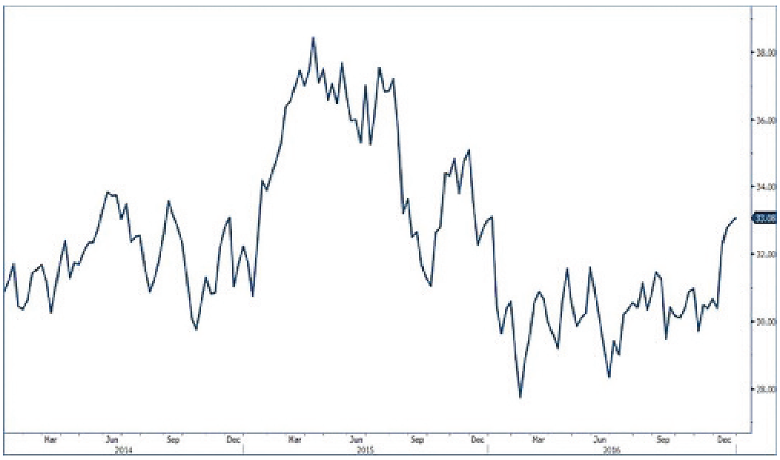
Low Cost: This ETF offers cost effective investment across 50 of the largest companies in the Eurozone.

Yield: Distribution yield of 3.29%.

Fund Overview

The Fund seeks to track the performance of an index composed of 50 of the largest companies in the Eurozone. The EURO STOXX 50 Index, is Europe's leading blue-chip index for the Eurozone. Our preference remains for European equities on a relative valuation basis with the US and UK and this ETF offers cost effective investment to a diversified portfolio of European blue-chip names.

Price Chart



Source: Bloomberg

Key Facts

Ticker (Bloomberg)	SX5EEX GY
Benchmark Index	EuroStoxx50
Currency	EUR
TER %	0.16%
Distribution Yield	3.29%
Distribution Frequency	Quarterly
Fund Size	7,465,631,675
No. Of Holdings	50

Source: iShares

Performance Summary

	FUND
1 Month	7.96%
YTD	3.94%
1 Year*	3.94%
3 Year*	5.71%
5 Year*	11.29%
**Annualised Returns*	*As of 30/12/2016*

Top 10 Holdings %

Total SA	5.43%
Siemens AG	4.40%
Sanofi SA	4.09%
Bayer	3.71%
SAP	3.65%
Basf SE	3.59%
Banco Santander SA	3.32%
Allianz SE	3.25%
Anheuser Busch Inbev Sa	3.22%
Daimler AG	3.20%
% total of top 10	**37.9%**

Source: iShares

Important Information: The value of your investment and the income from it will vary and your initial investment amount cannot be guaranteed. ETFs trade on exchanges like stocks and are bought and sold at market prices which may be different to the net asset values of the ETFs.

Investment Fund **Focus**

***Mark McPaul**, Portfolio Construction Analyst*

Invesco Global Targeted Returns

Why Invest in this Fund?

Aim: to achieve a positive return in all market conditions

Return: return of cash plus 5% per annum over three years

Risk Management: Aims for volatility of less than half that of equities over a three year period

Fund Overview

This is a multi-strategy fund which aims to achieve its objectives by combining a number of individual investment ideas, aiming to offer diversification across a mix of asset classes, geographies and sectors. The fund works well as hedging component in portfolios given its diversification which results in a lower correlation to most other traditional asset classes.

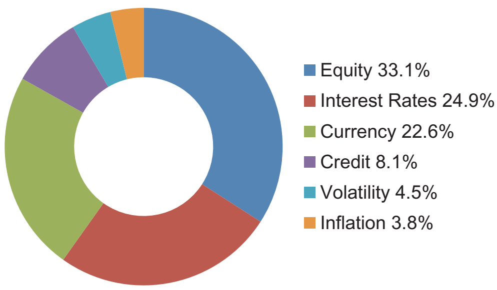
Investment Information

Investment Manager	Invesco
ISIN	LU1004133531
Currency	EUR
TER %	0.87%
Distribution Yield	0.00%
Distribution Frequency	Not Applicable
Fund Size (Base Currency)	5,676,785,996

Performance Summary

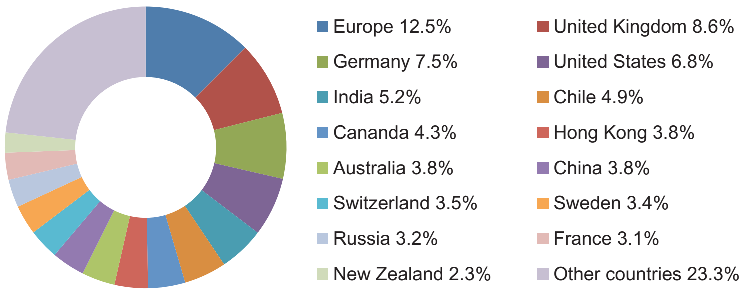
1 Month	1.74%
YTD	2.24%
1 Year*	2.24%
3 Year*	4.10%
5 Year*	-
**Annualised Returns*	*As of 30/12/2016*

Risk Allocation by Asset Type



Source: Invesco

Risk Allocation by Region



Source: Invesco

Asset **Allocation**

David Beaton, *Chief Investment Officer*

Modest Adjustment to Exposure

Following a year of unprecedented surprises, and the start of a move towards populism, financial markets, in particular equities, have performed better than would normally have been expected. Having rallied strongly from the surprise Brexit vote, markets also endured the election of Donald Trump, as well as the Italian referendum and renewed banking and political uncertainty in Europe.

In addition to these significant events, 2016 marked the start of the shift from the multi-year period of central bank monetary accommodation as the US Federal Reserve increased interest rates, the ECB signalled its intention to reduce the size of its rate of monthly asset purchases from March 2017, and the Bank of Japan shifted to a 'yield control'.

Despite the general realisation that central bank QE has effectively run its course, risk assets continue to outperform as the baton of growth stimulation has passed to governments for the promotion of fiscal stimulus programmes.

This focus on fiscal packages was the natural next step by the UK government in response to the economic shock of the Brexit vote and the uncertainties that will prevail as negotiations with Europe commence; while president-elect Trump has promised to "make America great again" through a series of infrastructure programmes and lower taxes.

The immediate reaction to these plans, and in particular to Mr Trump's super-sized programme, has been a resetting of inflation and growth expectations, a rotation out of sovereign bonds into equities, and within equities, a rotation into pro-cyclical growth sectors at the expense of the counter-cyclical sectors and 'bond proxies'.

Against this change in asset class exposure, our current level of asset allocation has been appropriate with an overweight exposure to equities and corporate bonds, and an underweight exposure to sovereign debt.

In response to market expectations for an inflation and growth rebound, we remain broadly comfortable with our asset allocation for the time being, with the exception being a reduction in our allocation to property from overweight to neutral as the impact of higher bond yields weighs on the sector; and an increase in our corporate bond exposure which we see benefitting from the potential for stronger economic growth.

Equities

The post-election rally has continued unabated, with the main US indices setting all-time highs as expectations of a strong Trump stimulus programme boosts inflation and growth expectations. While an expansive infrastructure plan coupled with corporate and personal tax cuts would no doubt be positive for the US economy, the absence of specifics leaves us concerned about the risk of disappointment after inauguration day on 20th January. Accordingly, we see US equity markets continuing their post-election rally into year-end and for the first half of January, at which stage we expect a move lower due to policy uncertainty and on valuation grounds.

We see UK and European equities enjoying a similar move in early January, and while European equities offer better relative value, they will not be immune to any US equity market weakness. Equally, political uncertainty in Italy will continue into the first-quarter of the new year; however the presence of the Draghi/ECB 'put' should act as a buffer against the worst of any potential volatility.

While the UK market has stabilised following the initial Brexit vote due in part to better-than-expected economic data and a moderate softening on the issue by Prime Minister May, we believe the ultimate negotiations will result in renewed sterling weakness, a deterioration in economic data and higher inflation, all of which will weigh on UK equities. Based on our view of renewed sterling weakness, we see value in the UK listed multinational names which have underperformed recently on the back of a stronger pound.

Bonds

Global bond yields have risen significantly since since Trump's victory, fuelled by a sharp rise in inflation expectations and a belief that the Federal Reserve will be more aggressive in terms of interest rate increases in 2017.

We see the move higher in bond yields as being largely complete given the lack of specific detail on the planned spending programme in the US. We are therefore of the view that yields in core sovereign bonds will remain in or around current levels for the first half of 2017, or at least until there are further details on the extent of the proposed fiscal stimulus.

Despite the recent move higher in yields and our belief that this move upward is complete, we do not see yields declining significantly given the uncertainty over the pace of future US interest rate increases. Accordingly we maintain an under-weight sovereign bond allocation and see better relative value in corporate bonds which will benefit from the potential for stronger economic growth.

From an allocation perspective we continue to recommend investment grade credit funds while we also recommend exposure to capital secure products as they become available.

Property

The move higher in global bond yields since the US election has had a negative impact on the property sector as the dual impact of the narrowing of the yield spread between bonds and property, as well as the higher borrowing costs, has weighed on the sector. This has been reflected in the recent performance of both US and UK REITs, while Irish listed entities have also lagged the wider market. Against this higher yield and funding environment, we reduce our property allocation to market weight from over-weight, but continue to see opportunities in the Irish REIT's which are trading at significant discounts to NAV.

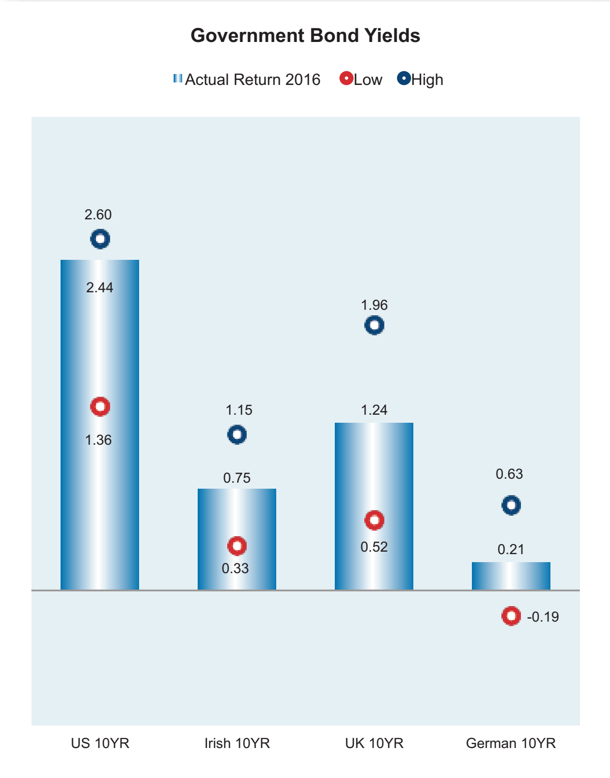
Alternative Investments

While we continue to see scope for markets to move higher into early January, we do anticipate a return to more volatile conditions in the first half of 2017. Accordingly we continue to see a role for Absolute Return Funds as a balancing tool within portfolios. The range of investment opportunities available through our Corporate Finance team is also growing and becoming more diversified, offering attractive opportunities.

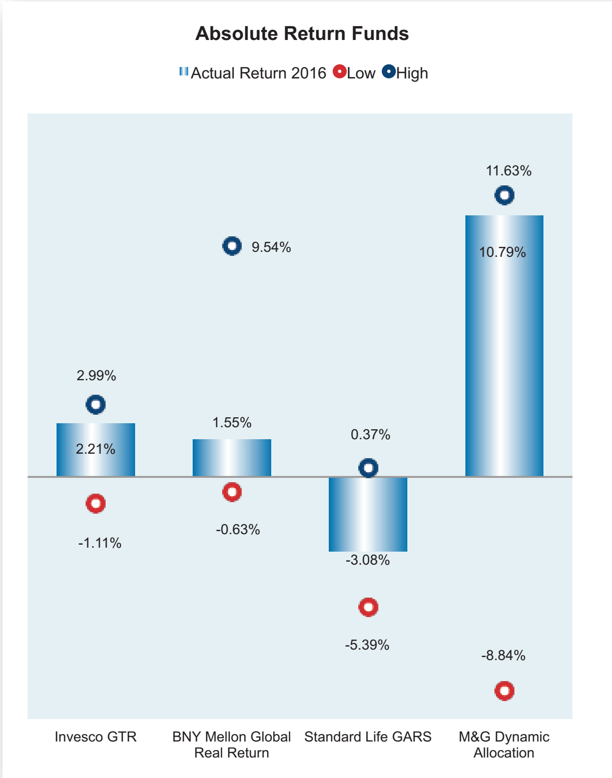
	NEUTRAL	CANTOR	CHANGE FOR 2017
Risk Assets			
Equities	40%	45%	-
Corporate Bonds	10%	17%	3%
Absolute Return Product	5%	10%	
Property	5%	5%	-3%
Commodities	5%	2%	-
Total Risk Assets	**65%**	**79%**	
Lower Risk Assets			
Government Bonds & Cap Secure Product	30%	20%	-
Cash	5%	1%	-
Total Lower Risk Assets	**35%**	**21%**	

Asset Class Returns 2016

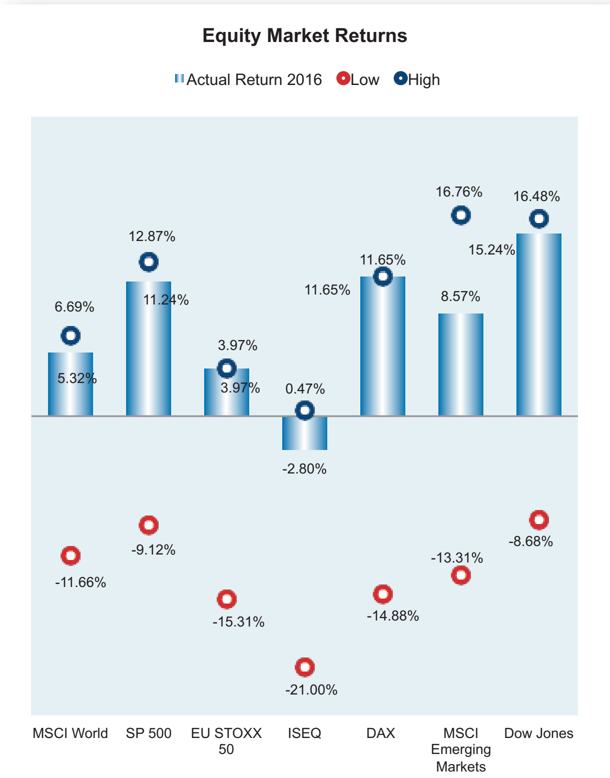
The charts below provide a breakdown of the high, low and actual returns achieved across a number of different asset classes in 2016.



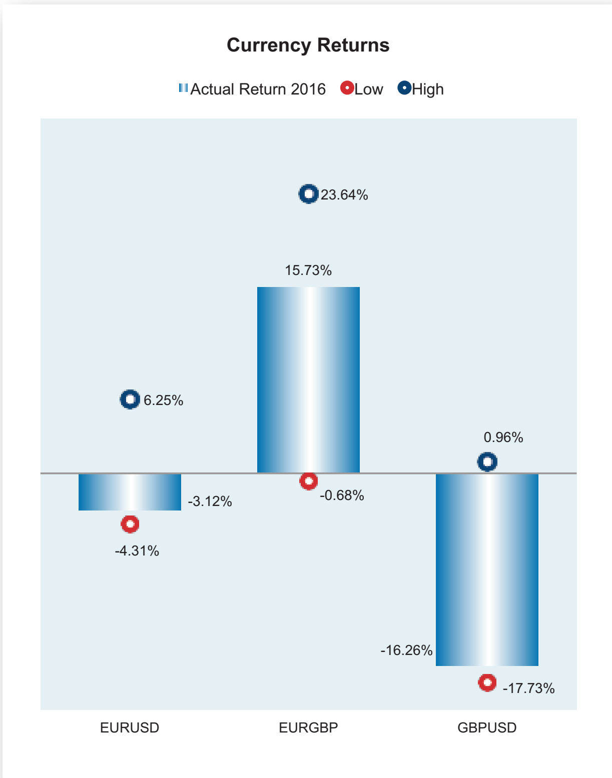
Source: Bloomberg



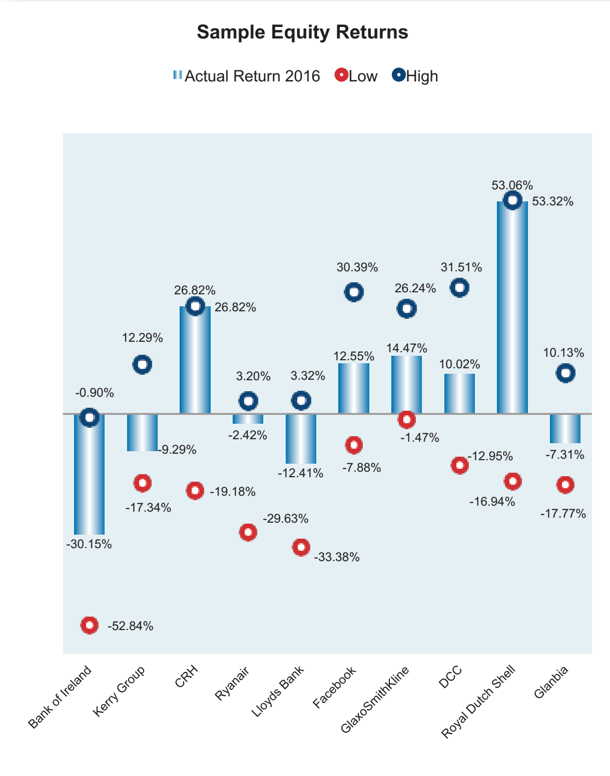
Source: Bloomberg



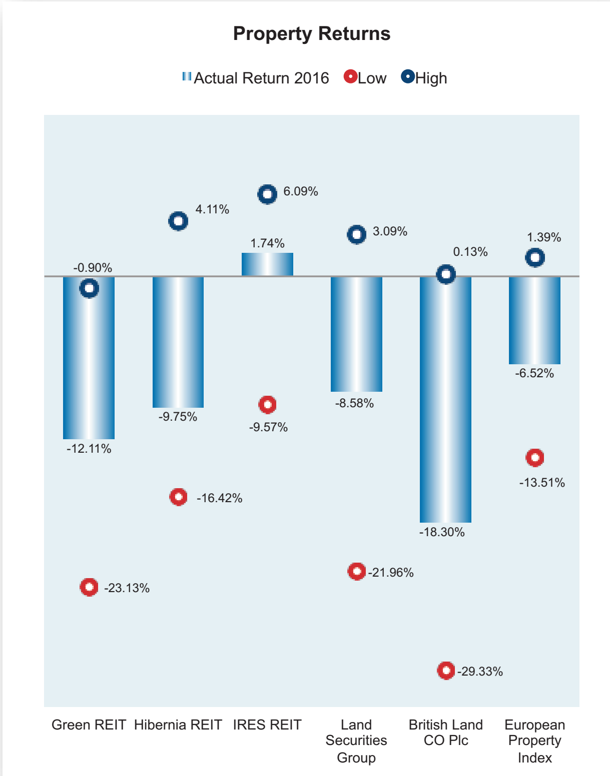
Source: Bloomberg



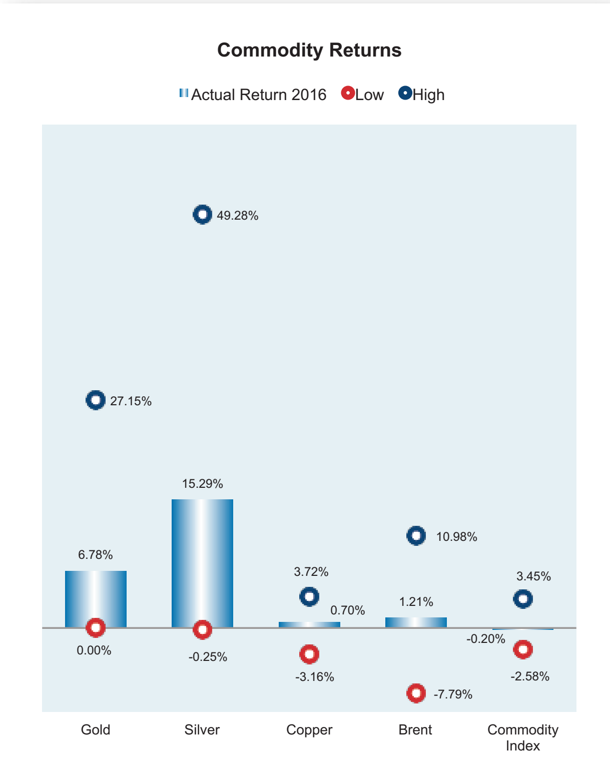
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Corporate Finance News

***Conor McKeon**, Head of Corporate Finance*

With a strong track record in providing funding solutions for companies at various stages of development, this month we bring you:

- An outline of our deals completed in 2016
- Corporate Interview with Peter Kidney, Founding Director and CFO of Hibergene Diagnostics Limited

www.cantorfitzgerald.ie/transactions

Corporate **Interview**

This month we interview our private equity partner, Peter Kidney, Co-founder and CFO of Hibergene Diagnostics.

Peter Kidney

Founding Director and CFO of Hibergene Diagnostics

Cantor Fitzgerald raised €6m in private equity funding for Hibergene Diagnostics in 2016.

Hibergene Diagnostics is an Irish medical diagnostics company which develops, manufactures and markets molecular diagnostic tests for human infectious diseases. The company uses prototype technology and is led by a highly experienced management team, several of whom previously led and helped build up Trinity Biotech plc, an Irish company listed on the US Nasdaq stock market.

Mr Kidney is a founding shareholder and Director of Hibergene Diagnostics and has served as CFO since its incorporation in 2009. Peter previously served as Non-Executive Chairman of Chariot Oil and Gas, was a founding Director of Providence Resources Plc and was CEO of LSE listed Arcon International Resources Plc. Peter presided over the sale of Arcon to Lundin Minding for $123 million in 2015. Mr Kidney is a Chartered Accountant and holds a Diploma in IFRS and a B. Comm. from University College Dublin.

Q1: How did Hibergene come about?

Hibergene came about because Dr Joe Kidney introduced me to Dr Peter Coyle and Dr Derek Fairley who had invented a rapid and highly accurate test for Meningococcal Disease (major cause of Meningitis) and Group B Streptococcus (a leading cause of new-born chronic illness that can result in mortality). My background is in finance and I had been involved in a number of public companies. After an initial evaluation of the opportunity, and hearing how this technology could have a dramatic impact on patient care, I introduced Brendan Farrell to the opportunity. Brendan had been in medical diagnostics for over 30 years and had previously been CEO of Trinity Biotech, Ireland's leading diagnostic company, quoted on the Nasdaq. The evaluation of the technology confirmed it was highly accurate, fast and relatively easy to use and all tests would utilise a common low cost instrument. However, to be of optimum benefit to users Hibergene would need a broad menu of diagnostic products. In late 2014 Hibergene raised €2.1 million with the support of Enterprise Ireland, Bank of Ireland Seed Capital Fund and family & friends to commercialise the first two products and to start developing a menu of diagnostic products.

Q2: Molecular diagnostics is very cutting edge, how many tests have been developed to date and what tests are in the pipeline?

To date, Hibergene has CE marked three products, rapid tests for Meningococcal Disease, Group B Streptococcus, and Clostridium Difficile (a hospital acquired infection). All of the tests are molecular diagnostics that use proprietary & licenced technology to identify the unique DNA of the disease in a patient sample. This is highly accurate and very fast. Traditional diagnostic technologies use a slow method of sample culture and analysis which may take several days or may look for a patient's antibodies which are fighting the disease as an indicator that a specific disease is present. This is frequently insensitive and may not identify all patients with a specific disease. In cases where a doctor needs to make an urgent clinical decision and the clinical symptoms of a disease are vague, doctors frequently have to do so without a diagnostic result. As a result some patients are treated for a disease they do not have and other patients may go undiagnosed with potentially chronic illness or fatal consequences. The use of a Hibergene diagnostic product allows doctors to confidently treat a confirmed diagnosis, to potentially discharge a patient with a negative result or to investigate other clinical causes. These tests lead to better clinical outcomes and can significantly reduce hospital costs where patients are being treated unnecessarily. Molecular technology is best known in large hospital settings as PCR. An estimated 85% of hospitals do not have such technology and frequently outsource testing or do not do it at all. Hibergene's strategy is to introduce this molecular diagnostic technology to such hospitals worldwide for a wide range of diagnostic tests. In 2017, Hibergene expects to launch tests for a group of respiratory diseases, for Mycoplasma Pneumonia, Influenza and RSV 1&2 and following feedback from distributors will launch a further 3 to 4 tests per year thereafter.

Q3: These tests really could have a big impact on patient outcomes, how does the company feel about both creating value and having a social impact?

The Hibergene logo is "Saving Time Saving Life" which really describes the products we develop and sell. It is most gratifying that Hibergene with the support of our shareholders can provide doctors with technology to meet unmet clinical needs and save hospitals money. To be sustainable we have to be profitable and we are very pleased that our shareholders will participate with the founders in the full value creation at Hibergene. Margins in this sector are high. As a consequence valuation premiums for this high growth sector are substantially above average which all our shareholders will have the opportunity to share in.

Q4: Tell us more about the team of researchers at Hibergene and what motivates them?

Three companies hold worldwide rights to use our key technologies. Along with Hibergene, there is one in the USA market and there is Italian company Diasorin. Diasorin has laboratories in Dublin where they now specialise in using this powerful technology for cancer diagnosis. Hibergene senior managers all previously worked in Diasorin where they successfully launched a number of diagnostic products. Being part of a small rapidly-growing company allows our R&D team to have a strong influence in product design and performance, using cutting-edge technologies with the benefit of knowing that every product developed will save lives. All senior managers participate in the company share-option scheme, allowing them to share in the value they help to create.

Q5: Your own father was a doctor, what would he have thought?

My Dad was a paediatrician and I remember him being called out to visit sick children in the middle of the night. One of the biggest fears for a doctor is missing a diagnosis of a fatal disease with vague symptoms. Indeed, the UK Lancet published a research paper which showed that 50% of patients with Meningococcal Disease had been to their GP and were sent home before being later admitted within 24 hours to A&E and subsequently confirmed as having Meningococcal Disease. Hibergene technology is currently configured for use in hospitals, but we are working on technology improvements where tests would be simple enough to be used by a nurse in a GP's group practice. This would allow for testing in the community, would reduce pressure in A&E departments and lead to superior clinical outcomes for patients. Antibiotic resistance is a major global issue and rapid and accurate diagnosis will enable doctors to prescribe the correct antibiotic for a specific disease and help to reduce unnecessary prescription of antibiotics. My Dad's family operated both in business and medicine and I think he would be most proud to see these traditions continuing in a company like Hibergene that can make such a difference to the way medicine practice is delivered. What we are now doing would have seemed like science fiction to my Dad.

Q6: How does Hibergene see the company developing in the next two years? When will it scale revenues?

The key to Hibergene's growth is the development of a broad menu of diagnostic products being sold through a worldwide network of distributors. To date we have signed 16 distribution contracts covering 37 countries. We will shortly complete contracts for China, India, The Philippines & Thailand and follow on in 2017 to secure distribution agreements in North & South America. Hibergene is working with key opinion leaders to evaluate and endorse our products which will facilitate widespread marketing. Pilot testing will soon commence at St Bartholomew's in London in conjunction with 20 other NHS hospitals, as well as in the Rotunda in Dublin and a number of European hospitals. Hibergene will be loss-making in 2016 and 2017 and expects to start earning a profit in 2018 as our product menu grows and market penetration increases. We are expecting revenues to grow rapidly from circa €10 million in 2018 to circa €30 million in 2020 which represents less than a 1% market share.

Q7: What worked well for you in the partnership with Cantor Fitzgerald?

We worked closely with Cantor Fitzgerald and they rapidly identified the strength of our technology and its potential to have a global impact. Having successfully commercialised our first two diagnostic products they could easily see how we could apply this technology to a broad range of tests for infectious diseases. Cantor Fitzgerald appreciated that a high technology company would be loss making for a number of years but that the strength of the technology and business model would yield substantial profits as more products were developed. Cantor Fitzgerald helped Hibergene secure the necessary finance to deliver this key technology to the world.

Q8: Where does the future lie for Hibergene Diagnostics?

Having secured our finance, Hibergene is now scaling up and has recruited specialist marketing and sales staff to drive sales as new products are launched. We have added more highly qualified scientists to our R&D team to ensure we meet our product launch schedule and are commencing work on product improvements and simplification so that in due course we can target GP clinics worldwide.

At Cantor Fitzgerald, we continue to explore the most dynamic partner companies and investment opportunities for our clients. We are working closely with our US office which has particular expertise in the Life Sciences sector and look forward to bringing you new opportunities in 2017.

Deals Completed in 2016

Over the past 12 months our Corporate Finance team has advised on and raised funds for a number of Irish businesses seeking growth capital.

NewsWhip
€6.5m EIIS Equity Fundraise
December 2016

Cathx Limited
€2.8m EIIS Equity Fundraise
December 2016

Hibergene Diagnostics Ltd
€6m Private Equity Fundraise
September 2016

Great Northern Distillery
€5m EIIS Equity Fundraise
December 2016

Laurel Lodge Nursing Home
€1.55m EIIS Fundraise
August 2016

Ballisk Homes Limited
€6.75m Senior Loan Note Fundraise
July 2016

McCambridge
€2.85m Junior Loan Note Fundraise
July 2016

Amarenco Solar Limited
€7m Equity and €12m Loan Note Fundraise
March 2016

Glandore Business Centres
€3m Senior Secured Loan Note
January 2016

Into The Future (Glanmire)
€1.5m Senior Secured Residential Development Loan Note
September 2015
Repaid in August 2016

Carton House Hotel, Golf & Leisure
Corporate Finance Adviser

Nightline Logistics
Corporate Finance Adviser

McGrath Group
Corporate Finance Adviser

Openhydro Shareholder Representative Group
Corporate Finance Adviser

Private Equity & Loan Note Opportunities for 2017

Our team is currently working on a number of investment proposals which will soon be coming to market. We expect our first investment opportunity will be a senior secured loan note. This is Cantor Fitzgerald's second project with Into the Future (ITF), having raised €1.5m in senior loan note capital in 2015.

Into the Future - Moneygourney Residential Development in Cork

- €4.5m Senior Loan Note.
- Coupon of 9%, paid annually.
- Maximum term of 30 months.
- Funds raised will be used for site finance and development of 28 residential units in Moneygourney, Douglas, Co Cork.
- The senior loan note will have the benefit of first ranking security over the property assets and shares of the company.
- The loan note will provide 72% of the peak funding cost of the project, with the balance being provided by way of promoter equity.

To find out more about upcoming investment opportunities, **call us on 01 633 3633**

Performance
DATA

December 2016

Performance Data

Investment **Returns**

December 2016

Equities

Index	30/11/16	30/12/16	% Change	% ytd Change	52 Week High	Date
ISEQ	6215.8	6517.24	4.8%	-4.0%	6,867	31/12/2015
DAX	10640.3	11481.06	7.9%	6.9%	11,637	30/12/16
Eurostoxx50	3051.61	3290.52	7.8%	0.7%	3,323	30/12/16
Stoxx600 (Europe)	341.99	361.42	5.7%	-1.2%	368	31/12/2015
Nasdaq (100)	4810.814	4863.62	1.1%	5.9%	4,992	27/12/2016
Dow Jones	19123.58	19762.6	3.3%	13.4%	19,988	20/12/2016
S&P500	2198.81	2238.83	1.8%	9.5%	2,278	13/12/2016
Nikkei	18308.48	19114.37	4.4%	0.4%	19,593	21/12/2016
Hang Seng	22789.77	22000.56	-3.5%	0.4%	24,364	09/09/2016
China (Shaghai Composite)	3250.035	3103.637	-4.5%	-12.3%	3,581	31/12/2015
India	26652.81	27876	4.6%	6.7%	29,077	08/09/2016
MSCI World Index	1712.09	1751.22	2.3%	5.3%	1,776	13/12/2016
MSCI BRIC Index	245.18	241.87	-1.4%	9.5%	261	11/10/2016

Currencies

Index	30/11/16	30/12/16	% Change	% ytd Change	52 Week High	Date
EuroUSD	1.0589	1.0517	-0.7%	-3.2%	1.1616	03/05/2016
EuroGBP	0.84671	0.85352	0.8%	15.8%	0.9415	07/10/2016
GBP/USD	1.2506	1.234	-1.3%	-16.3%	1.5018	24/06/2016
Euro/AUD	1.4338	1.45969	1.8%	-2.1%	1.6253	11/02/2016
Euro/CAD	1.42274	1.41338	-0.7%	-6.0%	1.6106	20/01/2016
Euro/JPY	121.19	122.97	1.5%	-5.9%	132.32	29/01/2016
Euro/CHF	1.07759	1.07209	-0.5%	-1.5%	1.1200	04/02/2016
Euro/HKD	8.213	8.1586	-0.7%	-3.1%	9.0126	03/05/2016
Euro/CNY	7.2986	7.3381	0.5%	-2.7%	7.6351	09/11/2016
Euro/INR (India)	72.902	71.677	-1.7%	-0.6%	77.49	12/02/2016
Euro/IDR (Indonesia)	14442.18	14161.32	-1.9%	-6.0%	15,388	10/02/2016
AUD/USD	0.7385	0.7208	-2.4%	-1.1%	0.7835	21/04/2016
USD/JPY	114.46	116.96	2.2%	-2.7%	121.69	29/01/2016
US Dollar Index	101.5	102.21	0.7%	3.6%	103.65	20/12/2016

Commodities

Index	30/11/16	30/12/16	% Change	% ytd Change	52 Week High	Date
Oil (Crude)	50.34	53.72	6.7%	20.5%	55.44	12/12/2016
Oil (Brent)	50.47	56.82	12.6%	52.4%	58.37	30/12/16
Gold	1173.25	1152.27	-1.8%	8.6%	1,375.45	06/07/2016
Silver	16.5261	15.918	-3.7%	14.9%	21.14	04/07/2016
Copper	263.3	250.55	-4.8%	16.1%	275.30	28/11/2016
CRB Commodity Index	420.96	423.08	0.5%	12.9%	542.10	16/12/2016
DJUBS Grains Index	37.4146	37.152	-0.7%	-6.2%	47.95	10/06/2016
DJUBS Soft Commodity	111.5413	109.0238	-2.3%	2.1%	129.93	08/06/2016
Gas	3.352	3.724	11.1%	59.3%	3.99	28/12/2016
Wheat	402.75	408	1.3%	-21.4%	569.00	08/06/2016
Corn	348.5	352	1.0%	-10.4%	453.25	15/06/2016

Bonds

Index	30/11/16	30/12/16	% Change	% ytd Change	52 Week High	Date
Irish 5yr	-0.02	-0.117	-0.10	-0.57	0.44	04/01/2016
Irish 10yr	0.682	0.552	-0.13	-0.60	1.15	14/01/2016
German 2yr	-0.727	-0.766	-0.04	-0.42	-0.34	04/01/2016
German 5yr	-0.429	-0.532	-0.10	-0.49	-0.04	04/01/2016
German 10yr	0.275	0.208	-0.07	-0.42	0.63	04/01/2016
UK 2yr	0.128	0.084	-0.04	-0.57	0.64	04/01/2016
UK 5yr	0.611	0.488	-0.12	-0.86	1.33	04/01/2016
UK 10yr	1.418	1.239	-0.18	-0.72	1.93	04/01/2016
US 2yr	1.113	1.1883	0.08	0.14	1.30	15/12/2016
US 5yr	1.842	1.9274	0.09	0.17	2.12	15/12/2016
US 10yr	2.3809	2.4443	0.06	0.17	2.64	15/12/2016

Source: Bloomberg and Cantor Fitzgerald Ireland Ltd Research.

Performance Data

Cantor Fitzgerald Ireland Bond Returns

Indicative performance figures & maturity dates

Cantor Fitzgerald Equity & Commodity Linked Bonds:

Cantor Fitzgerald Bond Issue	Underlying Asset (Ticker)	Indicative Initial Strike	Indicative Current Level	Indicative Underlying Asset Performance	Option A Participation Rate	Option B Participation Rate	Option A Indicative Performance	Option B Indicative Performance
GLOBAL DIVIDEND BOND	SDGR10%RC	100.00	136.20	36.20%	80%	170%	**28.96%**	**61.54%**
DIVIDEND ARISTOCRATS BOND 1**	SPXD10EE	1535.18	2151.95	40.18%	50%	145%	**20.09%**	**58.26%**
DIVIDEND ARISTOCRATS BOND 2**	SPXD10EE	1522.93	2226.17	46.18%	50%	140%	**23.09%**	**64.65%**
DIVIDEND ARISTOCRATS GBP**	SPXD10EE	1522.93	2226.17	46.18%	50%	140%	**23.09%**	**64.65%**
OIL & GAS KICKOUT NOTE*	XOM	82.23	90.89	10.53%	-	-	-	-
	RDSB	1717.00	2371.50	38.12%	-	-	-	-
	BP	391.70	517.30	32.07%			-	-
	FP	44.33	48.93	10.38%			**25.50%**	**N/a**
OIL & GAS KICKOUT NOTE 3*	XOM	82.87	90.89	9.68%	-	-	-	-
	RDSB	1711.00	2371.50	38.60%	-	-	-	-
	BP	350.10	517.30	47.76%	-	-	-	-
	FP	41.88	48.93	16.85%			**25.50%**	**N/a**
REAL ESTATE KICKOUT NOTE*	SPG	190.52	182.62	-4.15%	-	-	-	-
	UL	233.60	222.60	-4.71%	-	-	-	-
	DLR	74.80	99.36	32.83%	-	-	-	-
	HCN	65.25	66.17	1.41%			**0.00%**	**N/a**
EUROSTOXX 50 DOUBLE GROWTH NOTE*	SX5E	2986.73	3315.02	10.99%	200%	-	**21.98%**	**N/a**
PROTECTED ABSOLUTE RETURN STRATEGIES	SLGLARA	12.05	11.99	-0.50%	-	-	-	-
	CARMPAT	615.33	659.82	7.23%	-	-	-	-
	ETAKTVE	128.74	128.74	0.00%	-	-	-	-
			Weighted Basket	2.24%	120%	-	**2.69%**	**N/a**
GLOBAL REAL RETURN NOTE	BNGRRAE	1.27	1.25	-2.28%	150%	-	**-10.00%**	**N/a**
EURO BLUE CHIP KICKOUT BOND	ALV	128.00	159.55	24.65%				
	SIE	94.49	116.20	22.98%				
	RYA	11.57	14.19	22.64%				
	DAI	58.39	72.10	23.48%			**12.00%**	**20.00%**
PROTECTED STAR PERFOMERS BOND	BNPIAFST	130.53	130.73	0.15%	180%		**0.27%**	**N/a**
PROTECTED STAR PERFOMERS BOND II	BNPIAFST	130.91	130.73	-0.14%	170%		**-10.00%**	**N/a**
EURO BLUE CHIP KICKOUT BOND II	UNA	38.27	38.99	1.88%				
	BAYN	97.57	100.75	3.26%				
	BAS	87.72	87.70	-0.02%				
	MC	179.20	179.70	0.28%			**0%**	**N/a**
80% PROTECTED KICK OUT 1*	AAPL	86.37	116.15	34.48%	**Kick Out Level:**	45% In Year 3	-	-
	PRU	1395.00	1638.00	17.42%		60% In Year 4	-	-
	BMW	88.18	90.83	3.01%			-	-
	VOD	217.15	202.40	-6.79%			-	-
					Indicative Performance:		**-6.79%**	**N/a**
80% PROTECTED KICK OUT 2*	AAPL	94.72	116.15	22.62%	**Kick Out Level:**	45% In Year 3	-	-
	GSK	1532.80	1562.00	1.91%		60% In Year 4	-	-
	BMW	93.97	90.83	-3.34%			-	-
	VOD	195.65	202.40	3.45%			-	-
					Indicative Performance:		**-3.34%**	**N/a**
80% PROTECTED KICK OUT 3*	RDSA	2346.50	2256.00	-3.86%	**Kick Out Level:**	45% In Year 3	-	-
	GSK	1412.05	1562.00	10.62%		60% In Year 4	-	-
	BMW	85.64	90.83	6.06%			-	-
	ALV	128.20	159.55	24.45%			-	-
					Indicative Performance:		**-3.86%**	**N/a**
80% PROTECTED KICK OUT 4*	RDSA	2132.50	2256.00	5.79%	**Kick Out Level:**	45% In Year 3	-	-
	GSK	1663.80	1562.00	-6.12%		60% In Year 4	-	-
	RYA	8.27	14.19	71.52%			-	-
	ALV	138.45	159.55	15.24%			-	-
					Indicative Performance:		**-6.12%**	**N/a**
CAPITAL SECURE MIN RETURN 1*	SX5E	2579.76	3315.02	28.50%	-	-	**10.00%**	**11.50%**
CAPITAL SECURE MIN RETURN 2*	SX5E	2589.25	3315.02	28.03%	-	-	**9.10%**	**17.60%**
CAPITAL SECURE MIN RETURN 5*	SX5E	2799.2	3315.02	18.43%	-	-	**9.00%**	**N/a**
SECURE INCOME & GROWTH*	SX5E	2161.87	3315.02	53.34%				
CREDIT UNION EURO BONUS BOND*	SX5E	3674.05	3315.02	-9.77%	-	-	**1.00%**	**N/a**

Strike and Maturity Dates for Cantor Fitzgerald Bonds:

Bond	Strike Date	Next Kick Out Observation Date	Maturity Date
Global Dividend Bond	26/02/13		26/01/17
Dividend Aristocrat Bond 1	27/05/13		27/04/17
Dividend Aristocrat Bond 2	26/07/13		26/06/17
Dividend Aristocrat Bond GBP	26/07/13		26/06/17
Secure Income & Growth	21/05/12		21/11/17
80% Protected Kick Out 1	19/05/14	19/05/17	28/05/18
Capital Secure Min Return 5	30/05/13		30/05/18
80% Protected Kick Out 2	22/07/14	24/07/17	30/07/18
80% Protected Kick Out 3	26/09/14	26/09/17	03/10/18
80% Protected Kick Out 4	28/11/14	28/11/17	05/12/18
Capital Secure Min Return 1	21/02/13		21/02/19
Capital Secure Min Return 2	08/04/13		08/04/19
Oil & Gas Kick Out Note	30/10/15	02/05/17	12/11/20
Real Estate Kick Out Note	18/12/15	19/12/16	05/01/21
Oil & Gas Kick Out Note 3	16/03/16	16/03/17	30/03/21
Protected Absolute Return Strategies	24/03/16		31/03/21
EuroSTOXX 50 Double Growth Note	24/03/16		09/04/21
Credit Union Euro Bonus Bond	17/04/15		22/04/21
Global Real Return Note	29/04/16		12/07/21
Euro Bluechip Kickout Bond	15/07/16	17/07/17	15/07/21
Euro Bluechip Kickout Bond II	16/12/16	18/12/17	21/12/21
Protected Star Performers Bond	27/09/16		30/09/22
Protected Star Performers Bond II	16/12/16		21/12/22

All figures are indicative of underlying performance after participation only and represent the potential indicative return of the underlying strategy only, had the investments matured on 3rd of January 2017. Indicative performance figures may need to be added to the relevant capital protected amount, if any, which may be less than 100% of the funds originally invested. All performance figures are indicative only and may include the impact of averaging over the final averaging period if any.

***Indicative performance figures may also include a performance related bonus (if applicable). However final payment of this bonus will depend on the underlying performance at next annual observation date or maturity. Please consult the Terms and Conditions in the relevant product brochure for further information**

****The above indicative returns reflect the averaging of available prices within the applicable final averaging period.**

WARNING : Investments may fall as well as rise in value. Past performance is not a reliable guide to future performance

Please note that while your capital protected amount is secure on maturity, any indicative returns, including those figures quoted above are not secure (other than any minimum interest return on maturity, if applicable). You may only receive your capital protected amount back. These are not encashment values. The performance above is solely an indicative illustration of the current performance of the underlying assets tracked after participation, gross of tax, and are NOT ENCASHMENT VALUES. If early encashment is possible, the value may be considerably lower than the original investment amount. Please consult the Terms and Conditions in the relevant product brochure for further information.

Long Term Investment Returns

December 2016

Asset Class Performances (returns in Local Currency)*

Equities

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
MSCI World Index	15.5%	10.2%	20.9%	9.8%	-40.2%	30.9%	12.5%	-4.9%	16.7%	27.5%	2.9%	-1.9%	5.3%
MSCI Emerging Market Index	26.0%	34.4%	32.6%	39.7%	-53.1%	78.7%	19.4%	-18.2%	18.7%	-2.3%	-4.6%	-17.2%	8.6%
China	-14.1%	-5.8%	135.1%	98.0%	-64.9%	82.6%	-12.8%	-20.2%	5.8%	-3.9%	52.9%	10.5%	-12.3%
Japan	8.6%	41.8%	8.1%	-10.0%	-41.1%	21.1%	-1.3%	-15.6%	25.6%	59.4%	7.1%	9.1%	0.4%
India	14.1%	44.6%	48.8%	48.8%	-51.8%	78.5%	19.1%	-23.6%	28.0%	9.8%	30.1%	-5.6%	1.8%
S&P500	10.9%	4.9%	15.8%	5.6%	-37.0%	26.4%	15.1%	2.1%	16.0%	32.4%	11.4%	0.2%	9.5%
Eurostoxx50	10.3%	25.4%	19.2%	10.4%	-41.8%	27.0%	-1.8%	-13.1%	19.6%	22.7%	1.2%	4.5%	0.7%
DAX	7.3%	27.1%	22.0%	22.3%	-40.4%	23.8%	16.1%	-14.7%	29.1%	25.5%	2.7%	9.6%	6.9%
ISEQ	29.0%	21.6%	30.6%	-24.7%	-65.1%	29.8%	-0.1%	2.6%	20.4%	35.7%	15.1%	31.2%	-4.0%

Source: Bloomberg.

Bonds 10yr

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Ireland	9.6%	5.4%	-0.2%	1.2%	7.9%	3.9%	-19.6%	12.0%	34.6%	12.4%	23.7%	2.5%	4.7%
UK	6.6%	7.7%	-0.5%	6.7%	15.0%	-0.6%	9.4%	15.9%	4.6%	-5.0%	12.1%	0.5%	7.8%
Spain	9.3%	6.0%	-1.1%	1.6%	9.8%	4.5%	-5.7%	9.7%	4.7%	14.2%	22.8%	1.3%	5.2%
Portugal	10.1%	5.9%	-1.2%	2.2%	9.7%	4.9%	-10.2%	-33.5%	75.5%	11.0%	31.9%	5.1%	-4.2%
USA	4.2%	2.4%	2.7%	10.3%	19.7%	-7.3%	9.4%	15.2%	4.0%	-5.9%	8.5%	1.5%	0.8%
Germany	9.2%	5.9%	-1.0%	1.9%	14.8%	1.8%	6.8%	12.8%	6.8%	-1.7%	13.4%	0.7%	4.3%

Source: Bloomberg EFFAS Government Bond Indices & FINRA Corporate Indices

Commodities

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Gold	5.4%	18.4%	23.0%	31.3%	5.5%	24.0%	29.7%	10.2%	7.0%	-28.3%	-1.5%	-10.5%	8.6%
Brent Oil	34.1%	45.8%	3.2%	54.2%	-51.4%	70.9%	21.6%	13.3%	3.5%	-0.3%	-48.3%	-36.4%	52.4%
Crude Oil	33.6%	40.5%	0.0%	57.2%	-53.5%	77.9%	15.1%	8.2%	-7.1%	7.2%	-45.9%	-31.3%	45.0%
Copper	38.9%	40.6%	40.6%	5.9%	-53.6%	137.3%	32.9%	-22.7%	6.3%	-7.0%	-16.8%	-24.0%	17.4%
Silver	14.3%	29.6%	45.3%	15.4%	-23.8%	49.3%	83.7%	-9.8%	8.2%	-35.9%	-19.5%	-11.3%	15.8%
CRB Commodity Index	3.3%	3.4%	19.6%	14.1%	-23.8%	33.7%	23.6%	-7.4%	0.4%	-5.7%	-4.1%	-14.6%	12.9%

Source: Bloomberg

Currencies

	2009	2009	2009	2009	2009	2009	2010	2011	2012	2013	2014	2015	2016
Euro/USD	8.0%	-12.6%	11.4%	10.5%	-4.3%	2.0%	-6.6%	-3.2%	1.8%	4.1%	-12.1%	-9.7%	-3.1%
Euro/GBP	0.4%	-2.7%	-2.0%	9.1%	30.0%	-7.2%	-3.3%	-2.8%	-2.6%	2.2%	-6.5%	-5.0%	15.7%
GBP/USD	7.6%	-10.2%	13.7%	1.3%	-26.5%	10.2%	-3.3%	-0.4%	4.6%	1.9%	-6.0%	-4.9%	-16.3%
US Dollar Index	-7.0%	12.8%	-8.2%	-8.3%	6.1%	-4.2%	1.5%	1.5%	-0.5%	0.4%	12.7%	8.9%	3.6%

Source: Bloomberg

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Paddy Power Betfair PLC: Paddy Power Betfair PLC is an international betting and gaming group, formed following the merger of Paddy Power and Betfair. The Group provides betting services through the Internet, licensed bookmakers, by telephone and offers online gaming services.

The City of London Investment Trust plc: The fund looks to provide investors with long term growth in income and capital by mainly investing in UK listed equities

Facebook: Facebook Inc. operates a social networking website. The Company's website allows people to communicate with their family, friends, and coworkers. Facebook develops technologies that facilitate the sharing of information, photographs, website links, and videos. Facebook users have the ability to share and restrict information based on their own specific criteria.

Daimler: Daimler AG develops, manufactures, distributes, and sells a wide range of automotive products, mainly passenger cars, trucks, vans and buses. The Company also provides financial and other services relating to its automotive businesses

Ryanair: Ryanair Holdings PlC provides low fare passenger airline services to destinations in Europe.

iShares EURO STOXX 50 UCITS ETF: The Fund seeks to track the performance of an index composed of 50 of the largest companies in the Eurozone

Invesco Global Targeted Returns: The fund aims to achieve a positive total return in all market conditions over a rolling3 year period. The fund seeks to achieve its objective by combining a number of individual investment ideas in a risk managed portfolio

Historical Record of Recommendation

Paddy Power Betfair PLC: We have a Not Rated recommendation on Paddy Power’s Betfair outlook and no changes have been made in the last 12 months.

Facebook: We have been positive on the outlook for Facebook, and it was added to the core portfolio on the 11/05/2015 and no changes to our recommendation have been since.

Daimler: We have added Daimler to our core portfolio on the 01/01/16, with a recommendation of Outperform.

Ryanair: Ryanair was added to the Core Portfolio at inception in and have had an Outperform recommendation since then.

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