

Weekly Trader

Upcoming Market Opportunities and Events

CANTOR
Fitzgerald

Monday, 20th April 2020

Key Themes This Week

The Week Ahead

Equity markets recovered from a shaky start to the holiday-shortened week to finish marginally higher in Europe and with gains of 3% in the US. The best performing index on the week was the technology focused NASDAQ (+6.5%) with a particularly strong performance by Amazon (Core Portfolio holding) the biggest contributor.

This resilient performance by equity markets over the last two weeks has been impressive and supports our recent recommendation for incremental deployment of cash. Some investors may question the rationality of such a solid performance by markets against the back drop of more dire economic data. When one considers that following the most recent batch of US economic data, the number of US citizens signing on for benefit has increased by 22m over the last four weeks, retail sales (-8.7%) registered their sharpest fall on record and industrial production in the world's largest economy virtually ground to a halt, the performance by markets is even more baffling. Add in exceptionally weak data from China and underwhelming results from the US banking sector and this makes the resilience of markets even more astounding.

There are a number of explanations which answer the disconnect between the data and the markets moves. Firstly, the deterioration in the main data releases has not come as a surprise given the shuddering impact that coronavirus has had on the global economy while equally the data releases are to a large extent rear-view readings. Secondly, and as we have highlighted here in recent weeks, the swift and sizable response from not just central banks but also governments has provided a badly needed level of support to markets. Thirdly, as a result of the decision by the US Federal Reserve to include sub-investment grade and high yield credit on its asset purchase shopping list, dislocations in the credit markets have eased and this help suppress equity market volatility. The final explanation for the markets resilience this week was the news regarding a possible treatment for the virus from US group Gilead. While there are some questions about the veracity of the details contained in the story which broke this news, the market reaction to it highlighted investor sensitivity to such apparently positive headlines.

The main areas of focus in the coming week will be economics and earnings.

On the economic front we will see Composite PMI readings from all the major economies and like all the recent data points, expectations are low, but will nonetheless be a further test of the markets recent resilience.

The other big focus will be on Q1 earnings which will see a ramping up of companies reporting. Among those set to report are a number of technology names including Intel, PayPal Holdings, Facebook and Amazon. As highlighted during our Webinar last Thursday, technology is one of our preferred sectors given its strong underlying growth dynamics. We continue to hold Amazon and PayPal in the Core Portfolio however given Amazon's strong run last week we would wait for a better entry point for new investors, while we are comfortable buying PayPal Holdings at current levels. We also recently covered Intel in the Weekly Trader and continue to like the stock.

Also reporting this week will be Coca-Cola which offer investors a more defensive portfolio alternative, while also in the more defensive area of the market, US telecoms group Verizon Communications (Core Portfolio holding) also report first-quarter numbers.

Closer to home we will see materials and aggregates group CRH (covered here) provide a trading update, while food groups Glanbia and Danone (Core Portfolio holdings) will also issue trading updates.

Major Markets Last Week

	Value	Change	% Move
Dow	24242	523	2.21%
S&P	2875	84	3.04%
Nasdaq	8650	496	6.09%

MSCI UK	12926	-120	-0.92%
DAX	10626	292	2.83%
ISEQ	5278	-11	-0.22%

Nikkei	19,669	625	3.29%
Hang.Seng	24,356	56	0.23%
STOXX 600	333	6.8	2.08%

Brent Oil	27.5	-4.24	-13.36%
Crude Oil	14.84	-7.57	-33.78%
Gold	1682	-33.44	-1.95%

Silver	15.2299	-0.18	-1.20%
Copper	236.7	4.75	2.05%

Euro/USD	1.0852	-0.01	-0.57%
Euro/GBP	0.8711	0.00	-0.13%
GBP/USD	1.2458	-0.01	-0.46%

	Value	Change
German 10 Year	-0.48%	-0.13
UK 10 Year	0.30%	0.00
US 10 Year	0.63%	-0.14

Irish 10 Year	0.18%	-0.03
Spain 10 Year	0.83%	0.05
Italy 10 Year	1.83%	0.24

BoE	0.1	0.00
ECB	0.00	0.00
Fed	0.25	0.00

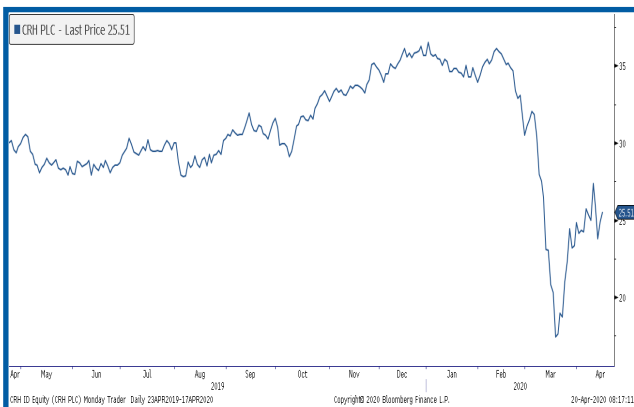
All data sourced from Bloomberg

Opportunities this week

CFI Research Team

CRH (CRH ID)

Closing Price: €25.51



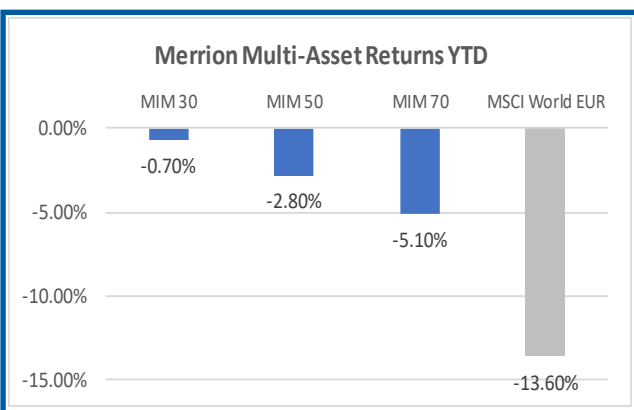
- Irish materials group CRH will release a Q1 trading update ahead of its AGM on Wednesday 22nd April.
- While specifics in relation to numbers will be light, the statement will be important in relation to current trading conditions in its main markets following the global economic shutdown.
- In its full-year results release in February the company stated that 'In our Americas Materials Division, supported by continuing favourable economic conditions, we expect growth in the US residential and non-residential market sectors with positive momentum in infrastructure activity, underpinned by state and federal funding. In our Europe Materials Division, we anticipate positive construction demand in key markets with steady progress in Western Europe and good growth in Eastern Europe. While Brexit has created uncertainty in the UK construction market, we expect some stabilisation in 2020.'
- While activity in the US and Europe was strong up to the middle of February due to the strong US economy and un-seasonally mild weather in Europe, this activity will have slowed significantly.
- Notwithstanding this, CRH remains one of the best place companies in the sector to benefit from increased infrastructure spend in the US which now accounts for 55% of group revenue
- The company has one of the strongest balance sheets in the sector with Net Debt to EBITDA of 1.7x
- This balance sheet strength supported the recently concluded €200m share buyback programme and while no further buybacks are expected to be announced, we see the company paying its declared HS 2019 dividend of €0.63 per share.
- The shares trade on 10.9x 2020 earnings which in our opinion offers an attractive entry-point multiple for medium to long-term investors.

Key Metrics	2020e
Revenue (€ Mn)	22738.5
EPS (€)	1.46
Price/ Earnings	17.34x
Div Yield	3.28%

Share Price Return	1 Mth	3 Mth	YTD
CRH ID	22.6%	-26.3%	-28.5%

Source: All data & charts from Bloomberg & CFI

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



- MIM multi asset (30/50/70) funds offer well-diversified exposure with the ability to perform 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 changes we have made over the last few weeks were triggered by the signals coming from our three-pillar investment process
- We entered the crisis at the lower end of the range in growth assets which meant we were able to exploit the opportunities presented by the market crash
- Investing in equities (moving from underweight to overweight), changing the equity mix in the portfolios (from defensive to cyclical whilst also adding further to high quality equities and structural growth stories) and investing in corporate credit and periphery bonds
- These are a combination of strategic and tactical changes. Strategically, equities are attractive, but risk management around certain levels will lead to tactical changes to asset allocation, as always
- This highlights the proactive nature of our process, pointing out areas in the market where excessive positioning/risks have built up and avoiding them
- We continue to monitor the numerous risks and opportunities that will present themselves, especially as western economies will try and re open as we enter into the illiquid summer months

Total Return	YTD
MIM 30	-0.7%
MIM 50	-2.8%
MIM 70	-5.1%
MSCI World (EUR)	-13.6%

Returns as of the 16/04/2020
Gross Returns

Opportunities this week

CFI Research Team

Greencoat Renewables (GRP ID)

Closing Price: €1.19



- Greencoat renewable's most recent results reported that the group generated €40.6m 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 251m 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 has recently agreed to buy a portfolio of operating wind assets in France for total consideration of EU30.3 million. The three windfarms come with 16-year long term fixed rate project finance and have an overall net enterprise value of EU95 million. This will be Greencoats first non-Irish venture and will add 51.9MW of wind capacity.
- Following the acquisition, Greencoats total installed capacity base will increase to 528.1MW
- 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
- Greencoat is less impacted by economic uncertainty as c97% of revenues are contracted until the end of 2027. This helps to give a level of comfort that the dividend will be unaffected by global developments. Greencoat is targeting a dividend of 6.06 per share in 2020
- We retain our "Buy" recommendation.

Key Metrics	2020e
Revenue (€ Mn)	44.0
EPS (€)	0.06
Price/ Earnings	20.25x
Div Yield	5.28%

Share Price Return	1 Mth	3 Mth	YTD
GRP ID	20.20%	-1.65%	0.42%

Source: All data & charts from Bloomberg & CFI

iShares Edge MSCI World Value Factor UCITS ETF

Closing Price: \$24.81



- The ETF seeks to track the performance of an index composed of a sub-set of MSCI World stocks that capture undervalued stocks relative to their fundamentals
- The MSCI World Enhanced Value Index captures large and mid-cap stocks across 23 Developed Markets
- Broad based exposure to a basket of 397 global stocks
- The value investment style characteristics applied in the construction of the index are defined using three variables:
 - Price-to-Book Value
 - Price-to-Forward Earnings
 - Enterprise Value to-Cash flow from Operations
- Top 5 holdings: Intel Corp, AT&T, IBM Corp, British American Tobacco & Micron Technology
- The ETF is available in a accumulating or distributing share class
- [Link to Factsheet](#)
- [Link to KIID](#)

Total Return	1 Mth	3 Mth	YTD
IWVL LN	13.8%	-24.6%	-24.1%

Source: All data & charts from Bloomberg & CFI

Ticker	DIV	TER
IWVL LN	0.30%	-

Cantor Core Portfolio - In Detail



Cantor Core Portfolio

Date: 17/04/2020

Performance YTD	%
Portfolio	-14.5%
Benchmark	-14.5%
Relative Performance	0.0%
P/E Ratio	16.89x
Dividend Yield	3.0%
ESMA Rating	6
Beta	0.98

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	-2.63%	
USD	3.33%	

Benchmark

Weighted Average Contribution

Index	Currency	PE	Outlook	Weighting	Total Return Local	Weekly Return	Price	Total Contribution
STOXX Europe 600	EUR	15	Neutral	60%	-19.1%	2.1%	333	-11.5%
S&P 500	USD	19	Neutral	40%	-10.5%	3.1%	2875	-3.0%
Total				100%				-14.49%

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%	-4.5%	6.0%	1279	0.0%
Verizon Communications Inc	USD	4.3%	H	Communication Services	5%	-2.8%	1.8%	58.46	0.0%
BT Group*	GBP	12.4%	H	Communication Services	5%	-37.3%	-1.3%	1.21	-1.9%
Dalata Hotel Group Plc	EUR	0.0%	H	Consumer Discretionary	2%	-49.0%	-5.4%	2.63	-1.0%
Amazon.Com Inc	USD	0.0%	H	Consumer Discretionary	4%	28.5%	16.3%	2375	1.3%
McDonald'S Corp	USD	2.8%	H	Consumer Discretionary	3%	-5.2%	1.3%	186.10	-0.1%
Carnival	USD	0.0%	H	Consumer Discretionary	3%	-75.0%	1.1%	12.56	-2.2%
Glanbia Plc	EUR	3.1%	H	Consumer Staples	4%	-11.2%	9.1%	8.95	-0.4%
Danone	EUR	3.7%	H	Consumer Staples	3%	-13.9%	11.6%	63.62	-0.4%
Royal Dutch Shell Plc*	GBP	9.7%	H	Energy	3%	-38.9%	-7.4%	13.43	-1.5%
Total Sa	EUR	8.0%	S	Energy	0%	-34.8%	-8.4%	31.02	-0.2%
Allianz Se	EUR	5.8%	H	Financials	4%	-25.0%	1.8%	163.90	-1.0%
ING Groep Nv	EUR	0.0%	H	Financials	4%	-54.7%	-8.5%	4.84	-2.2%
Sanofi	EUR	4.0%	H	Health Care	3%	-3.4%	5.6%	86.57	-0.1%
Pfizer Inc	USD	4.3%	H	Health Care	5%	-4.8%	4.3%	36.91	-0.1%
Vinci Sa	EUR	3.9%	H	Industrials	4%	-22.8%	3.1%	76.46	-0.9%
Siemens Gamesa Renewable Energy	EUR	0.4%	H	Industrials	3%	-13.2%	-1.2%	13.57	-0.4%
DCC Plc	GBP	2.7%	H	Industrials	4%	-15.7%	5.0%	55.14	-0.7%
Fedex Corp	USD	2.1%	H	Industrials	3%	-17.0%	2.1%	124.85	-0.4%
SAP Se	EUR	1.6%	H	Information Technology	4%	-6.0%	7.7%	113.06	-0.2%
Paypal Holdings Inc	USD	0.0%	H	Information Technology	4%	3.4%	5.7%	111.85	0.3%
Microsoft Corp	USD	1.2%	H	Information Technology	3%	13.6%	8.2%	178.60	0.5%
Smurfit Kappa Group Plc	EUR	0.0%	H	Materials	3%	-23.9%	-1.7%	26.06	-0.7%
Newmont Corp	USD	1.9%	H	Materials	3%	36.7%	3.4%	59.23	1.2%
Invesco Physical Gold ETC	USD	0.0%	H	Materials	3%	11.2%	2.5%	164.26	0.3%
Kennedy Wilson Holdings Inc	USD	6.2%	H	Real Estate	4%	-35.9%	-4.7%	14.06	-1.4%
Engie	EUR	0.0%	H	Utilities	5%	-34.1%	0.7%	9.49	-1.7%
Greencoat Renewables Plc	EUR	5.6%	H	Utilities	4%	1.7%	7.2%	1.19	0.1%
JPMorgan Emerging Markets Trust	GBP	1.1%	H	Emerging Markets	3%	-18.4%	2.1%	8.63	-0.6%
Total					100%				-14.46%

All data taken from Bloomberg up until 17/04/2020.

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
IBM M&T Bank	Coca-Cola Co Philip Morris Int Netflix Inc Texas Instruments Inc SAP SE BHP Group PLC	AT&T Inc Heineken NV CRH Glanbia	Intel Corp Credit Suisse Group Unilever Vinci	Verizon Communications Inc Sanofi Nestle
Economic	Economic	Economic	Economic	Economic
	UK Jobless Claims German ZEW Survey US Existing Home Sales	UK CPI	UK Industrial Production German GfK Con. Confidence Markit France PMI Markit German PMI Markit Eurozone PMI US Initial Jobless Claims Markit US PMI	German IFO US Durable Goods Orders

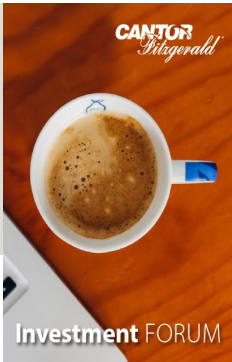
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Allianz: Allianz through its subsidiaries, provides insurance and financial services.

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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