# Weekly Trader

Upcoming Market Opportunities and Events

CANTOR Fitzgerald

Monday, 17th July 2017

## Key Themes this Week

**Important week for US earnings**

It is an important week for US equities with some major names from leading sectors reporting. Following on from some weaker than expected results for JPM, Citi and Wells Fargo, markets will now turn to Goldman Sachs, Bank of America, Morgan Stanley and BNY Mellon, all of whom report this week. Financials are expected to be one of the leading sectors this quarter so it is vital that they fulfil analysts' expectations. Separately, the majority of Tech names report next week. Again, the Tech sector is expected to lead earnings growth. We will get some indicator of sector earnings this week as Microsoft, SAP, eBay and IBM. Other major names reporting this week include Visa, American Express, J&J, Blackrock, Colgate and General Electric.

**ECB Meeting on Thursday**

Market focus this week will also be on the ECB policy meeting this Thursday. Expectations for a rate hike at this meeting are nil but analysts will be dissecting Mario Draghi's statement and press conference answers in a bid to determine if the recent shift in rhetoric is here to stay. Chair Yellen dialled back the hawkishness last week with her testimony to Congress resulting in US yields ticking back down. If Mr Draghi sticks to his recent mantra we would expect the spread between the US and German 10 years to narrow and EURUSD to stay up around \$1.14—\$1.15 range. The key question is whether or not Mr Draghi will remove the language that states "we stand ready to increase our asset purchase program in terms of size and/or duration". If this is removed this would be interpreted as a hawkish signal. Mr Draghi is also likely to face questions about his upcoming appearance at the August Jackson Hole event.

**UK inflation data this week**

UK inflation data is out on Tuesday with BOE expectations for a year-on-year increase of 2.7%. Market expectations are for 2.9%. The BOE, having recently turned somewhat hawkish, is facing into a difficult scenario. With inflation accelerating at a rapid pace interest rate theory would dictate a rise in rates. However, the economic uncertainty caused by Brexit has recently led to numerous soft indicators for the UK economy to roll over. At the same time real wages are falling and consumer sentiment is worsening by the month. The political turmoil is also set to add to the uncertainty with increasing speculation that Theresa May will potentially face a revolt and leadership challenge by senior Tory Party members. If that occurs it increase the chances of a second UK election this year and will probably result in sterling selling off. If Tuesday's inflation data comes out above consensus expectations it will strengthen calls for a rate hike this year.

**Stock Coverage This Week**

This week we cover on US Financials, US Tech, Greencore, Siemens and our European Industrial names.

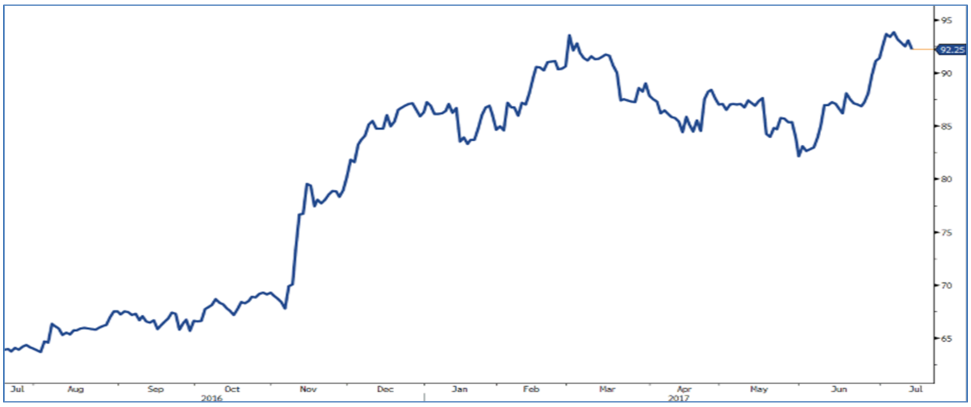
## Major Markets Last Week

| | Value | Change | % Move |
|---|---|---|---|
| Dow | 21638 | 223.40 | 1.04% |
| S&P | 2459 | 34.09 | 1.41% |
| Nasdaq | 6312 | 159.39 | 2.59% |
| UK Index | 7410 | 39.55 | 0.54% |
| DAX | 12599 | 153.19 | 1.23% |
| ISEQ | 6901 | -21.52 | -0.31% |
| Nikkei | 20,119 | 189.77 | 0.95% |
| H.Seng | 26,471 | 970.52 | 3.81% |
| STOXX600 | 387 | 5.68 | 1.49% |
| Brent Oil | 49.12 | 2.24 | 4.78% |
| Crude Oil | 46.74 | 2.34 | 5.27% |
| Gold | 1230 | 15.94 | 1.31% |
| Silver | 15.9965 | 0.34 | 2.17% |
| Copper | 271.4 | 6.65 | 2.51% |
| CRB Index | 443.91 | -1.63 | -0.37% |
| Euro/USD | 1.1449 | 0.01 | 0.44% |
| Euro/GBP | 0.8756 | -0.01 | -1.07% |
| GBP/USD | 1.3076 | 0.02 | 1.51% |

| | Value | Change |
|---|---|---|
| German 10 Year | 0.585 | 0.05 |
| UK 10 Year | 1.289 | 0.02 |
| US 10 Year | 2.3123 | -0.06 |
| Irish 10 Year | 0.893 | -0.06 |
| Spain 10 Year | 1.622 | -0.05 |
| Italy 10 Year | 2.258 | -0.02 |
| BoE | 0.25 | 0.00 |
| ECB | 0.00 | 0.00 |
| Fed | 1.25 | 0.00 |

## US Financials - Q2/17 earnings beat, negative market reaction    Closing Price: $92.25

Stephen Hall, CFA | Investment Analyst



| JPM Key Metrics | 2017e | 2018e | 2019e |
|---|---|---|---|
| Revenue ($'bn) | 102.9 | 108.7 | 115.7 |
| EPS ($) | 6.67 | 7.6 | 8.5 |
| Price/ Book | 13.8x | 12.1x | 10.8x |
| Div Yield | 2.3% | 2.6% | 2.9% |

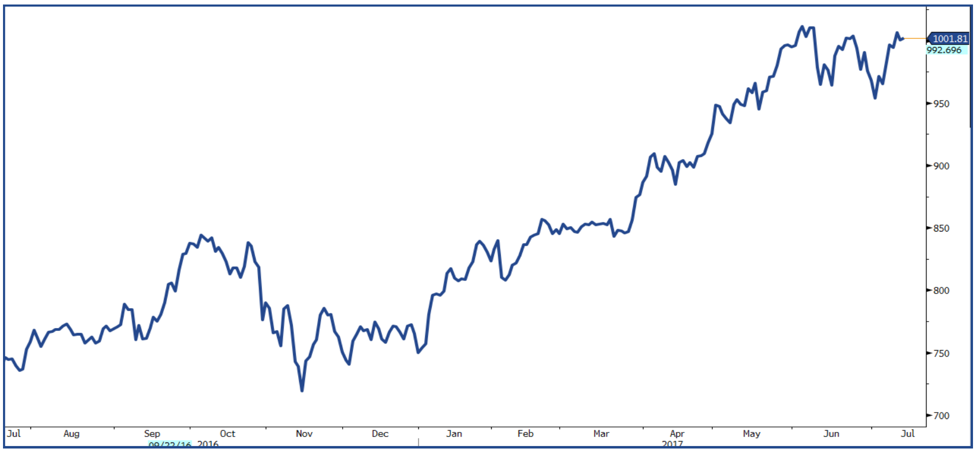
| Share Price Return | 1 Mth | 3 Mth | YTD |
|---|---|---|---|
| JPM US | 7.1% | 7.4% | 6.9% |

Source: Bloomberg

Last Friday, Q2/17 earnings season kicked off in the US with financials with JP Morgan, Citigroup and Wells Fargo all beating on top line revenue and bottom line earnings. However, the market initially reacted negatively with all 3 stocks opening c. 2.5%, before strengthening down c. 0.5%. 10 year US yields drifted lower to 2.30% as US inflation and retail sales data disappointed, which is a negative headwind of Net Interest Margins (NIM) progression in the banks. JP Morgan's saw a 19% decline with fixed income trading as Q2/17 due to historically low levels of volatility seen during the quarter. However, JP Morgan's CEO, Jamie Diamond said "the US consumer remains healthy, evidenced in our strong underlying performance in consumer and community banking". Similarly, **Citibank** beat consensus analyst revenue and profitability expectations. Q2/17 revenues rose 2% YoY to $17.9bn, while net income fell by 3% to $3.87, but EPS rose by 3% to $1.28 supported by an on-going share buyback programme. Trading revenues declined as expected, but weren't as bad as analyst's had feared. Fixed income trading revenue declined 6%, whereas its M&A division had a strong quarter with revenues up 22%. Wells Fargo saw its Net Interest Margin increase by 3bps to 2.90%, however the market was disappointing by the pace of new growth. Given the recent flattening of the US yield curve and the fact US financials are already trading close to all time highs, further near term gains could be difficult to achieve unless longer dated yield begin to tick up.

## US Tech Names - Solid recovery post sell-off    Closing Price: $1001.81

Will Heffernan | Investment Analyst



| Key Metrics | 2017e | 2018e | 2019e |
|---|---|---|---|
| Revenue ($'bn) | 166.64 | 202.10 | 240.98 |
| EPS ($'c) | 12.14 | 17.27 | 26.02 |
| Price/Book | 23x | 18.4x | 13.5x |
| Div Yield | N/A | N/A | N/A |

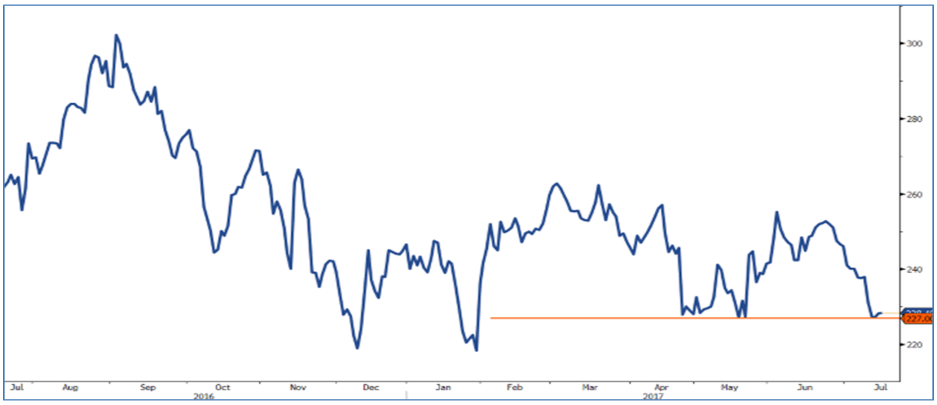
| Share Price Return | 1 Mth | 3 Mth | YTD |
|---|---|---|---|
| AMZN US | -2.68% | 9.19% | 33.6% |

Source: Bloomberg

The recent US yield spikes spooked equity investors and lead to a brief selloff with the Tech sector bearing the brunt. Since then rates have consolidate and the market has assimilated the notion of central bank policy normalization. Tech has rallied since. **Amazon** which had sold off approx. 5.6% to $954.35 subsequently rallied back to $998.98 on the back of its Prime Day success. There remains 13% upside to consensus price target of $1128.35. Overall Amazon is up 33% YTD. **PayPal** has had a stellar week rallying 12% to $58.04. This followed a 4.69% sell-off as yields spiked. PayPal has recently signed a deal with Apple to become a payment option on iTunes and the App Store. This is an important catalyst for future growth. Separately, it announced the roll-out of one click Checkout button which is critical to increase mobile traffic. PayPal is currently pricing 4% above the consensus price target of $55.53. There will likely be some profit taking in the near term so we remain neutral from a buy-in perspective at this point in time. From a longer-term perspective we maintain our Outperform. Lastly, **Facebook, Alphabet** and **Apple** have all recovered to varying extents. We believe that as long as US yields remain constrained or move up in a gradual manner, US Tech should continue to outperform. **Facebook** has the least potential upside of the 3 names, with 6.8% upside to consensus price targets.

## Greencore - Re-testing key support once again    Closing Price: GBp 228.70

Stephen Hall, CFA | Investment Analyst




| Key Metrics | 2018e | 2019e | 2020e |
|---|---|---|---|
| Revenue (£'bn) | 2.33 | 2.68 | 2.83 |
| EPS (GBp) | 15.7 | 17.5 | 19.4 |
| Price/ Earnings | 14.6x | 13.1x | 11.8x |
| Div Yield | 2.35% | 2.61% | 2.92% |

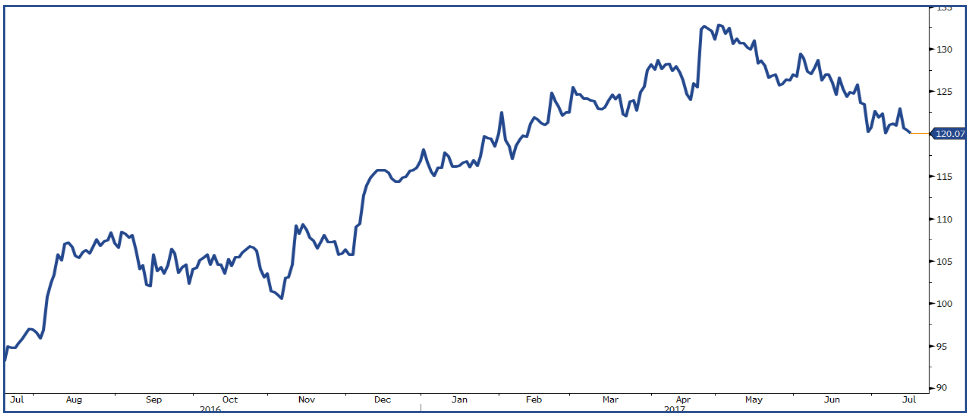
| Share Price Return | 1 Mth | 3 Mth | YTD |
|---|---|---|---|
| GNC LN Equity | -8.1% | -11.1% | -7.3% |

Source: Bloomberg

Greencore share price has weakened over the past 3 weeks, right back to first key support at GBp 227 which has held. There is no stock specific news, or earnings downgrades to account for this weakness. We remain positive on the long term growth potential of both Greencore's UK and US businesses. The structural shift for consumers increasing their demand towards more convenience foods is a theme which Greencore is well positioned to capitalise on. The stock is currently trading at 14.1x calendar FY17e earnings which is an unjustified 35% discount to the broader Euro Stoxx 600 Food and Beverage Index at 22x in our opinion. Management forecasts mid-single digit volume growth in the UK and mid-to-high digit volume growth in the US. Over the long term management forecasts that improve operational efficiencies will mean profit growth outpaces volume growth. Greencore has significant scale in the US post the Peacock Foods transaction which could position it strongly to capture new contract wins from Consumer Packaged Goods (CPG) firms looking to outsource manufacturing of their branded food products. If Greencore is successful in adding new customers or extending its market share with existing customers; then this could lead to upside optionality to earnings in the coming years. Greencore operates a Pass-Through model in the US to manage cost inflation too and has been successful in mitigating inflation in the UK associated with a weak pound. The consensus 12 month target price for Greencore is GBp 303, 33% above last Friday's close and all 11 analyst who cover Greencore are positive on the stocks.

## Siemens - Current levels a good buy-in point    Closing Price: €120.45

Will Heffernan | Investment Analyst




| Key Metrics | 2017e | 2018e | 2019e |
|---|---|---|---|
| Revenue (€'bn) | 89.84 | 89.79 | 92.43 |
| EPS (€) | 7.612 | 7.9 | 8.98 |
| Price/ Earnings | 15x | 14.26x | 13.36x |
| Div Yield | 3.22% | 3.36% | 3.52% |

| Share Price Return | 1 Mth | 3 Mth | YTD |
|---|---|---|---|
| SIE GR Equity | -4.93% | -5.81% | 5.80% |

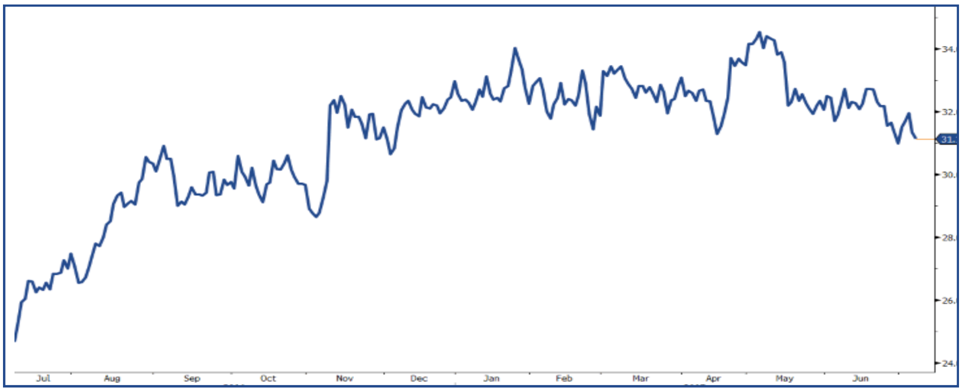
Source: Bloomberg

Siemens share price has fallen approximately 9.7% over the past three weeks. This was driven by two factors. Firstly the wider European sell-off sparked by a spike in yields. Secondly, CEO Joe Kaeser reiterated that second-half revenue and profit at its power and gas divisions will be "clearly below" the prior year at a JP Morgan investors conference in the UK. Management expect moderate growth in the US market and momentum to continue to gain pace in the EU. In general the industry is facing problems in Power & Gas in the near term. However, Siemens are currently engaged in a restructuring program called "Vision 2020". This includes selling off their underperforming/lower margin businesses and concentrating the more streamlined business in high margin areas with bigger growth potential, most notably factory digitalisation and automation. Siemens is much better place than its peers to be a market leader in this area due to its substantial investment in best in class software and robotics. The valuation case also makes sense with Siemens trading on a 2017 EV/EBITA of ~11x and a PE of ~14-15x, 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. Management also guided for an increase in EPS recent from €6.8 - €7.2 to €7.2 - €7.7. Despite the recent price softness we believe the current restructuring program will benefit Siemens well into the future. We maintain our Outperform

# European Industrials - Positive sector backdrop

Closing Price: €31.34

Cantor Fitzgerald Research Team




| Key Metrics | 2017e | 2018e | 2019e |
|---|---|---|---|
| Revenue (€'bn) | 30.18 | 31.641 | 34.007 |
| EPS (€) | 2.092 | 2.424 | 2.890 |
| Price/ Earnings | 17.30 | 14.94 | 12.90 |
| Div Yield | 2.19 | 2.34 | 2.55 |

| Share Price Return | 1 Mth | 3 Mth | YTD |
|---|---|---|---|
| CRH ID | -4.34% | -4.22% | -4.96% |

Source: Bloomberg

**CRH:**

Despite recent share price weakness we continue to believe that the underlying fundamentals for CRH remain positive. Forward looking indicators for both the US and European construction sector indicate a pick-up in activity in the second half the year. Highway spending had been weak in the US but is expected to improve. US employment data has shown a pick-up in hiring by construction firms. This usually precedes increased activity. Volumes continue to tick up in Europe and the US while the pricing situation in Europe, which was bearish last year, has improved. This potentially could allow for margin expansion. From a balance sheet perspective, the company remains very solid. Its net/debt EBITDA is expected to drop to 1.7x by the end of 2017. . Two of its major American peers Martin Marietta and Vulcan both agreed deals to acquire Bluegrass Materials and Aggregrates USA in June and May respectively. Both of those companies were disposal assets from other companies (Cemex and LaFarge respectively). We believe this increases the likelihood of further acquisitive activity by CRH management. It is now trading at current PE of 21x and an estimated FY17 P/E of 17.52x. That is below the sector average of 21.95x. For the same period its US peers Martin Marietta trades at 28x Vulcan at 32.62 while its premium to European peers has come in substantially with Lafarge at 17.6x , Heidelberg at 14.3x and Saint Gobain at 16x. The Trump infrastructure program premium has now come out of the stock and current levels represent a good buy in point. It is currently pricing at €31.52 with support at €30.6 and €30. From an upside perspective the consensus price target is €36, representing 14.4% gain.

**Smurfit**

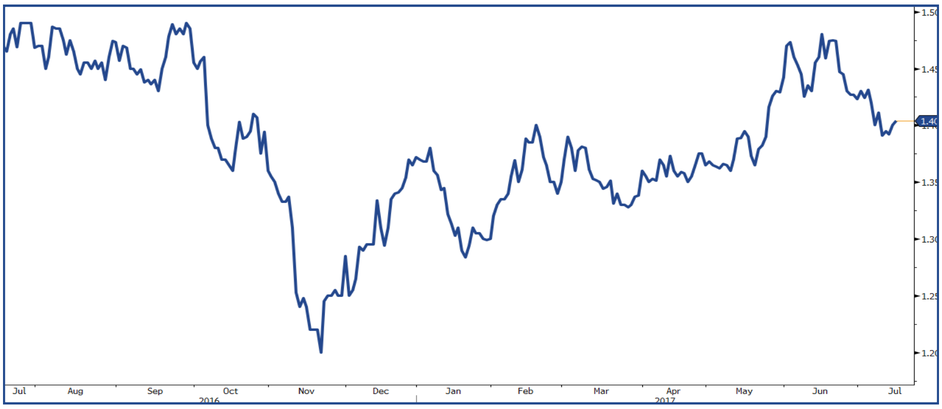
Smurfit's share price rallied strongly between mid-May 2017 to the end of June 2017 on the back of i) successful price increases which should protect operating margins from rising OCC input costs, ii) a steadily improving economic backdrop in Europe which is supportive of demand and iii) declining energy costs of late. Despite a positive read across from its close competitor, DS Smith in recent weeks, Smurfit's share price has been under pressure the past 2 weeks as investors took profits after strong moves. 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. We see first support at €26, and think €30 is an achievable target within 12 months.

**Kingspan**

1st key support for Kingspan at €28.96 has held after a 13% retracement off all time highs posted in May 2017. We would be happy to add to positions against this key support level and feel fundamental investment case for Kingspan remains firmly in tact which has derated to 18.9x FY17e earnings over the past 2 months. Company earnings over the coming years are due to benefit from structural and cyclical tailwinds over the coming years and in our opinion, and Kingspan has made great strides towards becoming the world's leading provider of low energy buildings through sector leading innovation and through effective capital allocation by senior management. The Group continues to expand its geographical footprint too, and is in the early stages of growth in Asia which could be a big expansion opportunity. The market is anticipating a softer H1/17 update, and a recovery in operating margins in H2/17 as the Group should be successful in passing through MDI cost inflation to its customers given its market leading and price marking position in the sector. Kingspan recently put in place a new 5 year €500m RCF debt facility until 2022. We think management will remain acquisitive and if it did manage to put this €500m debt facility to work at 8x EBITDA, this would add roughly €62.5m to FY18e earnings, which was add €13% to FY18e consensus EBITDA forecasts. A €500m investment would only add 0.6x to its Net Debt/ EBITDA ratio. Kingspan's management team has been very successful at allocating capital efficiently and effectively in recent years which has supported earnings growth in additional to strong organic volume growth of the underlying categories it operates in. We feel Kingspan can retest year-to-date highs at €33 once again before the end of 2017.

## Green REIT - H2 tailwinds continue to gather Closing Price: €1.40

Will Heffernan | Investment Analyst



| Key Metrics | 2017e | 2018e | 2019e |
|---|---|---|---|
| Revenue (€'mn) | 54.5 | 57.5 | 70.45 |
| EPS ($) | 0.104 | 0.083 | 0.076 |
| Price/ Earnings | 13.5x | 16.92x | 18.47x |
| Div Yield | 3.13% | 3.42% | 4.42% |

| Share Price Return | 1 Mth | 3 Mth | YTD |
|---|---|---|---|
| GRN ID Equity | -1.32% | 4.63% | 2.33% |

Source: Bloomberg

Green REIT has traded down recently as the European REIT sector came under pressure due to the recent rapid yield increases. It fell 6% to €1.39. It is now trading at €1.40 which represents at 13.6% discount to current estimated 2017 NAV of €1.6275. We recently sent out an update on Green REIT in our Trader in late May advising clients to pick it up on the back of peer's strong performance and increasing news related to potential Brexit relocations. It then traded up approx. 8% to a high of €1.48. We believe that the Dublin office sector is in line for a particularly strong second half the year. At this stage in the cycle the majority of gains from asset price appreciation have already passed so it is more of a play on rising rents. In order for REITs to continue to generate above expected rental value demand is key. Recent moves by major firms, allied with the numerous moves already outlined earlier in the year in our Journal, should enable Green REIT to perform well in the second half of the year. European yields, following on from their initial spike, were constrained last week and it would appear the majority of that move is done in the short-term. This is a further tailwind to REITs and the sector should generate positive absolute performance in the near-term. We believe that the current level represents a good opportunity for increasing exposure for clients. We maintain our Outperform.

## From the News - Monday's Headlines

- **Markets** Will US retail's death be the next big short?
- **US** Trump approval rating falls to 36%
- **Emerging Markets** China GDP growth beats Beijing target
- **UK** France wants hardest Brexit, says City envoy
- **Ireland** Cairn Homes announces completion of RTE site deal
- **Oil** US oil imports help feed US export powerhouse

## Current Stock Trading News

From a market trading perspective we are long Green REIT, Inditex, 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** |
| Netflix Q2/17 | Rio AGM.<br>Inditex AGM.<br>Goldman Sachs Q2/17.<br>Bank of America Q2/17. | RPC Group Q1/18.<br>BAT ESM | Unilever S1/17.<br>EasyJet Q3/17.<br>SAP Q2/17.<br>eBay Q2/17 | Vodafone Q1/18.<br>GE Q2/17. |
| **Economic** | **Economic** | **Economic** | **Economic** | **Economic** |
| UK House Prices.<br>CH GDP.<br>US Empire Manf. | EC ECB Lending Survey.<br>EC CPI. | EC Construction Output.<br>US Housing Starts. | GE PPI.<br>EC ECB Main Refinancing Rate. | N/A |

## Upcoming Events

24/07/2017 Paddy Power, INM, Alphabet, Ryanair,

25/07/2017 Tullow, GSK, McDonalds, Caterpillar

26/07/2017 PayPal, Daimler, Boeing

27/07/2017 Ladbrokes, Diageo, Facebook, Amazon, Lloyds, RD Shell, Verizon, Schneider, Twitter, Intel

28/07/2017 Bank of Ireland

24/07/2017 EA Manf. PMI, US Existing Home Sales

25/07/2017 US Consumer Confidence, DE IFO expectations

26/07/2017 GB GDP YoY, US Fed Decision

27/07/2017 US Durable Goods, Shiller Home Price Index

28/07/2017 US GDP, US PCE, JP Inflation Rate

## **Cantor** in The Media

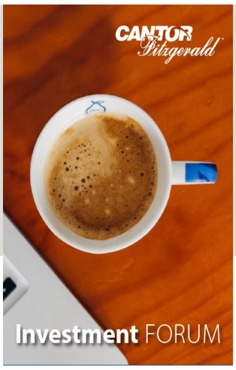
- AIB may return to €4.6bn to investors - The Irish Times - Stephen Hall - Please click here
- Irish Financials and the impact of Brexit 1 year on - Newstalk - Alan Breen - Please click here

# Cantor Publications & Resources


## Daily Note

Each day we produce a market commentary outlining critical economic and company developments. We leverage off our global network of analysts and investment professionals to provide clients with critical insights from our local teams first thing in the morning.

**Click Here**




## Investment Forum

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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# Cantor Core Portfolio - In Detail

| Performance YTD | % |
|---|---|
| Portfolio | 6.5% |
| Benchmark | 4.9% |
| Relative Performance | 1.7% |
| P/E Ratio | 20.07x |
| Dividend Yield | 2.6% |
| ESMA Rating | 6 |
| Beta | 1.03 |

| Sectors | Portfolio | Benchmark | + / - |
|---|---|---|---|
| Consumer Discretionary | 6% | 11% | |
| Consumer Staples | 10% | 14% | |
| Energy | 5% | 6% | |
| Financials | 20% | 15% | |
| Health Care | 5% | 9% | |
| Industrials | 22% | 15% | |
| Information Technology | 16% | 9% | |
| Telecommunication Services | 4% | 3% | |
| Utilities | 0% | 3% | |
| Materials | 12% | 15% | |
| Real Estate | 0% | 2% | |

| FX | Portfolio | Benchmark |
|---|---|---|
| EUR | 54% | 54% |
| GBP | 26% | 26% |
| USD | 20% | 20% |

| Currency YTD % | |
|---|---|
| GBP | -2.6% |
| USD | -8.0% |

## Benchmark

Weighted Average Contribution

| Index | Currency | PE | Outlook | Weighting | Total Return Local* | Currency Contribution | Total Contribution | |
|---|---|---|---|---|---|---|---|---|
| ISEQ 20 INDEX | EUR | 17 | Neutral | 32% | -1.3% | 0.0% | 1.5% | |
| UK 100 INDEX | GBP | 15 | Neutral | 26% | 2.8% | -0.3% | 0.9% | |
| S&P 500 INDEX | USD | 19 | Neutral | 20% | 3.4% | -1.7% | 0.7% | |
| IBEX35 INDEX | EUR | 15 | Positive | 6% | -0.6% | 0.0% | 0.8% | |
| DAX INDEX | EUR | 14 | Positive | 16% | 0.8% | 0.0% | 0.9% | |
| **Total** | | | | 100% | | -2.02% | | 4.8% |

## Core Portfolio

Weighted Average Contribution

| Stock | Currency | Yield* | Hold /Sold | Sector | Weighting | Total Return Local* | Currency Contribution | Total Contribution | |
|---|---|---|---|---|---|---|---|---|---|
| GLANBIA PLC | EUR | 0.8 | H | Consumer Staples | 5% | -4.4% | 0.0% | 0.6% | |
| GREENCORE GROUP PLC | GBp | 2.4 | H | Consumer Staples | 5% | 0.8% | -0.1% | -0.2% | |
| RYANAIR HOLDINGS PLC | EUR | 0.0 | H | Industrials | 5% | 12.1% | 0.0% | 1.2% | |
| INDUSTRIA DE DISENO TEXTIL | EUR | 2.3 | H | Consumer Discretionary | 6% | -4.2% | 0.0% | 0.6% | |
| DAIMLER AG-REGISTERED SHARES | EUR | 5.4 | S | Consumer Discretionary | 6% | -0.9% | 0.0% | 0.0% | |
| LLOYDS BANKING GROUP PLC | GBp | 5.8 | H | Financials | 5% | -3.1% | 0.0% | 0.3% | |
| AMERICAN INTERNATIONAL GROUP | USD | 2.0 | S | Financials | 5% | -4.7% | 0.1% | -0.2% | |
| BANK OF IRELAND | EUR | 2.3 | H | Financials | 5% | -0.3% | 0.0% | -0.2% | |
| ALLIANZ SE-REG | EUR | 4.3 | H | Financials | 5% | 8.2% | 0.0% | 0.9% | |
| FACEBOOK INC-A | USD | 0.0 | H | Information Technology | 4% | 5.4% | -0.3% | 0.9% | |
| PAYPAL HOLDINGS INC | USD | 0.0 | H | Information Technology | 4% | 16.6% | -0.4% | 1.2% | |
| ALPHABET INC-CL A | USD | 0.0 | H | Information Technology | 4% | 3.0% | -0.3% | 0.5% | |
| AMAZON.COM INC | USD | 0.0 | H | Information Technology | 4% | 6.5% | -0.4% | 0.4% | |
| iShares STOXX Europe 600 Banks ETF | EUR | 4.0 | H | Financials | 5% | 1.0% | 0.0% | 0.0% | |
| GENERAL ELECTRIC CO | USD | 3.6 | S | Industrials | 5% | -4.3% | -0.2% | -0.3% | |
| SIEMENS AG-REG | EUR | 3.2 | H | Industrials | 6% | -5.2% | 0.0% | -0.3% | |
| SMURFIT KAPPA GROUP PLC | EUR | 3.2 | H | Materials | 6% | 6.3% | 0.0% | 0.5% | |
| CRH PLC | EUR | 2.2 | H | Materials | 6% | -7.8% | 0.0% | -0.2% | |
| KINGSPAN GROUP PLC | EUR | 1.2 | H | Industrials | 5% | -8.3% | 0.0% | 0.6% | |
| ROYAL DUTCH SHELL PLC-B SHS | GBp | 6.8 | H | Energy | 5% | 1.8% | -0.1% | -0.5% | |
| DCC PLC | GBp | 1.7 | H | Industrials | 6% | -2.3% | -0.1% | 0.8% | |
| GLAXOSMITHKLINE PLC | GBp | 5.0 | H | Health Care | 5% | 3.7% | -0.1% | 0.3% | |
| VERIZON COMMUNICATIONS INC | USD | 5.4 | H | Telecommunication Services | 4% | -4.4% | -0.3% | -1.0% | |
| **Total** | | | | | 100% | | -2.06% | | 6.5% |

*Red Denotes Deletions

*Green Denotes Additions

*Return as of last reweighting 03/05/2017

*Yields are based on the mean of analyst forcast

All data taken from Bloomberg up until 12/07/2017.

**Warning : Past performance is not a reliable guide to future performance**

**Warning : The value of your investment may go down as well as up.**

# Regulatory Information

**Issuer Descriptions: (Source: Bloomberg)**

**Bank of Ireland:** Bank of Ireland provides a range of banking, life insurance and other financial services to customers in Ireland and United Kingdom
**AIB:** Allied Irish Banks plc (AIB) attracts deposits and offers commercial banking services. The Bank offers mortgage, automobile, business, plant and equipment purchase, and lease financing loans, investment banking, securities brokerage, asset management and treasury services, and discounts invoices. AIB operates in Ireland, the United Kingdom, and the United States
**Inditex:** Industria de Diseno Textil, S.A. designs, manufactures and distributes apparel. The company operates retail chains in Europe, the Americas, Asia and Africa.
**iShares STOXX Europe 600 Banks UCITS ETF**: iShares STOXX Europe 600 Banks UCITS ETF is an open-end, UCITS compliant exchange traded fund incorporated in Germany. The fund aims to track the performance of the STOXX Europe 600 Banks index. The fund distributes income received to shareholders.
**Ryanair:** Ryanair Holdings plc provides low fare passenger airline services to destinations in Europe. **ICG:** Irish Continental Group plc markets holiday packages and provides passenger transport, roll-on and roll-off freight transport, and container lift on and lift-off freight services between Ireland, the United Kingdom and Continental Europe.
**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.
**Glanbia:** Glanbia plc is an international dairy, consumer foods, and nutritional products company. The Company conducts operations primarily in the Ireland, the UK and the US.
**Greencore:** Greencore manufactures and distributes a diverse range of primary foods and related products, food ingredients and prepared foods to the consumer and industrial sectors.
**Daimler:** Daimler AG develops manufactures, distributes and sells a wide range of automotive products mainly passenger cares, trucks vans and buses. The Company also provides financials and other services relating to its automotive businesses.
**Lloyds:** Lloyds offers a range of banking and financial services including retail banking, mortgages, pensions, asset management, insurance services, corporate banking and treasury services.
**AIG:** AIG is an international insurance organisation serving commercial, institutional and individual customers.
**Allianz:** Allianz, through it subsidiaries, provides insurance and financial services.
**Facebook:** Facebook Inc. operates a social networking site.
**PayPal:** PayPal operates a technology platform that enables digital and mobile payments on behalf of customers and merchants.
**Alphabet:** Alphabet provides web based search, advertisement, maps, software applications, mobile operating systems, consumer content and other software services.
**Amazon:** Amazon is an online retailer that offers a wide range of products.
**GE:** General Electric is a globally diversified technology and financial services company.
**Smurfit Kappa:** Smurfit Kappa manufactures paper packaging products.
**CRH:** CRH is a global building materials group.
**Kingspan:** Kingspan is a global market player in high performance insulation and building envelope technologies.
**Royal Dutch Shell:** Royal Dutch Shell explores, produces and refines petroleum.
**DCC:** DCC is a sales, marketing, distribution and business support services company.
**GlaxoSmithKline:** GSK is a research based pharmaceutical company.
**Verizon:** Verizon Communications is a telecommunications company.
**Kerry:** Kerry Group PLC is a major international food corporation. The Group develops, manufactures, and delivers innovative taste solutions and nutritional and functional ingredients.

**Historical Record of recommendation**
**Amazon:** We have an Outperform recommendation for Amazon since 26/07/13, and no changes have been made since then.
**CRH:** We have added CRH to our core portfolio on the 01/01/16, with a recommendation of Outperform
**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.
**Greencore:** We have upgraded our recommendation for Greencore, to Outperform from Not Rated, as of 25/11/2015.
**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
**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.
**Apple:** We have been positive on Core Portfolio stock, Apple's outlook since 24/01/13 and no change has been made to our recommendation since then
**PayPal:** We added PayPal to our Core Portfolio on the 20/07/15 and have an Outperform outlook on the stock

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

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