

Weekly Trader

Upcoming Market Opportunities and Events

CANTOR
Fitzgerald

Monday, 9th March 2020

Key Themes This Week

The Week Ahead

Equity markets have opened sharply lower this morning following the breakdown in OPEC+ production cut talks. Last week the oil cartel was planning to reduce daily oil production by 1.5m barrels per day, however late on Friday Russia refused to agree to this resulting in a swift and significant response from Saudi Arabia. This response saw the Saudi's announce that not only would it increase daily production, but it would also reduce the price at which it sells oil to its customers. This has resulted in a 27% decline in crude oil prices with WTI currently trading at \$31.30.

This additional 'shock' to global financial markets has seen global equity markets register heavy declines with Asian markets declining over 5% overnight, European markets open 7% lower and US futures trading 'limit down' by 5%.

Against this risk off move in markets, safe haven assets such as bonds are seeing strong inflows with yields on the main benchmark bonds falling significantly. Currently the US 10 Year bond yield is trading at 0.45% down from 0.72% on Friday and the German 10 Year Bund now yielding -0.83% from -0.71% on Friday. The one outlier in this move lower in bond yields is Italy where the yield on the Italian 10 Year bond has moved higher by 21 basis points to 1.29% in response to the lockdown measures implemented by the Italian government in response to the coronavirus outbreak in the north of the country.

Gold is demonstrating its safe haven status this morning showing a gain of 0.7% and remains an attractive option for investors in this volatile climate.

The broader implications of the move lower in oil this morning is that it increases the risk of a major credit related event since a large number of smaller oil producers particularly in the US, are highly indebted and will be negatively impacted by any prolonged period of oil price weakness. As a result we now expect further monetary policy measures from global central banks, starting with the ECB this Thursday and a further move lower in rates by the US Federal Reserve on 18th March.

We would recommend clients continue to adopt a multi-asset investment approach and in this regard we once gain highlight the series of multi-asset funds managed by our colleagues in Merrion Investment Managers.

MSCI World



Major Markets Last Week

	Value	Change	% Move
Dow	25865	455.42	1.79%
S&P	2972	18.15	0.61%
Nasdaq	8576	8.25	0.10%
MSCI UK	14493	-397	-2.67%
DAX	10768	-1090	-9.19%
ISEQ	5956	-431	-6.76%
Nikkei	19699	-1645	-7.71%
H.Seng	25040	-1251	-4.76%
STOXX600	344	-31.5	-8.38%
Brent Oil	35.45	-16.45	-31.70%
Crude Oil	31.79	-14.96	-32.00%
Gold	1677	87.93	5.53%
Silver	16.9539	0.22	1.31%
Copper	247.9	-11.60	-4.47%
Euro/USD	1.1423	0.03	2.60%
Euro/GBP	0.8730	0.00	0.00%
GBP/USD	1.3085	0.03	2.60%

	Value	Change
German 10 Year	-0.851	-0.23
UK 10 Year	0.084	-0.32
US 10 Year	0.4395	-0.72
Irish 10 Year	-0.176	0.01
Spain 10 Year	0.244	-0.04
Italy 10 Year	1.298	0.16
BoE	0.75	0.00
ECB	0.00	0.00
Fed	1.25	-0.50

All data sourced from Bloomberg

Opportunities this week

CFI Research Team

Sanofi (SAN FP)

Closing Price: €85.06



- Sanofi has diversified operations across Generics, Vaccines, Primary Care (Diabetes drugs) and Specialty Care (Rare blood diseases etc). Under CEO, Paul Hudson (ex Novartis), it acquired US based Synthorx for \$2.5bn to expand into the field of Cancer
- Sanofi reported FY 2020 financial results earlier this month reporting €36bn in revenue (+2.8% YoY), €25.6bn (+5.3% YoY) in gross profit and €9.8bn in business operating income
- Sanofi's Q4 and FY 2020 adjusted earnings beat expectations, with "business" earnings per share increasing by 22% to €1.34 (Q4) and 9.5% to €5.99 (FY) per share respectively
- Sanofi's Generics, Diabetes and Cardiovascular revenue lines reported a contraction in revenue in FY 2020 – as expected, with these divisions impacted by non-core sales (European generics business sold) and Diabetes competition pressures in the US.
- At a recent capital markets day, it was implied that the Consumer Healthcare division (€4.6bn sales) could be possibly sold or spun off. Speculation was that it could fetch €25-30bn on a standalone basis and possibly created €7-8 per share in value for shareholders
- The Vaccine division reported €5.7bn of revenue in 2019 (+9.3%) driven by a 22% surge in sales growth in Q4 as demand for influenza vaccines increased by 69% in Q4 in the US, 41% in Europe and 139% in Emerging Markets. The Coronavirus could have seen a surge in demand for this flu products in Q1 2020
- Specialty Care is one of Sanofi's key growth divisions. The drug Dupixent treats dermatitis and Asthma generated €2bn of revenue in 2019 and management see potential for this drug to grow sales multiple times as it is used across more geographies and for more conditions
- Sanofi trades on 14x earnings and offers a 3.4% dividend payable in early May. We rate the stock an outperform

Key Metrics	2020e	2021e	2022e
Revenue (€ Mn)	37607.6	39277.0	40754.5
EPS (€)	6.33	6.83	7.40
Price/ Earnings	12.96x	12.01x	11.09x
Div Yield	3.96%	4.16%	4.42%

Source: All data & charts from Bloomberg & CFI

Share Price Return	1 Mth	3 Mth	YTD
SAN FP	-5.42%	2.32%	-5.09%

Source: All data & charts from Bloomberg & CFI

Greencoat Renewables (GRP ID)

Closing Price: €1.18



- Greencoat renewable's released FY 2019 financial results on Monday morning, reporting that the group generated €40.4m of net cash flow via 15 wind farms with total installed capacity now of 462MW. Company net asset value stayed steady at €1.03c per share despite an additional 250m shares in issuance
- Group fair value of investments increased by €130m as Greencoat added 3 new wind farms over the period and group debt declined by €125m as equity raised was also used to pay down some debt. Fair value of Greencoat Renewables investments at present is €1.02bn and their group net debt is €367m
- Greencoat Renewables spent €151m in 2019 acquiring projects and are seeking approval at their upcoming AGM to be able to invest in Norway, Sweden and Denmark in addition to other European countries they can already invest in
- In June 2019, the Irish Government announced its Climate Action Policy committing the country to generating 70 per cent of electricity from renewables by 2030 and is projected to create more than €12bn of further investment opportunities
- With €29m of the €40m operating cash flow paid out as a dividend, Greencoat remains a medium term growth and income play
- Our March 2021 fair value is €1.25 and we retain our "Hold" recommendation. Greencoat Renewables is a Core Portfolio holding and trades with a yield of 5.1%. As interest rates get cut due to global recession concerns, Greencoat investment case starts to look very attractive

Key Metrics	2020e	2021e
Revenue (€ Mn)	44.0	44.9
EPS (€)	0.07	0.06
Price/ Earnings	17.57x	19.01x
Div Yield	5.34%	5.34%

Source: All data & charts from Bloomberg & CFI

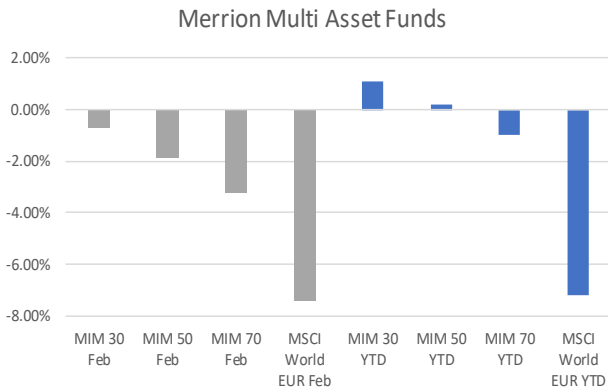
Share Price Return	1 Mth	3 Mth	YTD
GLB ID	-2.07%	2.60%	0.00%

Source: All data & charts from Bloomberg & CFI

Opportunities this week

CFI Research Team

Merrion Investment Managers Multi Asset Range (30/50/70)



Performance	Feb 20	YTD
MIM 30	-0.7%	1.10%
MIM 50	-1.90%	0.20%
MIM 70	-3.20%	-1.00%
MSCI World Eur	-7.40%	-7.20%

Returns are gross of fees
As of 28/02/2020

- The merits of ACTIVE multi-asset investing continue to prove themselves this month as volatility reached an unprecedented level and market liquidity collapsed.
- MIM multi asset (30/50/70) funds offer well-diversified exposure with the ability to perform strongly in different market environments. Year to date the funds have outperformed peers and benchmarks during both strong and weak market episodes.
- Excellent choice across the range, to suit the different risk profiles of our client base
- Diversification with active management can deliver very strong returns with reduced volatility in times of market stress as this month has once again illustrated
 - The growth side of the portfolio, predominantly equity, continue to outperform the global equity market on rallies
 - The defensive side of the portfolio protected capital on this record drawdown. Our above bench mark holdings in Gold & long dated Bonds (Especially US ones) all produced positive returns in this sell off.
 - The ability to use derivatives in our alternative fund offers the potential for asymmetric returns and capital protection
 - Our investment process lends itself to long term fundamental holdings with short term tactical opportunities
- Into Thursday's close and Friday's open we have gone back to a neutral level at the asset allocation level, predominantly adding to themes we like (with a couple of deep value purchases)
- As volatility has increased, MIM's well-established active investment process is well suited to capture the opportunities this is hopefully presenting.

Invesco Physical Gold ETC (SGLD LN)

Closing Price: \$161.86



Share Price Return	1 Mth	3 Mth	YTD
SGLD LN	6.97%	12.76%	9.56%

Source: All data & charts from Bloomberg & CFI

- Gold is a precious metal that has been used for generations as a store of wealth. With investors now making up more than 50% of gold demand, the increase in the gold price that we have seen over the last year has been a function of investors diversifying into gold to protect capital
- Gold has been used as a hedge against inflation, currency devaluation or when clients are concerned about the outlook for global growth
- With over \$14tn of negative yielding assets globally, investors view gold as a more attractive defensive asset. A recent survey reported that there was \$19.2bn of inflows into gold last year
- Central banks around the world added 372 tons of gold in H1 2019, largest increase in 19 years
- Seasonal demand for gold normally picks up again around April/ May due to festival season in India
- Gold has a negative correlation with both the SPX and SXXE implying it has nice defensive characteristics within a diversified portfolio
- The Invesco Physical Gold P-ETC aims to provide the performance of the spot gold price through certificates collateralised with gold bullion. The base currency is USD

[Invesco Physical Gold ETC Key Information Document](#)

Cantor Core Portfolio - In Detail



Cantor Core Portfolio

Date: 06/03/2020

Performance YTD	%
Portfolio	-10.4%
Benchmark	-10.1%
Relative Performance	-0.3%
P/E Ratio	16.17x
Dividend Yield	3.9%
ESMA Rating	6
Beta	0.94

Sector	Portfolio	Benchmark	+ / -
Consumer Discretionary	12%	10%	
Consumer Staples	7%	11%	
Energy	3%	5%	
Financials	8%	16%	
Health Care	8%	14%	
Industrials	14%	12%	
Information Technology	11%	13%	
Communication Services	12%	7%	
Utilities	9%	4%	
Materials	9%	6%	
Real Estate	4%	2%	
Emerging Markets	3%	0%	

FX	Portfolio	Benchmark
EUR	43%	32%
GBP	15%	15%
USD	42%	40%
Other	0%	14%

Currency YTD %		
GBP	-2.62%	
USD	-0.67%	

Benchmark

Weighted Average Contribution

Index	Currency	PE	Outlook	Weighting	Total Return Local	Weekly Return	Price	Total Contribution
STOXX Europe 600	EUR	18	Neutral	60%	-11.4%	-2.2%	367	-6.8%
S&P 500	USD	19	Neutral	40%	-7.7%	0.6%	2972	-3.3%
Total				100%				-10.15%

Core Portfolio

Weighted Average Contribution

Stock	Currency	Yield*	Hold /Sold	Sector	Weighting	Total Return Local	Weekly Return	Price	Total Contribution
Alphabet Inc	USD	0.0%	H	Communication Services	2%	-3.3%	-3.2%	1296	-0.1%
Verizon Communications Inc	USD	4.4%	H	Communication Services	5%	-6.4%	5.0%	56.87	-0.4%
BT Group*	GBP	12.6%	H	Communication Services	5%	-32.0%	-7.6%	1.31	-1.5%
Dalata Hotel Group Plc	EUR	3.3%	H	Consumer Discretionary	2%	-28.9%	-12.0%	3.66	-0.6%
Amazon.Com Inc	USD	0.0%	H	Consumer Discretionary	4%	2.9%	0.9%	1901	0.1%
McDonald'S Corp	USD	2.6%	H	Consumer Discretionary	3%	1.3%	2.4%	198.86	0.0%
Carnival	USD	7.5%	H	Consumer Discretionary	3%	-46.0%	-18.9%	27.15	-1.4%
Glanbia Plc	EUR	2.6%	H	Consumer Staples	4%	4.2%	1.3%	10.69	0.2%
Danone	EUR	3.8%	H	Consumer Staples	3%	-17.5%	-4.3%	60.96	-0.5%
Royal Dutch Shell Plc*	GBP	11.5%	H	Energy	3%	-27.4%	-4.1%	15.96	-1.1%
Total Sa	EUR	7.2%	S	Energy	0%	-23.5%	-3.2%	37.15	-0.2%
Allianz Se	EUR	5.8%	H	Financials	4%	-13.5%	-3.0%	188.90	-0.5%
ING Groep Nv	EUR	9.3%	H	Financials	4%	-29.4%	-12.4%	7.55	-1.2%
Sanofi	EUR	3.8%	H	Health Care	3%	-5.1%	1.3%	85.06	-0.2%
Pfizer Inc	USD	4.2%	H	Health Care	5%	-9.7%	4.8%	35.02	-0.5%
Vinci Sa	EUR	3.8%	H	Industrials	4%	-11.6%	-3.8%	87.52	-0.5%
Siemens Gamesa Renewable Energy	EUR	0.5%	H	Industrials	3%	-8.8%	-1.8%	14.26	-0.3%
DCC Plc	GBP	2.9%	H	Industrials	4%	-16.6%	-1.3%	54.60	-0.8%
Fedex Corp	USD	2.0%	H	Industrials	3%	-15.1%	-9.1%	127.68	-0.5%
SAP Se	EUR	1.7%	H	Information Technology	4%	-10.6%	-3.6%	107.52	-0.4%
Paypal Holdings Inc	USD	0.0%	H	Information Technology	4%	2.5%	2.7%	110.89	0.1%
Microsoft Corp	USD	1.2%	H	Information Technology	3%	2.7%	-0.3%	161.57	0.1%
Smurfit Kappa Group Plc	EUR	3.8%	H	Materials	3%	-13.9%	-2.4%	29.50	-0.4%
Newmont Corp	USD	1.6%	H	Materials	3%	20.8%	17.6%	52.35	0.6%
Invesco Physical Gold ETC	USD	0.0%	H	Materials	3%	9.6%	4.9%	161.86	0.1%
Kennedy Wilson Holdings Inc	USD	4.4%	H	Real Estate	4%	-9.0%	0.4%	20.30	-0.4%
Engie	EUR	2.6%	H	Utilities	5%	3.8%	-0.6%	14.95	0.2%
Greencoat Renewables Plc	EUR	5.3%	H	Utilities	4%	1.3%	0.9%	1.19	0.1%
JPMorgan Emerging Markets Trust	GBP	1.1%	H	Emerging Markets	3%	-11.3%	0.9%	9.44	-0.4%
Total					100%				-10.42%

All data taken from Bloomberg up until 06/03/2020.

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

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

*Red Denotes Deletions

*Green Denotes Additions

*Yields are based on the mean of analyst forecast

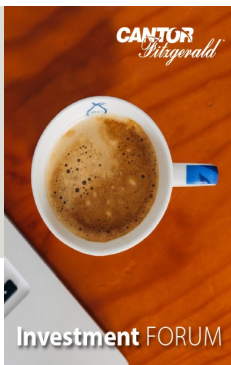
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Allianz: Allianz through its subsidiaries, provides insurance and financial services.

Alphabet: Alphabet provides web-based search, advertisement, maps, software applications, mobile operating systems, consumer content and other software services.

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

Dalata Hotel Group: Dalata Hotel Group owns and operates as a chain of hotels.

Danone: Danone operates as a food processing company.

DCC: DCC is a sales, marketing, distribution and business support services company.

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

Microsoft: Microsoft Corporation develops, manufactures, licenses, sells, and supports software products.

PayPal: PayPal operates a technology platform that enables digital and mobile payments on behalf of customers and merchants

Pfizer: Pfizer Inc. operates as a pharmaceutical company. The Company offers medicines, vaccines, medical devices, and consumer healthcare products for oncology, inflammation, cardiovascular, and other therapeutic areas

Royal Dutch Shell: Royal Dutch Shell explores, produces, and refines petroleum

SAP: SAP is a software corporation that makes enterprise software

Smurfit Kappa: Smurfit Kappa manufactures paper packaging products

Verizon: Verizon Communications Inc. is an integrated telecommunications company that provides wire line voice and data services, wireless services, internet services, and published directory information.

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

Total: TOTAL S.A. explores for, produces, refines, transports, and markets oil and natural gas. The Company also operates a chemical division which produces polypropylene, polyethylene, polystyrene, rubber, paint, ink, adhesives, and resins.

Newmont Goldcorp: Newmont acquires, explores, and develops mineral properties.

Greencoat Renewables: Greencoat operates as an investment company. The Company invests in wind and renewable electricity generation assets.

Sanofi: Sanofi operates as a pharmaceutical company. The Company manufactures prescription pharmaceuticals and vaccines. Sanofi also develops cardiovascular, thrombosis, metabolic disorder, central nervous system, and oncology medicines and drugs.

Engie: Engie is a global energy and services utility company

FedEx: FedEx delivers packages and freight to multiple countries and territories through an integrated global network

Kennedy Wilson: Kennedy-Wilson Holdings, Inc. operates as a global real estate investment company

ING Groep: ING Groep is a global financial institution providing retail and wholesale financial services.

BT Group: BT Group is a UK based telecommunications company.

Carnival: Carnival operates and owns cruise ships

Siemens Gamesa: SGRE designs and manufactures renewables energy equipment

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