

Weekly Trader

Upcoming Market Opportunities and Events

CANTOR
Fitzgerald

Monday, 11th May 2020

Key Themes This Week

The Week Ahead

Equity markets retested recent highs last week with gains of on average 3% with the NASDAQ once again the strongest performing market with a gain of 5%. This resilient performance came despite a continued series of weak economic data particularly in the US labour market which saw the 6 week cumulative number for Jobless Claims move over 33m and the Non-Farm Payroll report showing a loss of 20.5m jobs. While the unemployment rate of 14.7% was better than the expected 16%, the rate of job losses has been a real test for risk assets.

A number of factors contributed to the apparent disconnect between stock market performance and economic reality. First and foremost were recent results from the technology sector in particular by those stocks who are currently benefitting from remote working and the necessity for on-line shopping as an alternative to Bricks and Mortar retailers. Highlighting this point were results from payments group **PayPal Holdings** (Core Portfolio holding) which rallied 14% after the company cited record traffic volume and an unprecedented increase in net new accounts.

Also supporting risk assets was a resumption of trade talks between the US and China after which both sides indicated their commitment to the agreement and which helped to dispel earlier accusations by the US over China's role in the spread of the virus. An impressive rally in WTI crude oil prices, up 25% on the week, also supported broader risk assets while the final area of support came from credit markets which have seen significant new issuance over the number of weeks with **Boeings** \$25bn issue being the most prominent.

While US equity markets are now testing key resistance levels such as 2,930 on the S&P 500, the possibility of break above these resistance levels cannot be ruled out given the extremely high levels of cash which is still sitting on the side-lines. It is estimated that over the last 14 weeks some \$1.2 trillion has moved into money market funds to bring the overall total to \$4.8 trillion. Other indicators such as the Bull/Bear Investor Sentiment Indicator show an ever increasing bearish tone amongst investors despite the continued positive performance by markets. Traditionally this has been seen as a contrarian indicator and suggests that if this bearish sentiment reverses a test of 3,000 on the S&P is possible.

Having highlighted the above positive factors supporting markets currently, it is only fair to point out that a number of risks still remain and probably explains the bearish slant in investor sentiment. First and foremost is the uncertainty over the timing of any economic recovery which will ultimately be determined by the length of the current period of lock-down. While it is true to say that more countries are slowly relaxing their restrictions, there remains a concern over the possibility of a second wave of infections. Highlighting this were reports last week suggesting that on a global basis, there has been an increase in reported cases of the virus over the last week, just at the time when lock-downs are being relaxed. Equally, the outlook for corporate earnings remains murky with minimal guidance proffered by CEO's in the Q1 reporting season. Currently the market is priced for a strong earnings rebound in the second half of the year. Any evidence that this may not happen will be negative for markets.

In the last two editions of the Weekly Trader we have highlighted a total of 19 individual stock names which we feel offer clients diversified exposure to regions, sectors and investment styles. We continue to recommend these names and if you missed either or both of these lists, please contact your Cantor Portfolio Manager.

In addition to these names we also like a number Exchange Traded Funds, two of which are included this week, one focusing on the Cloud Computing theme and the second focusing on value stocks which stand to benefit from any economic rebound in the second-half of the year. For more information on these please contact your Cantor Portfolio Manager.

Major Markets Last Week

	Value	Change	% Move
Dow	24,331	607.6	2.56%
S&P	2,930	99.1	3.50%
Nasdaq	9,121	516.4	6.00%

MSCI UK	13,270	401.0	3.12%
DAX	10,904	42.8	0.39%
ISEQ	5,508	121.2	2.25%

Nikkei	20,391	619.5	3.13%
Hang.Seng	24,581	967.5	4.10%
STOXX 600	341	3.7	1.08%

Brent Oil	30.57	3.37	12.39%
Crude Oil	24.48	4.09	20.06%
Gold	1707	4.98	0.29%

Silver	15.5547	0.78	5.26%
Copper	240.6	9.35	4.04%

Euro/USD	1.0841	-0.01	-0.61%
Euro/GBP	0.8723	0.00	-0.46%
GBP/USD	1.2428	0.00	-0.12%

	Value	Change
German 10 Year	-0.53%	0.03
UK 10 Year	0.24%	-0.01
US 10 Year	0.69%	0.05

Irish 10 Year	0.13%	0.04
Spain 10 Year	0.81%	0.05
Italy 10 Year	1.79%	0.03

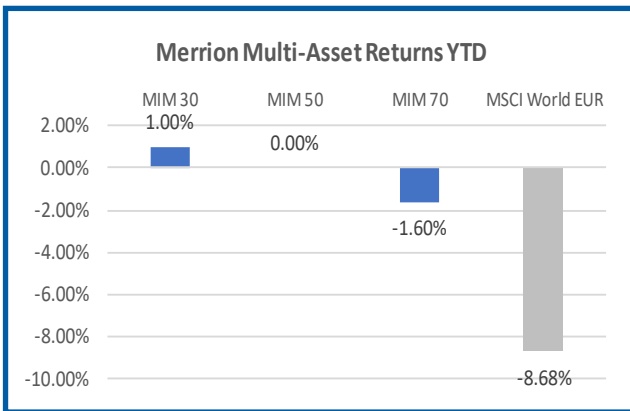
BoE	0.1	0.00
ECB	0.00	0.00
Fed	0.25	0.00

All data sourced from Bloomberg

Opportunities this week

CFI Research Team

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



Total Return	YTD
MIM 30	1.0%
MIM 50	0.0%
MIM 70	-1.6%
MSCI World (EUR)	-8.7%

Returns as of the 7/05/2020
Gross Returns

- 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
- Currently the funds are positioned at the upper end of the ranges for growth assets. Within growth assets we are continuing with our twin track approach of focusing on the opportunities this crisis has presented, namely the acceleration of secular growth themes and finding value in the cyclical sectors that were most effected by the shutdown
- 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

Bank of Ireland Group Plc (BIRG ID)

Closing Price: €1.64



Bank of Ireland: Bank of Ireland has released an Interim Management Statement this morning which highlight the impact of lower business activity as a result of Covid-19 as well as the continuing impact of lower interest rates.

- Net Interest Income of €540m was in-line with expectations and compares to €538m in Q1 2019
- Net Interest Margin was 2.07% down from 2.15% for full-year 2019 and reflects the continuing drag of the low interest rate environment
- Non-Performing Exposures (NPE) fell to €3.4bn from €3.5bn at year -end 2019 and represent 4.2% of total loan book
- Costs declined by 3% compared to Q1 2019
- Core Tier 1 ratio declined by 0.3% to 13.5%
- The bank is taking a €266m provisioning charge which includes a €250m Covid-19 related charge.
- Lower business activity impacting gross lending volumes, 2020 new lending could be between 50% - 70% of 2019 volumes (€16.5 billion)
- NIM to decline reflecting low interest rate environment and growth in liquid assets
- Business income expected to be 30% - 40% lower due to reduced economic activity
- Macroeconomic outlook remains uncertain with expected increased impairment and loan loss experience over the course of 2020

Key Metrics	2020e	2021e	2022e
Revenue (€'Mn)	2719.9	2718.6	2739.6
EPS (€)	0.14	0.36	0.44
Price/ Earnings	11.27x	4.54x	3.68x
Div Yield	-	-	-

Total Return	1 Mth	3 Mth	YTD
BIRG ID	-6.48%	-61.64%	-66.33%

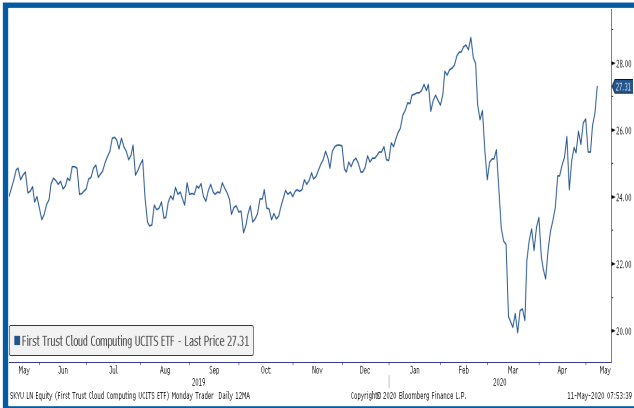
Source: All data & charts from Bloomberg & CFI

Opportunities this week

CFI Research Team

First Trust Cloud Computing UCITS ETF

Closing Price: \$27.31



Total Return	1 Mth	3 Mth	YTD
SKYU LN	15.3%	-3.2%	8.9%

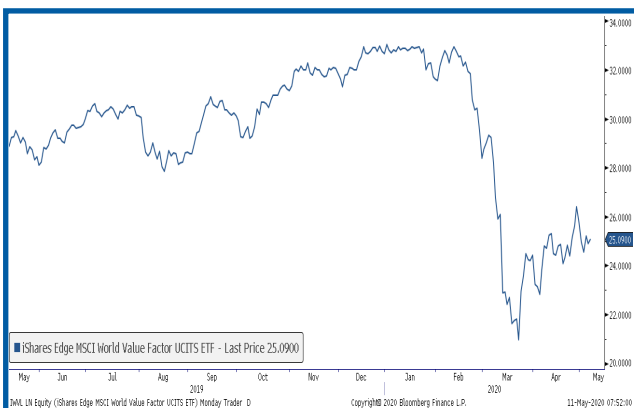
Ticker	DIV	TER
SKYU LN	-	0.60%

Source: All data & charts from Bloomberg & CFI

- We have been positive on the Cloud computing theme for some time and in the current environment of remote working, the importance of Cloud has been amplified. Also, recent strong results from the cloud computing divisions of companies such as Microsoft, SAP, Amazon and Alphabet highlight the growth dynamics of the sector.
- The First Trust Cloud Computing UCITS ETF is based on the ISE CTA Cloud Computing TM Index. The index is a modified equal weighted index designed to track the performance of companies involved in the cloud computing industry and is a comprehensive, rules based index designed to measure the performance of companies engaged in a business activity in the cloud computing industry.
- All securities are classified according to the following three business categories: Infrastructure-as-a-Service (IaaS): Companies that deliver cloud computing infrastructure – servers, storage, and networks – as an on-demand service. Platform-as-a-Service (PaaS): Companies that deliver a platform for the creation of software in the form of virtualization, middleware, and/or operating systems, which is then delivered over the Internet. Software-as-a-Service (SaaS): Companies that deliver software applications over the Internet enabling other companies to conduct their operations using the application.
- The ETF has 62 holdings, is limited to 80 and is rebalanced quarterly.
- Top 5 holdings: Microsoft Corp, Amazon.com Inc, Alphabet Inc, Oracle Corp & Alibaba Group
- [Link to Factsheet](#)
- [Link to KIID](#)

iShares Edge MSCI World Value Factor UCITS ETF

Closing Price: \$25.09



Total Return	1 Mth	3 Mth	YTD
IWVL LN	-0.6%	-27.4%	-23.2%

Ticker	DIV	TER
IWVL LN	-	0.30%

Source: All data & charts from Bloomberg & CFI

- 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 an accumulating or distributing share class
- [Link to Factsheet](#)
- [Link to KIID](#)

Cantor Core Portfolio - In Detail

Performance YTD	%
Portfolio	-12.0%
Benchmark	-12.3%
Relative Performance	0.3%
P/E Ratio	21.31x
Dividend Yield	2.6%
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	-3.19%	
USD	3.90%	

Benchmark

Weighted Average Contribution

Index	Currency	PE	Outlook	Weighting	Total Return Local	Weekly Return	Price	Total Contribution
STOXX Europe 600	EUR	17	Neutral	60%	-16.9%	1.3%	341	-10.1%
S&P 500	USD	19	Neutral	40%	-8.7%	3.6%	2930	-2.2%
Total				100%				-12.32%

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%	3.4%	5.1%	1384	0.1%
Verizon Communications Inc	USD	4.4%	H	Communication Services	5%	-5.2%	0.3%	57.00	-0.1%
BT Group*	GBP	9.3%	H	Communication Services	5%	-45.5%	-9.6%	1.05	-2.3%
Dalata Hotel Group Plc	EUR	0.0%	H	Consumer Discretionary	2%	-49.9%	-13.1%	2.58	-1.0%
Amazon.Com Inc	USD	0.0%	H	Consumer Discretionary	4%	28.8%	4.1%	2380	1.3%
McDonald'S Corp	USD	2.8%	H	Consumer Discretionary	3%	-7.7%	-0.8%	181.23	-0.1%
Carnival	USD	0.0%	H	Consumer Discretionary	3%	-71.7%	2.0%	14.21	-2.1%
Glanbia Plc	EUR	2.8%	H	Consumer Staples	4%	-3.0%	1.0%	9.78	-0.1%
Danone	EUR	3.3%	H	Consumer Staples	3%	-13.3%	1.3%	64.06	-0.4%
Royal Dutch Shell Plc*	GBP	4.1%	H	Energy	3%	-42.5%	-1.8%	12.64	-1.6%
Total Sa	EUR	8.6%	S	Energy	0%	-30.7%	0.4%	32.99	-0.2%
Allianz Se	EUR	6.1%	H	Financials	4%	-23.4%	-0.9%	157.68	-0.9%
ING Groep Nv	EUR	0.0%	H	Financials	4%	-52.6%	1.2%	5.07	-2.1%
Sanofi	EUR	3.6%	H	Health Care	3%	3.5%	4.0%	89.57	0.1%
Pfizer Inc	USD	4.1%	H	Health Care	5%	-3.0%	-0.1%	37.22	0.0%
Vinci Sa	EUR	3.1%	H	Industrials	4%	-22.4%	2.8%	76.80	-0.9%
Siemens Gamesa Renewable Energy	EUR	0.3%	H	Industrials	3%	-13.0%	0.2%	13.60	-0.4%
DCC Plc	GBP	2.4%	H	Industrials	4%	-10.9%	3.0%	58.28	-0.6%
Fedex Corp	USD	2.2%	H	Industrials	3%	-19.9%	1.9%	120.44	-0.5%
SAP Se	EUR	1.6%	H	Information Technology	4%	-10.5%	-1.1%	107.74	-0.4%
Paypal Holdings Inc	USD	0.0%	H	Information Technology	4%	34.0%	20.2%	144.96	1.5%
Microsoft Corp	USD	1.1%	H	Information Technology	3%	17.4%	5.8%	184.68	0.6%
Smurfit Kappa Group Plc	EUR	0.0%	H	Materials	3%	-14.7%	2.1%	29.22	-0.4%
Newmont Corp	USD	1.4%	H	Materials	3%	49.0%	5.8%	64.55	1.6%
Invesco Physical Gold ETC	USD	0.0%	H	Materials	3%	11.8%	0.0%	165.10	0.3%
Kennedy Wilson Holdings Inc	USD	6.8%	H	Real Estate	4%	-33.5%	6.8%	14.60	-1.2%
Engie	EUR	0.0%	H	Utilities	5%	-32.0%	-1.1%	9.80	-1.6%
Greencoat Renewables Plc	EUR	5.4%	H	Utilities	4%	-0.9%	2.7%	1.15	0.0%
JPMorgan Emerging Markets Trust	GBP	2.0%	H	Emerging Markets	3%	-17.8%	-2.2%	8.69	-0.6%
Total					100%				-12.05%

All data taken from Bloomberg up until 08/05/2020.

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
	Engie SA Amadeus IT Group SA Allianz SE	Cisco Systems Inc		
Economic	Economic	Economic	Economic	Economic
	Irish unemployment rate US CPI	UK Industrial Production UK Manufacturing Production UK GDP US PPI	US Initial Jobless Claims	US Retail Sales US Industrial Production US Empire Manufacturing University of Michigan Consumer Sentiment

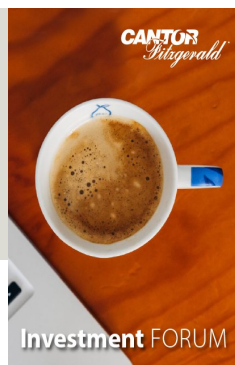
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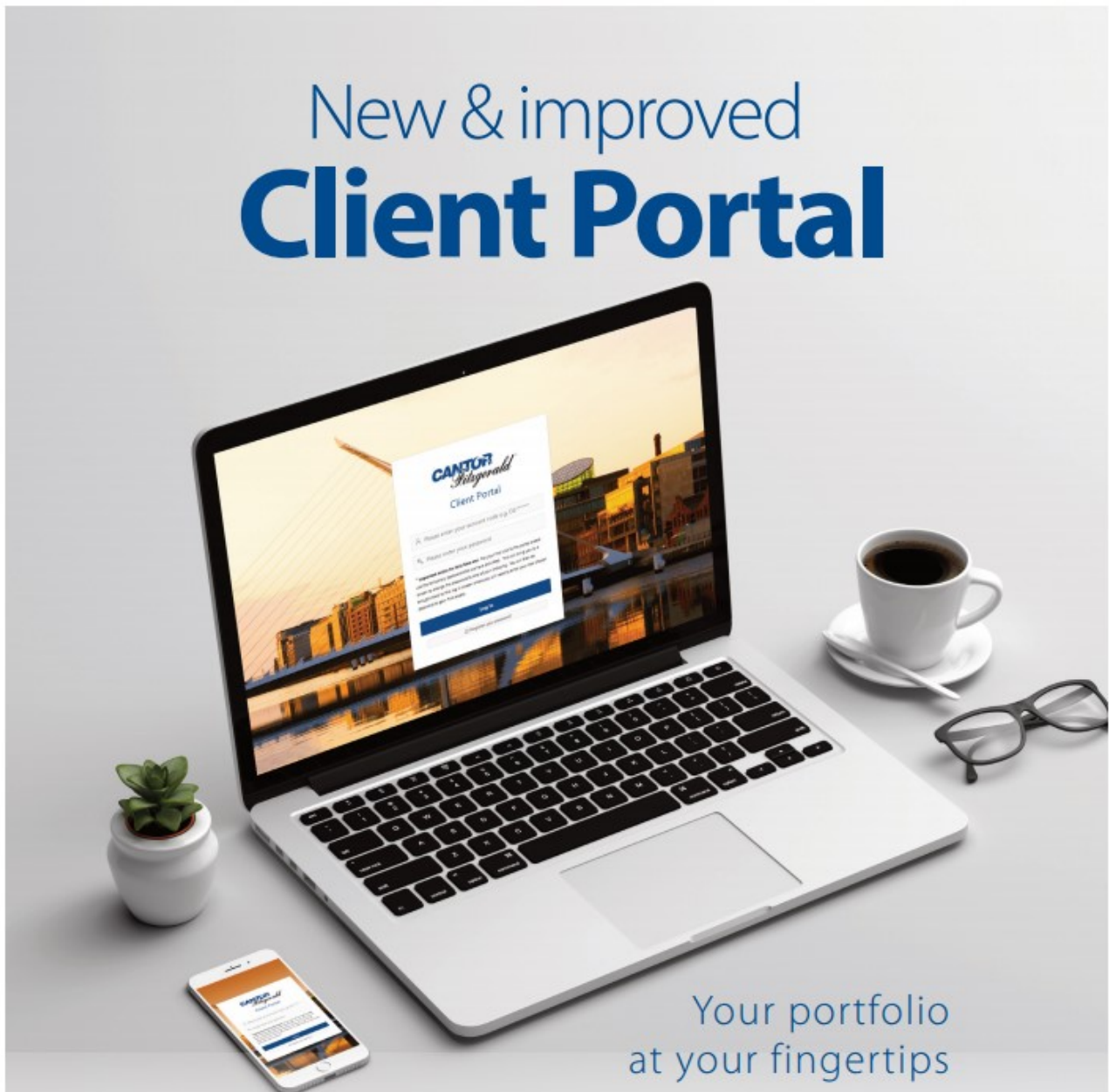


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Regulatory Information

Issuer Descriptions: (Source: Bloomberg)

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:

None of the above recommendations have been disclosed to the relevant issuer prior to dissemination of this Research.



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