# Weekly **Trader**

Upcoming Market Opportunities and Events

Monday, 2nd October 2017

## Key Themes This Week

**House View - Backdrop for European equities remains attractive**
Our preference for European equities over US equities continues to do well. The DAX Index performed exceptionally well in September, up 5.6% on the month helped by a weakening in the euro relative to the US Dollar which helps exporting European companies. The DAX Index is up 11.2% in 2017, compared to the S&P 500 which is up just 0.35% in Euro terms. We think the backdrop for European equities into year-end remains very attractive supported by a weakening Euro, strong underlying economic fundamentals, cheaper valuations and potential for earnings upgrades. Next resistance for the DAX Index is the high of 2017 at 12,951. Our Core Portfolio has outperformed our benchmark by 1.7% year-to-date and we believe our overweight European financials position should perform well if European bond yields continue to grind higher.

**Optimism builds once again on US tax plans**
Optimism has once again begun to build that Donald Trump's tax plan might get through Congress. Trump's tax proposals centres around three main features. Firstly, he plans on cutting the US corporate tax rate from 35% to 20%, which is higher than the 15% tax rate Trump promised during his election campaign. Secondly, he will allow a one of tax repatriation of foreign cash holdings abroad to bring cash back into the US. Finally, he will allow any capital investments made by US corporates to be immediately be written off rather than the standard treatment of capital investment being wrote off against profits through depreciation over a multi-year horizon. A one off tax cut could add roughly 11.5% earnings expectations to S&P 500 next year if implemented in time. There remains a long road ahead before we know if this plan is feasible or not.

**Rate hike expectations**
Last week, global bond yields ticked up across the board. Hawkish comments from the Fed saw the probability of a rate hike by the Fed in December 2017 increase to 70% from 22%, three weeks ago. The probability of a one-off 25bps rate by the Bank of England in November currently stands at 76% and 86% by February 2018, as UK inflation rates currently stand well above its 2% target. 10 year US Treasuries moved to 2.33%, 10 year UK Gilts have moved from 0.95% a month ago to 1.37%. The market is expecting the ECB to announce a gradual tapering to its current €60bn a month QE bond buying programme. 10 year German Bund yields are at 0.47%, well below the high of the year at 0.62%.

**The week ahead**
Market focus this week will be on Manufacturing, Services and Composite PMI readings for the majority of G8 nations. In addition, European Retail sales will be closely watched as the market prepares itself for the upcoming ECB meeting on the 26th October. Finally, we get the Non-Farms Payrolls reading for the US, where the market will be paying close attention for signs of wage inflation.

**Stock Coverage This Week**
We focus on our preferred UK names which includes Royal Dutch Shell, Lloyds, and Glaxo. We give an overview of the US Tech space, while summarising recent developments in Ryanair and Siemens.

## Major Markets Last Week

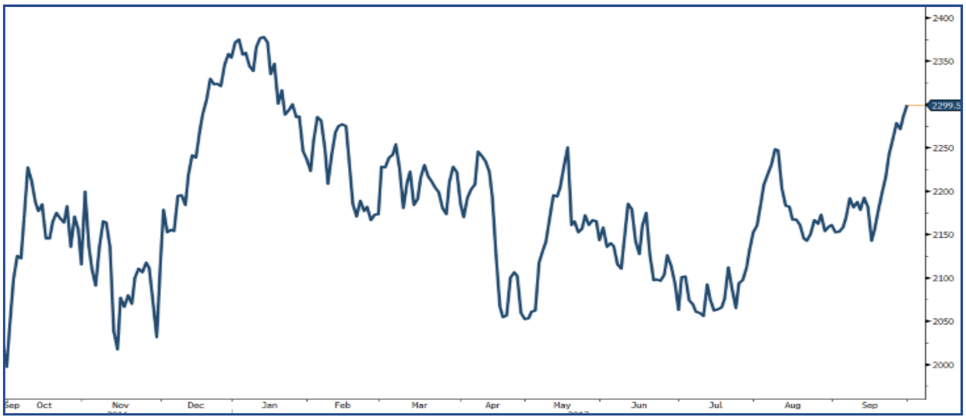
| | Value | Change | % Move |
|---|---|---|---|
| Dow | 22405 | 55.50 | 0.25% |
| S&P | 2519 | 17.14 | 0.68% |
| Nasdaq | 6496 | 69.04 | 1.07% |
| UK Index | 7397 | 95.81 | 1.31% |
| DAX | 12885 | 290.00 | 2.30% |
| ISEQ | 6891 | 179.12 | 2.67% |
| Nikkei | 20,401 | 3.20 | 0.02% |
| H.Seng | 27,554 | -326.23 | -1.17% |
| STOXX600 | 389 | 5.21 | 1.36% |
| Brent Oil | 56.43 | -2.59 | -4.39% |
| Crude Oil | 51.44 | -0.78 | -1.49% |
| Gold | 1272 | -38.62 | -2.95% |
| Silver | 16.5716 | -0.61 | -3.56% |
| Copper | 295.2 | 1.45 | 0.49% |
| CRB Index | 427.32 | -1.56 | -0.36% |
| Euro/USD | 1.1739 | -0.01 | -0.92% |
| Euro/GBP | 0.8812 | 0.00 | 0.15% |
| GBP/USD | 1.3323 | -0.01 | -1.06% |

| | Value | Change |
|---|---|---|
| German 10 Year | 0.486 | 0.09 |
| UK 10 Year | 1.39 | 0.06 |
| US 10 Year | 2.3677 | 0.15 |
| Irish 10 Year | 0.766 | 0.05 |
| Spain 10 Year | 1.673 | 0.05 |
| Italy 10 Year | 2.155 | 0.05 |
| BoE | 0.25 | 0.00 |
| ECB | 0.00 | 0.00 |
| Fed | 1.25 | 0.00 |

All data sourced from Bloomberg

# UK Update - Preferred dividend yielding names Closing Price: GBp 2294

Stephen Hall, CFA and William Heffernan | Investment Analyst




| RDSB Key Metrics | 2017e | 2018e | 2019e |
|---|---|---|---|
| Revenue (£'bn) | 285.04 | 298.91 | 324.45 |
| EPS (£) | 1.724 | 1.920 | 2.168 |
| Price/ Earnings | 17.84x | 16.02x | 14.19x |
| Div Yield | 5.96% | 5.96% | 6.14% |

| Share Price Return | 1 Mth | 3 Mth | YTD |
|---|---|---|---|
| RDSB LN | 6.44% | 8.71% | -2.34% |

Source: All data & charts from Bloomberg

At the request of clients we have highlighted some of our preferred UK dividend names that we remain constructive on.

**Shell**

Shell has performed strongly over the past month as Brent oil prices came within touching distance of $60 (currently trading $57.50) a barrel oil on speculation the global oil glut may reverse quicker than anticipated in 2018. Shell's share price has rallied 7.4% over the past 2 weeks and clearly the underlying price of oil and natural gas will be a big determinate of Shell's share price in the future, but the Group seems to have adapted well to the new norm of $50 - $60 a barrel oil price range due to a tight focus on costs and efficient capital allocation. We feel Shell's consensus 12 month target price at GBp2375 is achievable in the near term. A key attraction of Shell is its healthy dividend yield of 5.98% which should be more secure given the recent rise in commodity prices which should support free cash flow generation. Its dividend for 2018 is currently cover 2.8 times by cash. Shell's $30bn asset disposal programme is nearing completion and the oil major will continue to focus on higher return, lower cost projects in this lower oil environment.

**Glaxo**

Glaxo's price action has been disappointing lately as market worries about R&D pipeline and the advent of generics continue to weigh on the stock. Recent results have been underwhelming with the majority of focus on how the new CEO, Emma Walmsley, rejigs its growth strategy. She has laid out initial plans to make Glaxo a "leaner business" that fast tracks the development of blockbuster drugs and prioritises growth in the US. She has already announced a £1bn cost cutting plan and plans to offload more than 130 lower growth drug brands. Management has stated that it wishes to put four fifths of its R&D cash into "priority" therapies with higher profit and margin potential - respiratory, HIV and initial step into oncology and immune-inflammation.

In short, management has implicitly asked the market for its trust regarding better operational execution and ability to reinvigorate longer-term growth. From a dividend perspective the recent results stated that management will target an 80p dividend in 2018 but after that it will target a "free cash flow cover" for the dividend before returning it to growth. This is both a negative and a positive - it implies little room for upside dividend growth in the medium term while on the other hand it logically rules out the possibility of a dividend cut. The press release implies building that dividend cover to 1.25x - 1.5x "over time". Market expectations are in line with this. Dividend cover slipped below 1 to 0.82x in 2016 which has not helped. Current dividend yield stands at 5.2%. The stock has lagged as management reiterated EPS guidance for 2018 and the market had been expecting a slight upgrade. In the longer term we believe the new CEO has shown enough so far to be given the benefit of the doubt in repositioning Glaxo. It faces competitive headwinds to its two largest franchises HIV and respiratory (though the recent rejection of generic Advair by the FDA have lessened that somewhat on the respiratory side) but we believe they are already priced in. Any turnaround in historically poor pipeline expectations (which should result if management achieves its goal of better execution) will provide instant upside.

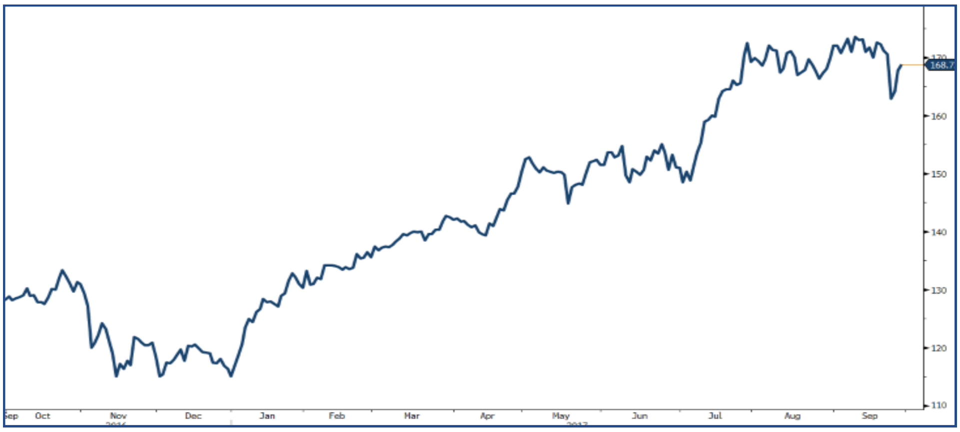
**Lloyds**

A rising yield environment in the UK which has seen 10 year UK Gilt yields move from 0.95% three weeks ago to 1.37% as of last Friday. Moody's similarly upgraded its outlook on Lloyds' credit securities as it views it as a "low risk bank", while another big investment bank raised its outlook on the bank once again which further boosted investor sentiment. Political risks associated with Brexit have marginally diminished of late following Theresa May's speech on the 22nd of September, which has been reflected in the strength of the sterling pound, which has seen EURGBP move from 93p five weeks ago to 88p last Friday. The UK banking sector should be the primary beneficiary of improved Brexit sentiment. The underlying fundamentals of Lloyds are very attractive with a strong NIM of 2.85% expected for FY17, a healthy fully loaded capital position of 14%, and a industry leading cost/ income ratio of 45.8%. Additionally, Lloyds offers a very attractive dividend yield of 6.5% for FY18, and we feel its consensus 12 month target price of GBp 73.20 is an achievable near term target. The market is pricing a 76% probability of a 25bps rate hike by the Bank of England at its next meeting in November, in an effort to combat above trend inflation. If the BOE does deliver, it will likely be a one and done rate hike, but should boost sentiment towards the UK banking sector.

# US Tech - Pays to be stock specific

Closing Price: $170.76

William Heffernan | Investment Analyst




| FB Key Metrics | 2017e | 2018e | 2019e |
|---|---|---|---|
| Revenue ($'bn) | 39.14 | 50.73 | 63.34 |
| EPS ($) | 5.875 | 6.873 | 8.583 |
| Price/ Earnings | 31.81x | 26.18x | 21.19x |
| Div Yield | 0% | 0% | 0% |

| Share Price Return | 1 Mth | 3 Mth | YTD |
|---|---|---|---|
| FB US | 0.89% | 12.05% | 46.66% |

Source: All data & charts from Bloomberg

We have been guiding clients to hold off on picking up US tech exposure recently as recently volatility has been led by the Tech sector. This has resulted in weakness across most Tech names. They have now retraced to levels where there is significant upside to consensus price targets. However we would advise against picking up some names in the immediate near term as the technical picture remains quite weak, ongoing rotation out Tech into more value orientated sectors and current short level interest in the US tech sector is at multi-year highs. There are also some stock specific headwinds, which we have detailed below. However Apple and Alphabet are two names which look positive from a technical perspective. From a longer term perspective we maintain our Outperform on all the below names.

**Paypal**

PayPal is currently trading at $64.03 with a consensus price target of $65.44, representing potential upside of just 2.2%. It is up 62% YTD but recently retraced 3.29% . PayPal has had numerous strong EPS beats driven by organic growth and its Venmo platform. It has also been helped by multiple signing of partnerships with major retailers and institutions including Baidu, Apple, Visa and JP Morgan. Considering the limited upside, PayPal may be in for a period of consolidation. There has been speculation that it may make a strategic acquisition in coming months. If this were to occur it should result in price upgrades, increasing the upside potential. If this does not happen we would be comfortable buying in if the price retraces below $60.

**Amazon**

Amazon is currently trading at $961.35 with a consensus price target of $1154, representing potential upside of 20.1%. It is up 28% YTD but recently retraced 10%. The recent substantial earnings miss (40c vs $1.42) continues to weigh on the stock along with general Tech sector weakness. From a longer term perspective we believe Amazon can sustain high double digit revenue growth and retains great potential due to the number of areas of possible disruptions. More short term weakness is likely and the technical outlook remains weak. $937—$943 represents a decent level of support and buy-in point.

**Facebook**

Facebook is currently trading at $170.9 with a consensus price target of $195.89, representing potential upside of 14.6%. It is up 48% YTD but recently retraced 6% . It has suffered recently due to the attempted share consolidation by Mark Zuckerberg and increased focus from US authorities due to Russia spending on pro-Trump advertisements in advance of last year's election. Recent positive developments including moves to begin monetizing WhatsApp have failed to lead to gains. From a technical perspective the picture also looks weak. It faces near at $173.59, an all time high and just 2% from current levels. We would have to see a break beyond that to recommend buying in at these levels.

**Apple**

Apple is currently trading at $154.23 with a consensus price target of $177.7, representing potential upside of 15.2%. It is up 35% YTD but recently retraced 8%. We had been guiding investors that profit taking was likely following the recent product launch and this is what has happened. Problems with the new Apple Watch and slow take up rates on the new iPhone have not helped. The technical picture on Apple looks on the cusp of turning positive but has yet to be confirmed. The iPhone X goes on sale in November and should have a positive effect on earnings from Q2/18 onwards. We would buy in at current levels.

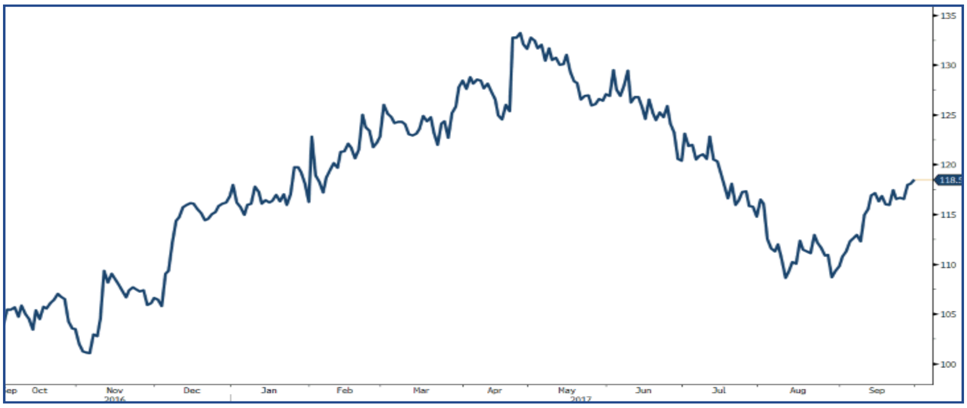
**Alphabet**

Alphabet is currently trading at $959.9 with a consensus price target of $1091.7, representing potential upside of 13.7%. It is up 22.9% YTD but recently retraced 5%. It has come off as part of the wider Tech sell off and has now been dragged into the Russia probe, with Senate requests for Alphabet executives to testify in the near-term. From a technical perspective it has the most positive picture of all our Tech names and the recent weakness appears to be over. We would be happy picking it up at current levels.

## Siemens - JV with Alstom allied with euro weakness will be positive catalysts

Closing Price: €119.2

William Heffernan | Investment Analyst



| Key Metrics | 2017e | 2018e | 2019e |
|---|---|---|---|
| Revenue (€'bn) | 84.157 | 87.879 | 90.608 |
| EPS (€) | 7.854 | 8.013 | 8.724 |
| Price/ Earnings | 15.08 | 14.78 | 13.58 |
| Div Yield | 3.23% | 3.31% | 3.44% |

| Share Price Return | 1 Mth | 3 Mth | YTD |
|---|---|---|---|
| SIE GY | 8.42% | 1.7% | 1.46% |

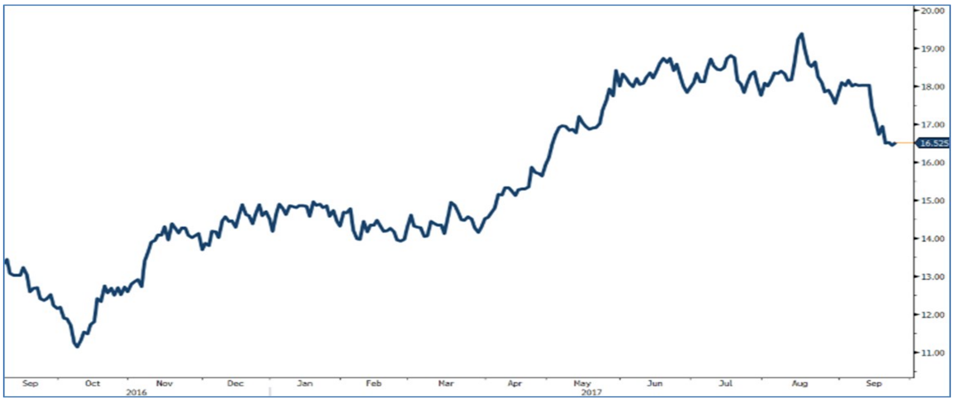
Source: All data & charts from Bloomberg

Siemens confirmed last week that it has agreed to merge its rail business with French heavyweight Alstom in a deal that brings together former arch rivals in a bid to offset competition from China. Siemens will transfer its business making train & transit cars and signalling equipment to Alstom in exchange for 50% stake in the enlarged company. The renamed Siemens Alstom will have sales of about €15.3bn and an adjusted EBIT of €1.2bn, remain based in the Paris area, listed on the Paris stock exchange but headquartered in Germany. Though this deal has been well flagged, we believe it should be well received by shareholders. Both Siemens and Alstom had been losing significant market share to CRRC, a major stated backed Chinese player who now controls half the market. The deal is expected to be earnings accretive after two years and double digit margins are expected by 2020. Synergies will be significant with company estimates at €470m annually. The new entity will have an order backlog of €61.2bn. Both companies are aiming to complete the deal by the end of 2018. The stated aim of listing the Healthineers division in 2018 should also be another positive catalyst. We believe the Vision 2020 program is setting Siemens up to be the market leader in automation for the future. It currently trades at an FY17 P/E of 14.84 which is a substantial discount to peers and the sector average of 19.69x.

## Ryanair – Negative news flow continue to hit investor sentiment

Closing Price: €16.32

Stephen Hall, CFA | Investment Analyst



| Key Metrics | 2018e | 2019e | 2020e |
|---|---|---|---|
| Revenue (€'m) | 7,033 | 7,666 | 8,188 |
| EPS (€) | 1.249 | 1.409 | 1.551 |
| Price/ Earnings | 13.1x | 11.7x | 10.6x |
| Div Yield | 0.00% | 0.00% | 0.00% |

| Share Price Return | 1 Mth | 3 Mth | YTD |
|---|---|---|---|
| RYA ID | -7.47% | 10.3% | 13.9% |

Source: All data & charts from Bloomberg

Ryanair's ongoing flight cancellation saga continues and last Thursday's announcement by the British Civil Aviation Authority (CAA) accused Ryanair of "persistently misleading passengers" and said it could face legal action. The U.K. regulator said Ryanair had repeatedly failed to inform customers about all the expenses they could reclaim in connection with the flight changes. These comments from the CAA dented investor sentiment in the stock once again, and raises the prospects of a compensation bill greater than €50m. This statement unwound all of the gains in Ryanair's share price seen last Wednesday. Ryanair's recent €600m share buyback programme finished last week, which could increase the intraday volatility in the stock at a time when it is needed the most to deal with a steady negative stream of newsflow. Ryanair has unexpectedly withdrew its plans to bid for the insolvent airline Alitalia, and we are hopeful the airline announces a new share buyback programme when it releases H1/18 results on the 31st October. The airline's cost base will undoubtedly increase in the future as it has been brought to light that the airline has been running its operations on too tight margins for errors. Ultimately, it still has a significant cost advantage over peers, which means it has a competitive advantage on air fares which should enable it to capture market share from competitors. The stock should gradually re-rate higher in our opinion if the negative media attention eventually dissipates over the next couple of weeks, however investors may struggle to apply a 15x multiple to forward earnings in the near term following this rostering error and loss in management confidence. Over the past two weeks, Ryanair 12 month consensus target price of €19.60 remains virtually unchanged and the stock currently trades at 13.0x FY18e earnings.

# Cantor Core Portfolio - In Detail

| Performance YTD | % |
|---|---|
| Portfolio | 4.9% |
| Benchmark | 3.2% |
| Relative Performance | 1.7% |
| P/E Ratio | 20.54x |
| Dividend Yield | 2.6% |
| ESMA Rating | 6 |
| Beta | 1.01 |

| Sectors | Portfolio | Benchmark | + / - |
|---|---|---|---|
| Consumer Discretionary | 6% | 11% | |
| Consumer Staples | 5% | 14% | |
| Energy | 5% | 6% | |
| Financials | 24% | 15% | |
| Health Care | 5% | 9% | |
| Industrials | 27% | 15% | |
| Information Technology | 16% | 9% | |
| Telecommunication Services | 0% | 3% | |
| Utilities | 0% | 3% | |
| Materials | 12% | 15% | |
| Real Estate | 0% | 2% | |

| FX | Portfolio | Benchmark |
|---|---|---|
| EUR | 63% | 54% |
| GBP | 21% | 26% |
| USD | 16% | 20% |

| Currency YTD % | |
|---|---|
| GBP | -3.0% |
| USD | -11.8% |

## Benchmark

Weighted Average Contribution

| Index | Currency | PE | Outlook | Weighting | Total Return Local* | Weekly Return | Currency Contribution | Total Contribution |
|---|---|---|---|---|---|---|---|---|
| ISEQ 20 INDEX | EUR | 16 | Neutral | 32% | -4% | -0.2% | 0.0% | 0.7% |
| UK 100 INDEX | GBP | 15 | Neutral | 26% | 3% | 0.3% | -0.5% | 0.7% |
| S&P 500 INDEX | USD | 19 | Neutral | 20% | 6% | -0.1% | -2.5% | 0.3% |
| IBEX35 INDEX | EUR | 14 | Positive | 6% | -4% | 0.0% | 0.0% | 0.6% |
| DAX INDEX | EUR | 14 | Positive | 16% | 1% | 0.0% | 0.0% | 0.9% |
| **Total** | | | | 100% | | | -3.06% | 3.2% |

## Core Portfolio

Weighted Average Contribution

| Stock | Currency | Yield* | Hold /Sold | Sector | Weighting | Total Return Local* | Weekly Return | Currency Contribution | Total Contribution |
|---|---|---|---|---|---|---|---|---|---|
| GLANBIA PLC | EUR | 1.0 | H | Consumer Staples | 5% | -13% | 0.0% | 0.0% | 0.2% |
| GREENCORE GROUP PLC | GBp | 3.1 | S | Consumer Staples | 5% | -16% | 0.0% | -0.2% | -1.2% |
| RYANAIR HOLDINGS PLC | EUR | 0.0 | H | Industrials | 5% | 0% | -0.5% | 0.0% | 0.5% |
| INDUSTRIA DE DISENO TEXTIL | EUR | 2.3 | H | Consumer Discretionary | 6% | -11% | 0.0% | 0.0% | 0.2% |
| DAIMLER AG-REGISTERED SHARES | EUR | 5.1 | S | Consumer Discretionary | 6% | -1% | 0.0% | 0.0% | 0.0% |
| LLOYDS BANKING GROUP PLC | GBp | 5.7 | H | Financials | 5% | -2% | 0.2% | -0.1% | 0.3% |
| AMERICAN INTERNATIONAL GROUP | USD | 2.1 | S | Financials | 5% | -5% | 0.0% | 0.1% | -0.2% |
| BANK OF IRELAND | EUR | 2.2 | H | Financials | 5% | -6% | -0.1% | 0.0% | -0.5% |
| ALLIANZ SE-REG | EUR | 4.3 | H | Financials | 5% | 10% | 0.1% | 0.0% | 1.1% |
| FACEBOOK INC-A | USD | 0.0 | H | Information Technology | 4% | 12% | -0.1% | -0.5% | 0.9% |
| PAYPAL HOLDINGS INC | USD | 0.0 | H | Information Technology | 4% | 33% | 0.2% | -0.6% | 1.6% |
| ALPHABET INC-CL A | USD | 0.0 | H | Information Technology | 4% | -1% | 0.0% | -0.5% | 0.2% |
| AMAZON.COM INC | USD | 0.0 | H | Information Technology | 4% | 1% | -0.2% | -0.5% | 0.0% |
| iShares STOXX Europe 600 Banks ETF | EUR | 4.5 | H | Financials | 5% | 2% | 0.1% | 0.0% | 0.1% |
| GENERAL ELECTRIC CO | USD | 3.9 | S | Industrials | 5% | -4% | 0.0% | -0.2% | -0.3% |
| SIEMENS AG-REG | EUR | 3.3 | H | Industrials | 6% | -8% | 0.0% | 0.0% | -0.5% |
| VINCI SA | EUR | 2.9 | H | Industrials | 5% | 6% | 0.0% | 0.0% | 0% |
| SMURFIT KAPPA GROUP PLC | EUR | 3.1 | H | Materials | 6% | 6% | 0.0% | 0.0% | 0.4% |
| ALLIED IRISH BANKS PLC | EUR | 2.7 | H | Financials | 4% | 2% | 0.1% | 0.0% | 0.1% |
| CRH PLC | EUR | 2.2 | H | Materials | 6% | -9% | 0.2% | 0.0% | -0.3% |
| KINGSPAN GROUP PLC | EUR | 1.1 | H | Industrials | 5% | 5% | 0.0% | 0.0% | 1.3% |
| ROYAL DUTCH SHELL PLC-B SHS | GBp | 6.1 | H | Energy | 5% | 12% | 0.2% | -0.1% | 0.0% |
| DCC PLC | GBp | 1.7 | H | Industrials | 6% | -1% | 0.0% | -0.1% | 0.8% |
| GLAXOSMITHKLINE PLC | GBp | 5.5 | H | Health Care | 5% | -4% | 0.0% | -0.1% | -0.1% |
| VERIZON COMMUNICATIONS INC | USD | 4.7 | S | Telecommunication Services | 4% | 4% | 0.0% | -0.4% | -0.9% |
| **Total** | | | | | 100% | | | -3.28% | 4.9% |

*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 22/09/2017.

**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** Japanese business conditions strongest in a decade
- **US** Wall Street investors hedge against US tax cuts
- **Europe** Catalans defy Madrid to vote for independence
- **UK** May's plan to lure young voters comes under attack
- **Ireland** Housebuilding rate is "well below official figure"
- **Dublin** CRH is said to near acquisition of US cement Suwanee

## Current Stock Trading News

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

## This Weeks Market Events

| Monday | Tuesday | Wednesday | Thursday | Friday |
|---|---|---|---|---|
| **Corporate** | **Corporate** | **Corporate** | **Corporate** | **Corporate** |
| NA | NA | NA | SIG ex div. | NA |
| **Economic** | **Economic** | **Economic** | **Economic** | **Economic** |
| EU Unemployment Rate, Manufacturing PMI. | JP Consumer Confidence | ECB Non Monetary Policy Meeting, US Non Manf PMI | US Balance of Trade. | US Non Farm Payrolls. US Unemployment Rate |

## Upcoming Events

09/10/2017 NA

10/10/2017 NA

11/10/2017 NA

12/10/2017 NA

13/10/2017 NA

09/10/2017 NA

10/10/2017 GB Balance of Trade

11/10/2017 US FOMC Minutes

12/10/2017 NA

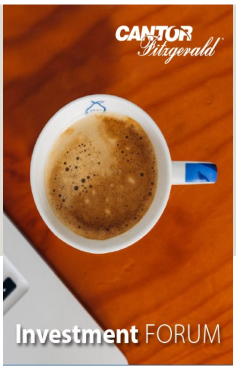
13/10/2017 US Inflation, CN Balance of Trade

# 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.

[Click Here]

# 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.

**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.

**Kerry:** Kerry Group PLC is a major international food corporation. The Group develops, manufactures, and delivers innovative taste solutions and nutritional and functional ingredients.

**Vodafone:** Vodafone Group PLC is a mobile telecommunications company providing a range of services, including voice and data communications

**Apple:** Apple Inc. designs, manufactures, and markets personal computers and related personal computing and mobile communication devices along with a variety of related software, services, peripherals, and networking solutions. The Company sells its products worldwide through its online stores, its retail stores, its direct sales force, third-party wholesalers, and resellers

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

# Regulatory Information

**Historical Record of recommendation**

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

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

**Vodafone:** We have been positive on Vodafone's outlook since 04/02/14 and no changes have been made to this recommendation in the last 12 months

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

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

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

**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.

**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.

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

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