

# Global Equity Income Strategy **CANTOR Fitzgerald**

## FACTSHEET

August 2019

### Monthly Portfolio Commentary

Global equities fell back sharply in August as the global trade war escalated, but recovered towards month end and global equities ended the month down 1%. Despite a defensive stance, the GEI portfolio fell 2.5%, and ended the eight months up 13.6% YTD (net of fees). A number of holdings disappointed, driven by weaker than expected earnings/outlooks – Prudential (-18%), Cisco (-14%) Shell (-11%) and BlackRock (-9%), which held back overall performance.

On the positive side, Nestle, French infrastructure giant Vinci and auto parts company Faurecia all rose 6%, while US supermarket giant Walmart rose 5%, all on good earnings. Over the month we reduced our weightings in US banks as their earnings may be constrained by lower US interest rates, and re-entered luxury giant LVMH and Faurecia on share price weakness. We also topped up Prudential, BlackRock, Walmart and Cisco on share price weakness.

### 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.

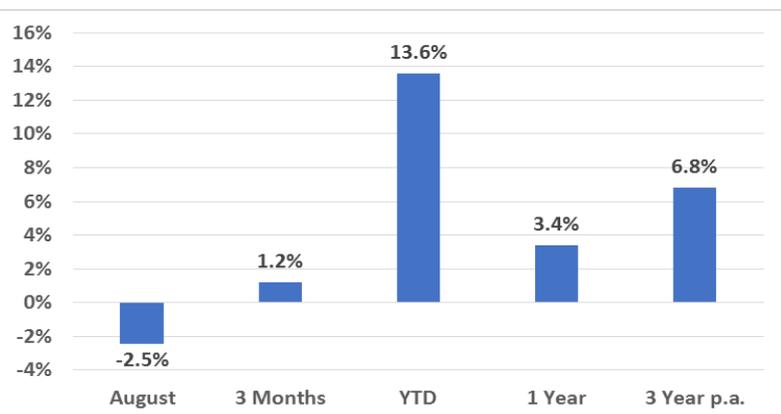
### Conservatism

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 31/08/2019

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

### Investment Objective

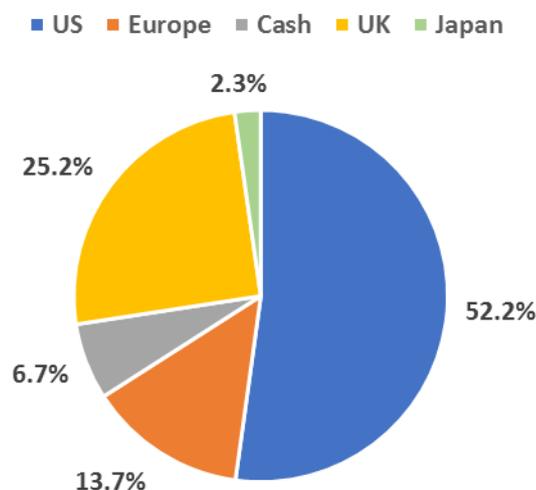
The investment objective of the Global Equity Income Fund is to invest in a diversified global portfolio of financially-strong, well-managed companies that have a proven record in paying an attractive dividend and have management commitment to consistently increase it.

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 31/08/2019

## Top 10 Equity Holdings (41% of assets)\*:

Company	Sector
Cisco	Information Technology
Exxon Mobil	Energy
Prudential	Financial
DCC	Industrials
Walmart	Consumer Staples
Nestle	Consumer Staples
Mondelez International	Consumer Staples
Royal Dutch Shell	Energy
Accenture	Information Technology
Cisco	Information Technology

## Sector Weights\*:

Sector	Global Equity Income
Cash	7%
Financials	14%
Consumer Staples	21%
Technology	14%
Industrials	17%
Consumer Discretionary	9%
Energy	8%
Health Care	8%
ETF	2%
Materials	0%
Utilities	0%
Communication Services	0%
Real Estate	0%

## Holding Update\*\*



Walmart is the worlds largest retailer with revenues of \$500bn+ annually and the largest employer with 2.2 million associates. Walmart operates retail stores under formats of Walmart Stores, Supercentres, Neighbourhood-Markets and Sam's Club locations in the United

States as well as a growing e-commerce business. Internationally Wal-Mart also operates locations in several countries, including Canada, China, Mexico and the United Kingdom.

Market Cap : \$326 BLN

Dividend Yield : 2.0%

Walmart's strategy is centered on technology, both external to improve and enhance the shopping experience for customers and internal to create more efficient operations. It has selected Microsoft as its partner in its digital transformation. The company continues to reinvent itself as a digital retailer and is singularly focused on creating a seamless shopping experience between its physical stores and digital channels. It is also looking to big data analytics to improve business operations. Its recent acquisitions have mostly been in support of its online and digital strategy, starting with the 2016 purchase of e-commerce site Jet.com for \$3.3bn. The acquisition has helped Walmart compete with Amazon in the grocery delivery market. In 2018 the company paid \$16bn for a 77% stake in Indian e-commerce leader Flipkart. The deal, which is the world's largest e-commerce acquisition, gives them a local partner in a key growth market and sets the groundwork for Flipkart to become a publicly listed, majority owned subsidiary. It also helps them in their ongoing battle with Amazon.

Walmart is investing to compete for the long run at the expense of near-term earnings growth. Strong store performance, along with the strategic prioritisation of opportunities and a diligent approach to cost cuts, will keep the company focused and should bring market share gains vs store-based and online competitors. Its grocery capabilities and rapidly growing click-and-collect business will make it extremely difficult for Amazon.com to capture meaningful U.S. grocery market share quickly.

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

WARNING: This is not a stock recommendation

\*Source: Bloomberg &amp; Cantor Fitzgerald Ireland Ltd. Research as at 31/08/19

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