

# Weekly Trader

Upcoming Market Opportunities and Events

**CANTOR**  
*Fitzgerald*

Tuesday, 2<sup>nd</sup> June 2020

## Key Themes This Week

### The Week Ahead

Equity markets recorded further strong gains last week with average returns of 5% as a mix of improving economic data, the easing of lockdown restrictions as well as continued fiscal policy support boosted investor sentiment.

Amongst the fiscal policy measures either implemented or proposed was a \$1 trillion stimulus package from the Japanese government which brings the total fiscal support measures to 40% of GDP and the proposed €750bn financial supported package outlined by the EU Commission. Also supporting market sentiment were continued statements from global central banks about their ability to increase the scale of their ongoing asset purchase programmes.

This latter point will be very much in focus on Thursday when the ECB Governing Council meets amidst increase speculation that it will increase the size of its current €750bn Pandemic Emergency Purchase Programme (PEPP).

The most notable feature of the market moves last week and indeed for the last three weeks, has been the rotation out of the 'growth' sectors such as technology, consumer staples and healthcare/pharmaceuticals into the 'value' focused sectors of industrials, materials, financials, specifically banks, and energy. This was reflected in the outperformance of the banking and industrial biased indices of the Dax and Dow Jones Industrials at the expense of the technology laden NASDAQ. The following chart highlights the improving performance of value relative growth over the last month following a prolonged period of underperformance:



This shift in sector preference has been driven by the slowing pace of the coronavirus outbreak and also as economic activity shows signs of a gradual recovery supported by increased monetary and fiscal stimulus. This is a shift that we believe has the potential to continue and we re-iterate once again within the trader the iShares Edge MSCI World Value Factor UCITS ETF as a way to play this theme.

We also include a number of 'value' focused stocks which we believe offer clients the potential for positive returns in the coming months.

While we remain constructive on markets for the reasons outlined above, we do recognise that risks remain to have the potential to disrupt this positive narrative. First and foremost, among these risks is the escalation in US-China tensions as a result of China's legislative move on Hong Kong. This has the potential to derail trade relations between the two countries.

The second risk lies in the potential for a second wave of virus outbreak which while not evident thus far, would potentially reverse the current, gradual recovery in economic activity.

## Major Markets Last Week

	Value	Change	% Move
Dow	25,475	1009.8	4.13%
S&P	3,056	100.3	3.39%
Nasdaq	9,552	227.5	2.44%

MSCI UK	13,784	207.9	1.53%
DAX	11,587	512.9	4.63%
ISEQ	5,994	271.3	4.74%

Nikkei	22,386	1115.0	5.24%
Hang.Seng	23,906	521.4	2.23%
STOXX 600	354	9.0	2.61%

Brent Oil	38.57	2.40	6.64%
Crude Oil	35.67	1.32	3.84%
Gold	1739	28.89	1.69%

Silver	18.19	1.06	6.21%
Copper	246.55	4.70	1.94%

Euro/USD	1.1135	0.02	1.39%
Euro/GBP	0.8905	0.00	0.02%
GBP/USD	1.2504	0.02	1.38%

	Value	Change
German 10 Year	-0.40%	0.09
UK 10 Year	0.23%	0.06
US 10 Year	0.66%	-0.04

Irish 10 Year	0.13%	0.02
Spain 10 Year	0.58%	-0.04
Italy 10 Year	1.49%	-0.09

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

### Value Focused Names

**JPMorgan Chase - Closing Price: \$98.60 P/E: 15.17x**

JPMorgan Chase & Co. is a financial holding company providing financial and investment banking services. The firm offers a range of investment banking products and services in consumer & community banking, all capital markets, including advising on corporate strategy and structure, capital raising in equity and debt markets, risk management, market making in cash securities and derivative instruments, and brokerage and research. The bank has one of the strongest balance sheets in the global banking sector and trades on a Price to Book of 1.3 times which reflects market confidence in this balance sheet strength. The shares offer a dividend yield of 3.6%.

**Grafton Group - Closing Price: £6.41 P/E: 16.13x**

UK home improvement giant with over £2.5bn of sales, touched £10 per share early Jan, recent pull back due to shut down and exposure to consumer discretionary spending and the "man in a white van" type customer via its Sellco brand. The owner of Woodies in Ireland is likely to see a sharp rebound in retail activity and the recent pull back gives investors an opportunity to buy a strong cyclical name with a solid balance sheet and good brands across the UK and Ireland.

**Prudential - Closing Price: £10.89 P/E: 8.31x**

One of the largest Insurers in Europe but importantly the group has 50% of its new business generated in Asia where the recovery has already begun. Strong dividend yield and long term track record of earnings and dividend growth. Emerging Markets were the hardest and first hit however the pull back in this global insurance giant provides investors with an opportunity to add a global player to their portfolio at historically cheap valuation and dividend yield of 2.7%.

**Rio Tinto - Closing Price: £43.77 P/E: 11.67x**

Highly cyclical name with large exposures to the Emerging Market economies, the shares have already rebounded from exceptionally oversold levels however taking a medium term view Rio Tinto is one of the strongest mining groups in the world. The shares have retraced from over £47 in January, previously traded above £47 and it is a stock that is well placed to benefit from a rebound in economic activity over the next 12months. The stock also carries an attractive yield of 8.1%.

**Royal Dutch Shell B - Closing Price: £12.50 P/E: 20.55x**

The oil price collapse in March and April took its toll on the oil sector overall and Royal Dutch Shell was no exception. The weaker trading environment for oil during this period saw the company cancel its share buyback programme and also cut its dividend for the first time since World War II. Notwithstanding these facts the company has shown strong discipline in its' capital expenditure plans which leaves the company with one of the strongest balance sheets in the sector. The rally in oil since the negative price anomaly in April is positive for the sector as is the plan by OPEC+ to extend production cuts into the second half of the year. Finally, the current gradual economic recovery should see demand recover in the coming quarters. Despite the recent dividend cut, the stock still provides a yield of 4.1%.

**Visa - Closing Price: \$194.35 P/E: 34.85x**

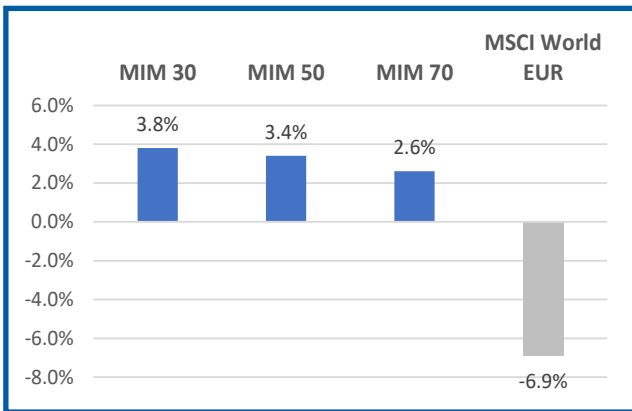
With eCommerce booming, as evidenced by recent results from US retailers, and the global economy slowly starting to reopen, Visa as one of the largest payments and transaction processors is well positioned benefit. While the volume of transactions will remain below pre-virus levels due to lower travel and entertainment activity, we expect these business channels to reopen over time which will be positive for the overall payment processing sector. Visa is a global brand name with a strong balance sheet and leveraged to a recovery in overall economic activity.

*P/E is based on blended 12 month forward earning estimates*

## Opportunities this week

CFI Research Team

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



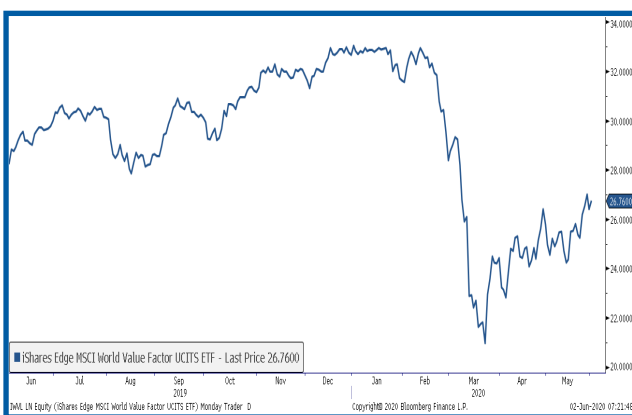
Total Return	YTD
MIM 30	3.8%
MIM 50	3.4%
MIM 70	2.6%
MSCI World (EUR)	-6.9%

Returns as of the 28/05/2020  
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

### iShares Edge MSCI World Value Factor UCITS ETF

Closing Price: \$26.76



Total Return	1 Mth	3 Mth	YTD
IWVL LN	7.2%	-6.9%	-18.1%

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

# Cantor Core Portfolio - In Detail

Performance YTD	%
Portfolio	-10.1%
Benchmark	-10.2%
Relative Performance	0.1%
P/E Ratio	25.18x
Dividend Yield	2.5%
ESMA Rating	6
Beta	0.99

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	-6.04%	
USD	1.18%	

## Benchmark

Index	Currency	PE	Outlook	Weighting	Total Return Local	Weekly Return	Price	Total Contribution
STOXX Europe 600	EUR	18	Neutral	60%	-13.5%	2.6%	354	-8.6%
S&P 500	USD	21	Neutral	40%	-4.6%	3.4%	3056	-1.5%
<b>Total</b>				<b>100%</b>				<b>-10.18%</b>

## Weighted Average Contribution

## Core Portfolio

Stock	Currency	Yield*	Hold /Sold	Sector	Weighting	Total Return Local	Weekly Return	Price	Total Contribution
Alphabet Inc	USD	0.0%	H	Communication Services	2%	7.1%	1.5%	1435	0.2%
Verizon Communications Inc	USD	4.5%	H	Communication Services	5%	-7.2%	3.1%	55.78	-0.2%
BT Group*	GBP	3.2%	H	Communication Services	5%	-38.1%	2.8%	1.19	-2.1%
Dalata Hotel Group Plc	EUR	0.0%	H	Consumer Discretionary	2%	-35.8%	11.8%	3.31	-0.7%
Amazon.Com Inc	USD	0.0%	H	Consumer Discretionary	4%	33.7%	1.4%	2471	1.3%
McDonald'S Corp	USD	2.7%	H	Consumer Discretionary	3%	-3.9%	2.3%	187.41	-0.1%
Carnival	USD	0.0%	H	Consumer Discretionary	3%	-66.6%	16.2%	16.80	-2.0%
Glanbia Plc	EUR	2.7%	H	Consumer Staples	4%	-2.3%	1.1%	9.86	-0.1%
Danone	EUR	3.4%	H	Consumer Staples	3%	-16.2%	0.3%	61.90	-0.5%
Royal Dutch Shell Plc*	GBP	5.7%	H	Energy	3%	-42.5%	0.7%	12.50	-1.7%
<b>Total Sa</b>	EUR	7.7%	S	Energy	0%	-27.4%	3.8%	34.55	-0.2%
Allianz Se	EUR	6.0%	H	Financials	4%	-20.9%	4.7%	162.82	-0.8%
ING Groep Nv	EUR	5.7%	H	Financials	4%	-44.2%	11.9%	5.96	-1.8%
Sanofi	EUR	3.6%	H	Health Care	3%	2.5%	1.2%	88.69	0.0%
Pfizer Inc	USD	4.3%	H	Health Care	5%	-7.6%	-5.4%	35.46	0.0%
Vinci Sa	EUR	2.7%	H	Industrials	4%	-15.2%	3.6%	83.96	-0.6%
Siemens Gamesa Renewable Energy	EUR	0.2%	H	Industrials	3%	-2.9%	7.8%	15.18	-0.1%
DCC Plc	GBP	2.2%	H	Industrials	4%	4.3%	2.0%	67.30	-0.1%
Fedex Corp	USD	2.0%	H	Industrials	3%	-13.8%	10.9%	129.71	-0.4%
SAP Se	EUR	1.4%	H	Information Technology	4%	-4.3%	6.7%	113.50	-0.2%
Paypal Holdings Inc	USD	0.0%	H	Information Technology	4%	42.9%	2.4%	154.53	1.8%
Microsoft Corp	USD	1.1%	H	Information Technology	3%	16.6%	-0.4%	182.83	0.5%
Smurfit Kappa Group Plc	EUR	0.0%	H	Materials	3%	-13.0%	1.3%	29.80	-0.4%
Newmont Corp	USD	1.6%	H	Materials	3%	39.6%	-4.1%	60.49	1.1%
Invesco Physical Gold ETC	USD	0.0%	H	Materials	3%	14.1%	0.4%	168.61	0.3%
Kennedy Wilson Holdings Inc	USD	6.2%	H	Real Estate	4%	-34.5%	6.8%	14.38	-1.4%
Engie	EUR	0.0%	H	Utilities	5%	-26.0%	6.9%	10.65	-1.3%
Greencoat Renewables Plc	EUR	5.1%	H	Utilities	4%	3.5%	1.3%	1.20	0.1%
JPMorgan Emerging Markets Trust	GBP	2.0%	H	Emerging Markets	3%	-12.9%	2.9%	9.21	-0.6%
<b>Total</b>					<b>100%</b>				<b>-10.09%</b>

## Weighted Average Contribution

All data taken from Bloomberg up until 29/05/2020.

**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

<b>Monday</b>	<b>Tuesday</b>	<b>Wednesday</b>	<b>Thursday</b>	<b>Friday</b>
<b>Corporate</b>	<b>Corporate</b>	<b>Corporate</b>	<b>Corporate</b>	<b>Corporate</b>
	Deutsche Lufthansa AG Zoom Video Communications Inc	Kingfisher PLC	Remy Cointreau SA Gap Inc	Tiffany & Co
<b>Economic</b>	<b>Economic</b>	<b>Economic</b>	<b>Economic</b>	<b>Economic</b>
	UK Mortgage Approvals	China Caixin Services PMI EU Final Markit Composite PMI EU Unemployment US Factory Orders US Non- Manufacturing ISM	ECB Press Conference US International Trade US Initial Jobless Claims	German Industrial Orders US Non-Farm Payrolls

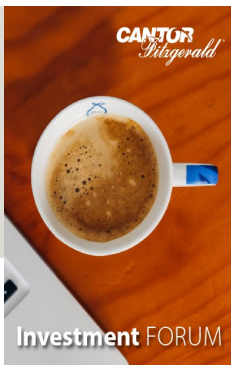
# Cantor Publications & Resources



## Daily Note

Each day we produce a market commentary outlining critical economic and company developments. We leverage off our global network of analysts and investment professionals to provide clients with critical insights from our local teams first thing in the morning.

[Click Here](#)

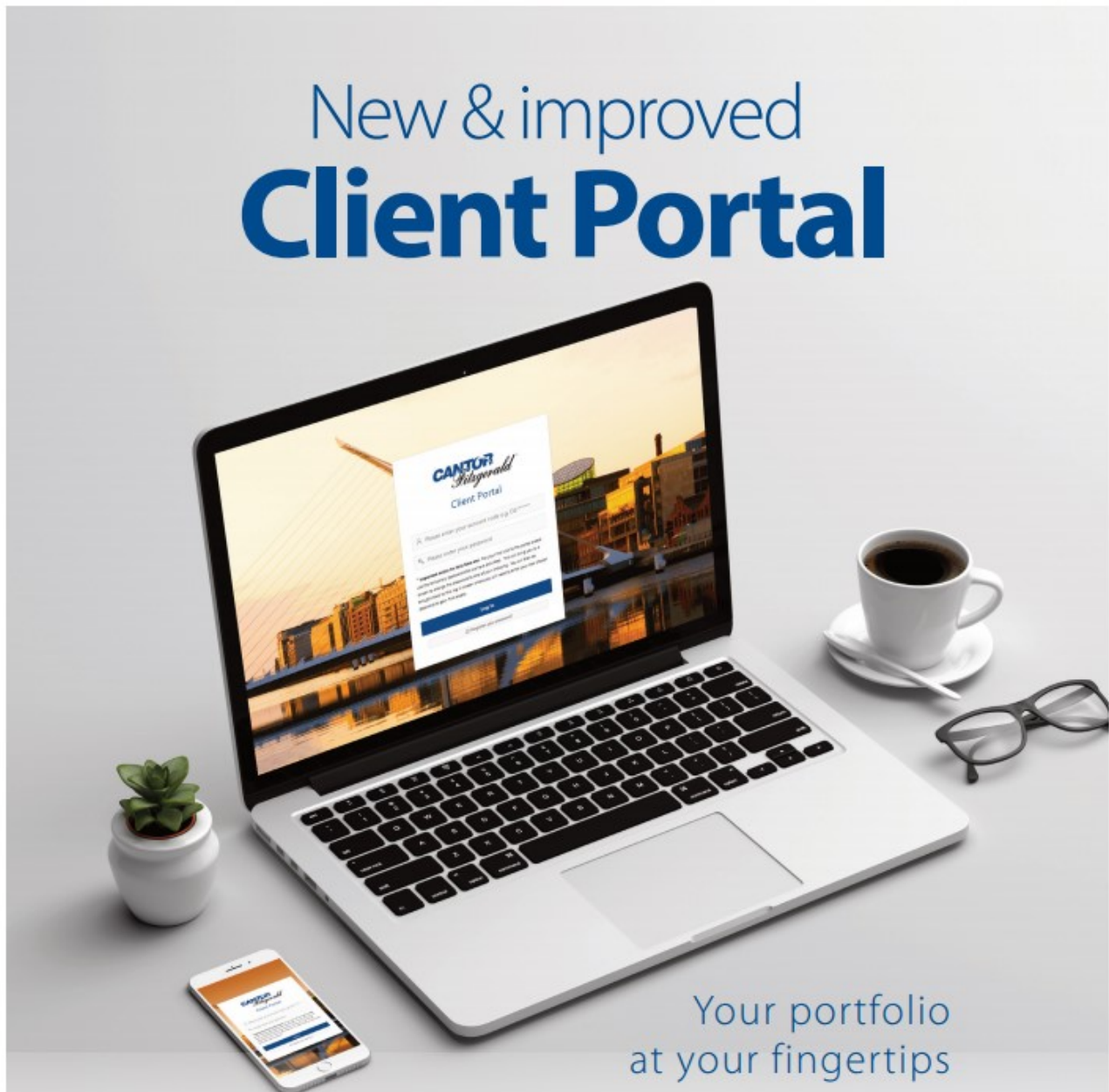


## Investment Forum

Through our investment Forum we bring you the latest market news, investment insights and a series of informative articles from our experts.

[Click Here](#)

# New & improved **Client Portal**



Your portfolio  
at your fingertips

Access all of your account information through a **single login**

View information updates in the **Notifications Centre**

Easy to use, **intuitive user interface**

**For more information contact your broker or our Client Services team**

[www.cantorfitzgerald.ie/cantorportal/](http://www.cantorfitzgerald.ie/cantorportal/)

 **Twitter** : @cantorIreland  **LinkedIn** : Cantor Fitzgerald Ireland

## 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.



Dublin: 75 St. Stephen's Green, Dublin 2. Tel: +353 1 633 3633.

email : [ireland@cantor.com](mailto:ireland@cantor.com) web : [www.cantorfitzgerald.ie](http://www.cantorfitzgerald.ie)



Twitter : @cantorireland



Linkedin : Cantor Fitzgerald Ireland



## Regulatory Information

All regulatory disclosures pertaining to valuation methodologies and historical records of the above recommendations can be found on the Cantor Fitzgerald Ireland website here:

[http://www.cantorfitzgerald.ie/research\\_disclosures.php](http://www.cantorfitzgerald.ie/research_disclosures.php)

Cantor Fitzgerald Ireland Limited ("Cantor Ireland") is regulated by the Central Bank of Ireland. Cantor Fitzgerald Ireland Ltd is a member firm of the Irish Stock Exchange and the London Stock Exchange.

This communication has been prepared by and is the sole responsibility of Cantor Fitzgerald Ireland Limited of 75 St Stephens Green, Dublin 2, which is an authorised person for the purposes of the European Communities (Markets in Financial Instruments) Regulations 2007 (as amended) in Ireland or the Financial Services and Markets Act 2000 in the United Kingdom.

This material is approved for distribution in Ireland by Cantor Fitzgerald Ireland Ltd. It is intended for Irish retail clients only and is not intended for distribution to, or use by, any person in any country where such distribution or use would be contrary to local law or regulation. Cantor Fitzgerald Ireland Ltd ("CFIL") is regulated by the Central Bank of Ireland. Cantor Fitzgerald Ireland Ltd is a member firm of the Irish Stock Exchange and the London Stock Exchange.

Where CFIL wishes to make this and other Cantor Fitzgerald research available to Retail clients, such information is provided without liability and in accordance with our terms and conditions that are available on the CFIL website.

No report is intended to and does not constitute a personal recommendation or investment advice nor does it provide the sole basis for any evaluation of the securities that may be the subject matter of the report. Specifically, the information contained in this report should not be taken as an offer or solicitation of investment advice, or to encourage the purchase or sale of any particular security. Not all recommendations are necessarily suitable for all investors and CFIL recommend that specific advice should always be sought prior to investment, based on the particular circumstances of the investor either from your CFIL investment adviser or another investment adviser.

Where CFIL wishes to make this and other Cantor Fitzgerald research available to Retail clients, such information is provided without liability and in accordance with our terms and conditions that are available on the CFIL website.

CFIL takes all responsibility to ensure that reasonable efforts are made to present accurate information but CFIL gives no warranty or guarantee as to, and do not accept responsibility for, the correctness, completeness, timeliness or accuracy of the information provided or its transmission. This is entirely at the risk of the recipient of the report. Nor shall CFIL, its subsidiaries, affiliates or parent company or any of their employees, directors or agents, be liable for any losses, damages, costs, claims, demands or expenses of any kind whatsoever, whether direct or indirect, suffered or incurred in consequence of any use of, or reliance upon, the information. Any person acting on the information contained in this report does so entirely at his or her own risk.

All estimates, views and opinions included in this research note constitute Cantor Ireland's judgment as of the date of the note but may be subject to change without notice. Changes to assumptions may have a material impact on any recommendations made herein.

Unless specifically indicated to the contrary this note has not been disclosed to the covered issuer(s) in advance of publication.

Past performance is not a reliable guide to future performance. The value of your investment may go down as well as up. Investments denominated in foreign currencies are subject to fluctuations in exchange rates, which may have an adverse effect on the value of the investments, sale proceeds, and on dividend or interest income. The income you get from your investment may go down as well as up. Figures quoted are estimates only; they are not a reliable guide to the future performance of this investment.

### Conflicts of Interest & Share Ownership Policy

It is noted that research analysts' compensation is impacted upon by overall firm profitability and accordingly may be affected to some extent by revenues arising from other Cantor Ireland business units including Fund Management and Stock broking. Revenues in these business units may derive in part from the recommendations or views in this report. Notwithstanding, Cantor Ireland is satisfied that the objectivity of views and recommendations contained in this note has not been compromised. Nonetheless Cantor Ireland is satisfied that the impartiality of research, views and recommendations remains assured.

Our conflicts of interest management policy is available at the following link;

<https://cantorfitzgerald.ie/client-services/mifid/>



Dublin: 75 St. Stephen's Green, Dublin 2. Tel: +353 1 633 3633.

email : [ireland@cantor.com](mailto:ireland@cantor.com) web : [www.cantorfitzgerald.ie](http://www.cantorfitzgerald.ie)



Twitter : @cantorIreland



LinkedIn : Cantor Fitzgerald Ireland