January 2018

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2018 OUTLOOK AT A GLANCE

William Heffernan,
Investment Analyst

We remain long equities as an asset class into 2018.

Market backdrop remains overwhelmingly positive:

- Growth is strong from a global perspective with EM and Europe now playing their part
- Households and businesses are not excessively leveraged by historical standards
- Monetary policy remains accommodative and any tightening will be very gradual
- Inflation remains contained across most regions
- Earnings momentum is strong, especially in Europe and EM
- Credit spreads remain tight and most leading indicators show no signs of trouble ahead

Several aspects we will continue to monitor during the year but at this stage we are not too worried about:

- Yield curve flattening
- Ultra-low volatility
- Shift by most central banks to tightening policy

Equities - Still favour European equities over US and UK

- European GDP growth expectations now in line with US
- European valuations remain more attractive
- Europe retains potential for both decent earnings growth and multiple expansion, unlike the US where multiple expansion is unlikely
- ECB policy remains accommodative while inflation should remain muted
- Current consensus for European earnings growth is 8-9% but we believe this is too conservative. Based on expected GDP growth of 2.3%, 10 – 15% earnings growth is achievable
- Stronger euro is the major risk to earnings downgrades. But we don't think the Euro will rally to the same extent as in 2017. Growth dynamics should be strong enough to offset any rise. Political risks remain but to a much lesser extent than 2017

Not completely bearish on the US

- US will be much more of a stock picker's market this year with investors less willing to pay for high multiple names
- US tax reform is set to benefit individual companies & sectors to differing extents. Oil refiners, railroads and airlines among the sectors to benefit
- We continue to like US Tech and the sector retains enough secular tailwinds to continue to outperform

Emerging Market equities should continue where they left off

- Despite EM's substantial outperformance in 2017, we believe we are at the start of a multi-year period of EM outperformance
- Expectations of earnings growth in EM in 2018 are at 21%. Valuations still attractive

- 2017 represented the first year since the crisis that EM earnings were upgraded as opposed to downgraded

Bonds - Remain relatively bearish on bonds into 2018

- Fed is currently guiding for three hikes while market is expecting two
- We believe there will definitely be one in H1/18 but H2 rate hiking will be dictated by impact of Trump tax reform
- Risks of a policy mistake in the US heightened with new Fed Chair and four vacant seats on the Board
- We expect the US 10 year yield to end the year in the 2.65% - 2.75% range
- No rate hike from Mr Draghi this year in advance of ending bond purchases in September
- If European data continues to come in as strongly as it has been European rates likely to tick up slowly in advance of September. We expect the German 10 year yield to move to 0.70% by the end of 2018

Currencies – Euro to continue to rise

- Euro to continue to rally but not to the same extent as 2017
- We expect EURUSD to move to $1.23 - $1.25
- EURGBP to move to €0.92 as Brexit uncertainty and the prospects of fresh elections take their toll

Commodities - Rally to continue but not across the board

- Oil to continue to rally in Q1 but US producers' response key to how it finishes out the year
- WTI to trade in the $60 - $70 a barrel range for the year
- Metal rally will not be uniform with some selling off due to supply issues. Copper price movement next year to be driven by labour contract negotiations

Property - Remains attractive given the low yield environment

- Yields on Irish property remain attractive in the current environment
- Likely to remain so given the expected benign outlook for European interest rates in 2018

Changes in Asset Allocation

- 5% increase in Equity allocation to 50% (OW sector average by 10%)
- 5% reduction in Corporate Bond allocation to 12% (OW sector average by 2%)
- 5% increase in allocation to Property to 10% (OW sector average by 5%)
- 5% reduction in Govt Bond and Capital Secure Products to 15% (UW sector average by 15%)
- In the Equity portion we increased our allocation to Europe & EM while reducing our allocation to US and UK

MARKET OUTLOOK 2018

William Heffernan,
Investment Analyst

Executive Summary

We remain long equities as an asset class into 2018. Global growth is strong and importantly Europe and Emerging Markets are participating along with the US.

Introduction

As we think about markets into 2018, it is judicious to look back on what unfolded in the preceding 12 months and how closely it matched market expectations at the beginning of the year. At the start of 2017 analysts' thoughts were dominated by political risk and implications for markets. The context at the start of the year was Mr Trump in the White House, the UK voting to leave the EU and a widespread rise in anti-establishment politics across the developed world.

Flying high on the analyst's radar were elections in Germany, France, Austria and Holland. Heightened fears about US trade policy moving to a more protectionist stance also abounded. In short equity market expectations at the start of the year were not dominated by fundamentals but instead by extraneous factors such as politics.

Looking back investors might wonder why they ever worried. Mr Trump has remained constrained in his protectionist rhetoric. On China, which he had attacked as currency manipulator, he extended the hand of friendship both from a trading and diplomacy perspective. Likewise, initial fears about NAFTA and trade with the European Union did not result in any major discord. Centrists won the day in both the French and Dutch elections. In Germany, the two main parties, the CDU and the SPD, both had poor showings but retained enough seats to make a coalition with some other smaller parties possible. The major bout of political led volatility centred on North Korea, which carried out various missile and satellite launches in early February, August and September. Each time it did so markets got the jitters and sold off. However, with each launch the duration and depth of the sell-off was reduced, suggesting markets were nonplussed by the spectre of a nuclear armed North Korea. Europe started off Q4 weak due to Catalonian secession worries but these were soon shrugged off and European equities finished strongly into the end of the year.

The market in the meantime went back to assessing fundamentals. From that perspective, 2017 was a good year with consecutive quarters of above average earnings growth along with the majority of companies beating expectations. What was notable in 2017 was that, unlike previous years, this trend occurred not only in the US but across Emerging Markets and Europe as well. Economic data, apart from a slight summer wobble in the US, was excellent across the board with both leading and lagging indicators beating expectations. Europe in particular was very strong, confirming our start-of-the-year prediction that 2017 was to be the year that the European recovery finally takes off. Equity markets were buoyant due to this data and the prospect of US tax reform becoming a reality, potentially adding 3-5% to earnings expectations in 2018.

So all is rosy as we move into 2018? Here at Cantor we do not see enough dark clouds on the horizon to worry us and we remain long equities as an asset class into 2018. However, there are some notable peculiarities along with a shift in central bank dynamic that warrants some attention. We would like to impress upon clients the increasing importance of portfolio diversification over the next few years from a regional, sector and asset class perspective.

Firstly there was the flattening of the US yield curve in 2017. The spread between the US 10 year and 2 year yield moved from 1.27% in January to just 0.53% at the end of the year. 40bps of this was done in Q4 alone. This type of flattening historically has been a precursor to a recession and usually indicates market concerns about longer term growth and inflation prospects. The passing of US tax reform has perhaps accelerated this process, assuring markets of above trend growth in the short term but with greater uncertainty regarding the impact of said tax reform on the deficit, and the ability of the US to pursue expansionary fiscal policy in the years ahead.

However there are several other possible explanations behind this trend (which we expect to continue into 2018) which means that this time it may be different (the dreaded expression). Firstly, there is the relative value trade. The German 10 year yield is currently at 0.43% which means investors are getting paid a 1.97% yield premium for holding the equivalent US Treasury. This market has been dominated by investors looking for yield, ensuring that US longer dated yields have remained artificially suppressed despite the Fed hiking 3 times in 2017 and maintaining guidance for 3 hikes in 2018. Secondly, a major factor in bond yields is the so called term premium, the excess yield that investors require to commit to a long-term bond instead of a series of shorter term bonds. It is a gauge of investor's future expectations about the course of short term interest rates which is intrinsically linked to expectations of Fed hiking, future inflation & growth. The term premium, which had been positive for almost all of the past 50 years, was stubbornly negative in 2017. The fact that it is below zero implies investors cannot see any upcoming risks that would push longer term yields higher. Ms Yellen, in her last press conference as Fed Chair, stated that she believed this was the cause of the recent spread compression and monetary conditions remain very accommodative, indicating a low probability of a recession.

Another major trend in 2017 was the emergence of ultra-low volatility in markets. The US stock market hit its lowest volatility level since the 1960s, with the lowest VIX reading on record. If you ignore the occasional spike due to geopolitics, it was a very calm year in equity markets. But it was not just restricted to the US. The volatility of MSCI World sunk to its lowest level since 1972. If you had been short the VIX at the start of 2017, that trade would have returned 32%. Analysts have been at a bit of a loss to explain these record lows in volatility. Some have put it down to the emergence of low volatility strategies and the rise of ETFs, which propagate a cycle of low volatility by continually buying any dips. Some estimates put the amount of money in the market somehow linked to volatility at $2tn. There is now a feedback loop between ultra-low interest rates, debt expansion, asset volatility and financial engineering that allocates risk based on volatility. As volatility moves lower, allocation to riskier assets increases, which in turn continues to push volatility lower. The reason we are highlighting this in our outlook for 2018 is in an attempt to be somewhat prescient. Bouts of ultra-low volatility like we have had do not last. No-one can predict when or what the trigger might be and we do not see any major clouds on the horizon. But it is likely that volatility will tick up from current levels in 2018.

One other trend to note is the shift in dynamic by most central banks this year. The majority of global central banks have now moved into a monetary policy tightening phase, albeit at a very gradual pace. This reduction in liquidity over the next 3-5 years is likely to impact equity markets negatively just as the quantitative easing supported equities. Lastly, the other major point to note is simply the length of the current bull market. As we move into 2018, this equity bull market reaches the grand old age of 9 years old. This makes it the second oldest since World War II on record without at least a 20% drop, eclipsed only by the period from October 1990 to March 2000. The S&P currently trades at 2018 P/E of 18.41x, representing a 20% premium to its 10 year historical average of 15.3x.

Now for the good news!

Bull markets do not die of age alone. Historically, there has to be a catalyst, such as worsening economic data or a central bank policy mistake, preceding a bear market and we do not see substantial risk of that as we move into 2018.

Global growth is strong and importantly Europe & Emerging Markets are now participating. Monetary policy, despite definitively moving into a tightening cycle, remains accommodative with very gradual, data dependent rate rises along with a slow reduction in the major central banks' balance sheets. Inflation remains contained while growth has picked up across the world indicating the global economy is in something of a sweet spot. The major risk to equity markets this year is that inflation surprises to the upside, driven by the impact of US tax reform and commodity price increases, which in turn leads to central banks, most notably the Fed, accelerating its hiking cycle. We see little risk of that at the moment and believe inflation should remain constrained. Households and businesses do not appear to be excessively leveraged from a historical perspective. Credit spreads, despite some periods of volatility in 2017, remain historically tight. Lastly, the flattening yield curve, while being a good predictor of recessions, has yet to invert. Typically, equities do not peak before it inverts, only afterwards, suggesting any potential downturn is still a while off.

While we believe 2018 will see a rise in volatility, we do not believe it will be of a substantial enough nature to derail equity markets. However, we will continue to monitor leading and lagging indicators as we move into the latter stages of the current bull market. From a client perspective, we believe it is prudent to mention all the above factors as clients will need to start seriously considering asset allocation, risk exposure and diversification in a more forensic manner in order to prepare for events beyond 2018.

Equities

As stated above we remain long equities into 2018. We maintain our preference for European & EM equities over their US counterparts. This stems from several reasons. From a valuation perspective the picture favours Europe, trading at a 2018 P/E of 13.98x with the US at 18.41x. The recent US tax reform, which is expected to add 3-5% to 2018 EPS, should provide a further boost to US equities but we believe most of this had already been priced in prior to the bill passing. We believe Europe retains the possibility of both earnings growth (+8% EPS growth in 2018) and multiple expansion, a scenario we find difficult to envisage for the US given current valuations.

We believe that the market consensus for European earnings growth next year may be somewhat conservative. Europe has had its first year of positive earnings upgrade since 2008, margins are rising at their fastest rates in 7 years and trailing earnings are at their highest in six years. Profit margins and valuations remain well behind their US counterparts and we believe a catch up trade is in play, considering where Europe is in the business cycle relative to the US. We see decent headroom for both top-line and margin growth. European companies also derive approx. 50% of their earnings from outside Europe and the picture for global growth remains healthy.

European 2018 GDP growth consensus expectations are currently at 2.3%, the same as the US. Eurozone earnings have historically shown a 5-7x multiplier effect relative to GDP. This implies that 10% or low-mid double digit earnings growth is achievable. There remains a decent level of spare capacity in the European economy, unlike the US. Slack has narrowed but over unemployment remains at 8.3% with plenty of upward potential in France, Spain and Italy. We believe this gap with the US will close over the coming years.

One important thing to note is that back in 2016 the expectation for European GDP in 2018 was just 1.6%. That is a substantial move while the US has remained anchored around the 2% mark over the same period. At the same time European headline, core and wage inflation have all remained fairly muted. Lastly ECB policy, while committed to ending bond buying in September 2018, remains very accommodative with no rate hikes expected by the market until 2019.

There are some obvious risks to our European overweight thesis. Firstly, a strong euro in the second half of 2017 resulted in widespread EPS estimate reductions for numerous European companies. We expect the euro to rally vs the dollar again this year but not to the same extent as 2017 (+12%). GDP growth and earnings growth should be enough to offset any currency headwinds. Secondly, the spectre of ongoing political volatility in Europe continues to lurk in the background. At the time of writing Mrs Merkel had yet to form a coalition in Germany while elections in Catalonia did not produce a definitive solution to the current impasse. Italy faces into a general election in the first half of 2018, with no parties likely to gain a majority and a hung parliament the most likely outcome.

Recent strong showings by anti-establishment parties in Austrian and German elections indicates that there may be trouble down the road for the EU project but here at Cantor we do not think those problems will rear their head in 2018. Strong GDP growth and rising employment should somewhat offset the disillusionment that a lot of European citizens currently feel regarding the EU. The argument could be made that political risk will shift inexorably towards Washington. It is very difficult to map out the current administration's policy path. The federal Russian probe has the potential to throw up some nasty surprises and recent developments appear to show that it is getting increasingly close to President Trump. The Republican Party also faces mid-term elections in November where all House seats and 33 Senate seats are up for grabs. They recently lost the Senate race in Alabama, a traditionally Republican state and their tax reform package has polled very poorly amongst the public. If Republicans lose their majority in either house, Mr Trump faces being a lame-duck President. This would have serious implications for the remainder of Mr Trump's tenure in the White House.

We do however think that the US in 2018 will be a stock picker's market. US tax reform will benefit individual companies to differing extents. Focus should be on companies which have relatively high tax rates and derive the majority of their revenues from the US. Oil refiners, railroads and airlines fit these criteria. We remain positive on US Tech, while not being a major beneficiary of tax reform, it retains enough secular tailwinds to continue to outperform.

We have been advising clients to increase EM exposure in their portfolio during 2017 and anyone who saw substantial outperformance with MSCI EM up 30% in 2017. We retain that view with EM consensus EPS growth of 21% expected in 2018. 2017 represented the first year since the crisis that EM earnings were upgraded across the board after years of downgrades. Valuations remain attractive with a 2018 P/E of 12.7x. GDP growth across EM is expected to be in the range of 4.5% - 8% depending on specific countries. In contrast to the common perception, EM equities have outperformed in rate hiking cycles, even in cycles that tighten much faster than current guidance implies. Lastly EM equities markets are not as reliant on commodity prices as they once were, with Financials and Tech now taking the lead and accounting for 40% of the overall market.

Bonds

Many predictions for where yields would move to in 2017 were confounded by what actually happened in the market. Between January and November, the US 10 year yield moved from 2.44% to 2.33% and finished the year flat at 2.45%. It wasn't just the analysts who were perplexed. Ms Yellen and Mr Draghi waxed lyrical about the incongruous nature of inflation, both headline and core, which consistently came in below expectation. Likewise in Europe, after a spike up 0.6% due to election risk in the H1/17, the German 10 year yield finished the year at 0.467%.

MARKET OUTLOOK 2018 CONTINUED

Will 2018 finally be the start of the much expected bond bear market? The Fed is currently guiding for three rate hikes while the market expects one and a half. Here at Cantor, we think the Fed will move once in H1, probably at the March meeting. Moving into the second half of the year the picture is a little less clear. There are currently four vacancies on the Fed Board of governors, including the Vice Chair. Jerome Powell, Ms Yellen's replacement, is widely expected to retain her dovish style, having never once dissented during her time in the Chair. But it remains to be seen how he manages now he is in the top job. Two of the most recent departures, Neel Kashkari and Charles Evans, are very dovish officials and are being replaced by two relatively hawkish figures in Loretta Meister and John Williams.

US tax reform and its impact on GDP growth has yet to be determined. It is difficult to quantify if this will push the US above trend growth and lead to an acceleration in headline & wage inflation. The major risk to the US market next year we believe is inflation surprising to the upside and a subsequent policy mistake by the Fed. However, we think this is a bear case scenario with our base case retaining a benign outlook. We expect the Fed to hike once in H1/18 and 1-2 times in H2/18, dependent on the impact of tax reform. We will reassess at the half year mark. Our expectation for the US 10 year yield is to be in the 2.65% – 2.75% range at the end of the year.

The case in Europe is a little clearer. We do not expect Mr Draghi to hike rates before 2019. We expect rates to gradually move higher but in a contained manner, in advance of an end to bond buying in September. As Ms. Yellen did for the last few years, Mr Draghi has consistently referenced the need for data dependent QE and consistent above trend inflation. He has been willing to look through the more transient peaks and troughs of recent inflation data. Wage inflation remains consistently weak, even in Germany where the economy is at near full employment. There remains enough slack in the European economy to ensure that wage inflation is a few years off. Even though the recovery is now continent wide, there are still some legacy issues, such as the non-performing exposures in Italian banks, which ensure the ECB is unlikely to move too quickly for fear of derailing the recovery. The risk of inflation surprising to the upside or a policy mistake is significantly less relative to the US. We expect the German ten year yield to move to 0.7% at the end of the year.

Currencies

One major theme in 2017 was the euro strength against most major currencies, including the US dollar, which markets were expecting to rally in 2017. EURUSD rose approx. 12% to $1.20 and finished the year in line with our house call at the beginning of the year.

For 2018 we expect the euro to continue to strengthen but not to the same extent as 2017. We expect EURUSD to move to $1.23 – $1.25 as the European recovery continues to gather pace. What was noticeable in the second half of 2017 was the fact that markets paid little or no attention to short term rates, traditionally a major component in where currencies move. The US two year yield rallied markedly while its European equivalent did very little, yet the Euro still rallied. Markets appeared to pay more attention to European economic data, which was stellar for most of the year. We expect US yield movements next year to offset this somewhat but in general the strength of the European story should see the euro rally hold. We expect investors to be overweight European assets in 2018 which should ensure increased capital flows into Europe. Lastly, while we expect US rates to move up quicker than European rates, we do not see US inflation breaking out in any significant fashion, implying US rate rises will be gradual and expected by the markets. Lastly, many recent dollar positive events, including rate rises & US tax reform, have not had a positive effect on the dollar, indicating unwillingness by traders to go long on the dollar.

Likewise we expect the euro to show strength against sterling in 2018 as the second round of Brexit negotiations take their toll. These trade talks are actually the bread & butter of Brexit and are likely to be fraught with difficulty. Mrs May's government continues to function on a very slim majority with internal Tory party divisions continuing to undermine her at every turn. If a second election is to occur, with Labour currently polling well, we would expect that to be an initially sterling negative event. The prospect of a second vote on Brexit may be raised. These two events could be a longer term positive for the UK economy and sterling but it would of course be dependent on the results. In the meantime the uncertainty created by this process will continue to weigh on household & business spending, economic indicators are likely to weaken and could result in inflation staying at elevated levels. The BOE is unlikely to hike rates however, even with above trend inflation, due to the level of uncertainty and political upheaval. We see EURGBP moving to €0.92 by the end of 2018.

Commodities

Oil rallied in the second half of 2017 with WTI and Brent finishing out the year at $60.42 and $66.87 a barrel respectively. This was driven by an OPEC agreement to extend production cuts to the end of 2018 and increased tensions in the Middle East between Iran and Saudi Arabia along with domestic protests in Iran. The OPEC led production cuts have helped tighten the market after a three year glut. Now that prices are back above $60 a barrel the key factor will be how US shale producers respond. Data indicates that they have been hedging significantly at this level, which usually precedes a ramp up in production. We expect oil demand to remain robust due to the strong global economic outlook. However we would expect oil to remain range bound with WTI trading in the $60 - $70 a barrel range as US producers should ramp up production from Q2 onwards. This should offset further tightening measures from OPEC.

When it comes to metals there are several factors to consider. One of the major ones is China, which consumes approx. 50% of the world's raw materials. Chinese growth is expected to moderate next year due to monetary tightening and a slowdown in the residential property market. But Beijing's pollution crackdown and clampdown on excess capacity could be a positive driver for metal prices. Global manufacturing activity is in an upward trend which should also be supportive for certain metal prices such as copper and aluminium.

Copper, which was up 31.7% in 2017, could be volatile next year as the market moves into a balanced phase. 2018 sees a string of labour contracts up for review, potentially affecting 25% of global copper supply. This may see some disruption to supply. Lastly, cobalt and lithium, key ingredients in electric car batteries, have seen significant gains over the last few years. As a result, supply of lithium is expected to significantly increase in 2018 which should put downward pressure on prices.

Lastly, gold gained 10% in 2017 in what was a decent year for the metal. However, it has retraced from its highs in September and we would expect that to continue into 2018. Continuing strong growth globally should ensure there are enough attractive opportunities to reduce the attractiveness of holding a non-yielding asset such as gold. Further rate hikes from the Federal Reserve are also likely to be a negative catalyst. The absence of significant political or recession risks should mean that gold's safe-haven qualities will be less in demand in 2018, though this of course can change dependent on some of the risks we outlined previously.

CANTOR FITZGERALD IRELAND

Real Estate Finance Seminar

Thursday, 18th January

Charlotte Room, Savoy Hotel, Henry Street, Limerick

We invite you to join us for a Real Estate Finance Seminar where we will present a brief overview of markets and showcase our offering in both investments and capital raising.

We are particularly excited to have **John Buckley, Head of Cushman & Wakefield Limerick** on board as guest speaker and would be delighted if you could make it.

Registration, tea & coffee: **10.30am**
Seminar: **11am – 12.15pm**

Places are limited

Please **RSVP** to **DBurke@cantor.com** with your name, company and contact details.

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Asset
Allocation

January 2018

ASSET ALLOCATION 2018

David Beaton,
Chief Investment Officer

Another year over and another year added on to one of the longest ever bull markets. The remarkable thing about the last year was that it came against the backdrop of policy inaction from President Trump, central bank policy normalisation, geopolitical unrest (North Korea), and continuing Brexit uncertainty to name just a few.

Despite these factors, which individually and collectively, had the potential to derail the upward rise in risk assets, global equity markets continued to perform strongly, as a synchronised recovery in global growth supported corporate earnings.

At the start of 2017, expectations for a Trump inspired rally on the back of healthcare reform, tax and regulatory adjustments and a massive infrastructure plan was the consensus view within the market.

While policy implementation and reform was hampered by a split Republican Party, the year finished on a strong note as an agreement was reached on tax reform which will see US corporation tax fall from 35% to 21%. This positive development will support equity markets in 2018 however with much of the tax-related news now baked into US equity markets we anticipate a more modest performance relative to European and Emerging Market indices.

The rebound in euro-zone growth in 2017 was nothing short of spectacular with broad based economic growth positioning the economy for GDP of 2.3% in 2018, just marginally behind our expectations for US growth of 2.4%.

While global central banks from the US Federal Reserve, the Bank of Canada, the Bank of England and the Reserve Bank of Australia all increased interest rates in 2017 and the ECB is poised to pare back its level of asset purchases, central bank policy remains accommodative relative to historical standards. The following table highlights how far interest rates have fallen since just before the financial crisis erupted ten years ago:

Central Bank Base Interest Rates

	US Federal Reserve	Bank of England	ECB
September 2007	4.75%	5.75%	3.75%
December 2016	0.25%	0.25%	0.00%
Current	1.38%	0.50%	0.00%

Source: Bloomberg

Against this backdrop of continued depressed levels of interest rates and the global nature of the economic rebound, we remain positive on risk assets as we move into 2018 with a continued preference for European equities. This is predicated on the supportive trilogy of strong economic growth, positive earnings momentum and a supportive ECB.

We also see increased opportunities in Emerging Market equities. However, we are neutral on our outlook for UK equities given the uncertainty over Brexit and domestic politics.

We remain underweight bonds on an asset allocation basis given the absence of returns available from sovereign bonds and their overvalue nature. Corporate bond yields have also been suppressed as a result of years of loose monetary policy action however we see opportunities in corporate bond funds which offer a spread of duration and credit risk which provides the potential for superior returns.

Supported by the continuing low interest rate environment, a financially strong banking sector and a less leveraged environment, we see attractive opportunities in the property sector via quoted property entities, property funds or through property based product offerings from our Corporate Finance team.

Equities: 'TINA' is alive and well

Equity markets enjoyed another positive year in 2017 as the on-going policy accommodation by global central banks supported the TINA (There Is No Alternative) trade. Given the compression in bond yields as a result of the unprecedented level of monetary policy support since the eruption of the financial crisis 10 years ago, investors have in some regards been forced into risk assets in order to seek returns.

While this may not have been the ideal situation for more conservative investors, the underlying fundamentals for equity markets have been supportive of this strategy and look set to remain in place for at least the first half of 2018.

A strong rebound in global growth as a consequence of the aforementioned monetary policy, a rebound in corporate profitability, as well as deleveraged balance sheets have acted as strong support for equity markets.

We had maintained a pro-European bias in our equity asset allocation in 2017 given the cheaper relative valuation to US markets in particular and against a UK market which has been and will continue to be influenced by Brexit related volatility in sterling.

European markets enter 2018 with the positive tail-winds of a strong rebound in European economic data which has rebounded strongly in recent quarters, a still accommodative ECB which will continue with its asset purchase programme until at least September 2018, and a sharp rise in earnings revisions.

Eurozone GDP of 2.3% is now running at the same pace as US GDP growth, while inflation continues to be anchored some way off the ECB's 2% target. Equally, the economic recovery is now broad-based across the single currency area, while the banking sector has stabilised with a significant reduction in non-performing loans and signs of a rebound in lending growth.

Supported by these improving fundamentals we expect earnings growth of 9% for the single currency region. We also believe that there is scope for multiple expansion from the current 15.5 times PE to 16.5 times based on the economic fundamentals. While we expect further strength in the euro in particular against the US dollar, we see the broad based economic growth in the region more than off-setting this move in the currency.

Even with a multiple expansion to 16.5 times, this valuation compares favourably with the 18.2 multiple for the S&P 500. This elevated market valuation leaves limited room for further expansion without a stronger than expected rate of earnings growth. We expect US earnings to appreciate by circa 7% in 2018 with the weaker US dollar supporting multi-national earnings growth. This forecast rate of earnings growth could be boosted by approximately 3% on the back of a lower rate of corporation tax. We believe however that the strong performance by US equity markets into the year-end reflects this potential tax driven boost to earnings.

The UK equity market had a volatile year in 2017 as the movement in sterling as a result of Brexit uncertainty was reflected by the large portion of the main market index constituents that derive the bulk of their earnings from outside the UK. Despite Brexit negotiations moving to the next phase of trade, we continue to see volatility in sterling impacting the performance of not just the UK equity market but also the UK economy. Equally, the tenuous position of Prime Minister May's leadership will also add to UK volatility.

ASSET ALLOCATION 2018 CONTINUED

David Beaton,
Chief Investment Officer

Along with our preference for European equities for 2018 we recommend an increased allocation to Emerging Market equities. While Emerging Market equity markets enjoyed a strong performance in 2017, we continue to see further upside potential. Valuations have not risen sharply with the current PE level of 12.5 times supported by strong earnings growth. Earnings in 2017 grew by 10% and are forecast to grow by up to 20% in 2018. We see positive dynamics for Emerging Market equities from structural reform, strong economic growth of between 4% to 8% (compared to developed market growth of circa 2.3%), the rise of the Emerging Market middle class and favourable demographics.

Region	Recommendation	Weighting
Europe	Overweight	47.50%
US	Neutral	25%
UK	Neutral	20%
Emerging Markets	Overweight	7.50%

Source: Cantor Fitzgerald Ireland Ltd Research

Bonds: Mind the Gap

The interesting feature of bond markets in 2017 was the contained move in yields despite the initial moves by global central banks to normalise monetary policy. In normal circumstances a series of three interest rate increases by the US Federal Reserve coupled with the initial steps in reducing the size of its balance sheet would have seen 10-year yields increase significantly. As it happened though, the US 10-year yield finished the year at 2.38%, below its year high of 2.60% and well below 2017 consensus forecasts of 3%.

The main move in the US bond market in response to the Fed's policies was in the 2-year yield which finished the year with a yield of 1.85% up from 1.23% at the start of 2017. As a result of the respective moves in the US 2-year and 10-year yields, the yield spread between the two bonds narrowed from 1.27% in January to 0.53%. This 'flattening' of the yield curve traditionally has implied that investors are concerned about the longer-term growth outlook for the economy and such a rapid move lower in the 2's10's spread raises the prospect of a yield curve inversion (2-year yields higher than 10-year yields) which in the past has preceded a recession.

We believe however that other factors are influencing the continued supressed nature of US 10-year yields, in particular the extremely low levels of European bond yields with the German 10-year Bund yielding just 0.30%. Such a low return rate is in our opinion prompting yield hungry investors to seek the higher return available in the longer end of the US bond market, thereby containing any move higher in longer-dated US bonds.

Another factor which we believe is influencing the US 10-year bond yield is the lack of policy implementation by President Trump. While the tax reform bill which was passed before Christmas is positive, it has not altered the Feds own forecast for three interest rate increases in 2018, suggesting US GDP growth will remain at current levels of 2.4%.

We believe that with the US currently running at full employment, but paradoxically meaningful wage inflation absent, the Fed may struggle to even move three times next year. We see one increase in US rates in the first half of the year but see difficulties in the implementation of fiscal policy measures, as well as political uncertainty in the form of mid-term elections and the ongoing Russia investigation as being potential headwinds for the Fed's monetary policy. Equally, the recently passed tax bill is deficit negative which will also be a factor to be considered by the Fed.

Taking all the above into account, we expect to see a further flattening of the US yield curve with the US 10-year yield finishing 2018 in the 2.65% - 2.75% range.

In **Europe**, bond yields remained at the lower end of their 2017 ranges with the German 10-year yield at 0.30% and the Irish 10-year yield finishing the year at 0.50%. As with the US, European bond yields have remained contained at lower levels despite the scaling back in the size of monthly asset purchases from €60bn a month to €30bn a month from January and as the euro-zone economy recovery accelerates.

The explanation for this lies in the fact that despite a reduction in the level of asset purchases, ECB President Mario Draghi continues to strike an extremely 'dovish' tone. While acknowledging the strength in the euro-zone economy, the persistently low level of euro-zone inflation has resulted in Mr. Draghi restating his view that monetary policy will remain accommodative well beyond the scheduled conclusion of its asset purchase programme in September 2018 and indeed he continues to state that the pace of asset purchases could be increased or extended if so required.

We believe that such an increase in the level of asset purchases will not be required given the pace of euro-zone growth, the continued improvement in the European banking sector and the ongoing decline in euro-zone unemployment to 8.8% from a peak of almost 13% at the height of the crisis. Our base case for ECB policy during 2018 is for the asset purchase programme will be extended by a further three more months after September and will finally finish in December.

Regarding euro-zone interest rates we see them remaining at 0% during 2018 with an outside chance of the first increase being moved from the third-quarter of 2019 to possibly the first-quarter of 2019.

As in the US, there are political issues which could influence ECB monetary policy. The main event of interest will be the Italian election on 4th March 2018 which has the potential to refocus attention on populism within Europe and also bring the Italian banking system back into focus. Equally, developments in the ongoing Brexit negotiations will warrant close attention.

For 2018, despite Mr. Draghi's dovish protestations, we see European bond yields increasing gradually from their current level of 0.30% to 0.70% as the realisation hits that the current asset purchase programme is reaching its conclusion.

In the **UK**, we see continued Brexit uncertainty impacting the outlook for UK growth and see downside risks to GDP to 1.3% from the current level of 1.5% however with further potential weakness in sterling in store, inflation is likely to remain above the 3% level for some time. The Bank of England is in the worst possible position where it needs to curb inflation but also needs to maintain policy stimulus for the broader economy.

Having increased interest rates in the autumn, we view this as very much being a 'one and done' move until such time as inflation abates. The only circumstance in which we see the Bank of England moving on interest rates in 2018 is in response to further sterling weakness to the 0.92/0.93 level which we believe is a possibility given the uncertainties surrounding both Brexit and the domestic UK situation.

From an asset allocation perspective we see limited value in sovereign bond markets currently and over time as further central bank normalisation intensifies, there will be a more meaningful increase in bond yields.

ASSET ALLOCATION 2018 CONTINUED

David Beaton,
Chief Investment Officer

Corporate bonds remain our preferred area for bond exposure but as with sovereign bonds, returns available on direct investment grade bonds are low. We therefore continue to recommend investment grade credit funds while we also recommend exposure to Capital Secure Products as they become available.

Property: Reassuring Foundations for Sector

The continuing accommodative policy measures being deployed by the ECB have supressed returns available from tradition safe haven assets of cash and bonds. While equities have been the beneficiary of this lower return environment for cash and bonds, other asset classes such as property have also seen a resurgence of interest.

While mindful of the excesses that caused the property collapse during the financial crisis, we see attractive opportunities in property within a diversified portfolio. Conditions in the Irish property sector have improved significantly in recent quarters including strong economic growth in both Ireland and the broader euro-zone, ongoing monetary policy accommodation from the ECB, a recovery in the banking sector, reduced leverage within the sector and Brexit related demand.

Equally, the return potential from property as an asset class compares favourably to other asset classes as evidenced by the following table:

Asset Yield	
Irish Industrial*	7.69%
Irish Office*	5.69%
Irish Retail*	5.63%
UK Equities	4.23%
STOXX Europe 600	3.39%
S&P 500	2.06%
Irish 10-Year Yield	0.50%
German 10-Year Yield	0.30%
1 Year Cash Deposit	0.05

*Irish Regional Average Yields September 2017

Source: Bloomberg, Cushman & Wakefield, Sherry Fitzgerald

Exposure to the sector can be achieved though the listed property entities such as Green REIT, Hibernia REIT, Irish Residential Properties REIT, Glenveagh Properties and Cairn Homes or through a property fund. Exposure to the sector can also be achieved through the periodic investment opportunities provided by Cantor Fitzgerald Corporate Finance Department which has provided our client base with investment opportunities in residential and commercial property sectors.

Given the benign outlook for European interest rates in the coming year we continue to see investment potential in the sector. It should be noted that the outlook for Irish Office from 2019 onwards is less clear considering the volume of office space coming onto the market.

Alternative Investments

While we continue to see scope for markets to continue moving higher in 2018, we believe it is prudent for clients to maintain some degree of portfolio protection in the event of market volatility. Accordingly we see a role for Absolute Return Funds as a balancing tool within portfolios, while the range of investment opportunities available from our Corporate Finance team continues to increase and is becoming more diversified.

Recommended Asset Allocation 2018

Risk Assets	NEUTRAL	CANTOR	CHANGE FOR 2018
Equities	40%	50%	5%
Corporate Bonds	10%	12%	-5%
Absolute Return Funds	5%	10%	0%
Property	5%	10%	5%
Commodities	5%	2%	0%
Total Risk Assets	**65%**	**84%**	**5%**

Lower Risk Assets	NEUTRAL	CANTOR	CHANGE FOR 2018
Govt Bonds & Capital Secure Product	30%	15%	-5%
Cash	5%	1%	0%
Total Lower Risk Assets	**35%**	**16%**	**-5%**

Source: Cantor Fitzgerald Ireland Ltd Research

ASSET ALLOCATION

CORE PORTFOLIO 2017

David Beaton,
Chief Investment Officer

The Cantor Equity Core Portfolio finished the year with a positive performance of 8.1% and maintained its year-long outperformance against the portfolio benchmark.

The Cantor Equity Core Portfolio is a collection of our preferred equity names in the US, UK and Eurozone and is benchmarked against leading indices in each region. The return of the portfolio and the benchmark are calculated in euro terms which include dividends. The portfolio has enjoyed substantial annual returns since its inception, as highlighted in the table below.

For the year, the biggest contributor to performance was the US technology sector with strong performances by the Core Portfolio holdings of Amazon, Alphabet, Facebook and PayPal Holdings which all demonstrated their sector leadership capabilities during 2017.

Also making significant positive contributions to the portfolio was Royal Dutch Shell on the back of a strong rebound in oil and gas prices while the ongoing recovery in the euro-zone economy was reflected is strong contributions from the industrial-focused names of Kingspan Group, Smurfit Kappa Group, Vinci and DCC.

Elsewhere in the portfolio the European financial holdings in Allied Irish Banks and Allianz also provided positive contributions.

The portfolio performance was somewhat impacted during the last quarter of the year as weakness in pharmaceutical group GlaxoSmithKline, Spanish fashion retailer Inditex and food and nutrients group Glanbia delivered negative returns.

Also impacting the performance in the final quarter was Ryanair which encountered a period of price weakness as a result of its ongoing staffing issues.

While we are happy to have registered a positive performance for the year from the Core Portfolio, weakness from a number of portfolio constituents in the final quarter was disappointing. Accordingly we will be taking the opportunity to reassess the entire portfolio and will communicate any constituent changes in due course.

Year	Core Portfolio Returns	S&P	EuroStoxx50	UK Index
2014	15.60%	29.60%	4.90%	7.90%
2015	14.00%	12.30%	7.40%	-1.40%
2016	1.66%	15.34%	4.83%	2.85%
2017	8.10%	6.98%	9.95%	7.6%

**Total Returns in € terms. *Source: CFI Research / Bloomberg*

Core Portfolio at 29th December 2017

Stocks	Closing Price 29/12/2017	Total Return Euro (%) Year to date	Fwd P/E FY1 (x)	Div Yield FY1
Glanbia	14.9	-2.9%	16.4x	1.0%
AIB	5.5	-0.8%	12.9x	2.4%
Ryanair	15.05	2.0%	12.9x	0.4%
Inditex	29.045	1.8%	27.2x	2.5%
Lloyds	68.06	-0.1%	8.7x	5.9%
Bank of Ireland	7.095	8.5%	11.8x	1.9%
Allianz	199.35	3.3%	12.4x	4.0%
iShares European Bank ETF	18.47	1.5%	11.8x	4.4%
Facebook	176.46	5.1%	26.4x	0.0%
PayPal	73.62	6.2%	42.0x	0.0%
Alphabet	1053.4	5.6%	25.8x	0.0%
Amazon	1169.47	4.2%	104.2x	0.0%
Smurfit Kappa	28.19	-1.2%	14.5x	3.0%
Siemens	122.5	3.4%	16.1x	3.1%
CRH	29.955	3.3%	18.8x	2.2%
Kingspan	36.405	6.4%	24.0x	1.0%
Royal Dutch Shell	2508.5	1.7%	18.2x	5.4%
DCC	7465	0.9%	24.0x	1.6%
GlaxoSmithKline	1322.5	2.6%	12.2x	5.9%
Vinci	85.15	3.1%	18.7x	2.6%

*Current Price as at 29/12/2017. Source: Bloomberg. *SIP = Since Inclusion in Portfolio*

Cantor Core Portfolio Return	8.10%
Benchmark Return	7.80%
Relative outperformance	0.30%

Cantor Core Portfolio in brief

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

Siemens

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

Facebook

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

Amazon

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

GlaxoSmithKline

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

PayPal

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

Alphabet

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

Allianz

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

Royal Dutch Shell

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

AIB

We recently replaced Verizon with AIB which furthered increased our overweight allocation to financials. AIB is Ireland's largest mortgage provider with a strong capital position and a dividend policy in place.

Inditex

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

Stoxx 600 Banks ETF

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

CRH

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

DCC

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

Glanbia

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

Vinci

Vinci is a market leader in the European infrastructure space and the ideal way to play the ongoing European economic recovery. Vinci owns infrastructure assets across Europe including toll roads, rail and airports. These are likely to see increased traffic in coming years. Vinci is also likely to see earnings upgrades due to new contract wins and M&A. .

Kingspan

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

Smurfit

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

Ryanair

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

Bank of Ireland

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

Lloyds

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

Investment **Opportunities**

January 2018

INVESTMENT FUNDS

Niall Sexton,
Portfolio Construction Analyst

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

Core Investment Funds

Equity Funds						
SEDOL	**Name**	**Morningstar Rating!**	**Risk Rating (1 - 7)**	**Currency**	**TER %**	**Yield %**
Global Equity						
B5TRT09	Veritas Global Equity Income	★★	5	EUR	1.13	3.69
European Equity						
B9MB3P9	Threadneedle European Select	★★★★	5	EUR	0.83	1.00
UK Equity						
B3K76Q9	J O Hambro UK Opportunities	★★★★	5	GBP	0.82	2.99
US Equity						
B632VH8	Franklin Mutual Beacon	★★★	5	USD	1.33	0.00
Bond Funds						
SEDOL	**Name**		**Risk Rating (1 - 7)**	**Currency**	**TER %**	**Yield %**
Corporate Bond						
B3D1YW0	PIMCO GIS Global Investment Grade Credit	★★★★	3	EUR	0.49	3.23
Government Bond						
0393238	BNY Mellon Global Bond	★★★	4	EUR	0.65	0.00
High Yield						
B1P7284	HSBC Euro High Yield Bond	★★★★	4	EUR	1.35	2.84
Diversified Bond						
B39R682	Templeton Global Total Return	★★★	4	EUR	1.44	7.20
Alternative Funds						
SEDOL	**Name**		**Risk Rating (1 - 7)**	**Currency**	**TER %**	**Yield %**
Absolute Return						
BH5MDY4	Invesco Global Targeted Return	-	3	EUR	0.86	0.00
B52MKP3	BNY Mellon Global Real Return	-	4	EUR	1.10	1.34
B694286	Standard Life GARS	-	4	EUR	0.90	0.00
Multi - Asset Allocation						
B56D9Q6	M&G Dynamic Allocation	★★★★	4	EUR	0.85	0.65

Source: Bloomberg. Prices as of 29/12/2018.

Fund Performance

Equity Fund Performance

Name	1 Month %	3 Month %	YTD %	1 Year %	3 Year %	5 Year %
Global Equity						
Veritas Global Equity Income	-1.19	0.51	9.23	9.23	7.22	7.64
European Equity						
Threadneedle European Select	0.01	1.92	16.39	16.39	9.57	11.92
UK Equity						
J O Hambro UK Opportunities	0.67	0.34	3.18	3.18	8.09	9.88
US Equity						
Franklin Mutual Beacon	2.06	2.47	7.79	7.79	5.61	10.68

Bond Fund Performance

Name	1 Month %	3 Month %	YTD %	1 Year %	3 Year %	5 Year %
Corporate Bond						
PIMCO GIS Global Investment Grade Credit	0.03	0.27	4.35	4.35	3.46	3.26
Government Bond						
BNY Mellon Global Bond	-0.71	-0.44	-5.44	-5.44	2.12	1.73
High Yield						
HSBC Euro High Yield Bond	0.12	1.00	5.21	5.21	4.33	5.44
Diversified Bond						
Templeton Global Total Return	-1.72	-2.48	1.10	1.10	0.07	0.66

Alternative Fund Performance

Name	1 Month %	3 Month %	YTD %	1 Year %	3 Year %	5 Year %
Absolute Return						
Invesco Global Targeted Return	-0.67	-0.59	0.16	0.16	1.30	-
BNY Mellon Global Real Return	-0.34	0.04	1.28	1.28	1.30	2.42
Standard Life GARS	0.55	1.50	1.81	1.81	0.49	2.64
Multi - Asset Allocation						
M&G Dynamic Allocation	0.11	0.88	9.33	9.33	7.24	7.88

Source: Bloomberg. Prices as of 29/12/2018.

ETFs & TRUSTs

Niall Sexton,
Portfolio Construction Analyst

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

Core ETFs & Trusts

Equity ETFs & Trusts

Ticker	Name	SEDOL	Currency	TER %	Yield %	UCITS
Global Equity						
SDGPEX	**iShares Global STOXX 100 Select Dividend ETF**	B401VZ2	EUR	0.46	5.57	Yes
European Equity						
SX5EEX	**iShares Euro STOXX 50 ETF**	7018910	EUR	0.16	3.83	Yes
UK Equity						
CTY	**City of London Investment Trust Plc**	0199049	GBp	0.44	3.89	No
US Equity						
FDL	**First Trust Morningstar Dividend Leaders ETF**	B11C885	USD	0.45	3.18	No
Emerging Market Equity						
JMG	**JPMorgan Emerging Markets Investment Trust Plc**	0341895	GBP	1.17	1.11	No

Bond ETFs & Trusts

Ticker	Name	SEDOL	Currency	TER %	Yield %	UCITS
Corporate Bond						
IEXF	**iShares Euro Corporate Bond Ex-Financials ETF**	B4L5ZG2	EUR	0.20	1.42	Yes
Government Bond						
IEGA	**iShares Core Euro Government Bond ETF**	B4WXJJ6	EUR	0.20	0.70	Yes
High Yield						
IHYG	**iShares Euro High Yield Corporate Bond ETF**	B66F475	EUR	0.50	3.77	Yes

Commodity ETFs & Trusts

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

Source: Bloomberg. Prices as of 29/12/2018.

Fund Performance

Equity Performance

Name	1 Month %	3 Month %	YTD %	1 Year %	3 Year %	5 Year %
Global Equity						
iShares Global STOXX 100 Select Dividend ETF	1.22	2.94	3.17	3.17	6.40	10.24
European Equity						
iShares EuroSTOXX 50 ETF	-1.42	-1.82	10.27	10.27	7.24	9.73
UK Equity						
City of London Investment Trust Plc	3.76	3.96	12.43	12.43	9.27	11.01
US Equity						
First Trust Morningstar Dividend Leaders ETF	1.81	4.89	12.25	12.25	11.18	14.35
Emerging Market Equity						
JPMorgan Emerging Markets Investment Trust Plc	4.17	6.88	28.31	28.31	15.57	9.37

Bond Performance

Name	1 Month %	3 Month %	YTD %	1 Year %	3 Year %	5 Year %
Corporate Bond						
iShares Euro Corporate Bond Ex-Financials ETF	-0.36	0.54	1.65	1.65	1.79	3.13
Government Bond						
iShares Core Euro Government Bond ETF	-0.66	0.71	0.12	0.12	1.56	3.84
High Yield						
iShares Euro High Yield Corporate Bond ETF	-0.13	0.42	4.75	4.75	3.81	4.37

Commodity Performance

Name	1 Month %	3 Month %	YTD %	1 Year %	3 Year %	5 Year %
Precious Metals						
Source Physical Gold ETF	1.27	0.71	11.37	11.37	2.18	-5.08
Commodity						
ETFS 1 Month Brent ETF	5.75	17.23	12.21	12.21	-8.17	-15.85

Source: Bloomberg. Prices as of 29/12/2018.

ETHICAL INVESTING

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

Key Information

Morningstar Rating	★★★★★
NAV	€205.31
Minimum Investment	€5,000
Dealing Frequency	Weekly
Investment Manager	Cantor Fitzgerald Ireland Ltd
Sales Commission	3%
TER %	1.24%
Investment Mgt Fee	0.75%
www.cantorfitzgerald.ie/greeneffects	

**Prices as of 29/12/2017*

Source: Bloomberg & Cantor Fitzgerald Ireland Ltd Research

Top Ten Holdings

VESTAS	7.92%
SMITH & NEPHEW	7.85%
KINGFISHER	6.84%
SHIMANO	6.21%
SVENSKA CELLULOSA	5.54%
TOMRA SYSTEMS	4.74%
MOLINA	4.47%
KURITA	4.40%
EAST JAPAN RAILWAY CO.	4.21%
ORMAT	3.96%

Source: Cantor Fitzgerald Ireland Ltd Research

Green Effects Fund

Objectives

The objective of the fund is to achieve long term capital growth through a basket of ethically screened stocks. The fund invests in a range of companies with a commitment to supporting the environment, socially just production and work methods. For this purpose the fund only invest in stocks which are included in the Natural Stock Index (NAI) and provides a well-diversified investment alternative. This index was set up in Germany in 1994 and is currently comprised of 30 global equities.

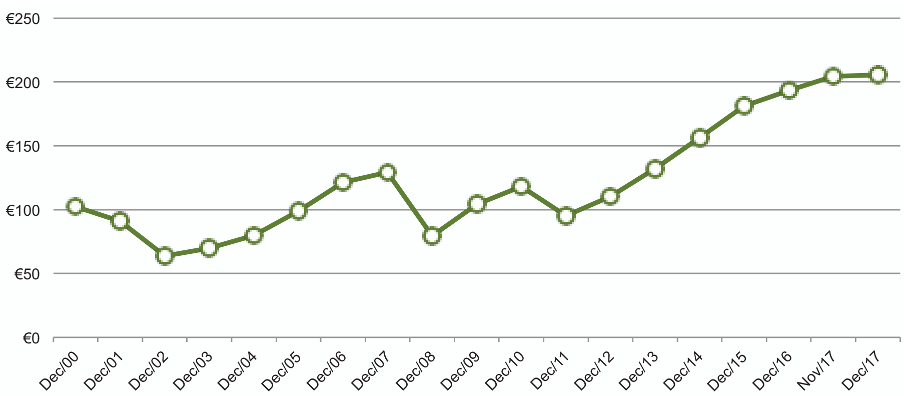
Performance As of 28/12/2017.

	1 Month	YTD	1 Year	3 Year*	5 Year*
Green Effects	1.2	6.8	6.8	9.6	13.0
MSCI World €	0.9	8.8	8.8	10.0	14.0
S&P 500 €	0.7	8.1	8.1	11.2	17.6
Euro STOXX 50	-1.3	10.6	10.6	7.8	9.4
Friends First Stewardship Ethical	1.7	11.4	11.4	11.8	14.0
New Ireland Ethical Managed	2.4	10.9	10.9	9.8	11.3

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

Source: Cantor Fitzgerald Ireland Ltd Research and Bloomberg.

GREEN EFFECTS FUND NAV SINCE INCEPTION



Source: Cantor Fitzgerald Ireland Ltd Research

Annual Returns

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

2009	2010	2011	2012	2013	2014	2015	2016	2017
31.28%	13.47%	-19.61%	16.02%	19.87%	18.42%	15.72%	6.62%	6.8%

INVESTMENT OPPORTUNITIES

STRUCTURED PRODUCT

Stephen Rice,
Director of Intermediaries & Structured Product

New Launch for Q1 2018

We are pleased to launch our range of structured products for Quarter 1. We continue to issue our products covering a range of asset classes and payoff structures to allow investors create a diverse portfolio with differing protection features and levels of capital protection.

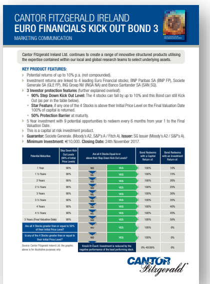
90% Capital Protected

Cantor Fitzgerald Protected Star Performers Bond 9

- 90% Capital protected (maximum loss 10%)
- 200% participation in Index returns
- Investment returns are added to the 90% capital protected amount at maturity
- 5-year term with a break option after 3 years. Capital protection only applies at maturity.
- Returns are linked to the BNP Paribas Morning Star – Allocation Fund Stars Index 2.
- Issuer BNP Paribas.

Closing date: Friday 2nd March

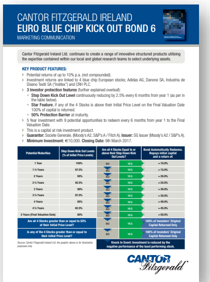
Autocall "Kick Out Notes"



Cantor Fitzgerald Euro Financials Kick Out Bond 3

- Based off 4 well known European financial stocks (BNP Paribas, Societe Generale, Banco Santander, ING Groep)
- Annual Coupon 10% p.a. (increasing by 5% at each semi-annual observation date)
- Issuer: Societe Generale

Closing date: Friday 16th February



Cantor Fitzgerald Euro Blue Chip Kick Out Bond 6

- Based off 4 blue chip European stocks (Anheuser Busch In Bev, Airbus, Danone, Total)
- Annual Coupon 11% p.a. (increasing by 5.50% at each semi-annual observation date)
- Issuer: BNP Paribas

Closing date: Friday 16th February

Each of our Autocall products includes 3 innovative protection features.

For further information visit: www.cantorfitzgerald.ie/structured-investments

Latest **News**

January 2018

LATEST NEWS

MARKET ROUND-UP DECEMBER 2017

***Ed Murray**, Senior Portfolio Manager*

Ryanair – rostering failure leads to union recognition

After 32 years in operation Ryanair and its CEO Michael O'Leary have bowed to pilot pressure in recognising unions for the first time in the company's history. The decision came after relentless pressure from pilots and the threat of strikes before Christmas across its European network. O'Leary's refusal to recognise trade unions was at the heart of the low-cost airline business model he developed, transforming a small Irish regional airline into Europe's largest carrier by passenger numbers. "Recognising unions will be a significant change for Ryanair, but we have delivered radical change before," O'Leary said in a statement. "We hope and expect that these structures can and will be agreed with our pilots early in the new year."

Market estimates vary but the additional pay costs should be managed from the company's significant operating cash flow. Estimates of €2.3bn in the market should absorb the extra staffing costs and sustain the company's capex programme over the coming years. Despite the increases the company's cost base will remain below the industry average and its closest rival EasyJet. Nonetheless the company's share price has suffered as a consequence, the stock fell more than 16% in the month of December alone which wiped over €3 billion off the market value. Has the share price decline been overdone, I hear one ask? Given this monumental shift from management the market remains wary of its future strategy, particularly when it comes to Mr. O'Leary's position at the top. He has been instrumental in the company's meteoric growth and were he to step aside with no natural successor in place I have no doubt we could see further weakness in the stock. That said, the company is in great shape, balance sheet remains strong as I mentioned earlier. Their end markets likewise are strong with an improving macro environment across Europe. On a 12.7x PE valuation, in line with its LCC peers like EasyJet, maybe the stock should be trading back up at a premium given its superior growth and returns. Clarity on O'Leary's position is key in the short term as the trading numbers and passenger stats should be strong.

ICG – ramps up investment on the high seas

Eamonn Rothwell continues to invest in his fleet despite some people's concerns on Brexit. The very successful captain of the high seas announced that ICG is investing €165.2m in a new cruise ferry that will operate on the Irish sea. The new ferry is expected to be delivered in the summer of 2020 and will be the largest ferry in the world in terms of vehicle capacity. It is yet to be named but no doubt will be something Celtic and will replace the MV Ulysses which will in turn replace the chartered MV Epsilon. This new investment will bring the total investment to €315m over the last year as the company is expected to take delivery of the new MV WB Yeats before this summer. Given Rothwell's personal exposure to Irish Continental Group, c.15%, this latest investment programme certainly underpins his confidence in the group's end markets. Investors should take heed, this seafarer is a shrewd operator.

Oil – where to for 2018?

Forecasts for 2018 are coming thick and fast, and the oil market is certainly getting its fair share. A survey of analysts conducted by Bloomberg showed a median estimate for Brent at $60 a barrel in 2018, and West Texas Intermediate at $55. Most agree on one thing, the deciding factor for the price of oil is once again U.S. shale production. Goldman Sachs Group Inc. has one of the most bullish forecasts for the commodity, predicting that OPEC will be able to exit from its production cuts earlier than expected. At the beginning of December WTI was trading at c$57.36 and now at the time of writing, the commodity has pushed higher over the month to $61.65, a significant move over the month, as data over the month was said to show U.S. inventories falling more than expected.

NEWS IN BRIEF...

The Catalan election gave voters another chance to express their view on whether the region should press ahead with its bid to break away from Spain. Once again it exposed the divide. Puigdemont is back in the game, though he faces the threat of arrest if he returns to Barcelona to be sworn in as president.

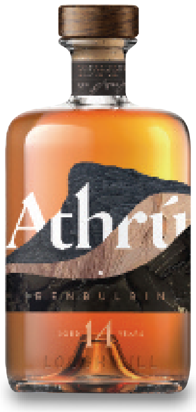
US passes Trump's tax plans, as the president signed the "Tax Cuts and Jobs Act" into law on December 22nd. No House Democrats supported the bill, though the Republicans say the tax cuts for corporations, small businesses and individuals will boost economic growth. The market believes so as the "Trump rally" pushed ahead into the new year, I'm missing the year end!

The European Union's highest court ruled that Uber Technologies Inc. should be regulated as a transport company. The decision, which cannot be appealed, is likely to set a benchmark for how firms in the gig economy will be dealt with in Europe. For Uber, the ruling is a setback, though not an unexpected one, with the company already seeking to get licensed to operate as a cab company in London after it was briefly banned from operating there earlier this year.

One51 shareholders have approved the potential stock market floatation for the plastics company early in 2018. The company is aiming to list on the Dublin and Toronto stock exchanges and the Canadian investors CDPQ and FSTQ got approval to swap their shares into the new company which will be named IPL Plastics.

LATEST NEWS - CORPORATE FINANCE

LOUGH GILL DISTILLERY EIIS FUNDRAISE COMPLETE



In December 2017, Cantor Fitzgerald Ireland completed a €4m EIIS fundraise for Hazelwood Demesne Limited ("Hazelwood") trading as Lough Gill Distillery. Hazelwood owns an 81 acre estate, on the shores of Lough Gill in County Sligo. The estate includes an existing factory premises which will be converted to a whiskey distillery. Planning permission to produce in excess of 10,000 barrels per annum has been secured. The EIIS funds raised will be used to purchase new distillery equipment and commission the plant during 2018.

Hazelwood also has existing mature stock which will be used over the coming years to bring the company's brand Athrú to market, with the first release of Athrú Benbulben (a 14 y/o Pedro Ximénez finished single malt) being bottled in Q1 2018.

LATEST NEWS - CORPORATE FINANCE

REAL ESTATE FINANCE SEMINARS

LIMERICK, WATERFORD, KILKENNY

Cantor Fitzgerald will be hosting a Real Estate Finance Seminar in Limerick on 18th January. We are delighted to have John Buckley, Head of Cushman & Wakefield Limerick on board as guest speaker. We will also be hosting smaller events in Waterford and Kilkenny as we move towards spring.

Our Corporate Finance team provides a full suite of services and has had significant success in raising and investing capital to support real estate development and investment, by way of both debt and equity. We have a strong pipeline of further projects in this sector, and it will remain a key focus for us in 2018. The seminars will outline our offering in capital raising for real estate transactions and will provide an overview on previously completed transactions.

These events are open to developers, financial advisors, accountants and solicitors. To register your interest in attending, please email **EventsIreland@cantor.com** with full contact details.

For more details visit www.cantorfitzgerald.ie/corporate-finance

LATEST NEWS - CORPORATE FINANCE

CELEBRATING L&P'S 30th ANNIVERSARY

CELEBRATING 30 YEARS 1987 - 2017

In June 2017 Cantor Fitzgerald Ireland acquired L&P Group, an international consultancy which specialises in providing ethical investment management and stewardship services to religious orders and not-for-profit organisations. L&P offers its clients support across every aspect of managing the day-to-day activities and planning the future development of their organisation.

2017 marked not just the coming together with Cantor Fitzgerald, but more importantly the 30th anniversary of L&P. Many of L&P's clients have travelled the road with the L&P team since the early days in 1987 and we were delighted to bring together old friends and new to celebrate in the atmospheric surroundings of the Royal Hospital Kilmainham in early December.

Close to 100 guests joined us to celebrate the many memories over the years, and in looking to the future with our very special guest, John O'Shaughnessy, CEO of the Franciscan Sisters of Mary and Founder and Steering Committee Member of the Catholic Impact Investing Collaborative. L&P has been active in the impact investing space for many years working on projects that have a very real impact on communities, societies and the environment.

Owen McCabe, Director and Shane Cowley, Managing Director L&P, with special guest John O'Shaughnessy, and Ronan Reid, CEO of Cantor Fitzgerald Ireland.

L&P founders Gerry Langford, Shane Cowley and Des Lamont.

Brother Edmund Garvey gave thanks for the 30 years of service, inspiration, collaboration and innovation in the life and work of L&P.

Donnchadh Brown, Director of Investment Services L&P, talked about the evolution of the ethical investment management service and the expertise developed within the team over the last 30 years. For the team, if they are helping their clients to achieve their goals, they are helping to make the world a better place.

Did you know?

The typical L&P long term client portfolio is fossil fuel free, generates over 30 times the renewable energy of a regular portfolio and has carbon emissions of one third of a regular portfolio, with plans to reduce this to zero in the coming months. All of this is achieved while earning a strong investment return.

Donnchadh Brown, Director of Investment Services L&P

For Shane Cowley, Managing Director of L&P, ensuring continuity of the L&P team and their client-centric philosophy was an important factor in their decision to join Cantor Fitzgerald. It is a natural fit and will help L&P to serve a broader global client base and deepen their product offering for clients. It's an exciting time, the beginning of a new chapter for L&P.

Performance **DATA**

January 2018

PERFORMANCE DATA

INVESTMENT RETURNS

Equities

Index	31/11/2017	29/12/2017	% Change	% ytd Change	52 Week High	Date
ISEQ	6867.67	7038.28	2.5%	8.0%	7,168	05/01/2018
DAX	13023.98	12917.64	-0.8%	12.5%	13,526	07/11/2017
Eurostoxx50	3569.93	3503.96	-1.8%	6.5%	3,709	01/11/2017
Stoxx600 (Europe)	386.69	389.18	0.6%	7.7%	398	01/11/2017
Nasdaq (100)	6365.564	6396.422	0.5%	31.5%	6,638	05/01/2018
Dow Jones	24272.35	24719.22	1.8%	25.1%	25,167	05/01/2018
S&P500	2647.58	2673.61	1.0%	19.4%	2,734	05/01/2018
Nikkei	22724.96	22764.94	0.2%	19.1%	23,730	05/01/2018
Hang Seng	29177.35	29919.15	2.5%	36.0%	30,911	05/01/2018
China (Shaghai Composite)	3317.188	3307.172	-0.3%	6.6%	3,450	14/11/2017
India	33149.35	34056.83	2.7%	22.2%	34,189	05/01/2018
MSCI World Index	2077.36	2103.45	1.3%	20.1%	2,146	04/01/2018
MSCI BRIC Index	326.7	335.58	2.7%	38.7%	350	04/01/2018

Currencies

Currency Pair	31/11/2017	29/12/2017	% Change	% ytd Change	52 Week High	Date
EuroUSD	1.1904	1.2005	0.8%	14.1%	1.2092	08/09/2017
EuroGBP	0.88021	0.88809	0.9%	4.1%	0.9307	29/08/2017
GBP/USD	1.3525	1.3513	-0.1%	9.5%	1.3657	20/09/2017
Euro/AUD	1.57328	1.53722	-2.3%	5.3%	1.5771	01/12/2017
Euro/CAD	1.53522	1.50886	-1.7%	6.8%	1.5372	30/11/2017
Euro/JPY	133.96	135.28	1.0%	10.0%	136.6400	05/01/2018
Euro/CHF	1.17085	1.17029	0.0%	9.2%	1.1779	05/01/2018
Euro/HKD	9.2969	9.3803	0.9%	15.0%	9.4499	04/01/2018
Euro/CNY	7.8774	7.8024	-1.0%	6.3%	7.9936	03/08/2017
Euro/INR (India)	76.32	76.5327	0.3%	6.8%	77.9030	22/09/2017
Euro/IDR (Indonesia)	16024.16	16223	1.2%	14.6%	16,302.0100	02/01/2018
AUD/USD	0.7566	0.7809	3.2%	8.3%	0.8125	08/09/2017
USD/JPY	112.54	112.69	0.1%	-3.7%	117.5300	09/01/2017
US Dollar Index	93.047	92.124	-1.0%	-9.9%	102.9500	11/01/2017

Commodities

Commodity	31/11/2017	29/12/2017	% Change	% ytd Change	52 Week High	Date
Oil (Crude)	57.4	60.42	5.3%	6.2%	62.21	04/01/2018
Oil (Brent)	63.57	66.87	5.2%	17.7%	68.27	04/01/2018
Gold	1274.94	1303.05	2.2%	13.1%	1,357.64	08/09/2017
Silver	16.436	16.94	3.1%	6.4%	18.66	17/04/2017
Copper	306.4	330.05	7.7%	30.7%	332.20	28/12/2017
CRB Commodity Index	429.43	432.34	0.7%	2.2%	542.10	03/07/2017
DJUBS Grains Index	33.3384	32.6403	-2.1%	-12.1%	40.76	11/07/2017
Gas	3.025	2.953	-2.4%	-20.7%	3.51	17/01/2017
Wheat	433	427	-1.4%	-10.6%	604.75	05/07/2017
Corn	355.75	350.75	-1.4%	-9.8%	426.00	11/07/2017

Bonds

Issuer	31/11/2017	29/12/2017	Yield Change	% ytd Change	52 Week High	Date
Irish 5yr	0.005	0.084	0.08	-171.8%	0.50	30/01/2017
Irish 10yr	0.586	0.67	0.08	-10.8%	1.25	30/01/2017
German 2yr	-0.684	-0.627	0.06	-18.1%	-0.55	28/06/2017
German 5yr	-0.308	-0.202	0.11	-62.0%	-0.06	06/07/2017
German 10yr	0.367	0.427	0.06	105.3%	0.62	12/07/2017
UK 2yr	0.521	0.438	-0.08	421.4%	0.57	08/12/2017
UK 5yr	0.811	0.723	-0.09	48.2%	0.88	25/10/2017
UK 10yr	1.33	1.19	-0.14	-4.0%	1.53	26/01/2017
US 2yr	1.782	1.883	0.10	58.5%	1.97	04/01/2018
US 5yr	2.1375	2.2064	0.07	14.5%	2.29	04/01/2018
US 10yr	2.4097	2.4054	0.00	-1.6%	2.63	14/03/2017

Source for all tables above: Bloomberg and Cantor Fitzgerald Ireland Ltd Research.

PERFORMANCE DATA

LONG TERM INVESTMENT RETURNS

Asset Class Performances (returns in Local Currency)*

Equities

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
MSCI World Index	15.5%	10.2%	20.9%	9.8%	-40.2%	30.9%	12.5%	-4.9%	16.7%	27.5%	2.9%	-1.9%	5.3%	20.11%
MSCI Emerging Market Index	26.0%	34.4%	32.6%	39.7%	-53.1%	78.7%	19.4%	-18.2%	18.7%	-2.3%	-4.6%	-17.2%	8.6%	34.35%
China	-14.1%	-5.8%	135.1%	98.0%	-64.9%	82.6%	-12.8%	-20.2%	5.8%	-3.9%	52.9%	10.5%	-12.3%	6.56%
Japan	8.6%	41.8%	8.1%	-10.0%	-41.1%	21.1%	-1.3%	-15.6%	25.6%	59.4%	7.1%	9.1%	0.4%	19.10%
India	14.1%	44.6%	48.8%	48.8%	-51.8%	78.5%	19.1%	-23.6%	28.0%	9.8%	30.1%	-5.6%	1.8%	27.91%
S&P500	10.9%	4.9%	15.8%	5.6%	-37.0%	26.4%	15.1%	2.1%	16.0%	32.4%	11.4%	0.2%	9.5%	19.42%
Eurostoxx50	10.3%	25.4%	19.2%	10.4%	-41.8%	27.0%	-1.8%	-13.1%	19.6%	22.7%	1.2%	4.5%	0.7%	6.49%
DAX	7.3%	27.1%	22.0%	22.3%	-40.4%	23.8%	16.1%	-14.7%	29.1%	25.5%	2.7%	9.6%	6.9%	12.51%
ISEQ	29.0%	21.6%	30.6%	-24.7%	-65.1%	29.8%	-0.1%	2.6%	20.4%	35.7%	15.1%	31.2%	-4.0%	7.99%

Commodities

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Gold	5.4%	18.4%	23.0%	31.3%	5.5%	24.0%	29.7%	10.2%	7.0%	-28.3%	-1.5%	-10.5%	8.6%	13.68%
Brent Oil	34.1%	45.8%	3.2%	54.2%	-51.4%	70.9%	21.6%	13.3%	3.5%	-0.3%	-48.3%	-36.4%	52.4%	17.69%
Crude Oil	33.6%	40.5%	0.0%	57.2%	-53.5%	77.9%	15.1%	8.2%	-7.1%	7.2%	-45.9%	-31.3%	45.0%	12.47%
Copper	38.9%	40.6%	40.6%	5.9%	-53.6%	137.3%	32.9%	-22.7%	6.3%	-7.0%	-16.8%	-24.0%	17.4%	31.73%
Silver	14.3%	29.6%	45.3%	15.4%	-23.8%	49.3%	83.7%	-9.8%	8.2%	-35.9%	-19.5%	-11.3%	15.8%	7.23%
CRB Commodity Index	3.3%	3.4%	19.6%	14.1%	-23.8%	33.7%	23.6%	-7.4%	0.4%	-5.7%	-4.1%	-14.6%	12.9%	2.19%

Currencies

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Euro/USD	8.0%	-12.6%	11.4%	10.5%	-4.3%	2.0%	-6.6%	-3.2%	1.8%	4.1%	-12.1%	-9.7%	-3.1%	14.15%
Euro/GBP	0.4%	-2.7%	-2.0%	9.1%	30.0%	-7.2%	-3.3%	-2.8%	-2.6%	2.2%	-6.5%	-5.0%	15.7%	4.05%
GBP/USD	7.6%	-10.2%	13.7%	1.3%	-26.5%	10.2%	-3.3%	-0.4%	4.6%	1.9%	-6.0%	-4.9%	-16.3%	9.51%
US Dollar Index	-7.0%	12.8%	-8.2%	-8.3%	6.1%	-4.2%	1.5%	1.5%	-0.5%	0.4%	12.7%	8.9%	3.6%	-9.87%

Source for all tables above: Bloomberg and Cantor Fitzgerald Ireland Ltd Research

PERFORMANCE DATA

INDICATIVE PERFORMANCE FIGURES & MATURITY DATES DECEMBER 2017

Cantor Fitzgerald Capital Protected Products

Cantor Fitzgerald Capital Protected Products	Underlying Asset (Ticker)	Indicative Initial Strike	Indicative Current Level	Indicative Underlying Asset Performance	Participation Rate	Option A Indicative Performance	Option B Indicative Performance
EUROSTOXX 50 DOUBLE GROWTH NOTE*	SX5E	2986.73	3503.96	17.32%	200%	**30.00%**	**N/a**
PROTECTED ABSOLUTE RETURN STRATEGIES*	SLGLARA	12.05	12.07	0.15%	-	-	-
	CARMPAT	615.33	651.30	5.85%	-	-	-
	ETAKTVE	128.74	136.37	5.93%	-	-	-
			Weighted Basket	3.97%	120%	**4.77%**	**N/a**
GLOBAL REAL RETURN NOTE*	BNGRRAE	1.27	1.25	-1.67%	150%	**0.00%**	**N/a**
PROTECTED STAR PERFOMERS BOND*	BNPIAFST	130.53	138.34	5.98%	180%	**10.76%**	**N/a**
PROTECTED STAR PERFOMERS BOND II*	BNPIAFST	130.91	138.34	5.67%	170%	**9.64%**	**N/a**
PROTECTED STAR PERFOMERS BOND III*	BNPIAFST	133.58	138.34	3.56%	170%	**6.05%**	**N/a**
PROTECTED STAR PERFOMERS BOND IV*	BNPIA2MT	166.28	168.83	1.53%	200%	**3.06%**	**N/a**
PROTECTED STAR PERFOMERS BOND V*	BNPIA2MT	165.75	168.83	1.86%	200%	**3.72%**	**N/a**
PROTECTED STAR PERFOMERS BOND VI*	BNPIA2MT	166.02	168.83	1.69%	200%	**3.39%**	**N/a**
CAPITAL SECURE MIN RETURN 1*	SX5E	2579.76	3503.96	35.83%	-	**13.00%**	**18.50%**
CAPITAL SECURE MIN RETURN 2*	SX5E	2589.25	3503.96	35.33%	-	**11.80%**	**23.25%**
CAPITAL SECURE MIN RETURN 5*	SX5E	2799.2	3503.96	25.18%	-	**11.00%**	**N/a**

Strike and Maturity Dates for Cantor Fitzgerald Bonds:

Bond	Strike Date	Maturity Date
Capital Secure Min Return 1	21/02/13	21/02/19
Capital Secure Min Return 2	08/04/13	08/04/19
Capital Secure Min Return 5	30/05/13	30/05/18
Protected Absolute Return Strategies	24/03/16	31/03/21
EuroSTOXX 50 Double Growth Note	24/03/16	09/04/21
Global Real Return Note	29/04/16	12/07/21
Protected Star Performers Bond	27/09/16	30/09/22
Protected Star Performers Bond II	16/12/16	21/12/22
Protected Star Performers Bond III	16/03/17	22/03/22
Protected Star Performers Bond IV	24/05/17	30/05/22
Protected Star Performers Bond V	26/07/17	02/08/22
Protected Star Performers Bond VI	20/09/17	27/09/22

Source for all tables above: Bloomberg.

All figures are indicative of underlying performance after participation only and represent the potential indicative return of the underlying strategy only, had the investments matured on 29th December 2017. Indicative performance figures may need to be added to the relevant capital protected amount, if any, which may be less than 100% of the funds originally invested. All performance figures are indicative only and may include the impact of averaging over the final averaging period if any.

***Indicative performance figures may also include a performance related bonus (if applicable). However final payment of this bonus will depend on the underlying performance at next annual observation date or maturity. Please consult the Terms and Conditions in the relevant product brochure for further information**

****The above indicative returns reflect the averaging of available prices within the applicable final averaging period.**

WARNING : Investments may fall as well as rise in value. Past performance is not a reliable guide to future performance

Please note that while your capital protected amount is secure on maturity, any indicative returns, including those figures quoted above are not secure (other than any minimum interest return on maturity, if applicable). You may only receive your capital protected amount back. These are not encashment values. The performance above is solely an indicative illustration of the current performance of the underlying assets tracked after participation, gross of tax, and are NOT ENCASHMENT VALUES. If early encashment is possible, the value may be considerably lower than the original investment amount. Please consult the Terms and Conditions in the relevant product brochure for further information.

Cantor Fitzgerald Kick Out Notes

Cantor Fitzgerald Bond Issue	Underlying Asset (Ticker)	Indicative Initial Strike	Indicative Current Level	Indicative Underlying Asset Performance			Indicative Performance
OIL & GAS KICKOUT NOTE 3*	XOM	82.87	83.64	0.93%	**Next Potential Coupon**	34%	-
	RDSB	1711.00	2508.50	46.61%			-
	BP	350.10	522.70	49.30%			-
	FP	41.88	46.05	9.96%			**34%**
REAL ESTATE KICKOUT NOTE*	SPG	190.52	171.74	-9.86%	**Next Potential Coupon**	50%	-
	UL	233.60	210.00	-10.10%			-
	DLR	74.80	113.90	52.27%			-
	HCN	65.25	63.77	-2.27%			**0%**
EURO BLUE CHIP KICKOUT BOND II*	UNA	38.27	46.96	22.71%	**Coupon Paid**	10%	
	BAYN	97.57	104.00	6.59%			
	BAS	87.72	91.74	4.58%			
	MC	179.20	245.40	36.94%			**10.00%**
EURO BLUE CHIP KICKOUT BOND III*	ITX	31.50	29.05	-7.80%	**Next Potential Coupon**	10%	
	BN	62.79	69.95	11.40%			
	ADS	183.05	167.15	-8.69%			
	CRH	32.82	29.96	-8.73%			**0%**
EURO BLUE CHIP KICKOUT BOND IV*	BMW	86.69	86.83	0.16%	**Next Potential Coupon**	9%	
	FP	48.70	46.05	-5.45%			
	ADS	177.25	167.15	-5.70%			
	CRH	33.56	29.96	-10.74%			**0%**
EURO BLUE CHIP KICKOUT BOND V*	ADS	199.95	167.15	-16.40%	**Next Potential Coupon**	9%	
	ABI	102.15	93.13	-8.83%			
	BAYN	107.00	104.00	-2.80%			
	FP	43.92	46.05	4.84%			**0%**
EURO FINANCIALS KICKOUT BOND*	BNP	68.40	62.25	-8.99%	**Next Potential Coupon**	10%	
	GLE	48.91	43.05	-11.98%			
	INGA	15.72	15.33	-2.51%			
	SAN	5.77	5.48	-5.11%			**0%**
80% PROTECTED KICK OUT 1*	AAPL	86.37	169.23	95.94%	**Next Potential Coupon**	60% In Year 4	-
	PRU	1395.00	1905.50	36.59%			-
	BMW	88.18	86.83	-1.53%			-
	VOD	217.15	235.00	8.22%			**-1.53%**
80% PROTECTED KICK OUT 2*	AAPL	94.72	169.23	78.66%	**Next Potential Coupon**	60% In Year 4	-
	GSK	1532.80	1322.50	-13.72%			-
	BMW	93.97	86.83	-7.60%			-
	VOD	195.65	235.00	20.11%			**-13.72%**
80% PROTECTED KICK OUT 3*	RDSA	2346.50	2480.00	5.69%	**Next Potential Coupon**	60% In Year 4	-
	GSK	1412.05	1322.50	-6.34%			-
	BMW	85.64	86.83	1.39%			-
	ALV	128.20	191.50	49.38%			**-6.34%**
80% PROTECTED KICK OUT 4*	RDSA	2132.50	2480.00	16.30%	**Next Potential Coupon**	60% In Year 4	-
	GSK	1463.80	1322.50	-9.65%			-
	RYA	8.27	15.05	81.92%			-
	ALV	138.45	191.50	38.32%			**-9.65%**

Strike and Maturity Dates for Cantor Fitzgerald Kick Out Notes:

Bond	Strike Date	Next Kick Out Observation Date	Maturity Date
Real Estate Kick Out Note	18/12/15	18/06/18	05/01/21
Euro Bluechip Kickout Bond II	16/12/16	18/12/17	18/12/17
Oil & Gas Kick Out Note 3	16/03/16	16/03/18	30/03/21
Euro Bluechip Kickout Bond III	16/03/17	16/03/18	16/03/22
Euro Bluechip Kickout Bond IV	16/05/17	16/05/18	16/05/22
80% Protected Kick Out 1	19/05/14	21/05/18	28/05/18
80% Protected Kick Out 2	22/07/14	23/07/18	30/07/18
Euro Bluechip Kickout Bond V	04/08/17	06/08/18	18/08/22
80% Protected Kick Out 3	26/09/14	26/09/18	03/10/18
Euro Financials Kickout Bond	06/10/17	22/10/18	20/10/22
80% Protected Kick Out 4	28/11/14	28/11/18	05/12/18

Source for all tables above: Bloomberg.

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Company Description

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

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

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

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

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

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

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

Facebook: Facebook Inc. operates a social networking website. The Company's website allows people to communicate with their family, friends, and co-workers. Facebook develops technologies that facilitate the sharing of information, photographs, website links, and videos. Facebook users have the ability to share and restrict information based on their own specific criteria.

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

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

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

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

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

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

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

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

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

Siemens AG: 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.

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

VINCI SA: VINCI is a global player in concessions and construction with expertise in building, civil, hydraulic, and electrical engineering.

Historical Record of recommendation

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

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.

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

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

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

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

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.

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

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

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

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

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

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

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

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.

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

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

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.

VINCI SA: We initiated coverage of Vinci SA with an Outperform rating, on 25/08/2017.

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