July 2017

Investment JOURNAL

Featured this Month:

Special Focus: Emerging Markets Investing

Core Equity Portfolio: Highest Conviction Stock Picks for 2017

Stock Watch: Update on AIB and Smurfit Kappa

Core Funds Range: Investment Funds, ETFs, Trusts

Trading Calls: Stoxx600 Banks ETF, Green REIT, Inditex and Bank of Ireland

Green Effects Fund: Socially Responsible Investing

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WELCOME...

William Heffernan,
Investment Analyst

Markets had to wait until the end of the month for a flurry of activity that caused analysts to sit up and take notice. Substantial yield movements in the last week of June resulted in a mini "taper tantrum" that was felt more keenly in Europe. This was driven by a changing Central Bank dynamic with the Fed, ECB and BOE all turning noticeably more hawkish. Elsewhere it was a bad month for the major US tech names with many experiencing weakness. These names had lead the rally year to date and lead the sell-off as investors doubts about growth and higher beta names came to the fore.

Central Banks Catch Markets Off Guard

The month of June was characterised by what seems like a paradigm shift from the main global central bankers. Firstly, despite analysts' concerns regarding a policy mistake, the Fed rolled out speaker after speaker this month, all of whom endorsed the current rate and balance sheet tapering policy. This did not produce the expected movement in yields and in fact the USD weakened significantly against most major currencies. Separately, less than two weeks after ruling out rate increases, BOE Governor Mark Carney indicated his support for rate rises if the economy remains firm. Lastly, at the same central bank forum in Portugal on June 27th, ECB Governor Mario Draghi delivered the biggest change in rhetoric when he stated that the recent weakness in inflation is transitory due to the oil price and that the ECB should be able to look through it. Over the next two days the German 10-year yield promptly moved from 0.24% to 0.49% while the US 10-year yield moved from 2.15% to 2.31%. Though still at low levels, the magnitude of these moves over such a short time frame spooked markets and equities sold off. The probability of an ECB rate hike within the next 12 months moved from less than 15% a month ago to just over 60%. We believe that yields are still too low to be a significant headwind to equities at this stage but investors may see an uptick in volatility as central banks pull back from markets.

A Softer Approach to Brexit

Following on from the disastrous election for the Tories, Mrs May's stranglehold over British politics and indeed her own party is all but gone. Mrs. May's famous red lines, the conditions that were supposed to be ironclad during the Brexit negotiations, are coming under attack from some senior Tories who wish to pursue a softer Brexit. Reports have also suggested that some Tory ministers have approached their Labour counterparts in a bid to form cross party consensus for Brexit negotiations. In the short term this division at the heart of British politics has handed the initiative to the EU who now appear to have the upper hand at the outset of negotiations. But from a medium term perspective a softer Brexit is likely to be better for the UK economy. This is of course conditional on Mrs May tenuous arrangement with the DUP lasting and not resulting in a second election later on this year.

This Month – Focus on Earnings Season

This month focus will be on Earnings Season which kicks off in earnest in the 2nd week of July. We are expecting quarter on quarter comps to be difficult as last quarter was quite good. But analysts will be watching the numbers closely to see if fears about US growth come through in the numbers. For the US the consensus expectations for earnings growth for Q2 is 6.6% with EPS growth of 9.8% in total for the 2017. Nine sectors are expected to report earnings growth, led by Energy and Financials. These two sectors lead the growth in Q1 also. The estimated EPS growth rate was 8.7% on March 31st which means it has dropped by 2.1%. However, this is the smallest reduction in intra-quarter EPS estimates in years and is smaller than 1, 5, and 10-year average EPS estimate cuts. Ten sectors have lower growth rates today due to downward revisions in estimates, led by the Energy sector. For Q2, 76 S&P 500 companies have issued negative EPS guidance with 38 issuing positive guidance. In summary it is setting up to be a decent earnings season with focus on Energy and Financials to see if both sectors can produce the desired results.

William Heffernan,
July 2017

Asset **Allocation**

July 2017

ASSET ALLOCATION

William Heffernan,
Investment Analyst

How we're positioned

Our current asset allocation is reflective of our outlook across the various asset classes, which are detailed below. It is based on a medium risk investor of middle age. We maintain an overweight equity exposure, but continue to highlight our preference for European over US equities due to more favourable valuations, a reduction in the degree of European political risk following recent elections as well as the continued strength in European economic data. Equally, the uncertainty over policy implementation by the Trump administration, elevated US valuations and uncertainty over the UK's Brexit negotiations with Europe all underscore our preference for European equities. We maintain our under-weight sovereign bond position and retain an overweight exposure to corporate bonds. Our cash allocation remains modest given the absence of returns from this asset class.

Our Views

Equities

The reduction in euro-zone political risk, strong euro-wide economic data and a strong first-quarter earnings season had resulted in an outperformance by European equity markets up until June. However, since then US has outperformed as investors have taken profits following a sizeable European rally. We see this period of European outperformance re-establishing itself into the second-half of the year as increased policy uncertainty in the US takes it toll while Brexit uncertainty and the risk of weaker economic data will act as headwinds for UK equities.

Bonds

The yield on the US 10-Year Treasury Bond currently stands at 2.34% having moved up from 2.12% in a matter of 2 days. This remains well off the post Trump election high of 2.60% but yields are moving up, in line with the recent hawkish Fed rhetoric. The Eurozone 10-Year yield moved from 0.24% to 0.41% over the same time frame, indicating that the market is accepting the increasing likelihood of an ECB rate hike within the next 12 months. It is setting up to be a tough second half of the year for bond investors if these moves are indicative of higher yields by the end of the year.

Currencies

We had revised our trading range for the euro against the US dollar to a range of 1.07 to 1.13 from our previous range of 1.04 to 1.10. We subsequently revised it up again to 1.09 to 1.15 in advance of the recent moves towards the end of June. This reflects our view that in the absence of pro-growth policy action from Pres. Trump, the Federal Reserve will increase US interest rates just two more times this year, while at the same time expectations over the timing of a move to policy normalisation by the ECB will intensify on the back of stronger euro-zone growth and diminished political risk. For the euro/sterling cross we reaffirm our view for a move back towards the post-Brexit vote level of 0.90 as uncertainties over the UK's negotiations with Europe increase.

Commodities

We remain cautious on commodities as Chinese policy tightening and the recent downgrade of China's credit rating by Moody's negatively impact industrial metals. Consensus expectations are for iron ore to remain in a supply glut for at least the next 12 months. We also remain cautious on oil and maintain our trading range forecast of between $50 and $55

ASSET ALLOCATION

CORE PORTFOLIO 2017

William Heffernan,
Investment Analyst

The outperformance of the Cantor Core Portfolio continued through June, posting returns of 6.0% year to date versus a benchmark return of 4.6%. The Cantor Core Portfolio is a collection of our preferred equity names in the US, UK and Eurozone and is benchmarked against 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.

From an absolute perspective this performance was down on the 8.1% figure at the end of May. This was driven by a tough month for European equities which accounts for 54% of our portfolio versus 26% UK and 20% US. We maintain our expectation that European equities will re-establish the trend of outperformance in H2/17 and are comfortable with our current portfolio makeup. The overweight exposure was predicated on our favourable outlook for the euro-zone economy and the reduction in the level of political risk following elections in the Netherlands and France.

The recovery in the European economic data has been impressive year-to-date and the recent release of first-quarter GDP numbers from the euro-zone, UK and US saw Europe register the strongest quarter-on-quarter growth rate. Equally, European equities have registered their strongest rate of quarterly earnings growth since the financial crisis while there has also been a strong increase in the number of upward earnings revisions for the remainder of the 2017.

This improvement in earnings along with stronger earnings upgrades than in the US and UK leaves European equity valuations attractive on a relative basis to their overstretched US counterparts and the Brexit exposed UK market.

While we continue to favour European equities, we continue to monitor all components of the Core Portfolio with a view to maximising returns. In this regard during May we removed German automobile manufacturer Daimler from the portfolio and replaced it with the German industrial group Siemens.

The removal of Daimler was based on a disappointing market reaction to the companies last set of results, weakness in recent auto sales data in the US, China and Europe along with the surprise move by the German Prosecutors office to investigate the company over vehicle emissions.

The inclusion of Siemens maintains the European weighting in the Core Portfolio and provides exposure to a company trading at an attractive PE multiple of 15.4x compared to the sector average of 18x and offering a dividend yield of 2.9%.

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 1st July 2017

Stocks	Price 30/6/17	Total Return Euro (%) Year to date	Fwd P/E FY1 (x)	Div Yield FY1
Glanbia	17.125	8.7%	18.4x	0.9%
Greencore	246	-3.2%	15.2x	2.3%
Ryanair	17.96	24.4%	14.5x	0.6%
Inditex	33.61	3.2%	28.5x	2.3%
Lloyds	66.15	16.8%	9.0x	5.8%
Bank of Ireland	0.23	0.4%	11.8x	2.6%
Allianz	172.4	12.7%	11.2x	4.5%
iShares Euroepan Bank ETF	13.005	17.7%	11.8x	4.4%
Facebook	150.98	31.7%	27.4x	0.0%
PayPal	53.67	24.2%	30.4x	0.0%
Alphabet	929.68	16.9%	22.5x	0.0%
Amazon	968	24.5%	79.9x	0.0%
Smurfit Kappa	27.255	22.8%	13.0x	3.1%
Siemens	120.35	3.2%	14.9x	3.2%
CRH	30.975	-3.8%	17.6x	2.2%
Kingspan	30.055	18.3%	19.3x	1.2%
Royal Dutch Shell	2062.5	-10.7%	15.4x	6.9%
DCC	6990	20.8%	22.1x	1.8%
GlaxoSmithKline	1635.5	9.7%	14.5x	5.0%
Verizon	44.66	-10.6%	12.0x	5.2%

*Current Price as at 30/06/2017. Source: Bloomberg. *SIP = Since Inclusion in Portfolio*

Cantor Core Portfolio Return	5.40%
Benchmark Reutrn	3.50%
Relative outperformance	1.90%

Cantor Core Portfolio in brief

Below we give a brief overview of the investment case for our Core Portfolio names.

Siemens

Siemens are currently engaged in a restructuring program entitled "Vision 2020' which we believe will revolutionize their business model. They have already begun to spin off some of their lower margin businesses. This streamlined model will be more effective in terms of cost control and margin generation in the future. Management has guided optimistically for the remainder of 2017.

Facebook

With over 1.2 billion users per day Facebook is at the cutting edge of the continued shift of advertising budgets to mobile and online platforms, where advertisers can obtain superior impact from each dollar spent. In addition, the company has a suite of other businesses which have yet to be monetised fully, thereby offering ample growth for the next 10 years and beyond.

Amazon

We added Amazon to our equity core portfolio on February 21st with a 5% weighting. The company holds a dominant position within the rapidly growing online retailing space, while also expanding its Cloud Computing business and Media entertainment unit. We see substantial further upside for the stock and view its valuation of 20.6x FY17e EV/EBITDA as attractive

GlaxoSmithKline

GlaxoSmithKline remains one of the more attractive stories within the Pharma space in our view. In the wake of its asset swap deal with Novartis, the company is better diversified, exposed to attractive growth areas, in particular vaccines and HIV treatments.

PayPal

PayPal is the leading name in the mobile payments space – an area which we expect will continue to gain prominence in coming years. The company has established a position throughout the variety of areas where consumers need to exchange money, like point-of-sale, online check-outs, and consumer to consumer.

Alphabet

Alphabet, the parent company of internet giant Google is the number one online advertising company in the world. Google generates 98% of revenue from advertising on both its Search website and YouTube. Tight cost controls and innovative development of new technologies should help maintain Alphabet at the top of the internet-based industry for many years to come.

Allianz

One of Europe's leading insurers, Allianz is benefitting from the recent rise in global bond yields which boost its investment returns and help balance the company's liabilities. Allianz recently announced a €3 billion share buyback programme and the dividend yield of 4.9% remains well covered and attractive.

Royal Dutch Shell

Shell's management are in the process of a multi-year pivot of operations toward natural gas and away from crude. The company is on target to complete $30 billion worth of disposals by 2018, aiding this transition and dramatically improving Free Cash Flow. This should support the maintenance of the attractive dividend, which offers an expected yield of 6.9%, despite the continued depressed oil price.

Verizon

Verizon is completing the acquisition of Yahoo's core search business, providing it with a platform of over 1 billion users to direct advertising to. The deal should dovetail well with prior purchases and establish Verizon in the c.$600 billion per annum market of online advertising, thereby providing scope for earnings growth and continued dividend payment, which offers an expected yield of 4.8%

Inditex

Inditex's short lead time model gives it numerous competitive advantages over its peers which have become increasingly important as consumers move their purchasing online. Inditex has managed this shift very well and have continued to increase margins and sales when their peers are struggling. We would expect Inditex to maintain this trend going forward.

Stoxx 600 Banks ETF

European financials have already rallied this year as data has improved but we believe there the sector can move on further after years of underperformance. With the decline in political risk stemming from the French and Dutch elections, European yields should move higher due to the better economic data and higher inflation. Banks should profit in such circumstances.

CRH

CRH is one of the world's leading cement companies and is primed to benefit from any increase in infrastructure spending on the behalf of the Trump Administration. Its greater revenue exposure to the US than peers should allow it outperform in the near term supported by the strong US housing market and potential Trump policy.

DCC

DCC is one of Europe's leading fuel suppliers with a historical capacity for accretive M&A growth. The excellent management have proved multiple times in the past they are capable of adding value through M&A with superior execution and integration skills. This has led to consistent earnings upgrades over the past few years and we would expect this trend to continue.

Glanbia

Post the spinoff of Glanbia's Dairy Ireland business, its two remaining wholly owned businesses, Glanbia Performance Nutrition (GPN) and Glanbia Nutritionals (GN) are both high margin and operate within high growth segments of the food sector. Glanbia has a strong balance sheet and has significant firepower to grow earnings through accretive bolt-on acquisitions.

Greencore

Greencore's stock has recently come under pressure from rising UK inflation readings which raises concerns of operating margin pressures. However, Greencore has successfully navigated a rising inflationary environment before, and has cost pass through contracts in place with the majority of its retailer grocery customer base. Valuations of 15x FY17e earnings look attractive.

Kingspan

Kingspan is set to benefit from the on-going structural shift towards more energy efficient construction in commercial and residential real estate. It remains a high conviction multi-year growth story in our opinion which currently trades at 19x FY17e earnings. It is a highly cash generative, with a strong balance sheet and a very experienced management.

Smurfit

Despite the recent positive re-rating in Smurfit in 2017, it still trades at an unjustifiable discount relative to its closest peers, Mondi and DS Smith in our opinion. It announced price increases in 2017, due to rising raw material costs and strong demand which should protect operating margins. It trades at 12x FY17e earnings and offers a dividend yield of 3.3%.

Ryanair

Ryanair remains the lowest cost operator within the European Low Cost Carrier (LCC) sector, which gives it a competitive advantage on fares, and should enable it to capture market share from less efficient operators in Europe. It currently trades at just 12.2x FY18e earnings, which we view as attractive given the airline's ambitious growth plans under the best-in-class management team.

Bank of Ireland

A rising yield environment helped by reducing political risks in Europe is a supportive backdrop for European financials. Bank of Ireland should re-instate a dividend in 2018 relating to 2017's financial year as asset quality continues to improve, as its capital base strengthens, and as mortgage lending growth picks up. It currently trades at just 0.83x FY17e Price/ Book.

Lloyds

Lloyds' FY16 results came in ahead of market expectations across nearly all financial metrics and management were positive on the outlook for 2017. Lloyds is now a more simplified, low risk, UK focused bank and the asset quality of the bank remains very strong despite of Brexit risks. It has a strong capital base, offers investors a 5.4% dividend yield and trades at 1.07x FY17e Price/ Book.

ASSET ALLOCATION

CHART OF THE MONTH

William Heffernan,
Investment Analyst

European & US Yields

Rapid Yield Movements Spook Equity Investors

The major market event this month occurred in the last week of June which was the tick up in global yields. This move resulted in a two day sell-off in equities and drove currency markets as well. The levels at which yields ended up was not necessarily the problem, more the magnitude and short timeframe of the move.

In just two days the US 10-year yield moved up from 2.12% to 2.31%. Concurrently the German 10 year yield moved from 0.24 to 0.49%. The sharpness of the moved scared equity investors who proceeded to sell down some holdings. Higher yields at some point will present a problem for equities. We do not believe we will be at that point for some time but it does bear watching.

The rally in yields was sparked by comments by ECB Governor Mario Draghi hawkish remarks at a Central Bank conference in Portugal on the 27th June. Despite very hawkish rhetoric from Federal Reserve officials in the preceding weeks, yields had continued to remain low as investors' worries about growth allied with dovish rhetoric from the ECB, BOJ and the BOE conspired to ensure yields remained constrained. Draghi's remarks, where he stated that the recent weakness in inflation was due to price fluctuations that the ECB "could look through", changed the dynamic immediately. The probability of an ECB rate hike within the next 12 months now stands at 60%, up from less than 15% one month ago.

Markets did indeed sell-off but quickly recovered the following week. But it is true to say we may have entered a new environment. When the Fed began increasing rates and talked about balance sheet tapering investors' concerns were muted due to the ultra-dovish policy of the BOE, ECB and BOJ still being in place. With last month's statements it would appear that central bankers have started down the road of finally removing the punch bowl from the party. It remains to be seen how equity markets respond to this as time unfolds.

EUROPEAN & US YIELDS

Source: Bloomberg

SPECIAL FOCUS: EMERGING MARKETS

William Heffernan,
Investment Analyst

This month we focus on Emerging Markets (EM). Traditionally investors have regarded EM as a volatile environment reliant on commodity production and a difficult place to generate returns. Here at Cantor Fitzgerald we believe that having an allocation to EM equities is critical to ensure better returns from a longer-term perspective.

Firstly, there is the simple reason of growth. According to the latest IMF figures, most Developed Market (DM) nations are expected attain **GDP growth** between 2-3% over the next three decades. In reality that will probably be skewed towards the lower end of that range as DM nations face into unfavourable demographics, declining labour forces and reduced productivity. In contrast, EM countries are expected to grow at an average rate of 5% for the next two decades. This should ensure that EM equity returns outstrip any potential DM returns over that timeframe.

Tied in with the GDP growth argument is the **demographics** factor. The UN estimates that the world's population will grow from 7.3bn currently to 9.6bn by 2050. DM countries are expected to account for 90-100mn of this growth with EM taking up the rest. More importantly 68% of EM population growth will happen in the under-35 age bracket. The same category in DM reduces over the over the equivalent period. This has serious implications for labour force growth and in turn productivity gains. EM is setting up for substantial labour force growth over the next 3 decades.

There are three more factors at play. **Rapid urbanisation** that is occurring across the developing world will also play a major part. As people move to cities their propensity for spending increases. Mortality rates decline and education standards skyrocket. According to the UN, 54% of the world population live in urban areas today. This is expected to increase to 66% by 2050. Another driver of returns should be the **reforms** that most EM governments are currently engaged in. These reforms, not necessarily in the political sphere, should ensure higher standards of corporate governance, accounting standards and institutional accountability in future years.

Finally, we have what we believe to be the most important aspect that will drive EM returns for the next two decades and that is the explosion of a **new middle class** in these countries. EM countries currently account for nearly 24% of global middle class consumption expenditure. OECD data predicts that will rise to 50% by 2030. China and India alone are expected to move from 12% and 6% of consumption expenditure currently to 22% and 17% respectively. 95% of the expected growth in the middle class over the next two decades will occur in EM. In fact DM countries' middle classes are expected to shrink over the same time frame.

Why is middle class growth so important? Firstly it is important from a consumption point of view. As people's income grows they move from a subsistence existence to one where consumption takes on increasing importance. From the ownership of white goods to educational attainment, priorities change. This increases demand for goods and services across the board. Secondly, a burgeoning middle class is also usually associated with improved economic growth. The middle class is usually thought of as having a crucial role in entrepreneurship by investing capital, demanding higher standards of education and more accountability from private & public bodies. The middle class also tends to emphasise values such as education, hard work and thrift. All of these factors are crucial drivers in productivity and economic growth.

So those are the major reasons why clients should maintain some EM exposure in their portfolios. It is true that EM markets are more volatile and subject to top down factors significantly more than DM markets. The three major risks associated with EM markets are a strong USD, commodity market volatility and EM performance in a rising interest rate environment. All three of these are still drivers. However their impact has been substantially reduced due to the changing nature of EM over the last two decades.

EMERGING MARKETS CONTINUED

A stronger US dollar means repayments on dollar denominated debt becomes more of a burden for EM governments and corporates. However, the amount of USD denominated debt has come down substantially since the Asian crisis. For example China has moved from 60% USD issuance back in the 90's to 5% currently. Most EM countries now have large reserves of foreign currencies that can be deployed in order to reduce currency volatility.

It is the same story for the commodity factor. In 2008 Energy & Materials represented 33% of the MSCI Emerging Market Index. Today they make up less than 12%. Tech is now the the biggest sector at 25%. There is not one commodity-related company in the top 10 holdings. Instead it is a mix of internet, hardware and financial companies. The dynamic has changed in EM from commodity driven economies to consumption-led economies. Nowhere is this more evident than in China, where officials are currently engaged in recalibrating their economy away from the traditional industries of construction, metal production and agriculture to an urban consumer based economy. Lastly analysis shows that EM has performed in all Fed tightening cycles, including the most recent rate rises. We believe EM markets have moved on from the stereotypical image of the late 90's/early 2000's and are primed for a long period of secular out-performance based on consumption led growth.

EM has outperformed DM this year (17.62% vs 8.49%) and over the longer term. We believe this trend will only accelerate over the next two decades for all the reasons we have outlined. Clients who wish to generate decent returns over that time frame will need to allocate some exposure to EM.

As it remains a volatile sector, this is not an asset class we recommend trying to pick a buy-in point. In truth, because of the inefficient nature of these markets, we recommend staying away from stock specific calls and instead investing in an EM fund, leaving stock and regional analysis up to the experts in their fields. With that in mind we have laid out some options on the following pages if clients wish to gain EM exposure.

EMERGING MARKETS CONTINUED

Niall Sexton,
Portfolio Construction Analyst

JPMorgan Emerging Markets Investment Trust plc

Fund Overview

This trust aims to maximise total returns from Emerging Markets worldwide and provides investors with a diversified portfolio of shares in countries and sectors which JP Morgan believes offer the most attractive opportunities for growth. The company can hold up to 10% cash or utilise gearing of up to 20% of net assets where appropriate. JPMorgan Emerging Markets Investment Trust provides investors with the benefit of the considerable experience and local knowledge of one of the longest established emerging market teams in the industry. The Portfolio Manager Austin Forey has managed the trust since 1994 and it is currently outperforming the benchmark 1.85% YTD.

Key Information

Ticker (Bloomberg)	JMG
Benchmark Index	MSCI Emerging Markets Index
Currency	GBP
TER %	1.17%
Distribution Yield	1.10%
Fund Size	£1,106,389,592
No. Of Holdings	68

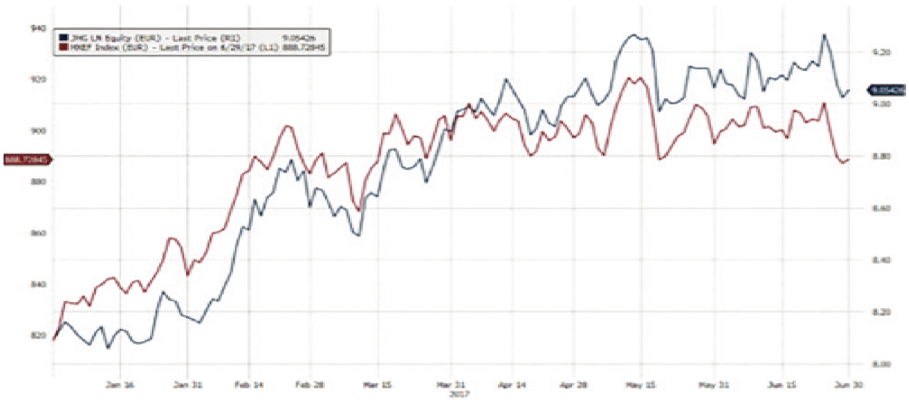
Source: MorningStar

Performance Summary

1 Month	-1%
YTD	12%
1 Year*	27%
3 Year*	14%
5 Year*	10%

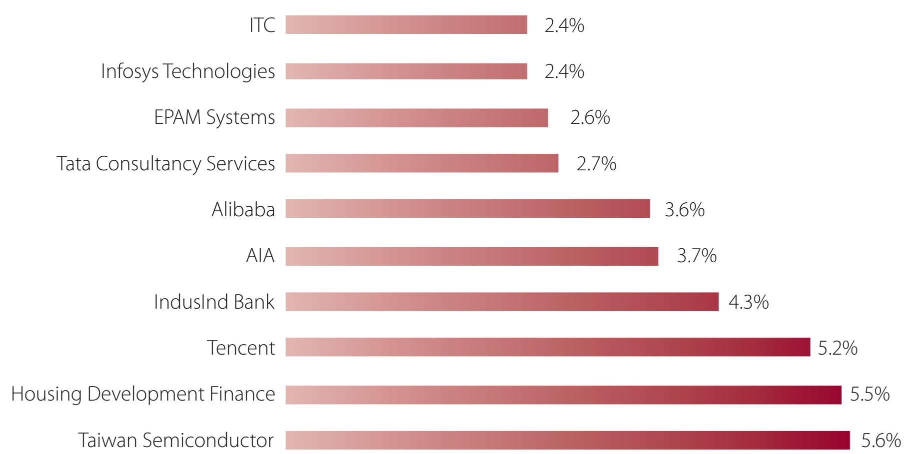
**Annualised Returns As of 30/06/2017*

PERFORMANCE SINCE INCEPTION



Source: Bloomberg

TOP 10 HOLDINGS



Source: Morningstar as of 30/06/2017

Niall Sexton,
Portfolio Construction Analyst

Key Information

Ticker (Bloomberg)	MGGEMEC
Benchmark Index	MSCI Emerging Markets Index
Currency	EUR
TER %	1.02%
Distribution Yield	1.45%
Fund Size	€2,310,362,347
No. Of Holdings	68

Source: MorningStar

Performance Summary

1 Month	-3%
YTD	5%
1 Year*	20%
3 Year*	4%
5 Year*	6%

**Annualised Returns As of 30/06/2017*

M&G Global Emerging Markets Fund

Fund Overview

The fund aims to provide income and capital growth over five years or more by investing in the shares of companies based in emerging market countries. The fund manager focuses on finding companies with the potential to improve their future profitability, or the ability to sustain a high level of profitability over time. Constructing a portfolio of stocks with different profiles of profitability helps build a diversified portfolio with the potential to cope in different market conditions. The fund manager seeks companies where future profitability is deemed to be undervalued by the market and looks to invest in companies where corporate governance practices ensure the business is run in the interests of all shareholders.

PERFORMANCE SINCE INCEPTION

Industry breakdown (%)

	Fund	Benchmark
Information technology	30.1	25.1
Financials	27.6	24
Energy	7.7	7.2
Consumer discretionary	7.3	10.5
Utilities	6.2	2.7
Industrials	5.8	5.8
Materials	4.8	7.3
Consumer staples	4.8	6.9
Telecommunications	1.7	5.6
Real estate	0.6	2.5
Healthcare	0	2.4
Cash	3.4	0

Country breakdown (%)

	Fund	Benchmark
China / Hong Kong	19.8	26.8
South Korea	17.2	14.9
Taiwan	15.3	12.3
Brazil	11.1	7.4
South Africa	7	6.7
India	4.6	8.8
Russia	4.5	3.7
UK	4.2	0
Other	12.9	19.3

Source: Morningstar as of 30/06/2017

EMERGING MARKETS CONTINUED

Niall Sexton,
Portfolio Construction Analyst

Key Information

Ticker (Bloomberg)	EEM
Benchmark Index	MSCI Emerging Markets Index
Currency	USD
TER %	0.72%
Distribution Yield	2.15%
Fund Size	$32,381,197,340
No. Of Holdings	843

Source: www.ishares.com

Performance Summary

1 Month	-2%
YTD	10%
1 Year*	22%
3 Year*	1%
5 Year*	3%

**Annualised Returns As of 30/06/2017*

iShares MSCI Emerging Markets ETF

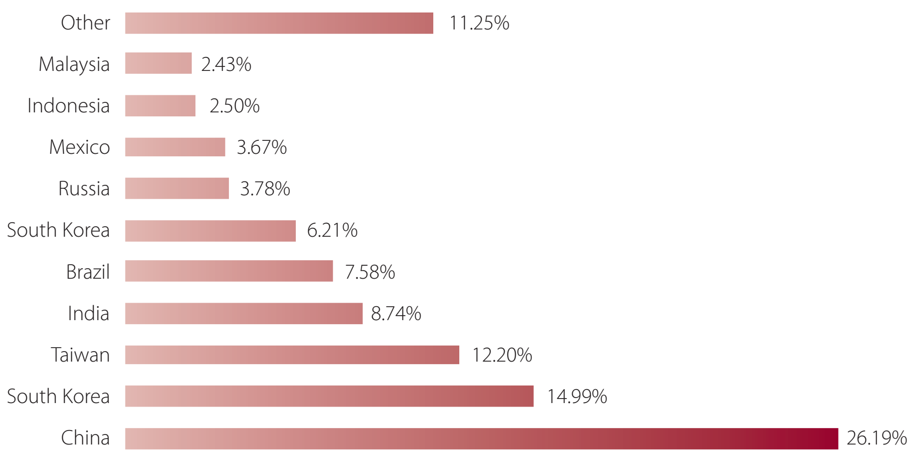
Investment Objective

The iShares MSCI Emerging Markets ETF seeks to track the investment results of an index composed of large and mid-capitalization emerging market equities. It offers easy access to over 800 emerging market stocks and can add international diversification while also offering the potential for long term growth. The fund has returned 18.48% YTD.

PERFORMANCE SINCE INCEPTION

Source: Bloomberg

TOP COUNTRIES %



Source: iShares.com as of 30/06/2017

Investment **Opportunities**

July 2017

STOCKWATCH

Stephen Hall,
CFA, Investment Analyst

AIB

Current Price: €4.95

On Friday 23rd of June, the Department of Finance sold 25% of its 99.9% stake in Allied Irish Banks (AIB). It sold roughly 678m shares at €4.40 a share, raising €3bn for the Irish state in the process. The final sale price of €4.40 was exactly the mid-point of the original €3.90 to €4.90 pricing range set out in the equity prospectus from the 12th June, and also the mid-point of the final pricing range of €4.30 to €4.50. The IPO went very well in our opinion with strong institutional demand and its share price has held onto 7% gains despite broadly weaker equity markets since its IPO. We raised our investment out-look to Outperform from Underperform and set our new **12 month Target Price at €5.05**.

We are positive on the underlying fundamentals of AIB and forecast most key financial metrics trending in the right direction over our investment horizon out to 2019. AIB reported a NIM of 2.46% in Q1/17 which we see averaging 2.48% in 2017, rising to 2.51% in 2018 and 2.53% in 2019 supported by stable asset yields, reduced cost of funding, NAMA Senior Bond maturities, on-going redemptions in its tracker mortgage book and a pickup in new lending growth rates. However, its AFS book is a headwind to NIM.

AIB is due to complete its €870m IT investment programme in 2017 which began in 2015. This should lead to greater operating efficiencies in the bank and improve the customer experience. We forecast AIB's Cost/Income ratio declining to 51.5% in 2017, 51.8% in 2018 and 50.8% in 2019, as operating efficiencies gradually begin to feed through.

We forecast the Group generating roughly between 160bps – 170bps of organic capital each year out to 2019. We also anticipate a a progressive dividend pay-out ratio of 35% in 2017, rising to 45% in 2018 and 55% in 2019 which translates in a Dividend Per Share (DPS) of 12.3c in 2017, 14.9c in 2018 and 18.3c in 2018 and equates to a dividend yield of 2.7%, 3.2% and 3.9% respectively.

Key Financial Metrics	2017e	2018e	2019e
NIM	2.48%	2.51%	2.53
FL CET 1 Ratio	17.0%	18.2%	19.1%
NPLs (€bn)	7.1	5.6	4.6
Cost/Income	51.5%	51.8%	50.8%
Dividend Yield	2.7%	3.2%	3.9%
RoTE	10.8%	10.3%	10.4%

Source: Cantor Fitzgerald Ireland Ltd Research

Stephen Hall,
CFA, Investment Analyst

Smurfit Kappa

Current Price: €27.255

Smurfit's share price rallied strongly between mid-May 2017 to mid-June 2017 on the back of i) successful price increases which should protect operating margins from rising OCC input costs, ii) a steadily improving economic backdrop in Europe which is supportive of demand and iii) declining energy costs of late.

Taking a higher level view of the Paper & Packing sector, positive pricing dynamics look set to continue in Europe and the US, with strong demand and tight container board supply. On average containerboard prices have increase c. €75 - €80 a tonne in 2017, with bigger increases being seen in the Iberia region. Forward looking leading indicators in Europe are also positive, and Consumer & Business confidence has recovered strongly which is a positive back drop in Europe for price increases to hold in our opinion.

In June, Smurfit announced a further €50 a tonne price increase in Kraftliner prices which is due to come into effect from the 1st of July. Smurfit is the biggest manufacturer of Kraftliner in Europe with a net long position of 500k tonne a year. The market is only forecasting an 8.7% increase in EPS in 2017 which could be conservative giving pricing increases and recent decline in energy prices and through operational efficiency improvements. Smurfit is a highly cash generative business with a FCF yield in the region of 7.5% for 2017. Its Net Debt/ EBTIDA position is forecast to decline to 2.1x by the end of 2017 and it also offers an attractive dividend yield of 3.2% for 2017.

Despite being the best performing European company in our Core Portfolio in 2017, we still see further valuation re-rating potential in the stock which still trades at an unjustifiable 14% discount to its closest peers Mondi. We still remain positive on European equities for the remainder of 2017 and are positive on cyclical stocks which Smurfit fits into nicely. We would be targeting a €30 a share target price within 12 months which is 13.6% above June's close at €26.40.

ASSET ALLOCATION

TRADING CALLS

Stoxx600 Banks ETF

With European political risk subsided and European growth continuing to power on, one sector set to benefit is European Financials. This prospect has been further enhanced by the Italian bank bailout, the good results from the Fed stress tests and the recent hawkish moves by the ECB and BOE which help push rates higher.

Current Price:	€18.85*
Entry Level:	Current Levels
Target Exit Level:	€20 - €23

	1 month	3 month	YTD
Returns	0.91%	0.74%	9.31%

Mkt. Cap	Div Yield
€777m	3.57%

*Source: Bloomberg as of 30/06/2017. *Prices as of 30/06/2017.*

Green REIT

The last few months have seen a definitive pickup in firms who have chosen Dublin as their new European hub for when the UK leaves the EU. These moves should ensure that the corporate office sector within Dublin remains buoyant allowing REITs to achieve above rental values for any office space. Green continues to trade at 12% discounts to FY17 estimated NAV.

Current Price:	€1.434*
Entry Level:	Current Price
Target Exit Level:	€1.47 - €1.5

	1 month	3 month	YTD
Returns	2.65%	6.22%	4.52%

FY17 P/E	Div Yield
15.4x	3.14%

*Source: Bloomberg as of 30/06/2017. *Prices as of 30/06/2017.*

Inditex

Inditex maintains the only production model amongst peers that is likely to be able to withstand the onslaught of online. Its short lead time model is well suited to the fast-paced demands of the online consumer. With more and more consumption shifting online, we believe this should allow Inditex to outperform its peers and the overall markets.

Current Price:	€33.87*
Entry Level:	Current Levels
Target Exit Level:	€36.00 - €36.60

	1 month	3 month	YTD
Returns	-7.65%	2.71%	5.52%

FY17 P/E	Div Yield
28.9x	2.31%

*Source: Bloomberg as of 30/06/2017. *Prices as of 30/06/2017.*

Bank of Ireland

We remain positive on Bank of Ireland and believe the recent weakness was related to investors diversifying exposure into AIB. BOI's fundamentals remain sound and it now supported by a positive sector backdrop and rising European yields. From a valuation perspective it continues to be attractive trading at price to book value of 0.81 which is line with the European average.

Current Price:	€0.239*
Entry Level:	Current Levels
Target Exit Level:	€0.26

	1 month	3 month	YTD
Returns	0.00%	5.75%	2.14%

FY17 P/E	Div Yield
11.95x	2.51%

*Source: Bloomberg as of 30/06/2017. *Prices as of 30/06/2017.*

ETHICAL INVESTING

***Richard Power**, Director of Stockbroking*

Green Effects Fund

Objectives

The objective of the fund is to achieve long term capital growth and income. The fund invests in companies with a commitment to supporting the environment, socially just production and work methods. For this purpose the fund only invest in stocks which are included in the Natural Stock Index (NAI) and provides a well-diversified investment alternative.

Key Information

Morningstar Rating	★★★★★
NAV	€202.85
Minimum Investment	€5,000
Dealing Frequency	Weekly
Investment Manager	Cantor Fitzgerald Ireland Ltd
Sales Commission	3%
TER %	1.24%
Investment Mgt Fee	0.75%
www.cantorfitzgerald.ie/greeneffects	

**Prices as of 30/06/2017*

Source: Bloomberg & Cantor Fitzgerald Ireland Ltd Research

Performance As of 30/06/2017.

	1 Month	YTD	1 Year	3 Year*	5 Year*
Green Effects	-2.3	4.4	11.7	10.7	14.1
MSCI World €	-1.0	2.3	15.1	11.9	13.8
S&P 500 €	0.5	8.2	15.5	7.3	12.2
Euro STOXX 50	-2.9	7.3	24.2	5.7	12.6
Friends First Stewardship Ethical	-1.0	4.5	16.8	13.3	13.5
New Ireland Ethical Managed	-0.7	4.2	19.3	9.0	11.2

**Annualised Return. **As per company website, FY runs to Q1 of each year **As per company website*

Source: Cantor Fitzgerald Ireland Ltd Research and Bloomberg.

Top Ten Holdings

VESTAS	8.68%
SMITH & NEPHEW	7.42%
SHIMANO	6.71%
KINGFISHER	6.08%
TESLA	4.66%
ORMAT	4.07%
TOMRA SYSTEMS	4.03%
MOLINA	3.93%
ACCIONA	3.84%
EAST JAPAN RAILWAY CO.	3.54%

Source: Cantor Fitzgerald Ireland Ltd Research

GREEN EFFECTS FUND NAV SINCE INCEPTION

Source: Cantor Fitzgerald Ireland Ltd Research

Annual Returns

2000	2001	2002	2003	2004	2005	2006	2007	2008
2.40%	-11.25%	-30.00%	9.71%	14.38%	23.95%	22.52%	6.42%	-38.47%

2009	2010	2011	2012	2013	2014	2015	2016	2017
31.28%	13.47%	-19.61%	16.02%	19.87%	18.42%	15.72%	6.62%	5.00%

INVESTMENT FUNDS

Niall Sexton,
Portfolio Construction Analyst

Our Core Funds range is a selection of funds that our investment committee feels could compliment portfolios and enhance diversification. The Core Funds range offers investment options across multiple asset classes and markets. Funds selected have undergone a comprehensive screening process by our investment committee and are reviewed regularly.

Core Investment Funds

Equity Funds

SEDOL	Name	Morningstar Rating™	Risk Rating (1 - 7)	ISIN	Currency	TER %	Yield %
Global Equity							
B5TRT09	Veritas Global Equity Income	★★	5	IE00B5TRT092	EUR	1.13	3.56
European Equity							
B9MB3P9	Threadneedle European Select	★★★★	5	GB00B9MB3P97	EUR	0.83	1.01
UK Equity							
B3K76Q9	J O Hambro UK Opportunities	★★★★	5	GB00B3K76Q93	GBP	0.82	3.01
US Equity							
B632VH8	Franklin Mutual Beacon	★★★	5	LU0476945075	USD	1.33	0.00

Bond Funds

SEDOL	Name		Risk Rating (1 - 7)	ISIN	Currency	TER %	Yield %
Corporate Bond							
B3D1YW0	PIMCO GIS Global Investment Grade Credit	★★★★	3	IE00B3D1YW09	EUR	0.49	3.21
Government Bond							
0393238	BNY Mellon Global Bond	★★★	4	IE0003932385	EUR	0.50	0.00
High Yield							
B1P7284	HSBC Euro High Yield Bond	★★★★	4	LU0165128421	EUR	1.36	2.83
Diversified Bond							
B39R682	Templeton Global Total Return	★★★	4	LU0366773504	EUR	1.44	7.04

Alternative Funds

SEDOL	Name		Risk Rating (1 - 7)	ISIN	Currency	TER %	Yield %
Absolute Return							
BH5MDY4	Invesco Global Targeted Return	-	3	LU1004133531	EUR	0.86	0.00
B52MKP3	BNY Mellon Global Real Return	-	4	IE00B52MKP33	EUR	1.10	1.30
B694286	Standard Life GARS	-	4	LU0548153799	EUR	0.90	0.00
Multi - Asset Allocation							
B56D9Q6	M&G Dynamic Allocation	★★★★	4	GB00B56D9Q63	EUR	0.94	0.91

Source: Morningstar™

Fund Performance

Equity Fund Performance

Name	1 Month %	3 Month %	YTD %	1 Year %	3 Year %	5 Year %
Global Equity						
Veritas Global Equity Income	-0.83	2.34	11.61	15.78	7.26	9.30
European Equity						
Threadneedle European Select	-2.27	4.75	11.85	16.08	10.09	14.06
UK Equity						
J O Hambro UK Opportunities	-2.30	1.21	2.84	10.17	8.25	11.27
US Equity						
Franklin Mutual Beacon	0.46	-0.05	3.44	16.47	4.39	11.03

Bond Fund Performance

Name	1 Month %	3 Month %	YTD %	1 Year %	3 Year %	5 Year %
Corporate Bond						
PIMCO GIS Global Investment Grade Credit	-0.95	0.73	2.15	2.15	3.31	4.10
Government Bond						
BNY Mellon Global Bond	-1.38	-3.33	-2.87	-5.08	5.57	1.76
High Yield						
HSBC Euro High Yield Bond	0.17	1.81	3.18	7.01	4.07	7.54
Diversified Bond						
Templeton Global Total Return	0.30	-1.43	2.84	10.88	-0.06	3.32

Alternative Fund Performance

Name	1 Month %	3 Month %	YTD %	1 Year %	3 Year %	5 Year %
Absolute Return						
Invesco Global Targeted Return	-0.38	0.81	2.21	4.30	3.53	-
BNY Mellon Global Real Return	-1.36	0.78	2.45	-2.94	2.12	2.98
Standard Life GARS	-0.30	0.68	0.61	2.51	1.42	3.28
Multi - Asset Allocation						
M&G Dynamic Allocation	1.49	2.67	6.21	17.27	8.02	8.69

Source: Morningstar™

ETFs & TRUSTs

Niall Sexton,
Portfolio Construction Analyst

Our Core ETF and Investment Trust range is a selection of active and passive collective funds which are listed on primary exchanges. This range offers a selection of the listed investment options available across multiple asset classes and markets.

Core ETFs & Trusts

Equity ETFs & Trusts						
Ticker	**Name**	**SEDOL**	**Currency**	**TER %**	**Yield %**	**UCITS**
Global Equity						
SDGPEX	**iShares Global STOXX 100 Select Dividend ETF**	B401VZ2	EUR	0.46	5.37	Yes
European Equity						
SX5EEX	**iShares Euro STOXX 50 ETF**	7018910	EUR	0.16	3.98	Yes
UK Equity						
CTY	**City of London Investment Trust Plc**	0199049	GBp	0.44	3.87	No
US Equity						
FDL	**First Trust Morningstar Dividend Leaders ETF**	B11C885	USD	0.45	3.27	No
Emerging Market Equity						
JMG	**JPMorgan Emerging Markets Investment Trust Plc**	0341895	GBP	1.17	1.10	No

Bond ETFs & Trusts						
Ticker	**Name**	**SEDOL**	**Currency**	**TER %**	**Yield %**	**UCITS**
Corporate Bond						
IEXF	**iShares Euro Corporate Bond Ex-Financials ETF**	B4L5ZG2	EUR	0.20	1.60	Yes
Government Bond						
IEGA	**iShares Core Euro Government Bond ETF**	B4WXJJ6	EUR	0.20	0.80	Yes
High Yield						
IHYG	**iShares Euro High Yield Corporate Bond ETF**	B66F475	EUR	0.50	3.78	Yes

Commodity ETFs & Trusts						
Ticker	**Name**	**SEDOL**	**Currency**	**TER %**	**Yield %**	**UCITS**
Precious Metals						
SGLD	**Source Physical Gold ETF**	B599TV6	USD	0.29	0.00	No
Commodity						
OILB	**ETFS 1 Month Brent ETF**	B0CTWC0	USD	0.49	0.00	No

Source: Morningstar™

Fund Performance

Equity Performance

Name	1 Month %	3 Month %	YTD %	1 Year %	3 Year %	5 Year %
Global Equity						
iShares Global STOXX 100 Select Dividend ETF	-1.70	-4.15	-0.16	9.86	8.07	10.16
European Equity						
iShares EuroSTOXX 50 ETF	-2.87	0.43	7.42	24.28	5.76	12.59
UK Equity						
City of London Investment Trust Plc	-3.31	2.82	6.45	16.62	7.85	11.89
US Equity						
First Trust Morningstar Dividend Leaders ETF	-1.20	-1.54	2.97	8.33	9.36	12.26
Emerging Market Equity						
JPMorgan Emerging Markets Investment Trust Plc	1.08	5.27	15.56	27.30	14.04	9.57

Bond Performance

Name	1 Month %	3 Month %	YTD %	1 Year %	3 Year %	5 Year %
Corporate Bond						
iShares Euro Corporate Bond Ex-Financials ETF	-0.68	0.13	0.03	0.08	2.47	3.98
Government Bond						
iShares Core Euro Government Bond ETF	-0.49	0.43	-1.15	-3.45	3.01	4.92
High Yield						
iShares Euro High Yield Corporate Bond ETF	0.09	1.58	2.80	7.10	3.28	6.20

Commodity Performance

Name	1 Month %	3 Month %	YTD %	1 Year %	3 Year %	5 Year %
Precious Metals						
Source Physical Gold ETF	-1.95	-0.29	7.09	-6.13	-2.21	-5.18
Commodity						
ETFS 1 Month Brent ETF	-5.10	-11.08	-18.48	-15.02	-34.86	-18.14

Source: Morningstar™

STRUCTURED PRODUCT

Stephen Rice,
Director of Intermediaries & Structured Product

New Structured Product Launch

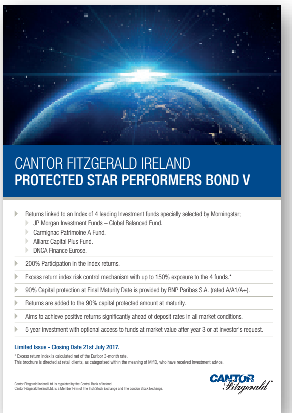
Cantor Fitzgerald continues to be a market leader in the provision of structured investments to a wide range if investors groups, creating an innovative range of products based on different asset classes and payoff structures.

Protected Star Performers Bond V Key Features

- Returns are linked to an index of 4 leading investment funds specially selected by Morningstar.
- 200% participation in the index returns.
- 90% capital protection at Final Maturity Date is provided by BNP Paribas S.A.
- Returns are added to the 90% capital protected amount at maturity.
- Aims to achieve positive returns significantly ahead of deposit rates in all market conditions.
- 5-year investment with optional access to funds at market value after year 3 or at investor's request.

Closing date: 21st July 2017.

Euro Blue Chip Kick Our Bond V Key Features



- Returns are linked to 4 blue chip European stocks: Adidas AG, Anheuser- Busch InbEV, Bayer AG and Total SA.
- 5-year term with 9 potential opportunities to redeem every 6 months after year 1.
- Bond automatically redeems early if all 4 stocks are equal to or above their step-down price level at any semi-annual valuation date.
- 3 additional protection features included:
- Step-down feature – applies at each redemption date.
- Star feature – applies at final maturity date.
- 50% barrier – applies at maturity.
- Guarantor is Societe Generale (Moody's A2, S&P A/Fitch A) and the product is issued by SG Issuer (Moody's A2/S&P A).

Closing Date: 1st August 2017.

Common Features to Both Bonds

- Products are available to personal, pension, ARF/AMRF, Friends First SDIO & Investors.
- Minimum investment per product : €10,000.
- Only one application form required to invest in both products.

All recent maturities can be found on our website **www.cantorfitzgerald.ie**

Latest **News**

July 2017

LATEST NEWS

MARKET ROUND-UP JUNE 2017

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

Bank of England (BOE) and Interest Rates

The BOE voted to keep interest rates at their record low of 0.25% but markets were surprised by the fact that 3 of the 8 members of the committee voted to raise rates. This led to speculation that a rate hike is coming soon but the MPC (Monetary Policy Committee) is clearly split on the issue as inflation rose to 2.9% in May. Following the publication of the rate decision, the BOE Governor, Mark Carney, continues to argue that it is still too early to move rates higher but the BOE's chief economist, Andy Haldane, has taken a more hawkish stance and has suggested that some stimulus should be withdrawn as we move into the second half of the year.

European Banks

While the Irish government was disposing of some of its stake in AIB, other European nations were in a much more uncomfortable position as three banks failed across Europe in June. It started with the sale of Spain's Banco Popular to Santander for the grand total of €1, wiping out equity and junior bond holders along the way. Two Italian banks followed later in the month as Intesa Sanpaolo, Italy's largest bank, assumed the assets of the two failing banks with €4.8bn in capital allotted to it by the Italian government. While the equity and junior bonds were also wiped out, an additional €12bn of assets were guaranteed by the state, thus putting the Italian tax payer on the hook. This has not been well received in Europe and moves are afoot to ensure that this "loophole" is closed and taxpayers are not exposed again.

IMF's Article IV Consultation with the USA

There were some interesting observations from the IMF's regular mission, done with all member states, to the USA:

- The US economy is in its third longest expansion since 1850.
- The US dollar is "moderately overvalued" by around 10-20%.
- GDP growth is forecast to be 2.1% this year and next.
- With full employment in place, a medium-term plan to tackle budget deficits should be put in place and the Fed should continue to raise interest rates.
- Fundamental tax reform is needed.

Changes at the Fed

The Board of Governors of the US Federal Reserve consists of seven board members. Three of the positions are currently vacant and are awaiting appointments from President Trump. In addition, Janet Yellen's term as Fed Chairwoman ends in February 2018 and Stanley Fischer's term as Vice Chairman ends in June 2018. While both could stay on as board members – a full term is 14 years for a board member and 4 years for the Chairman and Vice Chairman – both are expected to resign with the completion of their terms at the head of the Board. Assuming President Trump does not reappoint either of them, the Board of Governors will see five new appointments by the President within the next twelve months. This gives the President an opportunity to make appointments that could radically alter US monetary policy and it will be worth watching this space.

Oil Still Under Pressure

No relief for the oil bulls as Brent Oil traded down to the mid $40s and officially entered a bear market (a fall of 20%). The ominous-sounding "death cross" also happened during June. This is a negative indicator where the 50 day moving average crosses below the 200 day moving average. Brent remains in a broad range between mid-$40 and mid-$50 and, outside of any major geo-political events or a possible relief rally, it looks as though the risks still remain to the downside.

NEWS IN BRIEF...

Hong Kong Market Crash

Hong Kong's junior market – Growth Enterprise Market (GEM) – suffered a crash on 27th June that saw the index fall by almost 10%. $6bn was wiped of the value stocks and many stocks fell by over 50%, with some falling by as much as 90%. The trigger for the crash is, as yet, unknown but many of the worst hit stocks are part of a part of a network of stocks with cross-shareholdings. A former director of the Hong Kong Exchange and now an activist investor, David Webb, had previously warned of the risks attached to these cross-holdings.

Amazon expands

Amazon has entered the $800bn US grocery market with the $13.7bn acquisition of Whole Foods. Some analysts fear that the move could hamper the Fed's attempts to boost inflation as the tech giant moves its low price model into the grocery trade.

The Queen's Hat

Queen Elizabeth II formally opened parliament dressed in a royal blue outfit and wearing a royal blue hat. It was the hat that grabbed attention though: it looked remarkably like the European flag. Was it a coincidence or subliminal message? Who knows?

LATEST NEWS

ACQUISITION COMPLETED

The Park Collection

In June 2017, Cantor Fitzgerald successfully completed the acquisition of the Park Collection in Carrickmines, Co Dublin. The Park Collection was acquired by the Cantor Park Commercial Property Fund (the "Fund"), a recently established Qualifying Investor Alternative Investment Fund.

- Cantor Fitzgerald was appointed as Investment Manager and Brennanstown Asset Management was appointed as Property Adviser to the Fund.
- The acquisition price was €41.5m. This was financed by €20m in private equity raised by Cantor Fitzgerald and a €21.5m loan facility from Rietumu Bank.
- The investment strategy is to regear the tenancy profile across the portfolio, to increase the passing rent to an average level of circa €26 psf and to improve the weighted average unexpired lease term from the current level of 2.5 years. The implementation of the asset management strategy will be on an ongoing basis with the expected term of the investment to be circa 5 years.

LATEST NEWS

LOAN NOTE TRANSACTION CLOSED

Construction due to commence on ITF Douglas

The loan note transaction closed for Cantor Fitzgerald's project with ITF Douglas in recent weeks, with construction due to commence over the coming month.

- Cantor Fitzgerald successfully completed a €4.6m Loan Note fundraise secured against a 10-acre site in Moneygourney, Douglas, Co. Cork.
- This site will be developed by ITF Douglas and will comprise a high specification development of 28 large detached houses.
- Structure is by way of a Senior Loan Note with funding sourced from Cantor Fitzgerald's private client base.
- The Loan Note product is for a maximum term of 30 months, with an annual coupon of 9% commencing from April 2017 and has the benefit of first ranking security over the property assets and shares of ITF Douglas.
- The Loan Note provides 76% of the peak funding cost of the project, with the balance being provided by way of an up-front investment of shareholder equity.

Performance
DATA
July 2017

INVESTMENT RETURNS

Equities

Index	31/05/17	30/06/17	% Change	% ytd Change	52 Week High	Date
ISEQ	6946.59	6827.62	-1.7%	4.8%	7,157	09/05/2017
DAX	12615.06	12325.12	-2.3%	7.4%	12,952	20/06/2017
Eurostoxx50	3554.59	3441.88	-3.2%	4.6%	3,667	08/05/2017
Stoxx600 (Europe)	389.99	379.37	-2.7%	5.0%	397	15/05/2017
Nasdaq (100)	5788.802	5646.917	-2.5%	16.1%	5,898	09/06/2017
Dow Jones	21008.65	21349.63	1.6%	8.0%	21,563	03/07/2017
S&P500	2411.8	2423.41	0.5%	8.2%	2,454	19/06/2017
Nikkei	19650.57	20033.43	1.9%	4.8%	20,318	20/06/2017
Hang Seng	25660.65	25764.58	0.4%	17.1%	26,090	09/06/2017
China (Shaghai Composite)	3117.178	3192.427	2.4%	2.9%	3,301	29/11/2016
India	31145.8	30921.61	-0.7%	10.9%	31,523	22/06/2017
MSCI World Index	1911.74	1916.43	0.2%	9.4%	1,939	29/06/2017
MSCI BRIC Index	279.44	279.67	0.1%	15.6%	286	09/06/2017

Currencies

Currency Pair	31/05/17	30/06/17	% Change	% ytd Change	52 Week High	Date
EuroUSD	1.1244	1.1426	1.6%	8.6%	1.1445	30/06/2017
EuroGBP	0.87229	0.8771	0.6%	2.8%	0.9415	07/10/2016
GBP/USD	1.289	1.3025	1.0%	5.6%	1.3481	15/07/2016
Euro/AUD	1.51324	1.48584	-1.8%	1.8%	1.5228	01/06/2017
Euro/CAD	1.51788	1.48114	-2.4%	4.8%	1.5282	09/11/2016
Euro/JPY	124.56	128.4	3.1%	4.4%	128.9700	04/07/2017
Euro/CHF	1.08815	1.09504	0.6%	2.1%	1.1001	01/09/2016
Euro/HKD	8.7611	8.9205	1.8%	9.3%	8.9341	30/06/2017
Euro/CNY	7.6582	7.7369	1.0%	5.4%	7.7617	23/05/2017
Euro/INR (India)	72.355	73.698	1.9%	2.8%	76.1511	23/08/2016
Euro/IDR (Indonesia)	14878.71	15222.73	2.3%	7.5%	15,271.1100	30/06/2017
AUD/USD	0.743	0.7689	3.5%	6.7%	0.7778	08/11/2016
USD/JPY	110.78	112.39	1.5%	-3.9%	118.6600	15/12/2016
US Dollar Index	96.922	95.628	-1.3%	-6.4%	103.8200	03/01/2017

Commodities

Commodity	31/05/17	30/06/17	% Change	% ytd Change	52 Week High	Date
Oil (Crude)	48.32	46.04	-4.7%	-19.1%	58.30	03/01/2017
Oil (Brent)	50.31	47.92	-4.8%	-15.7%	58.37	03/01/2017
Gold	1268.94	1241.55	-2.2%	7.7%	1,375.45	06/07/2016
Silver	17.333	16.6275	-4.1%	4.5%	21.14	04/07/2016
Copper	258	271.1	5.1%	7.5%	284.95	14/02/2017
CRB Commodity Index	434.2	446.63	2.9%	5.6%	542.10	03/07/2017
DJUBS Grains Index	35.9219	38.1088	6.1%	2.6%	42.51	01/07/2016
Gas	3.071	3.035	-1.2%	-18.5%	3.99	28/12/2016
Wheat	429.25	526	22.5%	17.5%	556.00	03/07/2017
Corn	372	381	2.4%	2.6%	399.25	08/06/2017

Bonds

Issuer	31/05/17	30/06/17	Yield Change	% ytd Change	52 Week High	Date
Irish 5yr	0.057	0.23	0.17	-296.6%	0.50	30/01/2017
Irish 10yr	0.765	0.9	0.14	19.8%	1.25	30/01/2017
German 2yr	-0.713	-0.572	0.14	-25.3%	-0.48	22/08/2016
German 5yr	-0.431	-0.224	0.21	-57.9%	-0.20	03/07/2017
German 10yr	0.304	0.466	0.16	124.0%	0.51	14/03/2017
UK 2yr	0.131	0.358	0.23	326.2%	0.40	30/06/2017
UK 5yr	0.485	0.7	0.22	43.4%	0.74	18/11/2016
UK 10yr	1.046	1.257	0.21	1.5%	1.54	15/12/2016
US 2yr	1.2818	1.3817	0.10	16.3%	1.42	03/07/2017
US 5yr	1.7516	1.8884	0.14	-2.0%	2.15	10/03/2017
US 10yr	2.2028	2.3037	0.10	-5.8%	2.64	15/12/2016

Source: Bloomberg and Cantor Fitzgerald Ireland Ltd Research.

PERFORMANCE DATA

LONG TERM INVESTMENT RETURNS

Asset Class Performances (returns in Local Currency)*

Equities

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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%	9.4%
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%	17.2%
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%	2.9%
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%	4.8%
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%	16.1%
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%	8.2%
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%	4.6%
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%	7.4%
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%	4.8%

Source: Bloomberg.

Commodities

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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%	7.9%
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%	-15.7%
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%	-14.3%
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%	7.7%
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%	3.6%
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%	5.6%

Source: Bloomberg

Currencies

	2009	2009	2009	2009	2009	2009	2010	2011	2012	2013	2014	2015	2016	2017
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%	8.6%
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%	2.8%
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%	5.6%
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%	-6.4%

Source: Bloomberg

PERFORMANCE DATA

INDICATIVE PERFORMANCE FIGURES & MATURITY DATES JUNE 2017

Cantor Fitzgerald Capital Protected Products

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
EUROSTOXX 50 DOUBLE GROWTH NOTE*	SX5E	2986.73	3441.88	15.24%	200%	-	30.00%	N/a
PROTECTED ABSOLUTE RETURN	SLGLARA	12.05	11.99	-0.53%	-	-	-	-
STRATEGIES*	CARMPAT	615.33	656.03	6.61%	-	-	-	-
	ETAKTVE	128.74	132.46	2.89%	-	-	-	-
			Weighted Basket	2.99%	120%	-	**3.59%**	**N/a**
GLOBAL REAL RETURN NOTE*	BNGRRAE	1.27	1.27	-0.13%	150%	-	**-10.00%**	**N/a**
PROTECTED STAR PERFOMERS BOND*	BNPIAFST	130.53	135.07	3.48%	180%	-	**6.26%**	**N/a**
PROTECTED STAR PERFOMERS BOND II*	BNPIAFST	130.91	135.07	3.18%	170%	-	**5.40%**	**N/a**
PROTECTED STAR PERFOMERS BOND III*	BNPIAFST	133.58	135.07	1.11%	170%	-	**1.90%**	**N/a**
PROTECTED STAR PERFOMERS BOND IV*	BNPIA2MT	166.28	164.22	-1.24%	200%	-	**-10.00%**	**N/a**
CAPITAL SECURE MIN RETURN 1*	SX5E	2579.76	3441.88	33.42%	-	-	**13.00%**	**18.50%**
CAPITAL SECURE MIN RETURN 2*	SX5E	2589.25	3441.88	32.93%	-	-	**11.80%**	**23.25%**
CAPITAL SECURE MIN RETURN 5*	SX5E	2799.2	3441.88	22.96%	-	-	**11.00%**	**N/a**

Strike and Maturity Dates for Cantor Fitzgerald Bonds:

Bond	Strike Date	Maturity Date
Capital Secure Min Return 1	21/02/13	21/02/19
Capital Secure Min Return 2	08/04/13	08/04/19
Capital Secure Min Return 5	30/05/13	30/05/18
Protected Absolute Return Strategies	24/03/16	31/03/21
EuroSTOXX 50 Double Growth Note	24/03/16	09/04/21
Global Real Return Note	29/04/16	12/07/21
Protected Star Performers Bond	27/09/16	30/09/22
Protected Star Performers Bond II	16/12/16	21/12/22
Protected Star Performers Bond III	16/03/17	22/03/22
Protected Star Performers Bond IV	24/05/17	30/05/22

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 30th June 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.

Cantor Fitzgerald Kick Out Notes

Cantor Fitzgerald Bond Issue	Underlying Asset (Ticker)	Indicative Initial Strike	Indicative Current Level	Indicative Underlying Asset Performance			Option A Indicative Performance	Option B Indicative Performance
OIL & GAS KICKOUT NOTE*	XOM	82.23	80.73	-1.82%			-	-
	RDSB	1717.00	2062.50	20.12%			-	-
	BP	391.70	442.80	13.05%			-	-
	FP	44.33	43.29	-2.36%			**0.00%**	**N/a**
OIL & GAS KICKOUT NOTE 3*	XOM	82.87	80.73	-2.58%			-	-
	RDSB	1711.00	2062.50	20.54%			-	-
	BP	350.10	442.80	26.48%			-	-
	FP	41.88	43.29	3.37%			**0.00%**	**N/a**
REAL ESTATE KICKOUT NOTE*	SPG	190.52	161.76	-15.10%			-	-
	UL	233.60	220.65	-5.54%			-	-
	DLR	74.80	112.95	51.00%			-	-
	HCN	65.25	74.85	14.71%			**0.00%**	**N/a**
EURO BLUE CHIP KICKOUT BOND*	ALV	128.00	172.40	34.69%				
	SIE	94.49	120.35	27.37%				
	RYA	11.57	17.96	55.23%				
	DAI	58.39	63.37	8.53%			**12.00%**	**20.00%**
EURO BLUE CHIP KICKOUT BOND II*	UNA	38.27	48.32	26.28%				
	BAYN	97.57	113.20	16.02%				
	BAS	87.72	81.09	-7.56%				
	MC	179.20	218.30	21.82%			**0%**	**N/a**
EURO BLUE CHIP KICKOUT BOND III*	ITX	31.68	33.61	6.09%				
	BN	62.79	65.81	4.81%				
	ADS	183.05	167.75	-8.36%				
	CRH	32.82	30.98	-5.62%			**0%**	**N/a**
EURO BLUE CHIP KICKOUT BOND IV*	BMW	86.69	81.28	-6.24%				
	FP	48.70	43.29	-11.12%				
	ADS	177.25	167.75	-5.36%				
	CRH	33.56	30.98	-7.70%			**0%**	**N/a**
80% PROTECTED KICK OUT 1*	AAPL	86.37	144.02	66.75%	**Kick Out Level:**	60% In Year 4	-	-
	PRU	1395.00	1761.00	26.24%			-	-
	BMW	88.18	81.28	-7.82%			-	-
	VOD	217.15	217.75	0.28%			-	-
					Indicative Performance:		**-7.82%**	**N/a**
80% PROTECTED KICK OUT 2*	AAPL	94.72	144.02	52.05%	**Kick Out Level:**	45% In Year 3	-	-
	GSK	1532.80	1635.50	6.70%		60% In Year 4	-	-
	BMW	93.97	81.28	-13.50%			-	-
	VOD	195.65	217.75	11.30%			-	-
					Indicative Performance:		**-13.50%**	**N/a**
80% PROTECTED KICK OUT 3*	RDSA	2346.50	2035.00	-13.28%	**Kick Out Level:**	45% In Year 3	-	-
	GSK	1412.05	1635.50	15.82%		60% In Year 4	-	-
	BMW	85.64	81.28	-5.09%			-	-
	ALV	128.20	172.40	34.48%			-	-
					Indicative Performance:		**-13.28%**	**N/a**
80% PROTECTED KICK OUT 4*	RDSA	2132.50	2035.00	-4.57%	**Kick Out Level:**	45% In Year 3	-	-
	GSK	1663.80	1635.50	-1.70%		60% In Year 4	-	-
	RYA	8.27	17.96	117.09%			-	-
	ALV	138.45	172.40	24.52%			-	-
					Indicative Performance:		**-4.57%**	**N/a**

Strike and Maturity Dates for Cantor Fitzgerald Kick Out Notes:

Bond	Strike Date	Next Kick Out Observation Date	Maturity Date
Euro Bluechip Kickout Bond	15/07/16	17/07/17	15/07/21
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
Oil & Gas Kick Out Note 3	16/03/16	02/10/17	30/03/21
Oil & Gas Kick Out Note	30/10/15	30/10/17	12/11/20
80% Protected Kick Out 4	28/11/14	28/11/17	05/12/18
Real Estate Kick Out Note	18/12/15	18/12/17	05/01/21
Euro Bluechip Kickout Bond II	16/12/16	18/12/17	21/12/21
Euro Bluechip Kickout Bond III	16/03/17	16/03/18	16/03/22
80% Protected Kick Out 1	19/05/14	21/05/18	28/05/18
Euro Bluechip Kickout Bond IV	16/05/17	16/05/18	16/05/22

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Company Description

Inditex: Industria de diseno Textil, S.a. designs, manufactures and distributes apparel. The company operates retail chains in Europe, the Americas, Asia and Africa.

IFG: IFG Group PLC is a focused financial services company. The Company offers full platform services, pension administration and independent financial advice.

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.

Facebook: Facebook Inc. operates a social networking website. The Company's website allows people to communicate with their family, friends, and co-workers. 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.

PayPal: PayPal Holdings Inc operates as a technology platform company that enables digital and mobile payments on behalf of consumers and merchants. The company offers online payment solutions. PayPal Holdings serves customers worldwide.

Amazon: Amazon.com, Inc. is an online retailer that offers a wide range of products.

GlaxoSmithKline: GlaxoSmithKline PLC is a research-based pharmaceutical company.

Alphabet: Alphabet, Inc. operates as a holding company. The Company, through its subsidiaries, provides web-based search, advertisements, maps, software applications, mobile operating systems, consumer content, enterprise solutions, commerce, and hardware products.

Allianz: Allianz SE, through subsidiaries, offers insurance and financial services. The Company offers property and casualty, life and health, credit, motor vehicle and travel insurance, and fund management services.

Verizon: Verizon Communications Inc. is an integrated telecommunications company that provides wire line voice and data services, wireless services, internet services, and published directory information.

Royal Dutch Shell: Royal Dutch Shell PLC, through subsidiaries, explores for, produces, and refines petroleum.

CRH: CRH public limited company is a global building materials group. The Company manufactures and distributes a range of construction products such as heavy materials and elements to construct the frame and value-added exterior products.

General Electric: General electric Company is a globally diversified technology and financial services company. the Company's products and services include aircraft engines, power generation, water processing, and household appliances to medical imaging, business and consumer financing and industrial products.

Glanbia: Glanbia plc is an international dairy, consumer foods, and nutritional products company. the Company conducts operations primarily in Ireland, the United kingdom, and the United states.

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.

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

Lloyds: Lloyds Banking Group plc, through subsidiaries and associated companies, offers a range of banking and financial services. The Company provides retail banking, mortgages, pensions, asset management, insurance services, corporate banking, and treasury services.

Bank of Ireland: Bank of Ireland provides a range of banking, life insurance and other financial services to customers in Ireland and United kingdom.

Kingspan: Kingspan Group PLC is a global market player in high performance insulation and building envelope technologies.

Smurfit Kappa Group: smurfit kappa Group PLC manufactures containerboards, solid boards, graphic boards, corrugated and solid board packaging product.

DCC: DCC is a sales, marketing, distribution and business support services Group. The Group operates in the following sectors, energy, IT entertainment products, healthcare, and environmental services. DCC's strategy is to grow a sustainable, diversified business.

Historical Record of recommendation

Inditex - We have initiated coverage of Inditex with an Outperform rating, as of 23/01/2016.

IFG: We have been positive on IFG"s outlook since 17/05/14 and no changes have been made to the recommendation since then, Cantor Fitzgerald Ireland clients hold a significant portion of IFG stock.

Siemens: We changed our rating to Outperform on the 30/01/2017.

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.

PayPal: We added PayPal to our Core Portfolio on the 20/07/15 and have an Outperform outlook on the stock.

Amazon: We have an outperform recommendation for Amazon since 26/07/13, and no changes have been made since then.

GlaxoSmithKline: We have been positive on GSK's outlook since 04/02/13 and no changes have been made to the recommendation since then.

Alphabet: Google which is now Alphabet was added to the Core Portfolio on 07/01/13 and no changes have been made to the recommendation since its inclusion.

Allianz: We have been positive on Core Portfolio stock, Allianz since 24/04/14 and no changes have been made to the recommendation since then.

Verizon: We have been positive on Core Portfolio stock, Verizon, since 26/02/14 and no change has been made to our recommendation since then.

Royal Dutch Shell: We have been positive on Core Portfolio stock, Royal Dutch Shell, since 20/05/13 and no change has been made to our recommendation since then.

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

General Electric: We have an Outperform recommendation on General electric however; we cut its weighting in our core portfolio to 2% from 4% on the 22/09/2015.

Glanbia: We have been positive on Glanbia's outlook since 13/03/13 and no changes have been made to the recommendation since then.

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

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

Lloyds: We have been positive on Core Portfolio stock, Lloyds, since 01/03/14 and no change has been made to our recommendation since.

Bank of Ireland: We have reinstated an outperform rating on Bank of Ireland as of 13/07/2016.

Kingspan: We have changed our rating for Kingspan from Not Rated to Outperform on the 14/03/2016.

Smurfit Kappa Group: We have added smurfit kappa to our core portfolio on the 01/01/2016 and we have upgraded our recommendation from Market Perform to Outperform.

DCC: We have an Outperform on DCC as of 17/8/15 changing to Outperform from Not Rated.

NOTES

NOTES

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