Weekly Trader

Upcoming Market Opportunities and Events

CANTOR Fitzgerald

Tuesday, 6th June 2017

Key Themes this Week

Core Portfolio - Performance Update

Cantor's Core Portfolio continues to outperform its benchmark posting returns of 8.1% vs 5.6% year to date. This strong performance has been driven by several factors. Our initial decision to favour European equities versus their US counterparts since early February has paid off as Europe has outperformed the US. It should be noted that this decision came approx. 2-3 months before the majority of houses signalled their rotation out of the US and into Europe. Secondly, our thesis regarding the pro-cyclical sectors namely US Tech and Financials has also paid off handsomely with our Tech names at all-time highs and Financials having undergone a sustained rally. Lastly our individual stock selection has also worked well with the majority of our names outperforming their underlying sector. All three driver have combined to produce a very good first half of the year so far for our Core Portfolio.

UK Election - Worrying Times for the Tories

This Thursday, the 8th of June, Britons head to the polling booths for the latest UK General Election. Theresa May, the leader of the Conservative Party had a significant lead over her closest competitor, Jeremy Corbyn, the leader of the Labour Party when she announced the snap election mid-April. However, her lead has been cut significantly to just 3 percentage points according to some polls. Theresa May skipped a televised debate last week too, which drew significant criticism from the media and competing candidates. The recent terror attacks in Manchester and London have brought foreign policy right back into the agenda once again. The Tory Party's manifesto has the toughest stance on immigration looking to reduce net migration down to just 10s of thousands. Labour has more lenient stance on immigration.

EURUSD continue to edge higher

Last Thursday's ADP's employment data upside surprise gave the US Dollar a bid, however this was more than unwound following Friday's softer than forecast US employment data for May 2017 which saw a Non Farm Payrolls (NFP) print of 138k, 44k behind economic forecasts. Wage growth also slowed marginally to 2.5% from 2.6% in April. The labour force participation rate edged lower to 62.7% from 62.9% a month earlier. However, headline unemployment rate did drop to its lowest reading in 16 year to 4.3% from 4.4% in April. The US Dollar weaken on the back of these data releases, with EURUSD pushing to its highest level since September 2016 at $1.1280, which is right below the top end of the new $1.07—$1.13 range we expected to hold for the remainder of 2017. However, near term momentum suggests EURUSD could continue its upward assent and possible re-test $1.15.

Park Collection, Carrickmines

Cantor Fitzgerald have successfully completed the raise of roughly €20,000,000 for the Park Collection, Carrickmines and can no longer accept any applications.

Stock Coverage

This week we update clients on our Conviction Calls and highlight our views on AIB, Green REIT, Greencore and Siemens

Major Markets Last Week

	Value	Change	% Move
Dow	21184	103.76	0.49%
S&P	2436	20.28	0.84%
Nasdaq	6296	85.49	1.38%
UK Index	7526	-21.87	-0.29%
DAX	12823	220.76	1.75%
ISEQ	7045	72.54	1.04%
Nikkei	20,036	357.86	1.82%
H.Seng	25,966	264.14	1.03%
STOXX600	392	0.79	0.20%
Brent Oil	49.21	-2.63	-5.07%
Crude Oil	47.13	-2.53	-5.09%
Gold	1287	23.78	1.88%
Silver	17.6378	0.23	1.34%
Copper	256.2	-0.20	-0.08%
CRB Index	435.38	1.64	0.38%
Euro/USD	1.1273	0.01	0.78%
Euro/GBP	0.8720	0.00	0.24%
GBP/USD	1.2928	0.01	0.54%

	Value	Change
German 10 Year	0.28%	-0.01
UK 10 Year	1.04%	0.03
US 10 Year	2.16%	-0.05
Irish 10 Year	0.78%	0.01
Spain 10 Year	1.57%	0.02
Italy 10 Year	2.27%	0.09
BoE	0.25%	0.00
ECB	0.00%	0.00
Fed	1.00%	0.00

Conviction Calls - Update

Cantor Fitzgerald Research Team

A number of clients have been touch and asked us for updates on our highest conviction names. These names are below with an update on performance and a reiteration of the investment case

Europe

Kingspan: Is currently sitting right at the bottom of a key tend channel which has held over the past 7 months. We remain buyers of the stock on dips but think pullbacks will be relatively shallow in nature given structural and cyclical tailwinds in place which should support earnings growth over coming years.

Glanbia: A negative overhang for Glanbia share price has been removed post Glanbia Co-Op's 8.7 million share placing of Glanbia Plc to fund Dairy Ireland acquisition. We think Glanbia Plc can't positively re-rate higher given its 2 wholly owned remaining division are higher growth and higher margin. Continue to like Glanbia at current market prices.

Ryanair: In the near term we anticipate a period of consolidation/ profit taking in the stock after impressive gains seen over the past 2 months which has seen a positive re-rating in the stock to 15x FY18e earnings. We remain bullish on a 3-5 year time horizon.

Inditex: We believe this is the year where markets differentiate Inditex from its peers due to its ability to maintain LFL sales despite pressure from online as outlined in our recent note. Since inclusion in the core portfolio in late January Inditex has rallied 18.5%

CRH: We maintain our positive outlook on CRH due to a tick up in cement volumes across the globe. The majority of the Trump premium has come out of the stock and it is now trading at a slight discount to peers. The stock is up 0.77% YTD.

Bank of Ireland: The upcoming AIB IPO could be a near term headwind to Bank of Ireland (BKIR) if investors look to diversify their exposure to the Irish banking sector. Once the float is complete, we think BKIR can push towards our 12 months target price at 27.2c.

Siemens: Siemens is poised to benefit from a multi year restructuring program which will see them become the market leader in industrial automation. From our ratings change to outperform in early January the stock has rallied 9.8%.

Smurfit: Its share price consolidated over the past 2 months after a very strong start to the year. We remain positive on the underlying fundamentals and remain buyers on dips. 1st big resistance comes in at €26.45.

Green & Hibernia REIT - We maintain our conviction on both REITs as we move into the second half the year. We believe Brexit related moves will be the necessary tailwinds for both REITs to rerate higher. YTD Green is up 7.36% and Hibernia is up 14.59%

UK

Greencore: Its share price has enjoyed a strong recovery since posting solid set of H1/17 results in recent weeks which alleviated investor concerns of operation margin squeeze associated with raw material and labour cost pressures. Greencore trades at a 32% valuation discount to the broader Euro Stoxx 600 Food Index which we think we close over the coming months.

Lloyds: The negative overhang of Government stake has now been removed. Lloyds' management has upgraded all key financial metrics targets over past 2 results releases in FY16 and Q1/17 which we view as positive. We continue to target GBp 77 –80.

US

All of our tech names have followed a familiar pattern this year. Substantial rallies with all hitting new all time highs. We are positive on all names from a multi-year perspective. However, for active clients we are neutral buying in at current levels. We would however highly recommend buying these names on any weakness. For our less active clients we believe these stocks are mutlti year winners who will be the leading players in their space and are happy to hold in the long term. Outperform maintained for all the below names.

Amazon - Amazon will continue to benefit from the secular shift of consumption to online. At the same time it is also the number 2 player in cloud technology and we believe this combination will result in multi-year returns. The stock is up 33% year to date.

Facebook - FB has proven initial doubters wrong and has shown great capacity to monetize its platform. It recent guided from some weakness in ad revenue in the H2/16 but from a longer term perspective it will a market leader. It has rallied 32% YTD

Alphabet - Google continues to lead in the online ad space and innovate in other areas. We expect Google to maintain its dominance in advertising and eventually diversify with other revenue streams in the future. The stock is up 25%year to date

AIB IPO - Cantor appointed as participating intermediary for private clients

Stephen Hall, CFA | Investment Analyst

On the 30th of May, the Irish Minister for Finance, Michael Noonan filed its Intention-to-Float (ITF) document to the Irish Stock Exchange on AIB, which contains high level operational and financial information on the bank. This sets the wheels in motion for AIB to be listed on the main ISEQ Index once again. In roughly 1 weeks' time, once the result of the UK General Election is known, the Irish Government will publish its equity prospectus on AIB which will contain its pricing range for the equity sale. AIB's executive management team will continue to meet institutional clients during its IPO road show over the next month to drum up potential interest in the sale. Then just before the end of June 2017 the equity sale should be complete and AIB's shares will once again begin to trade on the main ISEQ Index.

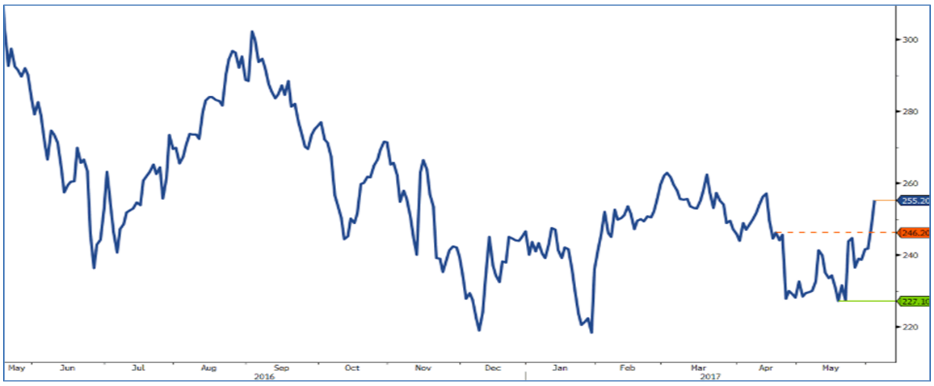
We are positive on the underlying fundamentals of AIB which has a strong capital position with leading market shares of new lending in mortgage, and SME markets and has a growing presence in personal lending channels due to its strong IT digital platform. We feel investor interest in the stock could be strong given that AIB is a more focused play on a recovering Irish economy than its closest competitor, Bank of Ireland which has a significant exposure to the UK. It may attract interest from fund managers who requires a steady income stream which is backed by a strong capital position". At the end of FY16, AIB met 3 of its 4 new medium term financial performance targets. In Q4/16, it reported a Net Interest Margin (NIM) of 2.42% which rose by 4bps to 2.46% in Q1/17. On going churn in its mortgage book will provide an uplift to NIM, while its AFS book will be a drag. It has a very strong capital position with a FL CET1 ratio of 16% at Q1/17 and we feel management is on course to meet a Cost/ Income ratio below 50% by 2019 due to operational efficiencies associated with the current €870m IT investment programme.

Cantor Fitzgerald has been appointed as an official participating intermediary for retail, institutional and prospective clients who are looking to take part in the equity sale. There is a minimum investment threshold requirement of €10,000 for private clients looking to participate. Commissions will be payable by the State and not by the client applying for AIB share. For existing clients any orders can be processed via your existing account and new clients can opt to set up a new Cantor Fitzgerald account online. Once the pricing range for AIB is published, we will update our client base on our investment outlook for the bank.

Greencore – Reiterate our Outperformance outlook

Closing Price: GBp 255.2

Stephen Hall, CFA | Investment Analyst



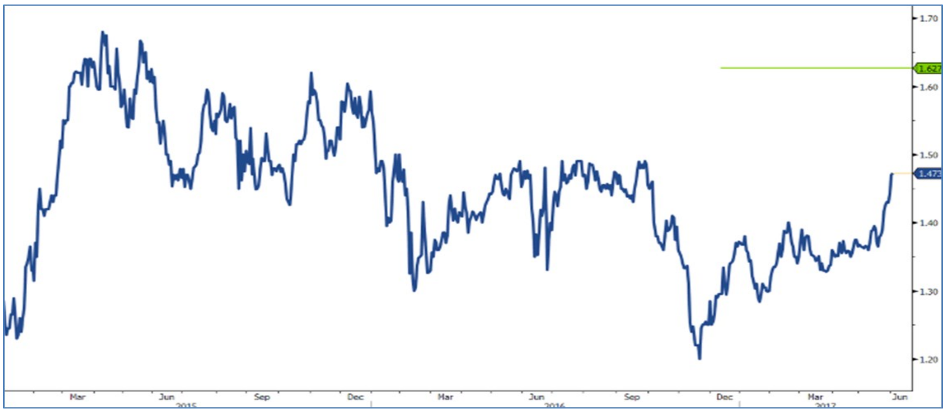
Key Metrics	2017e	2018e	2019e
Revenue (£'m)	2,338	2,708	2,861
EPS (GBp)	15.7	17.6	19.5
P/E	15.8x	14.1x	12.7x
Div Yield	2.22%	2.46%	2.70%

Share Price Return	1 Mth	3 Mth	YTD
GNC LN	11.2%	-1.7%	3.5%

We continue to see near term upside in Greencore following on from a very strong set of H1/17 results which should alleviate many investor's concerns which have cause Greencore's share price to underperform broader equity markets in 2017. This was a hugely transformational and busy period for the Group with the integration of Peacock Foods, as well as implementing new capacity additions to support significant business wins in the UK which the market has reacted very favourably to over the past 2 weeks. The Group faced 2% raw material inflation in the UK and 4% increase in labour costs in the UK, however the Group said it has successful mitigated these costs going forward through multiple cost and innovation initiatives across its operations, which was a positive surprise. This was a big concern of investors in recent months and should lead to a positive re-rating in the company's valuation metrics in our opinion going forward. Organic volume growth in Greencore's UK markets is significantly ahead of the broader food sector as its core customers continue to open more convenience store formats and allocate more floor space to the Food-To-Go (FTG) category. In the US, it saw strong volume growth of 9% in Peacock Foods on a pro forma basis in the period and Good progress with the integration, customer launches and commercial pipeline development in the combined US business according to management. On its outlook for the remainder of 2017, management said it remains confident in its ability to deliver in line with market expectations for FY17. Ultimately, this set of results should alleviate many investors concerns such as possible margin compression in the UK and management's ability to manage this, while organic volume growth is actually accelerating. The stock is trading at 15.3x calendar year 2017, which is a 32% discount relative to the broader Euro Stoxx 600 Food and Beverage Index at 22.5x, which is unjustifiable in our opinion given its strong organic growth prospects.

Green REIT - H2/17 setting up for outperformance Closing Price: €1.473

Will Heffernan | Investment Analyst



Key Metrics	2017e	2018e	2019e
Revenue (€'m)	55.3	58.6	70.4
EPS (€'c)	9.3	7.8	7.5
Price/ Earnings	15.8x	18.8x	19.6x
Div Yield	3.05%	3.39%	4.21%

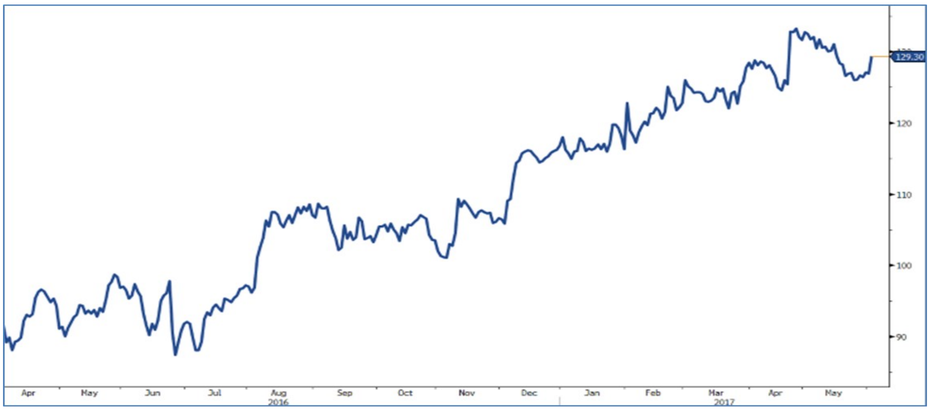
Share Price Return	1 Mth	3 Mth	YTD
Green REIT	8.1%	8.3%	7.3%

Source: Bloomberg

Green REIT has moved on substantially since inclusion in last week's Trader and was up approx. 7% last week. It is now trading at 9% discount to its estimated 2017 NAV of €1.627, down from 15% just a few weeks ago. It has the potential to rerate higher on the back of rental roll growth stemming from renegotiated leases and Brexit related moves. Our 12 month price target is in the €1.60 – €1.63 range. The recent announcement of AIB as a tenant in Central Park is also positive. The Irish REIT sector has been very buoyant of late as investors' expectations of Brexit related moves gathers pace. Initially at the start of 2017 speculation was just that with little concrete evidence of moves. That has changed over the past few months with numerous institutions confirming Dublin as their choice for any potential European hub. The Finance Minister Michael Noonan was quoted last week as saying that Dublin had been shortlist-ed by all major financial firms and to expect a lot of announcements from the summer period on. This bodes well and we recommend clients holding Green REIT into the second half of the year. In the short term however the magnitude of the recent rally leads us to advise actively trading clients to take profits at these levels. The technical picture looks stretched and it is likely due a retracement. Support levels are at €1.45, €1.43 and €1.40.

Siemens - Automation dividends Closing Price: €129.20

Will Heffernan| Investment Analyst



Key Metrics	2017e	2018e	2019e
Revenue (€'bn)	85.1	90.3	92.4
EPS (€'c)	8.13	8.56	9.09
Price/ Earnings	15.9x	15.1x	14.2x
Div Yield	3.0%	3.15%	3.27%

Share Price Return	1 Mth	3 Mth	YTD
Siemens	-1.9%	4.3%	10.8%

Source: Bloomberg

Siemens was moved from Underperform to Outperform in early January as outlined in the Daily Note earlier on in the year. CEO Joe Kaeser has spent the recent years narrowing down the company's focus to energy, factory automation and industrial software as part of the "Vision 2020" program. The latter two areas have huge potential growth with the advent of AI and Big Data. Siemens is to the forefront in developing software & hardware to make factories and production processes more automated and smarter. We believe the "Vision 2020" restructuring will benefit Siemens for years to come. From a technical perspective Siemens rallied 14% in the aftermath of our ratings change. That is a substantial rally for multi-industrial stock but we believe investors had begun to recognise the multi-year benefits of the restructuring programme. It has since retraced approx. 6% and is now at a level we are comfortable buying in at. Siemens is trading on a 2017 EV/EBITA of ~11x and a P/E of 15.4x, dividend yield of 3.2% and FCF yield approaching >6%. From a historical perspective Siemens is currently at a slight discount to its historical P/E. All of the above metrics compare very favourably with peers especially GE who are trading at a 2017 P/E of 16.97x and have had a disastrous FCF situation for the last few years. It is facing into some headwinds in some of its core markets, most notably turbines, but we believe management is of the highest calibre and should be able to navigate these bumps in the road. Lastly, the recent earnings release was well ahead of consensus and man-agement guided optimistically for the second half of 2017

From the News - Tuesday Headlines

- **Europe** Euro remains strong against key G10 currency pairs
- **US** Trump promises to calm the Gulf flare up
- **UK** May goes on offensive ahead of Thursday's UK General Election
- **Oil** Saudi Arabia and Qatar clash
- **Ireland** Varadakar elected as new leader of Fine Gael party
- **London** Home rents drop at steepest rate in eight years on glut
- **INM** Key report on INM's Celtic Media deal sent to Minister

Current Stock Trading News

From a market trading perspective we are long Green REIT, Royal Dutch Shell, Glanbia, Greencore and Kingspan and the positions remain in the money.

This Weeks Market Events

Monday	Tuesday	Wednesday	Thursday	Friday
Corporate	**Corporate**	**Corporate**	**Corporate**	**Corporate**
NA	NA	NA	NA	NA
Economic	**Economic**	**Economic**	**Economic**	**Economic**
CH - PMIs UK - PMIs US - Durable Goods	UK - BRC Sales IR- Composite PMIs GE - Composite PMIs EC - Composite PMis EC - Retail Sales	GE- Factory Orders UK - House Prices US - MBA Mortgage CH - Foreign Reserves	UK—General Election ECB - Council Meeting GE - Industrial Production EC - Q1/17 GDP	CH - CPI FR - Industrial Production UK - Manu Produciton US - Wholesale Inventories

Upcoming Events

05/06/2017 NA

06/06/2017 NA

07/06/2017 NA

08/06/2017 SIG ex div

09/06/2017 NA

05/06/2017 CH PMI, UK PMI, US Durable Goods

06/06/2017 EC PMI, EC Retail Sales

07/06/2017 EC GDP SA YoYm GE Factory Orders

08/06/2017 ECB Refi Rate,

09/06/2017 CH PPI, UK Industrial Production

Cantor in The Media

- CNBC Online: Alphabet profit soars on strong ad sales - Colin Gillis
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- The Guardian: Soaring tech stocks send Nasdaq to record high - Colin Gillis
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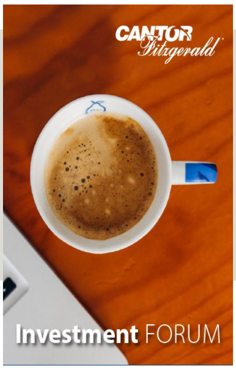

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Through our investment Forum we bring you the latest market news, investment insights and a series of informative articles from our experts.

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Regulatory Information

Issuer Descriptions: (Source: Bloomberg)

Green REIT: Green REIT plc operates as a property investment company. The Company invests in a portfolio of long-lease and freehold, primarily commercial and mainly Dublin-based properties

Siemens: Siemens AG is an engineering and manufacturing company. The Company focuses on four major business sectors including infrastructure and cities, healthcare, industry and energy. Siemens AG also provides engineering solutions in automation and control, power, transportation, and medical.

Greencore: Greencore Group plc manufactures and distributes a diverse range of primary foods and related products, food ingredients and prepared foods to the consumer and industrial sectors.

Historical Record of recommendation

Green REIT: We have an Outperform rating for Green REIT since 09/02/15 and no changes to the recommendation have been made in the last 12 months

Siemens: We changed our rating to Outperform on the 30/01/02017.

Greencore: We have upgraded our recommendation for Greencore, to Outperform from Not Rated, as of 25/11/2015.

None of the above recommendations have been disclosed to the relevant issuer prior to dissemination of this Research.

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