

# Global Equity Income Strategy **CANTOR Fitzgerald**

## FACTSHEET

May 2019

### Monthly Portfolio Commentary

Global equities fell 5.2% in May as global trade war fears escalated. The Global Equity Income portfolio outperformed, falling by 4.7%, and ended May up 12.3% YTD (net of fees). Six holdings fell 10% or more over the month – US retailer Kohls, US financials BlackRock, Prudential, United Technologies, ExxonMobil and Texas Instruments – of these six stocks only Kohls showed a significant deterioration in its business, the others fell mainly on market sentiment.

On the positive side, our defensive holdings outperformed significantly, including Unilever (+5%), Pfizer (+4%), Nestle (+3%) and Mondelez (+1%). Over the month we liquidated our holding in disappointing Kohls and sold out of US industrial Honeywell while top-slicing Unilever and Compass Group, all three at more or less all-time highs. We initiated a new holding in US industrial 3M which had underperformed and raised cash reserves to around 20%.

### Why choose the Global Equity Income Strategy?

Much analysis has shown that in the long term the majority of equity market returns are made up of dividends and dividend growth. Hence we believe a portfolio combining high quality companies where management are focused on growing their dividend is very much aligned with our own investment beliefs.

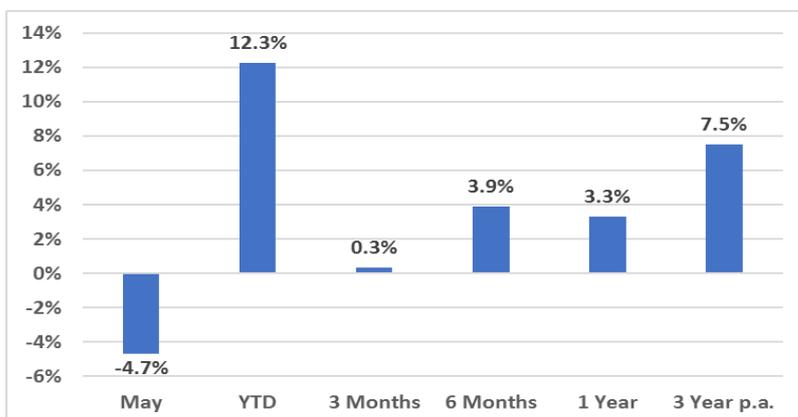
### Conservatism

Conservatism features strongly in our investment process when allocating our clients capital. We are unashamed of this and protecting our clients from losses is at the forefront of our risk management process.

### Experience of the team

The team was one of the first investment managers to focus on dividend paying companies as a strategy. Over the last 30 years we have experienced the peaks and troughs of the markets and have successfully navigated these events by sticking rigidly to our investment philosophy and process.

### Investment Returns Net of AMC\*



\*Source: Cantor Fitzgerald Ireland Ltd. Research as of 31/05/2019

### Investment Objective

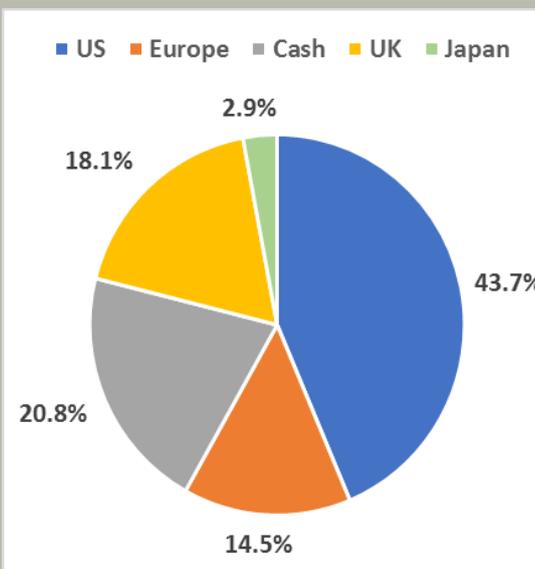
The investment objective of the Global Equity Income Fund is to invest in a diversified global portfolio of financially-strong, well-managed companies that have a proven record in paying an attractive dividend and have management commitment to consistently increase it.

We aim to improve long-term risk-adjusted total equity returns while maintaining a balanced exposure to dividend yield, quality and dividend growth. We will aim to generate a c. 5-6% return annually over the medium term.

### Portfolio Management Team

Pramit Ghose, Bernard Murphy & Gareth Walsh

### Geographical Exposure\*



### Calendar Year Returns\*

2018	2017	2016
-7.1%	6.8%	10.7%

\*Source: Cantor Fitzgerald Ireland Ltd. Research as at 31/05/2019

WARNING: Past performance is not a reliable guide to future performance. The value of your investment may go down as well as up.

WARNING: This fund may be affected by changes in currency exchange rates

Cantor Fitzgerald Ireland Ltd. Is regulated by the Central Bank of Ireland and is a member firm of the Irish Stock Exchange and the London Stock Exchange.

**Top 10 Equity Holdings (36% of assets)\*:**

Company	Sector
Novo Nordisk	Health Care
3M	Materials
US Bancorp	Financial
Reckitt Benckiser	Consumer Staples
Mondelez Intl	Consumer Staples
Nestle	Consumer Staples
Pfizer	Healthcare
Royal Dutch Shell	Energy
Texas Instruments	Information Technology
DCC	Industrial

**Sector Weights\*:**

Sector	Global Equity Income
Cash	21%
Financials	15%
Consumer Staples	16%
Technology	9%
Industrials	10%
Consumer Discretionary	6%
Energy	7%
Health Care	10%
ETF	3%
Materials	3%
Utilities	0%
Communication Services	0%
Real Estate	0%

**Holding Update\*\***



Pfizer is one of the world's premier innovative biopharmaceutical companies, discovering, developing and providing over 170 different medicines, vaccines and consumer healthcare products to help improve the lives of millions of people around the world every year.

Market Cap : \$237.5 BLN USD

Dividend Yield : 3.4%

Large cap Pharma has been out of favour since Washington's attack on drug pricing deeply affected sentiment in 2016. The industry has new blockbuster product cycles that have been driving growth in the "post-cliff" period and pipelines are fairly deep.

We believe Pfizer is approaching an inflection in revenue growth, operating margins and pipeline optionality. Pfizer's biopharma portfolio compares favourably to peers, specifically in breast cancer, prostate cancer & TTR cardiomyopathy. Pfizer has an expanding presence in gene therapy with lead programs in haemophilia A & B, Duchenne muscular dystrophy (DMD) amongst others.

Pfizer also has a number of interesting mid-to-late stage pipeline assets, which if successful should drive multiple expansion. The current valuation is an undemanding 14.3x next year's earnings. Margins are expected to increase from high 30's to over 40% as revenue growth outpaces expenses. With its strong balance sheet, we expect bolt-on transactions with a focus on core therapeutic areas (Cancer, Inflammation & Immunology and rare diseases).

\*\*Source: Bloomberg & Cantor Fitzgerald Ireland Ltd. Research

WARNING: This is not a stock recommendation

\*Source: Bloomberg & Cantor Fitzgerald Ireland Ltd. Research as at 31/05/19

**DISCLAIMER**

This document has been prepared and distributed by Cantor Fitzgerald Ireland Ltd (CFIL) for information purposes only. It is not intended to and does not constitute personal recommendations or investment advice nor does it provide the sole basis for any evaluation of the securities that may be the subject matter of the report. CFIL recommends that specific advice should always be sought prior to investment, based on the particular circumstances of the individual investor. CFIL takes all responsibility to ensure that reasonable efforts are made to present accurate information but CFIL gives no warranty or guarantee as to, and does not accept responsibility for, the correctness, completeness, timeliness or accuracy of the information provided or its transmission. This is entirely at the risk of the recipient of the report. Nor shall CFIL, its subsidiaries, affiliates or parent company or any of their employees, directors or agents, be liable to for any losses, damages, costs, claims, demands or expenses of any kind whatsoever, whether direct or indirect, suffered or incurred in consequence of any use of, or reliance upon, the information. Any person acting on the information contained in this report does so entirely at his or her own risk. All estimates, views and opinions included in this report constitute CFIL's judgment as of the date of the report but may be subject to change without notice.

WARNING: Past performance is not a reliable guide to future performance. The value of your investment may go down as well as up.

WARNING: This fund may be affected by changes in currency exchange rates



Dublin: 75 St. Stephen's Green, Dublin 2. Tel: +353 1 633 3633.

email : [ireland@cantor.com](mailto:ireland@cantor.com) web : [www.cantorfitzgerald.ie](http://www.cantorfitzgerald.ie)



Twitter : @cantorIreland



Linkedin : Cantor Fitzgerald Ireland