# Weekly Trader

Upcoming Market Opportunities and Events

CANTOR Fitzgerald

Monday, 14th August 2017

## Outlook - H2 17

**Recent Volatility - Our View**

Last week equities markets were roused into life by the back and forth between the US and North Korea. Following on from a period of exceptionally low volatility equities ended the week with their worst returns since March of this year. The S&P500 fell 1.43% while the Nasdaq was 1.5% lower by close of session on Friday.

The sell off was driven by an escalation in the war of words between US President Donald Trump and the North Korean regime over its accelerated program of nuclear testing. Mr Trump ratcheting up tensions with several statements that implied the US was ready for military action if necessary. This was followed by North Korea threatening to strike a US military installation on Guam if attacked.

The current White House administration is a difficult one to analyse. So far it has achieved little in terms of policy and optimism regarding the new appointment of former four star general John Kelly as a new Chief of Staff has rapidly been lost in the deluge new headlines that continue dominate markets. However, we retain our optimism for markets into the second half of the year as we believe equities can continue to outperform other asset classes in spite of this current US President.

Growth remains firm in the US, has accelerated in Europe and has made a substantial turnaround in EM. Recent economic data, both leading and lagging indicators, remain in growth territory. Central bankers all over the world continue to be puzzled by the absence of inflation but in our opinion this decreases the probability of hawkish action, which should also be supportive of equities. The expectation for Fed and ECB balance sheet tapering is there but this should be a gradual measured process.

The recent volatility came after a period of exceptionally low volatility and in our opinion the market had needed a shake-out. Asian markets were positive overnight which would suggest the North Korean episode has decelerated for now. But there is no real way to predict what the current US administration may do this week in response. Historically August is also a month where equities markets tend to do poorly for seasonal factors.

In summary we are not going defensive into the H2/17. However, we are mindful that the recent bout of volatility may be prolonged in the short term or occur more frequently in the second half of the year. With that in mind we have reiterated the investment case for some of our names that would be more defensive in nature. We believe in the long-term outperformance of these stocks as a matter of fact. But if the recent volatility occurs again these sectors are likely to see inflows due to market rotation. This should be an added tailwind to these stocks.

**Stock Coverage This Week**

This week we cover off on CRH, Smurfit, Glanbia, Kerry and Verizon. We also initiate coverage on Applegreen.

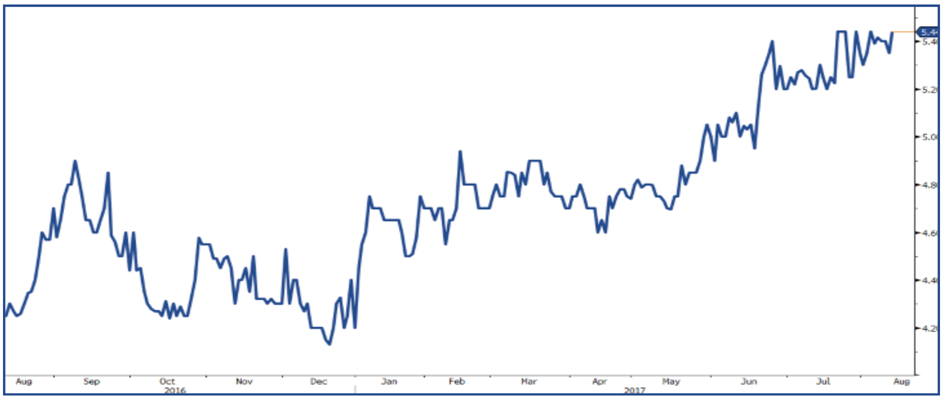
### Major Markets Last Week

| | Value | Change | % Move |
|---|---|---|---|
| Dow | 21858 | -234.49 | -1.06% |
| S&P | 2441 | -35.51 | -1.43% |
| Nasdaq | 6257 | -95.01 | -1.50% |
| UK Index | 7342 | -189.64 | -2.52% |
| DAX | 12144 | -113.34 | -0.92% |
| ISEQ | 6624 | -62.37 | -0.93% |
| Nikkei | 19,537 | -415.23 | -2.08% |
| H.Seng | 27,243 | -447.85 | -1.62% |
| STOXX600 | 375 | -6.90 | -1.81% |
| Brent Oil | 51.94 | -0.43 | -0.82% |
| Crude Oil | 48.77 | -0.62 | -1.26% |
| Gold | 1283 | 25.37 | 2.02% |
| Silver | 17.085 | 0.81 | 4.96% |
| Copper | 290 | -0.70 | -0.24% |
| CRB Index | 440.97 | -0.61 | -0.14% |
| Euro/USD | 1.1805 | 0.00 | 0.08% |
| Euro/GBP | 0.9085 | 0.00 | 0.39% |
| GBP/USD | 1.2995 | 0.00 | -0.31% |

| | Value | Change |
|---|---|---|
| German 10 Year | 0.415 | -0.04 |
| UK 10 Year | 1.086 | -0.05 |
| US 10 Year | 2.2115 | -0.04 |
| Irish 10 Year | 0.749 | -0.01 |
| Spain 10 Year | 1.441 | -0.02 |
| Italy 10 Year | 2.021 | 0.03 |
| BoE | 0.25 | 0.00 |
| ECB | 0.00 | 0.00 |
| Fed | 1.25 | 0.00 |

# Applegreen - Initiate at Market Perform Closing Price: €5.44

Will Heffernan | Investment Analyst




| Key Metrics | 2017e | 2018e | 2019e |
|---|---|---|---|
| Revenue (€'bn) | 1.376 | 1.588 | 1.871 |
| EPS (€) | 0.24 | 0.285 | 0.345 |
| Price/ Earnings | 22.9x | 18.77x | 15.51x |
| Div Yield | 0.47% | 0.57% | 0.49% |

| Share Price Return | 1 Mth | 3 Mth | YTD |
|---|---|---|---|
| APGN ID | 4.62% | 13.39% | 29.52% |

Source: Bloomberg

We have initiated coverage of Applegreen this week with a Market Perform rating. Applegreen operates petrol filling stations ("PFS"), motorway service areas ("MSA"), trunk road service areas and dealer outlets across Ireland, UK and US. In total it operates 243 sites (as at end of 2016). We believe Applegreen is at the beginning of a multi-year cycle of expansion in target markets which should enable the group to maintain healthy earnings growth into the future. We are initiating at Market Perform due to recent price action. Applegreen is currently pricing at €5.44 which leaves only 3.8% upside to our price target of €5.65. However, we will continue to monitor it for any sizeable pullbacks that present a decent buying opportunity. From a longer perspective we would have confidence in current management's ability to execute its longer term growth strategy and believe that the model's focus on food and store offering is the way the industry is going.

Applegreen's foundations were laid in 1992 by CEO Bob Etchingham and COO Joe Barrett with the setting up of the parent company Petrogas. The company started off with one filling station in West Dublin and has grown every year since with 243 outlets at the end of 2016. The Applegreen brand was launched in 2005. Following this launch expansion was ratcheted up substantially. On average, it has posted approx. 25% growth in estate and 37% revenue growth per year. The fact that management achieved this during a prolonged recession bodes very well for implementation of its growth strategy in a much more favourable economic environment. It carried out an IPO in June 2015 and raised €91.7m pricing at €3.80 per share. Since IPO it has continued its expansion mainly in the UK and most recently in the US. The CEO and COO continue to own approx. 60% of the company. The business employs approx. 3,600 people.

We believe the strength of Applegreen lies in its business model and philosophy. Its core tenets can be summed up in the in following points: A **"Low Fuel Prices, Always" price promise drives footfall to the stores, A "Better Value Always" tailored retail offer** and lastly **a very strong food and beverage focus that offers premium products and services to the customer.** The management of Applegreen is fully cognizant of the fact that petrol is a low margin product and recognised this early in the company's evolution. Its business model has a specific focus on offering a high quality retail service with premium items and food, both brand name and under the Applegreen brand. To this end Applegreen has a number of strategic partners that are best in class in their space including Subway, Costa Coffee , Lavazza and Burger King. It also sells high quality products under it own brands such as aCafe and Bakewell. Management consistently stress the importance of this quality differentiator and are currently engaged in a measured roll out the Applegreen rebranding and upgrade across the estate. 70% of the Irish estate now comes under the Applegreen brand.

We would rate the Applegreen retail offering in Ireland as well ahead of its peers. This shows through in results with food and retail sales becoming an increasingly important part of the business. In 2016 revenue increased by 11.45% and gross profit increased by 15%. However, LFL food and store sales increased YoY by 9.3% and related gross profit grew by 10.2% while fuel LFL sales declined by 4.8% with associated gross profit increasing by 8%. Applegreen's food and store offering in the UK & US is less well-developed than its Irish network but the same trend persists. Food and store sales in the Ireland account for 68% of gross profit. Likewise in the UK, the comparable metric is 52% while in the US it is 33%. We would expect to increase as Applegreen improves its offering in both regions. Overall food and store sales account for 63% of gross profit. From a margin perspective food and store sales have a 38% gross margin while petrol comes in at 5.5%. This reinforces management's strategy of using competitive fuel prices to drive footfall into its stores.

Management has recently made two acquisitions which should be earnings accretive in the near future. In the US it announced the acquisition of the Brandi Group, a retail forecourt operation based in South Carolina. It comprises 42 sites in total with 34 petrol stations trading under various brands including Exxon and Shell. Each site contains a convenience store trading under the Brandi Group's own trademark Pitt Stop. 11 sites have Burger King restaurants. The business also operates 8 Burger King outlets on a standalone basis. . Other food franchises that are part of the Brandi Group include Subway, Blimpie, Chesters, Nathans and Yo Fresh. The business employs 800 people and stores are centred on the City of Columbia, the capital of South Carolina. The acquisition cost Apple-

## **Applegreen** continued

green $5.4m in cash. A leading US institutional real estate investor is acquiring the property assets of the Brandi Group for $70m. Applegreen will then enter a long term lease arrangement with this real estate investor. Overall the business generates EBITDA of approx. $3m. The transaction is expected to complete in Q4/17 so should be earnings accretive in 2018. Based on current numbers 2018 EPS should increase by approx. 4%. This acquisition has increased Applegreen's footprint in the US by a multiple of approx. 4. After 3 years of operating on the US east coast, this acquisition is a good strategic step for Applegreen and opens the business up to a new area of the US, having been previously confined to the North-East. We also welcome the fact that Applegreen is not paying directly for the property assets but instead entering a leasing arrangement. This implies that future capital and investment requirement should remain low. We believe this is a prudent approach in what is a very competitive US forecourt retail market.

Applegreen also recently announced the acquisition of the majority of sites from the Carsley group for £21m. From a strategic perspective this is less noteworthy than the US news but is indicative of the growth opportunities that still persist in the UK. The deal involves six services areas and one petrol station, the majority of which are located on the A1. This ramps up Applegreen's service area presence in the UK. As with previous acquisitions it may take some time for these sites to trade fully under the Applegreen banner and it may be some time before they are impactful on earnings. However, the A1, which connects Edinburgh to London, is one of the busiest roads in Europe so these sites will undoubtedly be earnings accretive at some point in the future. Importantly this deal doubles the number of Trunk Service Areas that Applegreen operate in the UK. The deal is expected to complete in Q4/17.

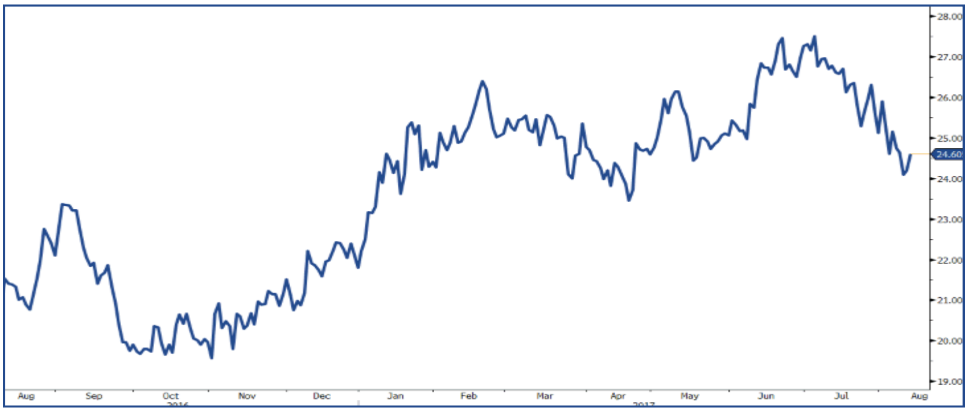
From a sector perspective, the fuel retail business has undergone a dramatic transformation over the past two decades or so. The majority of oil majors, who were previously the dominant players in the sector, have moved to divest these assets in order to become more efficient and focus on core businesses. We would expect this trend to continue and for further market consolidation to occur both in Europe and the US. The sector continues to retain its fractured nature with single store operators continuing to have the lion's share of the market. The US market illustrates this perfectly. According to the National Association of Convenience Stores there 154,535 stores, of which 80% (123,807) sell fuel. 63% of these are single store operations and have 58% of the market. It is a similar story in the UK and Europe. These single store operators tend to be overly reliant on fuel revenue and do little to improve their retail or food offering. We still believe that this market remains ripe for consolidation and further growth. Private equity groups and large chain supermarkets have been active in this sector but we believe companies such as Applegreen are more likely to be successful considering their extensive experience in the area.

Applegreen is currently up 29.5% YTD and is trading at FY17 P/E 22.91x. As stated already this leaves just 3.8% upside to what we believe is a fair value price of €5.65. However, we believe this is also the start of a multi-year cycle of growth and in particular encouraged by the prospects of the UK and US businesses. Its Net Debt/EBITDA ratio, currently at a very healthy 0.60x, should tick up to approx. 1.19x at the end of the year. This is still leaves considerable headroom for further activity and there is currently €29.4m in cash on the balance sheet with FY17e EBITDA of €37.7m (+17.8%) and op. profit of €24.7m (+30.7%). Management is on the record as stating it believes the growth opportunities in Ireland are likely to tail off in 2-3 years and will continue to see US and UK as more fertile ground for expansion. We have faith that management will be able to deliver on these prospects in the longer term. In the near-term we will continue to monitor the stock and advise investors to pick it up on any reasonable pullback.

## Smurfit Kappa - Add on recent pull back

Closing Price: €24.62

Stephen Hall, CFA | Investment Analyst



| Key Metrics | 2017e | 2018e | 2019e |
|---|---|---|---|
| Revenue (€'bn) | 8.555 | 8.831 | 8.946 |
| EPS (€) | 2.04 | 2.27 | 2.35 |
| Price/ Earnings | 12.0x | 10.8x | 10.4x |
| Div Yield | 3.41% | 3.62% | 3.75% |

| Share Price Return | 1 Mth | 3 Mth | YTD |
|---|---|---|---|
| SKG ID | -8.09% | -5.86% | 12.96% |

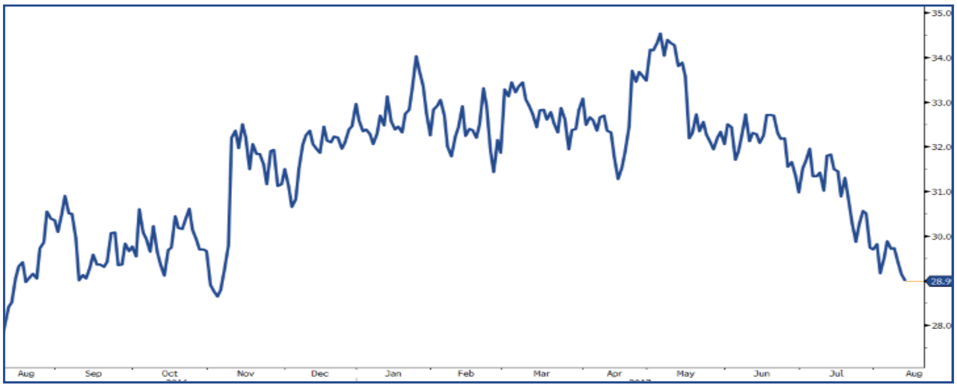
Source: Bloomberg

In our opinion, the market's reaction had been too negative to Smurfit's H1/17 results considering the tough raw material cost inflation it had to contend in the period. Margins are set to recovery in H2/17 and into early 2018 as corrugated box pricing improves. Organic volume growth is improving in Europe as the underlying economy shows signs of steady improvements, which Smurfit's underlying operational performance is correlation too. Smurfit's management team are bullish on the company's outlook saying "it is better positioned today than at any other point in our recent history. Our capital structure, our asset base and our integrated business model continue to strengthen. This will enhance our ability to translate today's market conditions into improved earnings in 2017 and beyond". We've been bullish on Smurfit since the first trading day of 2017, and feel the recent pull back in its share price is an attractive opportunity to add to positions, and are confident it can recover the recent period of weakness in the second half of 2017. It is sitting just above two big support levels at €24 (orange horizontal) and €23.45 (yellow horizontal), which we look to hold. Valuations are also reasonable at 12x earnings considering the likely recovery in pricing in H2/17 and strong volume we aniticiapte will come through, and could see Smurfit holding a 13x – 14x earnings multiple. It also offers an attractive dividend yield of 3.4%.

## CRH - Tailwinds for H2/17 in place

Closing Price: €28.85

Stephen Hall, CFA | Investment Analyst



| Key Metrics | 2017e | 2018e | 2019e |
|---|---|---|---|
| Revenue (€'bn) | 28.591 | 29.858 | 31.166 |
| EPS (€) | 1.803 | 2.080 | 2.351 |
| Price/ Earnings | 16.11x | 13.97x | 12.36 |
| Div Yield | 2.35% | 2.5% | 2.71% |

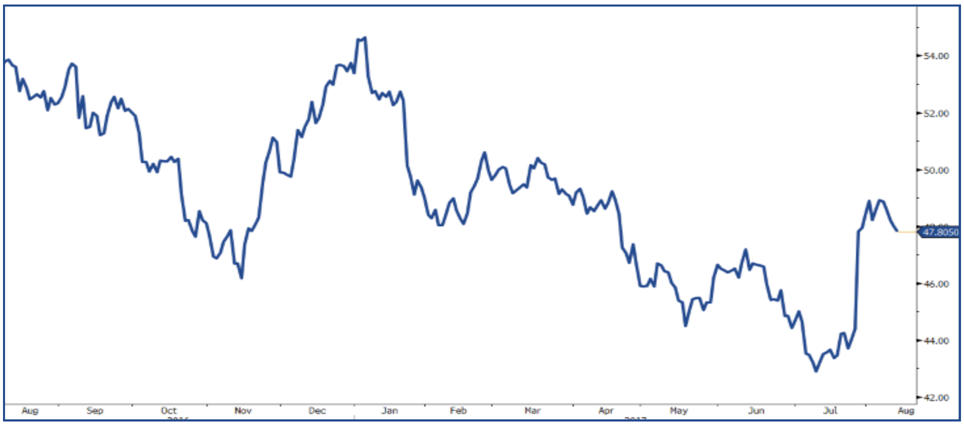
| Share Price Return | 1 Mth | 3 Mth | YTD |
|---|---|---|---|
| CRH ID | -8.87% | -15.55% | -11.94% |

Source: Bloomberg

CRH has been weak lately and the share price has retracted approx. 15% since mid-May. Despite a positive sector backdrop, improving volumes and expectations for a better second half of the year, CRH has continued to trade down and is now pricing at €28.8. Firstly, mainly due to bad weather and flooding impacted volumes in North America, particularly in the southern, north-eastern and mid-western states. This offset the continuing recovery in volumes that we have been seeing in Europe. CRH, which derives 60% of its EBITDA from North America, has suffered as a result. It has also not being helped by a stronger euro which will results in international earnings having less impact on the bottom line. Lack discernible M&A activity has also not helped. Finally recent price action has seen the share price go through some decent support levels which would have been negative from a technical perspective. We believe CRH remains poised for a strong performance in the second half of the year. European volumes have remained resilient and should continue to pick up as European economic growth gathers pace. The US, which has been weak, is expected to pick up in the second half the year. Housing data has improved (building permits +7.4% this month vs estimates of +3%) and US construction employment has also increased. The Portland Cement Association, a major industry body, has forecast 3.5% annual growth in volumes for 2017 and 2018. This is without any Trump infrastructure program. Finally net debt/EBITDA is expected to drop to 1.3x by 2017 and there is approx. €2.5bn in cash on the balance sheet. In our view this leaves plenty of scope for M&A activity in the second half of the year.

## Verizon - Positive re-rating underway Closing Price: $48.06

Stephen Hall, CFA | Investment Analyst



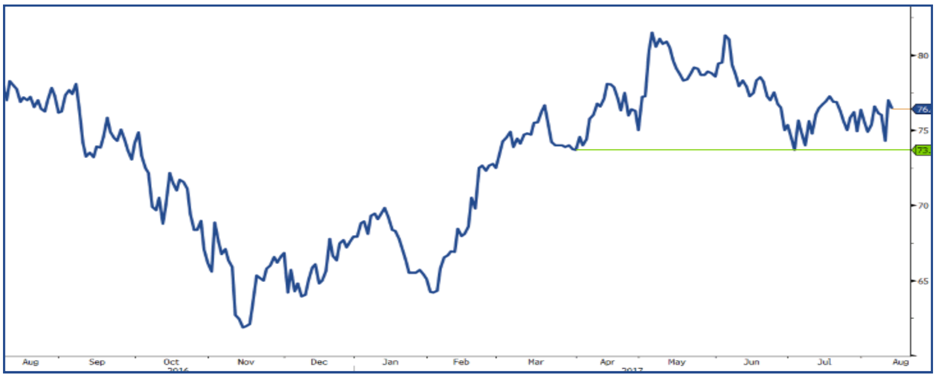

| Key Metrics | 2017e | 2018e | 2019e |
|---|---|---|---|
| Revenue ($'bn) | 125.122 | 125.157 | 124.20 |
| EPS ($) | 3.783 | 3.833 | 3.88 |
| Price/ Earnings | 12.64x | 12.48x | 12.33x |
| Div Yield | 4.88% | 4.98% | 5.09% |

| Share Price Return | 1 Mth | 3 Mth | YTD |
|---|---|---|---|
| VZ US | 10.3% | 4.84% | -9.9% |

Source: Bloomberg

We've see a positive re-rating in Verizon's stock to 12.7x FY17e earnings since posting a encouraging H1/17 set of results which showed 590k bill paid customer additions which was a big beat compared to analysts' expectations. This alleviated some investors' concerns of customer losses and negative earnings. However, given that Verizon operates within a very competitive, mature market with minimal organic volume growth and on-going price wars we think it will be difficult to see the stock re-rating much beyond 13.5x in our opinion. Its 1 year forward P/E multiple averaged over the past 5 years is 14.3x, but given the on-going price wars it is understandable to see the Group trading at a discount to historical averages. We would suggest lightening up on positions if Verizon approaches its consensus 12 month target price of $50 and feel the Group would be fairly valued at that price, which is just 4% above market levels. It does offer an attractive dividend yield of 4.9%, which is appealing considering 10 year US yields have drifted lower to 2.20% as geopolitical tension rise between the US and North Korea which means it should outperform boarder US equity markets in the near term in a depressed yield. Therefore could benefit from sector inflows in the near term. From a longer term perspective, the introduction of 5G could support pricing, while advertising revenues is diversifying its revenue streams, albeit from a low base.

## Irish Foods - Strong H1/17 update, reiterate outperformance Closing Prices: KYG €76.12 & GLB €17.10




| Key Metrics | 2017e | 2018e | 2019e |
|---|---|---|---|
| Revenue (€'bn) | 6.378 | 6.638 | 6.97 |
| EPS (€) | 3.405 | 3.716 | 4.071 |
| Price/ Earnings | 22.45x | 20.57x | 18.77x |
| Div Yield | 0.81% | 0.89% | 0.97% |

| Share Price Return | 1 Mth | 3 Mth | YTD |
|---|---|---|---|
| KYG ID | -0.78% | -5.49% | 12.11% |

Source: Bloomberg

Both Kerry and Glanbia released strong H1/17 results last Thursday. The market reacted more favourably to Kerry's update where management expected better FY17 EPS performance to the tune of 2% before negative headwinds c. 4% are accounted for. Management new guidance is for EPS growth of 3% - 7%. It benefitted from strong organic volume growth of 4.3% in Q2/17 and saw general improvements across all its key geographies. In our opinion, Kerry is extremely well positioned to benefit from the rise in health conscious consumer trends which will drive the development of authentic, tasteful, nutritious, clean label, convenient food and beverage products. Kerry's customer alliances continue to drive a strong innovation pipeline in response to consumer requirements. Kerry is a highly cash generative business and assuming no further acquisitions its Net Debt/ EBITDA ratio should decline to 0.9x by December 2018. On the 11th October, Kerry will host its annual Capital Markets Day where newly appointed CEO, Edmond Scanlon will set out new medium term financial targets for the Group, which will likely be the next big catalyst for the Group. We think Kerry's consensus 12 month target price is of €82.69 is now an achievable target. Glanbia's results were in line with market expectations and management re-iterated full year FY17 EPS guidance growth of between 7% - 10% on a constant currency basis. Its Glanbia Nutritional (GN) division which incorporates its Cheese and Nutritional Ingredients segments were the main drivers of growth in H1/17 with JV & Associate also seeing strong growth too. Management forecasts a recovery in volume growth within its GPN division in H2/17. We see key support coming in below at €17 which has been tested and held on numerous occasion in recent months. We see the consensus 12 month target price of €19.67 as a realistic target price to achieve in the near term. The stock currently trades at 19x FY17e earnings, a 9% discount to its own historical average of 20.5x averaged over the past 3 years.

# Cantor Core Portfolio - In Detail

## Cantor Core Portfolio

**Date:** 11/08/2017

| Performance YTD | % |
|---|---|
| Portfolio | 2.7% |
| Benchmark | 0.8% |
| Relative Performance | 1.9% |
| P/E Ratio | 20.58x |
| Dividend Yield | 2.6% |
| ESMA Rating | 6 |
| Beta | 1.01 |

| 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 | -6.8% |
| USD | -11.0% |

### Benchmark

Weighted Average Contribution

| Index | Currency | PE | Outlook | Weighting | Total Return Local* | Currency Contribution | Total Contribution |
|---|---|---|---|---|---|---|---|
| ISEQ 20 INDEX | EUR | 17 | Neutral | 32% | -5.8% | 0.0% | 0.1% |
| UK 100 INDEX | GBP | 15 | Neutral | 26% | 2.6% | -1.2% | -0.1% |
| S&P 500 INDEX | USD | 19 | Neutral | 20% | 2.8% | -2.3% | 0.0% |
| IBEX 35 INDEX | EUR | 15 | Positive | 6% | -3.9% | 0.0% | 0.6% |
| DAX INDEX | EUR | 14 | Positive | 16% | -4.1% | 0.0% | 0.1% |
| **Total** | | | | 100% | | -3.52% | 0.7% |

### Core Portfolio

Weighted Average Contribution

| Stock | Currency | Yield* | Hold / Sold | Sector | Weighting | Total Return Local* | Currency Contribution | Total Contribution |
|---|---|---|---|---|---|---|---|---|
| GLANBIA PLC | EUR | 0.9 | H | Consumer Staples | 5% | -6.5% | 0.0% | 0.5% |
| GREENCORE GROUP PLC | GBp | 2.3 | H | Consumer Staples | 5% | -3.2% | -0.2% | -0.5% |
| RYANAIR HOLDINGS PLC | EUR | 0.0 | H | Industrials | 5% | 10.1% | 0.0% | 1.1% |
| INDUSTRIA DE DISENO TEXTIL | EUR | 2.3 | H | Consumer Discretionary | 6% | -7.1% | 0.0% | 0.4% |
| DAIMLER AG-REGISTERED SHARES | EUR | 5.8 | S | Consumer Discretionary | 6% | -0.9% | 0.0% | 0.0% |
| LLOYDS BANKING GROUP PLC | GBp | 5.6 | H | Financials | 5% | -5.0% | -0.2% | 0.0% |
| AMERICAN INTERNATIONAL GROUP | USD | 2.0 | S | Financials | 5% | -4.7% | 0.1% | -0.2% |
| BANK OF IRELAND | EUR | 2.3 | H | Financials | 5% | -3.0% | 0.0% | -0.3% |
| ALLIANZ SE-REG | EUR | 4.4 | H | Financials | 5% | 6.6% | 0.0% | 0.9% |
| FACEBOOK INC-A | USD | 0.0 | H | Information Technology | 4% | 10.7% | -0.5% | 0.9% |
| PAYPAL HOLDINGS INC | USD | 0.0 | H | Information Technology | 4% | 18.4% | -0.5% | 1.1% |
| ALPHABET INC-CL A | USD | 0.0 | H | Information Technology | 4% | -1.9% | -0.4% | 0.2% |
| AMAZON.COM INC | USD | 0.0 | H | Information Technology | 4% | 2.9% | -0.5% | 0.1% |
| iShares STOXX Europe 600 Banks ETF | EUR | 4.0 | H | Financials | 5% | -0.7% | 0.0% | 0.0% |
| GENERAL ELECTRIC CO | USD | 3.8 | S | Industrials | 5% | -4.3% | -0.2% | -0.3% |
| SIEMENS AG-REG | EUR | 3.3 | H | Industrials | 6% | -13.9% | 0.0% | -0.8% |
| SMURFIT KAPPA GROUP PLC | EUR | 3.2 | H | Materials | 6% | -1.5% | 0.0% | 0.0% |
| CRH PLC | EUR | 2.2 | H | Materials | 6% | -15.5% | 0.0% | -0.6% |
| KINGSPAN GROUP PLC | EUR | 1.3 | H | Industrials | 5% | -12.4% | 0.0% | 0.4% |
| ROYAL DUTCH SHELL PLC-B SHS | GBp | 6.6 | H | Energy | 5% | 9.5% | -0.3% | -0.3% |
| DCC PLC | GBp | 1.8 | H | Industrials | 6% | -3.9% | -0.3% | 0.5% |
| GLAXOSMITHKLINE PLC | GBp | 5.2 | H | Health Care | 5% | -3.7% | -0.2% | -0.3% |
| VERIZON COMMUNICATIONS INC | USD | 5.3 | H | Telecommunication Services | 4% | 5.5% | -0.4% | -0.8% |
| **Total** | | | | | 100% | | -3.57% | 2.7% |

*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 11/08/2017.

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

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

## **From the News -** Monday’s Headlines

- **Global** Japan beats forecasts with 4% annualized GDP growth
- **US** Trump criticized for failing to denounce hate groups
- **Europe** Draghi faces dilemma as strong euro sparks concern
- **UK** Hard Brexit could split Tory Party
- **Ireland** Britain to press for customs border with Ireland
- **Dublin** Construction activity still on the up despite dip in optimism

## 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** |
| NA | Hargreaves Lansdown | Cisco | NA | Kingspan |
| **Economic** | **Economic** | **Economic** | **Economic** | **Economic** |
| CN Retail Sale and Industrial Production | GE GDP Growth, UK inflation, US Retail Sales. | US Housing Stats, US FOMC Minutes, EU GDP Growth. | EU Core Inflations, US Industrial Production | EU Construction Output, CN House Price Index. |

## Upcoming Events

21/08/2017 Cairn Energy

22/08/2017 BHP Billiton, Permission.

23/08/2017 INM AGM

24/08/2017 CRH, Falcon Oil & Gas.

25/08/2017 NA

21/08/2017 NA

22/08/2017 GE Economic Sentiment.

23/08/2017 EU Consumer Confidence, US New Home Sales

24/08/2017 UK GDP Growth Rate. US Existing Home Sales

25/08/2017 GE Consumer Confidence.

## Cantor in The Media

- Briefing : Smurift Kappa - The Sunday Times - Investment Analyst Stephen Hall - Please click here
- Briefing : Alphabet (Google) - The Sunday Times - Investment Analyst William Heffernan - 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.

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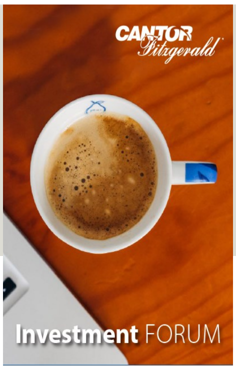


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**Issuer Descriptions: (Source: Bloomberg)**

**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.
**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.
**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.
**PTSB:** Permanent TSB Group Holdings Plc provides personal financial services in the Irish market with strong market positions in life and pensions, fund management and retail banking
**GlaxoSmithKline:** GlaxoSmithKline PLC is a research-based pharmaceutical company
**Applegreen:** Applegreen plc operates service stations. The Company offers fuels, emission treatments, coffee, sandwiches, juices, and fresh fruits. Applegreen serves customers in Ireland, the United Kingdom, and the United States.
**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.

**Historical Record of recommendation**

**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

**Kerry:** We added Kerry to our Core Portfolio on the 16/11/2016 with an Outperform rating.

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

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

**Applegreen:** We initiated coverage on Applegreen on Market Perform on 11/08/2017

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

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

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