

Weekly Trader

Upcoming Market Opportunities and Events

CANTOR
Fitzgerald

Monday, 23rd March 2020

Key Themes This Week

The Week Ahead

We are indeed living in extraordinary times. Not since the Spanish Flu epidemic just over 100 years ago has the world faced a pandemic of such proportions as created by Covid-19. The human tragedy that the virus is creating is truly shocking and regrettably still has further to go. As well as the human and societal impact the virus is having, it has also been the trigger for an unprecedented period of financial and economic volatility not seen since the Great Financial Crisis 12 years ago.

So in these extraordinary times we have seen extraordinary actions from global central banks and governments in response to the near-shutdown of the global economy and the quickest decline from market peaks. From their respective peaks on 19th February (just 4 weeks ago) the S&P is down 28.8%, the DAX 30 is off 34.9% while the UK market is off 31.5%. While declines in risk assets are to be expected during times of uncertainty, this time has also seen weakness in perceived safe-haven assets such as government bonds and gold.

In response to this volatility, we have seen global interest rates converge to the zero-bound range through rate cuts in the US, UK, Australia, Norway and South Korea to name but a few, as well as over \$4 Trillion of liquidity injections in the form of asset purchase programs and short-term liquidity support. As if this was not enough, global governments have weighed in with funding support of over \$2.6 Trillion.

While we appreciate that monetary policy in no panacea for a health crisis, it does nonetheless go some way to minimising the economic fallout. What has been impressive this time around is the speed of these policy responses compared to the staggered response in 2008, so this must be seen as a positive and partly the reason behind a modest reduction in market volatility late last week.

While encouraged by the monetary policy response, we have yet to see the true economic impact of the virus and the consequential impact on corporate earnings, therefore we expect any market rebound being uneven at best.

We are however of the view that the speed and scale of the market correction has created the opportunity for clients with a 6-12 investment horizon to acquire quality, large cap companies with strong balance sheets and robust business models at levels that typically only occur after a substantial market adjustment. While not advocating a full deployment of cash, we see logic in an incremental investment strategy.

(Please contact your Cantor Portfolio Manager to discuss this in greater detail.)

MSCI World



Source: Bloomberg

Major Markets Last Week

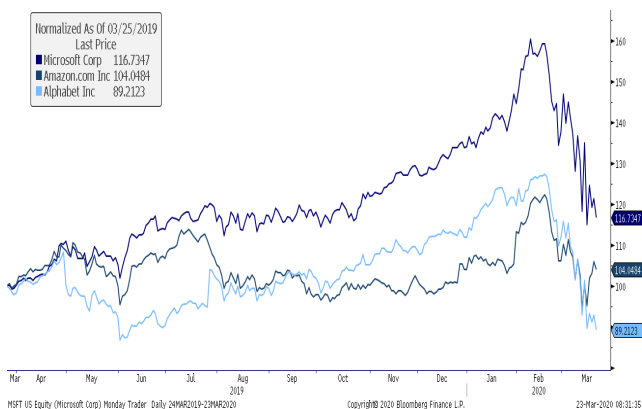
	Value	Change	% Move
Dow	19174	-4011	-17.30%
S&P	2305	-406	-14.98%
Nasdaq	6880	-995	-12.64%
MSCI UK	11672	124	1.08%
DAX	8523	-219	-2.51%
ISEQ	4604	-136	-2.88%
Nikkei	16888	-543	-3.12%
Hang.Seng	21703	-1360	-5.90%
STOXX600	280	-5	-1.79%
Brent Oil	26.34	-3.71	-12.35%
Crude Oil	22.77	-5.93	-20.66%
Gold	1490	-24.23	-1.60%
Silver	12.5062	-0.40	-3.13%
Copper	207.85	-31.40	-13.12%
Euro/USD	1.0693	-0.05	-4.38%
Euro/GBP	0.9195	0.01	0.88%
GBP/USD	1.1629	-0.06	-5.23%
	Value	Change	
German 10 Year	-0.374	0.09	
UK 10 Year	0.518	0.08	
US 10 Year	0.7816	0.06	
Irish 10 Year	0.221	-0.07	
Spain 10 Year	0.713	-0.13	
Italy 10 Year	1.645	-0.52	
BoE	0.1	-0.15	
ECB	0.00	0.00	
Fed	0.25	-1.00	

All data sourced from Bloomberg

Opportunities this week

CFI Research Team

US Big Tech/Cloud Service (MSFT/AMZN/GOOGL)



Microsoft: \$137.35

- 1.1tn market cap, corrected by 24% from recent high and now trades on c.25x 2020 earnings. Q2 results in January recorded 14% revenue growth and 35% growth in operating income
- Management adjusted guidance for Covid-19 due to supply chain issues within PC division– c.5% earnings downgrade. Azure grew revenue by 62% in Q2, LinkedIn by 24% and cloud services by 16%. Consensus guides for 10% revenue CAGR and 15% EPS CAGR through 2025

Amazon: \$1,846.09

- Corrected by 18% from its high, which can be rare for growth stocks
- Global online retail leader with online retail sales still less than 15% of total retail sales. Amazon reported 2019 net sales growth of 20% to \$280bn and 25% growth in operating cash flow
- AWS (cloud services) and Amazon Prime key drivers of future growth
- Technical support on the chart around \$1700-\$1750. Recent low of \$1660 is a good stop loss

Alphabet: \$1,068.

- Google's parent has corrected by c.19% off its high and trades now on c.22x forward earnings. \$1200 is a big level on the chart which could be considered a stop loss
- Investments extend across computer science, artificial intelligence, ambient computing and cloud computing which provide a strong base for continued growth and new opportunities across Alphabet Youtube and Cloud now generate \$15bn and \$10bn in sales - key growth streams. Alphabet delivered 20% revenue growth in 2020 and c.12% growth in earnings per share

Total Return	1 Mth	3 Mth	YTD
MSFT US	-23.0%	-12.5%	-12.6%
AMZN US	-11.9%	2.96%	-0.1%
GOOGL US	-27.9%	-20.9%	-20.3%

Source: All data & charts from Bloomberg & CFI

US & European Passive Equity Exposure



SPDR® S&P® 500 UCITS ETF

- The S&P 500 Index is a float-adjusted, capitalization weighted index of the top 500 companies in the US market.
- The Index is designed to provide exposure to the large cap segment of the U.S. equities market and spans over 24 separate industry groups.
- Top 5 holdings: Microsoft, Apple, Amazon, Facebook & Alphabet.
- Ticker: SPY5 LN
- [Link to Factsheet](#)
- [Link to KIID](#)

iShares Core DAX® UCITS ETF

- The German Stock Index is a total return index of 30 selected German blue chip stocks
- The components are weighted by free float market capitalization with a cap of 10%
- Top 5 holdings: SAP, Linde Plc, Allianz, Siemens & Bayer.
- Ticker: DAXEX GY
- [Link to Factsheet](#)
- [Link to KIID](#)

Total Return	1 Mth	3 Mth	YTD
SPY5 LN	-29.3%	-26.5%	-29.9%
DAXEX GY	-33.0%	-32.5%	-32.8%

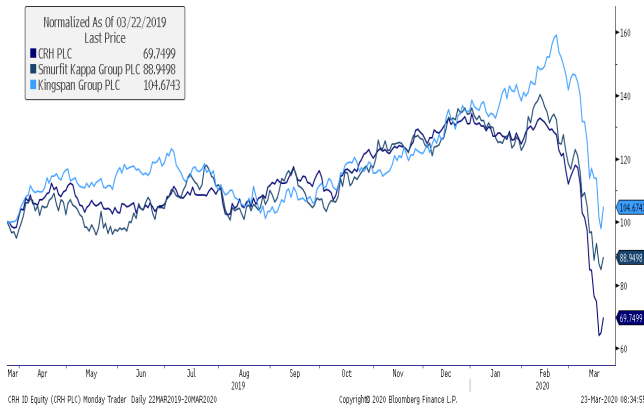
Source: All data & charts from Bloomberg & CFI

	DIV	TER
SPY5 LN	1.56%	0.09%
DAXEX GY	0.00%	0.16%

Opportunities this week

CFI Research Team

Irish Industrials (CRH/SKG/KSP)



CRH Plc: €18.96

- Shares have declined by 33% year to date. Already pricing in a very weak H1 2020
- FY 2019 results solid with cash flow generation a standout. €4.2bn EBITDA and net debt/EBITDA was 1.7x at FY 2019
- Group operating cash flow surged by 50% benefiting from the integration of Ashgrove in the States
- CRH trades on 9.5x trailing earnings and 1.15x book value. Should benefit from US stimulus measures. Upgrade to Buy

Smurfit Kappa Group Plc: €22.70

- Smurfit is a global leader in corrugated boxes which is seeing structural demand growth driven by e-commerce
- SKG trades on 9x trailing earnings and offers a 4.5% dividend yield backed by an c.8% free cash flow yield
- FY 2019 group reported €9.05bn revenue, €1.65bn in EBITDA (+7% YoY) and generated €550m of free cash flow (€3.5bn net debt)
- 80% of SKG profits (EBITDA) is European based - hence the selloff in shares year to date. Medium to long term, we see good value at these levels

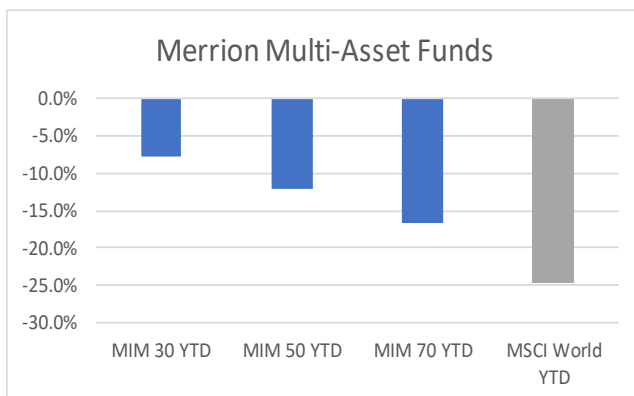
Kingspan Group Plc: €42.10

- Kingspan is a global leader in high performance insulation and energy efficiency products
- Shares have declined by 26% year to date to trade on 22x trailing earnings (3.8% fcf yield)
- Strong balance sheet with 1.1x net debt/EBITDA (€630m net debt)
- Good track record of revenue and earnings growth but more downside if European construction sector gets significantly hit.

Total Return	1 Mth	3 Mth	YTD
CRH ID	-43.8%	-45.5%	-45.4%
SKG ID	-32.8%	-34.5%	-33.7%
KSP ID	-34.2%	-21.7%	-22.7%

Source: All data & charts from Bloomberg & CFI

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



Total Return	YTD
MIM 30	-7.7%
MIM 50	-12.1%
MIM 70	-16.6%
MSCI World (EUR)	-24.6%

Returns as of the 19/03/2020
Gross Returns

- 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
 - Having been positioned very defensively at the top in markets (at the lower end of our growth equity ranges, and overweight long-dated government bonds and gold), we moved to a more neutral position on the first move lower as the virus came to Italy.
 - We have added to growth assets over the course of March, adding high quality equities and some cyclicals, and rotated our defensive exposure away from long dated bonds and gold due to the extreme levels they got to.
 - Over the last few days we have started adding some high quality corporate debt to the defensive side of the portfolios, as a combination of higher government bond yields and much wider credit spreads leaves these assets particularly attractive for the medium term investor
- Our investment process lends itself to long term fundamental holdings with short term tactical opportunities
- As volatility has increased, MIM's well-established active investment process is well suited to capture the opportunities this is hopefully presenting.

Cantor Core Portfolio - In Detail



Cantor Core Portfolio

Date: 20/03/2020

Performance YTD	%
Portfolio	-26.2%
Benchmark	-27.3%
Relative Performance	1.1%
P/E Ratio	12.91x
Dividend Yield	5.5%
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	-7.72%	
USD	5.27%	

Benchmark

Weighted Average Contribution

Index	Currency	PE	Outlook	Weighting	Total Return Local	Weekly Return	Price	Total Contribution
STOXX Europe 600	EUR	14	Neutral	60%	-29.1%	-1.9%	293	-17.5%
S&P 500	USD	15	Neutral	40%	-28.3%	-15.0%	2305	-9.8%
Total				100%				-27.28%

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%	-20.2%	-12.0%	1068	-0.3%
Verizon Communications Inc	USD	4.6%	H	Communication Services	5%	-14.8%	-4.4%	51.80	-0.5%
BT Group*	GBP	12.4%	H	Communication Services	5%	-34.5%	12.3%	1.26	-1.9%
Dalata Hotel Group Plc	EUR	7.0%	H	Consumer Discretionary	2%	-62.1%	-15.9%	1.95	-1.2%
Amazon.Com Inc	USD	0.0%	H	Consumer Discretionary	4%	-0.1%	3.4%	1846	0.2%
McDonald'S Corp	USD	3.7%	H	Consumer Discretionary	3%	-24.4%	-16.2%	148.49	-0.6%
Carnival	USD	21.8%	H	Consumer Discretionary	3%	-76.1%	-31.7%	12.00	-2.2%
Glanbia Plc	EUR	3.1%	H	Consumer Staples	4%	-12.7%	-6.4%	8.80	-0.5%
Danone	EUR	3.6%	H	Consumer Staples	3%	-20.5%	9.3%	58.74	-0.6%
Royal Dutch Shell Plc*	GBP	17.4%	H	Energy	3%	-53.0%	-4.6%	10.34	-2.0%
Total Sa	EUR	13.1%	S	Energy	0%	-48.5%	-3.9%	25.00	-0.2%
Allianz Se	EUR	8.6%	H	Financials	4%	-38.3%	-8.3%	134.74	-1.5%
ING Groep Nv	EUR	16.3%	H	Financials	4%	-53.5%	-3.8%	4.97	-2.1%
Sanofi	EUR	4.4%	H	Health Care	3%	-17.6%	0.6%	73.85	-0.5%
Pfizer Inc	USD	4.6%	H	Health Care	5%	-25.2%	-11.3%	29.01	-1.1%
Vinci Sa	EUR	5.7%	H	Industrials	4%	-29.5%	3.6%	69.78	-1.2%
Siemens Gamesa Renewable Energy	EUR	0.5%	H	Industrials	3%	-16.8%	9.5%	13.01	-0.5%
DCC Plc	GBP	3.2%	H	Industrials	4%	-28.1%	11.0%	47.05	-1.3%
Fedex Corp	USD	2.6%	H	Industrials	3%	-26.2%	4.2%	111.06	-0.7%
SAP Se	EUR	2.0%	H	Information Technology	4%	-24.2%	-1.5%	91.26	-1.0%
Paypal Holdings Inc	USD	0.0%	H	Information Technology	4%	-19.9%	-21.3%	86.68	-0.6%
Microsoft Corp	USD	1.4%	H	Information Technology	3%	-12.7%	-13.5%	137.35	-0.2%
Smurfit Kappa Group Plc	EUR	5.2%	H	Materials	3%	-33.7%	-8.2%	22.70	-1.0%
Newmont Corp	USD	2.0%	H	Materials	3%	-6.4%	2.7%	40.56	0.0%
Invesco Physical Gold ETC	USD	0.0%	H	Materials	3%	-2.6%	-2.7%	143.96	-0.1%
Kennedy Wilson Holdings Inc	USD	6.3%	H	Real Estate	4%	-44.2%	-26.9%	12.44	-1.7%
Engie	EUR	6.5%	H	Utilities	5%	-27.7%	-0.8%	10.41	-1.4%
Greencoat Renewables Plc	EUR	6.5%	H	Utilities	4%	-8.1%	-2.3%	1.08	-0.3%
JPMorgan Emerging Markets Trust	GBP	1.1%	H	Emerging Markets	3%	-25.2%	-9.8%	7.91	-0.9%
Total					100%				-26.18%

All data taken from Bloomberg up until 20/03/2020.

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

This Weeks Market Events

Monday	Tuesday	Wednesday	Thursday	Friday
Corporate	Corporate	Corporate	Corporate	Corporate
Atlantia Sa	Nike	Micron Technology	Sofina	
Economic	Economic	Economic	Economic	Economic
EU Consumer Confidence	France- Flash Markit Composite PMI GER- Flash Markit Composite PMI EZ- Flash Markit Composite, Manu & Services PMI UK- Flash Markit Composite, Manu & Services PMI US- Flash Markit Composite, Manu & Services PMI US New Home Slaes	German IFO US Durable Goods	UK Retail Sales US Q4 GDP (Final reading) Initial Jobless Claims	US Core PCE University of Michigan Consumer Sentiment

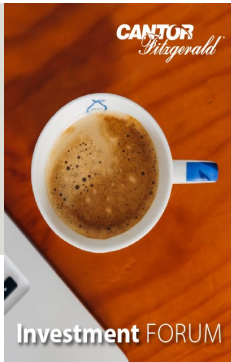
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Allianz: Allianz through its subsidiaries, provides insurance and financial services.

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

Historical Recommendation:

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