Weekly **Trader**

Upcoming Market Opportunities and Events

CANTOR Fitzgerald

Monday, 11th January 2021

Key Themes This Week

The Week Ahead
The first week of 2021 turned out to be a positive one for global equity markets with gains of on average 2.5%, with Europe (2.4%) and the UK (+6%) outpacing their American counterparts (+1.2%). This solid performance came despite unedifying scenes in Washington with the presiding President closing out his fourth term in the same erratic and unpredictable fashion that marked most of his term in office. The market gains were also achieved against a backdrop of increasing virus cases and fatalities which have resulted in renewed lockdowns and restrictions that look set to be in place for some time.

The main catalyst for the market gains during the week was the result of the run-off elections in Georgia which saw the Democrats win both seats to give them control of the Senate albeit only as a result of incoming Vice-President Kamala Harris having the casting vote. While the Democrats have effective control of the Senate, its razor-slim majority will likely mean that potential market negative policies such as increase tech regulation as well as the reversal of any Trump tax cuts are unlikely to occur but the more market friendly policies of increased stimulus support and infrastructure spending will be passed without undue difficulty.

Along with this potential for fairly immediate action on these fronts from the new President, markets continue to be supported by ongoing central bank policy which remains highly accommodative and is likely to remain so for some considerable period of time. While there was a reasonable move higher in bond yields during the week on the back of an increase in inflation expectations, equity markets nonetheless continued their move higher with the reflation theme supporting the view that the future reopening of the global economy as a result of increased vaccine roll-outs will boost corporate profitability. Equally, while higher bond yields could be viewed as a risk to equity markets, it should be noted that even with the recent move higher in nominal yields, real yields (nominal yields minus inflation) remain in negative territory meaning that equities retain their attractiveness over risk-free assets.

The move higher in equity markets was driven largely by the value sectors of the market which stand to benefit most from a stronger economic growth outlook. These sectors include banks, industrials, materials, chemicals, basic resources and energy, all of which outperformed during the week. Indeed, energy in particular performed strongly following the surprise announcement by Saudi Arabia to cut production in February and March by 1 million barrels per day.

We have been advocating for some time that clients should be increasing their exposure to these value sectors of the market while also maintaining an exposure to the big tech names which continue to be structural leaders in their respective areas. Our view that a larger stimulus package was likely to be delivered under a new US administration will more than likely come to fruition, while our previous thoughts on multiple vaccine delivery being positive for the market has also materialised.

Accordingly we maintain our previous positive outlook for risk assets as we start the new year and see scope for the recent rotation into value areas of the market to continue.

This week in the trader we cover the JPMorgan Emerging Markets Investment Trust which provides broad exposure to one of the strongest economic regions currently, as well as US logistics group FedEx which has underperformed the market since its last set of results last December. We also provide our usual update on the Merrion Multi-Asset Fund range which produced stellar returns in 2020, both against the market and its peers.

Major Markets Last Week

	Value	Change	% Move
Dow	31,098	491.5	1.61%
S&P	3,825	68.6	1.83%
Nasdaq	13,202	313.7	2.43%
MSCI UK	15,476	929.3	6.39%
DAX	14,050	330.8	2.41%
ISEQ	7,701	324.3	4.40%
Nikkei	28,139	694.9	2.53%
Hang Seng	27,878	647.1	2.38%
STOXX 600	411	12.1	3.04%
Brent Oil	55.99	4.19	8.09%
Crude Oil	52.24	3.72	7.67%
Gold	1849	-49.66	-2.62%
Silver	25	-0.98	-3.70%
Copper	367	15.45	4.39%
Euro/USD	1.2218	0.000	0.02%
Euro/GBP	0.9010	0.007	0.81%
GBP/USD	1.3568	-0.010	-0.76%

	Value	Change
German 10 Year	-0.52%	0.08
UK 10 Year	0.29%	0.12
US 10 Year	1.11%	0.19
Irish 10 Year	-0.23%	0.10
Spain 10 Year	0.04%	0.02
Italy 10 Year	0.54%	-0.01
BoE	0.1	0.00
ECB	0.00	0.00
Fed	0.25	0.00

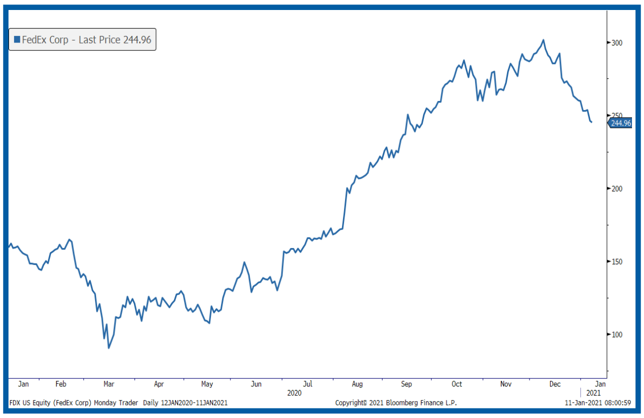
All data sourced from Bloomberg

Opportunities this week

CFI Research Team

FedEx Corp

Closing Price: $244.96



Key Metrics	2021e	2022e	2023e
Revenue ($'Mn)	79249.6	83068.9	87958.6
EPS ($)	17.31	18.83	21.02
Price/ Earnings	14.15x	13x	11.65x
Div Yield	1.08%	1.07%	1.22%

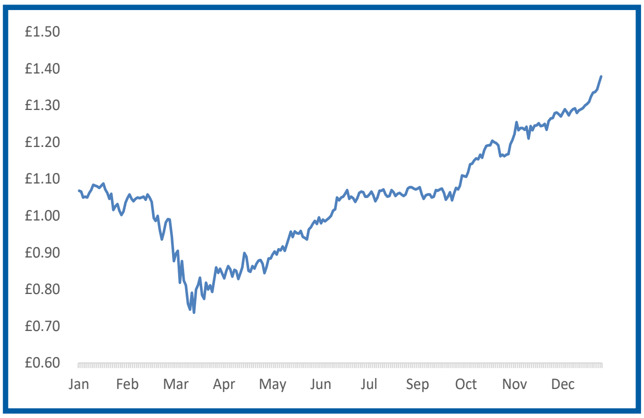
Total Return	1 Mth	3 Mth	1 Year
FDX US	-15.38%	-9.59%	58.8%

Source: All data & charts from Bloomberg & CFI

- Core Portfolio stock Fedex issued relatively strong Q221 results in mid-December, reporting adj. EPS of $4.83 ($4.01 forecast) from operating income of $1.5bn ($1.4bn expected) and revenue of $20.6bn (consensus at $19.4bn). It was slightly disappointing that management did not have enough forward visibility to give guidance for the full year other than flagging earnings growth in the second half of the year.
- At the time, margin expansion was expected through raised rates, surcharges to cover the higher cost of the surge in business-to-consumer deliveries and more efficient stops and packages delivered per day. At a Group level, this would appear to have been the case with the operating margin up 350bps to 7.4% from 3.9% in H120 and ahead of the 7.2% forecast. That said, cost increases in the Ground division, which carries most of the company's US e-commerce business, had an impact on sequential margin progression. While the 7.5% reported was ahead of Q220, it was much contracted from the 11.8% reported in Q121.
- Fedex's share price weakened into year-end, although we would see that as a correction from an over-enthusiastic market reaction to a strong Q121 (August 2020) rather than any fundamental weakness in the business. With on-line trade still rising and the logistic requirements for the roll-out of the Covid-19 vaccines adding to volumes, strong top line growth is assured. While margin expansion forecasts may have been tempered, we believe it more than in the price. Trading at 13.1x FY21 P/E and 9.0x EV/EBITDA (a c.40% discount to its peers), we believe the current share price dip provides an opportunity to establish or add to positions in a company with continued strong growth prospects, where the risk to Q321 numbers is to the upside. As our unchanged DCF-derived price target of $330 implies a 25% upside, we re-iterate our Buy recommendation.

JPMorgan Emerging Markets Investment Trust plc

Closing Price: £1.36



Key Metrics	
Div Yield	1.05%
Fee	0.95%
Factsheet	Link
KID	Link

Total Return	1 Mth	3 Mth	1 Year
JMG LN	5.50%	18.35%	29.01%

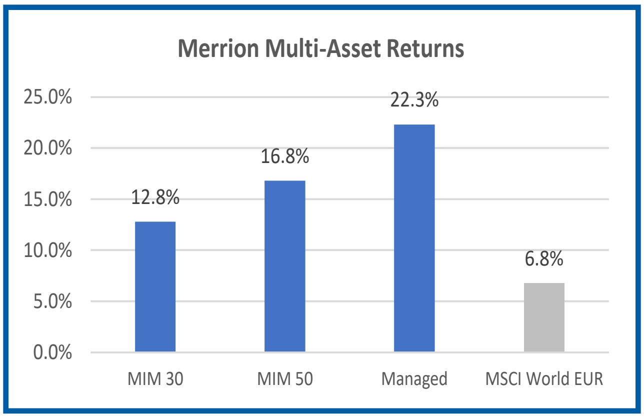
Source: All data & charts from Bloomberg & CFI

- Emerging markets continue to be flagged as those with strongest growth potential through 2021. Of those emerging markets, the Asian markets are seen as the best place, particularly given their apparent ability to cope with the covid-19 pandemic better than their western counterparts. This is no better illustrated than by the slew of improving economic data emanating from the region, including China's industrial profit, which by the end of November had erased pandemic-induced losses at the beginning of the year to be up 0.7% over the first 10 months.
- As such, we believe it opportune to again highlight our conviction in the JP Morgan Emerging Market Investment Trust that we continue to hold in our core portfolio. Up 9.2% in October and 7.2% in November, year-to-date it is up 4.2%, strongly outperforming the MSCI Emerging Net Total Return USD Index which is down 2.7%.
- India would appear to be badly impacted by covid-19 in terms of those catching the virus, currently having the second highest number of reported cases after the US. What is notable, however, is that there appears to be more natural resistance to the disease in the population, with the death rate thankfully much lower than the infection rate would imply. Of those diagnosed with covid-19 in India, only 1.5% have unfortunately passed away (US 2.0%, EU top 5 2.8%).
- Given the above dynamics, we continue to believe that investors should have some exposure to the area and consider that JP Morgan Emerging Markets Investment Trust provides an ideal vehicle. The Trust is overweight financials, IT and consumer staples and underweight cyclical sectors such as energy and materials as the fund focusses on asset light stocks that can create value. As of 30 November, 37.2% of assets were allocated in China, 15.9% in India and 12.6% in Taiwan. Currently, the key holdings in the Trust are Taiwan Semiconductor Manufacturers (9.9%) Tencent (7.7%) and Alibaba ADR (6.4%).

Opportunities this week

CFI Research Team

Merrion Investment Managers Multi-Asset Range (30/50/Managed)



Total Return	1 Year
MIM 30	22.3%
MIM 50	16.8%
Managed	12.8%
MSCI World (EUR)	6.8%

Returns as of the 31/12/2020
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 clients.
- Diversification with active management can deliver very strong returns with reduced volatility in times of market stress
- MIM positioning is largely unchanged on the week with some trading around individual positions given the moves over the last month. MIM enter 2021 continuing to highlight what they have been positioned for since March and continue to be positioned for.
- Whilst the vaccine news is very positive, in the near-term rising Covid case numbers and hospitalisations may dent market confidence.
- Within equities, they are overweight structural growth themes but also have exposure to Covid recovery / cyclical value opportunities.
- Despite the shot-term uncertainties , equity markets will look to the combination of zero rates and fiscal expansion which will continue to drive investment into the industries that will dominate the next decade.
- The continued benefit of MIM's active approach, driven by a strong, coherent, and well-tested investment process should be evident over the course of this year.

Cantor Core Portfolio - In Detail

Performance YTD	%
Portfolio	3.5%
Benchmark	2.6%
Relative Performance	0.9%
P/E Ratio	28.46x
Dividend Yield	2.2%
ESMA Rating	6
Beta	0.96

Sector Weights	Portfolio	Benchmark	+ / -
Communication Services	6.7%	6.9%	
Consumer Discretionary	6.7%	10.6%	
Consumer Staples	0.0%	10.8%	
Energy	0.0%	3.0%	
Financials	6.7%	12.7%	
Health Care	6.7%	14.8%	
Industrials	26.7%	11.9%	
Information Technology	13.3%	16.5%	
Materials	20.0%	6.5%	
Real Estate	0.0%	2.4%	
Utilities	6.7%	4.0%	
Emerging Markets	6.7%	0.0%	

FX	Portfolio	Benchmark
EUR	53%	32%
GBP	13%	13%
USD	33%	40%
Other	0%	16%

Currency YTD %		
GBP	-1.06%	
USD	0.17%	

Benchmark

Weighted Average Contribution

Index	Currency	PE	Outlook	Weighting	Total Return Local	Weekly Return	Price	Contribution	
STOXX Europe 600	EUR	39	Neutral	60%	3.1%	3.1%	411	1.8%	
S&P 500	USD	28	Neutral	40%	1.9%	1.9%	3825	0.7%	
Total				100%					

Core Portfolio

Weighted Average Contribution

Stock	Currency	Yield*	Hold /Sold	Sector	Weighting	Total Return Local	Weekly Return	Price	*Contribution	
Verizon Communications Inc	USD	4.2%	H	Communication Services	6.67%	-0.6%	-0.6%	57.80	0.0%	
Amazon.Com Inc	USD	0.0%	H	Consumer Discretionary	6.67%	-2.3%	-2.3%	3182.70	-0.2%	
JPMorgan Emerging Markets Trust	GBp	1.1%	H	Emerging Markets	6.67%	3.9%	3.9%	1.36	0.2%	
Allianz Se	EUR	4.7%	H	Financials	6.67%	2.5%	2.5%	205.75	0.2%	
Sanofi	EUR	4.1%	H	Health Care	6.67%	0.1%	0.1%	78.79	0.0%	
Vinci Sa	EUR	1.8%	H	Industrials	6.67%	5.3%	5.3%	85.66	0.4%	
Siemens Gamesa Renewable Energy	EUR	0.0%	H	Industrials	6.67%	12.5%	12.5%	37.21	0.8%	
Fedex Corp	USD	1.0%	H	Industrials	6.67%	-5.6%	-5.6%	244.96	-0.4%	
Ryanair Holdings Plc	EUR	0.0%	H	Industrials	6.67%	-3.9%	-3.9%	15.62	-0.3%	
Paypal Holdings Inc	USD	0.0%	H	Information Technology	6.67%	3.5%	3.5%	242.46	0.2%	
Microsoft Corp	USD	1.0%	H	Information Technology	6.67%	-1.3%	-1.3%	219.62	-0.1%	
Rio Tinto Plc	GBP	5.2%	H	Materials	6.67%	15.4%	15.4%	6310.00	1.0%	
Smurfit Kappa Group Plc	EUR	3.3%	H	Materials	6.67%	6.3%	6.3%	40.44	0.4%	
CRH Plc	EUR	2.0%	H	Materials	6.67%	11.4%	11.4%	37.90	0.8%	
Engie	EUR	4.1%	H	Utilities	6.67%	6.3%	6.3%	13.31	0.4%	
Total					100%					

All data taken from Bloomberg up until 08/01/2021.

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 forcast

This Weeks Market Events

Monday	Tuesday	Wednesday	Thursday	Friday
Corporate	**Corporate**	**Corporate**	**Corporate**	**Corporate**
		BlackRock Inc Delta Air Lines Inc		JPMorgan Chase Citigroup Inc Wells Fargo & Co
Economic	**Economic**	**Economic**	**Economic**	**Economic**
Chinese CPI Chinese PPI	UK Retail Sales Italian Retail Sales US JOLTS Job Openings	Italian Industrial Output EU Industrial Production US CPI	Chinese Trade Balance German 2020 GDP Irish CPI US Initial Jobless Claims	UK GDP UK Industrial Output UK Goods Trade Balance EU Total Trade Balance NY Fed / Empire State Index US Industrial Production

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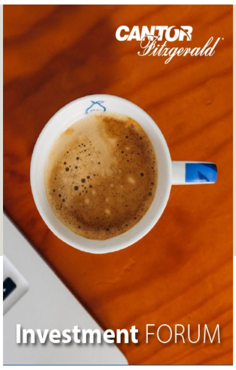

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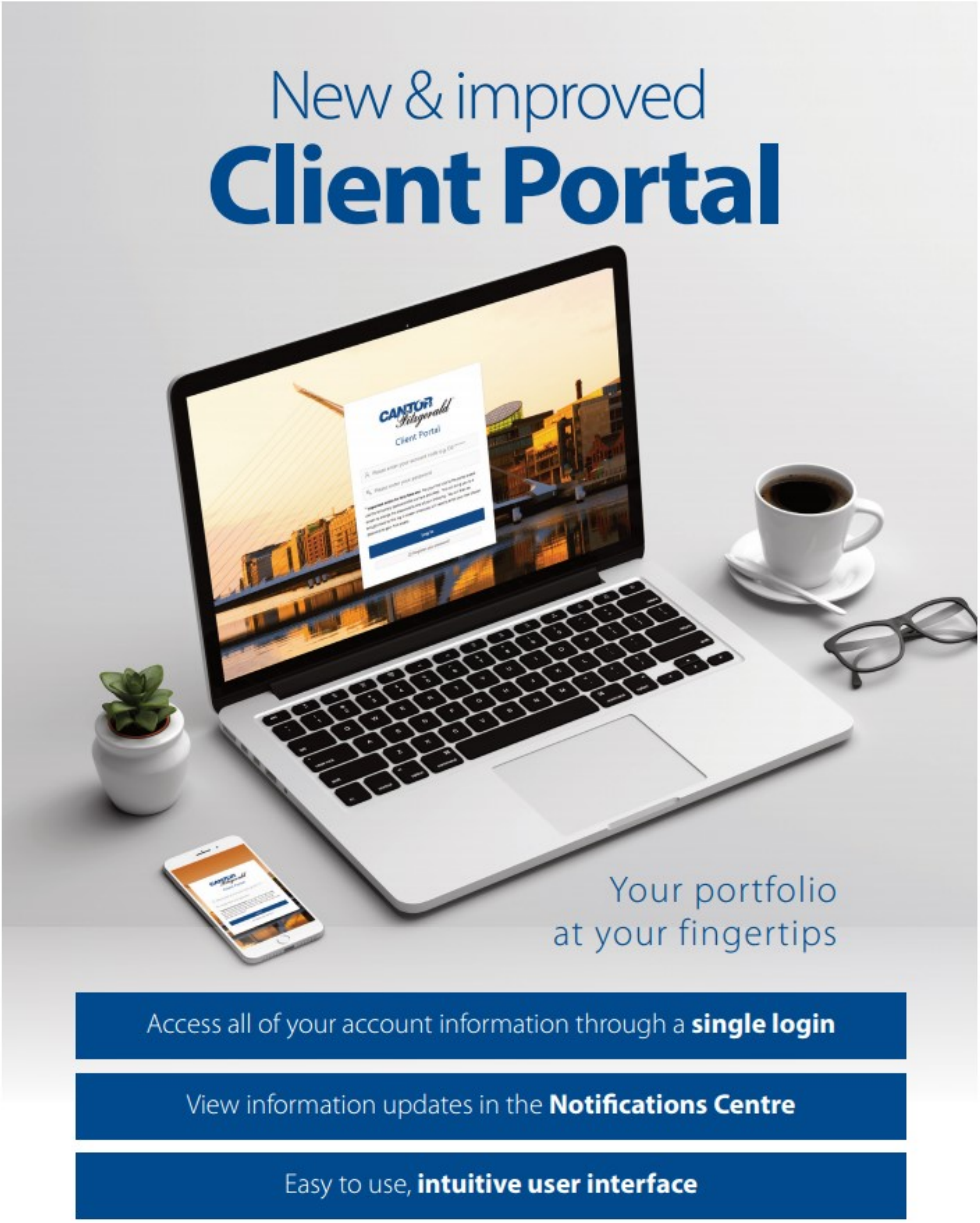
New & improved
Client Portal
Your portfolio
at your fingertips
Access all of your account information through a single login
View information updates in the Notifications Centre
Easy to use, intuitive user interface

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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