

Weekly Trader

Upcoming Market Opportunities and Events

CANTOR
Fitzgerald

Monday, 29th March 2021

Key Themes This Week

The Week Ahead

On the surface it appeared to be a relatively quiet week for equity markets last week with average gains of 0.5% across the major indices, however looking deeper into this performance it was evident that the market leadership continued to be driven by the value sector of the market at the expense of growth sectors, in particular technology with the NASDAQ unchanged for the week. It should be noted however that the strength of the move higher in value stocks diminished somewhat last week as a mix of quarter-end rebalancing by asset managers and the narrowing of the valuation differential between value and growth took some momentum out of the value trade.

As we stated in last week's Weekly Trader comment, we see the short-term upside for the value trade as being limited given the amount of good news now priced in which reflects the concept of the V-shaped recovery now evident in economies such as the US. This strong economic rebound in the US, in particular, continues to be driven by ongoing accommodative monetary and fiscal policy but also by the impressive pace of vaccine roll-out which has seen President Biden's target for 100m vaccinations in his first 100 days in office being achieved with 42 days to spare. As a result of this incredible pace of vaccination he has now set a target for 200m vaccinations by the end of his first 100 days in office.

This impressive pace of vaccination merely serves to highlight the deficiencies in the European vaccine roll-out programme which has put the single currency bloc on the back-foot in terms of the re-opening of the regions economy. Notwithstanding this issue, European equity markets continue to perform well as a result of the fact that the ECB remains committed to maintaining and possibly increasing its level of monetary policy support for the region. Also supporting the performance of European equity markets is the recent weakness in the euro which is supportive of export focused economies such as Germany.

One other reason for the relatively calm session for global equity markets last week was the performance by bond markets with 10 Year bond yields falling by 7 basis points in the US to 1.65% and by 6 basis points in Europe to -0.35%. While the move higher in yields year-to-date has been significant, the fact that they have moved down for their recent highs of 1.75% and -0.24% respectively has helped support equity markets.

Our views on markets remain unchanged from last week and we continue to believe that the bulk of the move higher in the value sector of the market is complete for the moment and we see the potential for the growth sectors of the market to resume their leadership, particularly as we approach the first-quarter reporting season in mid-April. While our colleagues in MIM have reduced their equity exposure to the mid-point of the permitted ranges across their multi-asset funds, they remain constructive on the medium to longer-term outlook for equity markets and will look to increase risk asset exposure in their funds in the coming weeks and months.

In this week's Trader we highlight two names in the growth focused technology sector that we believe present attractive entry levels following recent weakness. The first of those names is payments group **PayPal Holdings** while the second is the **Vaneck Vectors Semi-conductor UCITS ETF**. We also include our regular update on the **MIM Multi-Asset range of funds**.

Major Markets Last Week

| | Value | Change | % Move |
|--------|--------|--------|--------|
| Dow | 33,073 | 444.91 | 1.36% |
| S&P | 3,975 | 61.44 | 1.57% |
| Nasdaq | 13,139 | -76.52 | -0.58% |

| | | | |
|---------|--------|--------|-------|
| MSCI UK | 15,359 | 63.62 | 0.42% |
| DAX | 14,749 | 127.94 | 0.88% |
| ISEQ | 8,084 | 131.73 | 1.66% |

| | | | |
|-----------|--------|---------|--------|
| Nikkei | 29,349 | 174.49 | 0.60% |
| Hang Seng | 28,251 | -634.02 | -2.19% |
| STOXX 600 | 427 | 3.58 | 0.85% |

| | | | |
|-----------|-------|--------|--------|
| Brent Oil | 63.22 | -1.40 | -2.17% |
| Crude Oil | 59.74 | -1.81 | -2.94% |
| Gold | 1,726 | -12.70 | -0.73% |

| | | | |
|--------|-------|--------|--------|
| Silver | 24.84 | -0.91 | -3.54% |
| Copper | 403.2 | -10.75 | -2.60% |

| | | | |
|----------|--------|-------|--------|
| Euro/USD | 1.1779 | -0.02 | -1.29% |
| Euro/GBP | 0.8558 | 0.00 | -0.57% |
| GBP/USD | 1.3764 | -0.01 | -0.72% |

| | Value | Change |
|----------------|--------|--------|
| German 10 Year | -0.35% | -0.05 |
| UK 10 Year | 0.76% | -0.08 |
| US 10 Year | 1.64% | -0.05 |

| | | |
|---------------|-------|-------|
| Irish 10 Year | 0.00% | -0.05 |
| Spain 10 Year | 0.28% | -0.06 |
| Italy 10 Year | 0.61% | -0.04 |

| | | |
|-----|------|------|
| 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

PayPal Holdings Inc

Closing Price: \$241.03



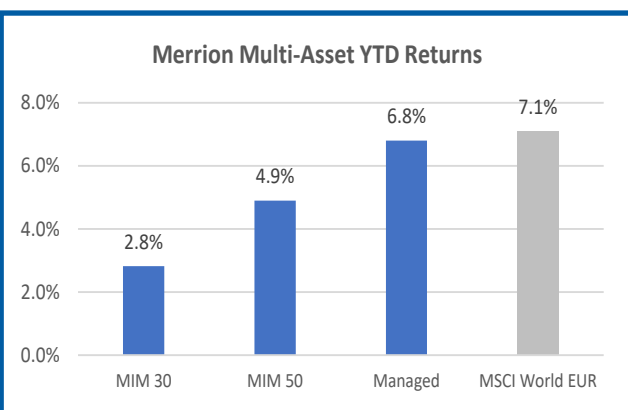
| Key Metrics | 2021e | 2022e | 2023e |
|-----------------|---------|---------|---------|
| Revenue (\$'Mn) | 25710.1 | 31078.4 | 37745.5 |
| EPS (\$) | 4.56 | 5.72 | 7.17 |
| Price/ Earnings | 52.86x | 42.12x | 33.61x |
| Div Yield | 0.04% | 0.08% | 0.00% |

| Total Return | 1 Mth | 3 Mth | 1 Year |
|--------------|---------|-------|---------|
| PYPL US | -11.91% | 4.33% | 157.84% |

Source: All data & charts from Bloomberg & CFI

- Reflecting the strong business momentum in a stock that has been a winner in the pandemic-driven change in shopping and business habits, Paypal's share price ticked up 112% over 2020. After issuing a strong set of FY20 numbers and 2021 guidance, the price ticked up a further 21% over a two-week period. We believe, however, that the subsequent retrenchment back to pre-announcement levels presents an ideal opportunity to add to or invest in a stock in which we believe underlying business momentum will be reflected in share price momentum.
- The stock is up 157% over the last 12 months and as such is currently trading at 51.4x FY21 P/E and 36.8x EV/EBITDA. While these multiples appear stretched on an historical basis (6-year average 34.3x P/E and 28.2x EV/EBITDA) they reflect the considerable rerating of the stock at the early stages of the pandemic. At the time of the year-end results, we opined that the continued strong operational momentum would translate into share price momentum. While the stock spiked on investor enthusiasm, we believe that the share price has retraced back to a level where sustainable momentum will resume.
- To recap on operational metrics, Paypal issued a strong set of Q420 numbers in early February, which were ahead of market expectations. The company reported a 29% increase in adj. EPS from a 29% increase in operating income and 23% increase in revenue. It reported a 46% increase in operating cash flow, with free cash flow up 50%. Total payment volume (TPV) was up 36% on a LFL basis to \$277bn. Looking forward, management is guiding continued momentum with strong TPV growth and net new accounts. It is guiding TPV to grow in the high 20's on a percentage basis driving c.17% LFL revenue growth (19% reported), with adj. EPS expected to grow c.17%. The company is scheduled to report Q1 2021 results on 28th April.

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



| Total Return | YTD |
|------------------|------|
| MIM 30 | 2.8% |
| MIM 50 | 4.9% |
| Managed | 6.8% |
| MSCI World (EUR) | 7.1% |

Returns as of the 22/03/2021

- 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 have used this recent strength in global markets to reduce both their overall exposure to equities and the risk within the equities they hold. The team envisage entering the second quarter closer to a more neutral asset allocation level.
- Reducing the funds exposure to risk assets now gives them the room required to exploit any volatility over the coming months, either at a market or single stock level. The extremely positive medium to long term outlook remains unchanged so any weakness over the coming months will be used to take the funds exposures back up to the upper end of their asset allocation ranges.
- Despite the short-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.

Opportunities this week

CFI Research Team

VanEck Vectors Semiconductor UCITS ETF

Closing Price: \$22.55



| Key Metrics | | Trading Information | |
|-------------|----------------------|---------------------|---------|
| Fee | 0.35% | Sedol | BMC3873 |
| Yield | 0.0% | | |
| Factsheet | Link | | |
| KIID | Link | | |

| Total Return | 1 Mth | 3 Mth* | 1 Year* |
|--------------|--------|--------|---------|
| SMH LN | -3.07% | 13.48% | 110.03% |

Source: All data & charts from Bloomberg & CFI *Index Performance

- Given the pull back in the semiconductor sector, we believe it an opportune time to gain some exposure to the sector through VanEck Vectors Semiconductor UCITS ETF
- More than ever, semiconductors are of crucial importance to the world of technology. The number of semiconductor components used in our daily lives is expanding constantly. Chips form the essential core of many cutting-edge technology devices such as smartphones, cars, aircraft, and medical devices. As a result investors have been focusing on demand for chips over the medium to long term thanks in particular to the emergence of 5G network, Electric Cars, the “internet of things” and artificial intelligence. These themes are seen as drivers of structural growth for the semiconductor sector.
- Earlier this month the EU laid out their digital compass which outlined the EU’s digital ambitions for the next decade into clear concrete targets. Two key aspects of this are that by 2030 all populated areas should be covered by 5G and that Europe should account for 20% of the worlds production of semiconductors. The EU currently represents less than 10% of the global production. On the back of that, Apple announced that they will invest more than €1 billion over the next three years to create Europe’s largest research and development site for mobile wireless semiconductors and software.
- The sector did see a strong start to the year, up over 16% by mid February and 8% ahead of the S&P 500 but suffered a pull back of 15% driven primarily by a rotation into value orientated names as investors looked to cyclicals set to benefit should economies begin to reopen. Market expectation in 2021 for EPS growth in the semiconductor sector remain high with the average estimate showing 26.8% growth.
- Currently at 21x 12 month blended forward P/E, large chipmakers are above their 16.6x average, but it isn’t as notable as the 26x for S&P’s Technology index, with the broader S&P 500 index at 21.8x. Despite the above average valuations, there is still room for pockets of multiple expansion should favorable macroeconomic trends and a stronger tech-spending backdrop persist.

Cantor Core Portfolio - In Detail

| Performance YTD | % |
|----------------------|--------|
| Portfolio | 4.9% |
| Benchmark | 8.7% |
| Relative Performance | -3.8% |
| P/E Ratio | 27.41x |
| Dividend Yield | 2.6% |
| ESMA Rating | 6 |
| Beta | 1.05 |

| 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 | 3.53% | |
| USD | 3.43% | |

Benchmark

Weighted Average Contribution

| Index | Currency | PE | Outlook | Weighting | Total Return Local | Weekly Return | Price | Contribution | |
|------------------|----------|----|---------|-------------|--------------------|---------------|-------|--------------|--|
| STOXX Europe 600 | EUR | 39 | Neutral | 60% | 7.7% | 0.9% | 427 | 4.6% | |
| S&P 500 | USD | 28 | Neutral | 40% | 6.2% | 1.6% | 3975 | 4.0% | |
| 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 | 4.4% | H | Communication Services | 6.67% | 0.1% | 3.4% | 58.18 | 0.3% | |
| Amazon.Com Inc | USD | 0.0% | H | Consumer Discretionary | 6.67% | -6.3% | -0.7% | 3052.03 | -0.2% | |
| JPMorgan Emerging Markets Trust | GBP | 1.1% | H | Emerging Markets | 6.67% | -0.1% | -1.2% | 1.30 | 0.3% | |
| Allianz Se | EUR | 4.7% | H | Financials | 6.67% | 6.3% | -0.7% | 213.25 | 0.4% | |
| Sanofi | EUR | 3.9% | H | Health Care | 6.67% | 6.2% | -0.2% | 83.57 | 0.4% | |
| Vinci Sa | EUR | 2.7% | H | Industrials | 6.67% | 7.2% | -1.6% | 87.24 | 0.5% | |
| Siemens Gamesa Renewable Energy | EUR | 0.0% | H | Industrials | 6.67% | -12.2% | 4.7% | 29.06 | -0.8% | |
| Fedex Corp | USD | 0.9% | H | Industrials | 6.67% | 8.6% | 0.6% | 281.34 | 0.8% | |
| Ryanair Holdings Plc | EUR | 0.0% | H | Industrials | 6.67% | -0.6% | -0.9% | 16.15 | 0.0% | |
| Paypal Holdings Inc | USD | 0.0% | H | Information Technology | 6.67% | 2.9% | -0.1% | 241.03 | 0.4% | |
| Microsoft Corp | USD | 0.9% | H | Information Technology | 6.67% | 6.6% | 2.7% | 236.48 | 0.7% | |
| Rio Tinto Plc | GBP | 9.5% | H | Materials | 6.67% | 6.1% | 1.1% | 5533.00 | 0.7% | |
| Smurfit Kappa Group Plc | EUR | 2.8% | H | Materials | 6.67% | 7.2% | 3.2% | 40.76 | 0.5% | |
| CRH Plc | EUR | 2.5% | H | Materials | 6.67% | 16.3% | 1.3% | 38.78 | 1.1% | |
| Engie | EUR | 6.0% | H | Utilities | 6.67% | -3.9% | -1.3% | 12.04 | -0.3% | |
| Total | | | | | | | | | | |

All data taken from Bloomberg up until 26/03/2021.

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 forecast

This Weeks Market Events

| Monday | Tuesday | Wednesday | Thursday | Friday |
|--------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Corporate | Corporate | Corporate | Corporate | Corporate |
| | | H & M Hennes & Mauritz AB | Next PLC | |
| Economic | Economic | Economic | Economic | Economic |
| UK Mortgage Approvals EU Business Climate Irish Retail Sales | French Consumer Confidence EU Economic Sentiment German Flash HICP US CaseShiller House Price Index US Consumer Confidence | Japanese Industrial Production UK GDP German Unemployment Rate EU Flash HICP Irish Unemployment Rate US Pending Home Sales | German Retail Sales EU Final Manufacturing PMI US Initial Jobless Claims US Final Manufacturing PMI US Construction Spending Manufacturing ISM | US Non-Farm Payrolls |

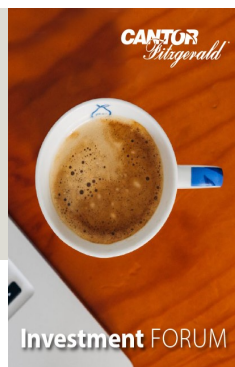
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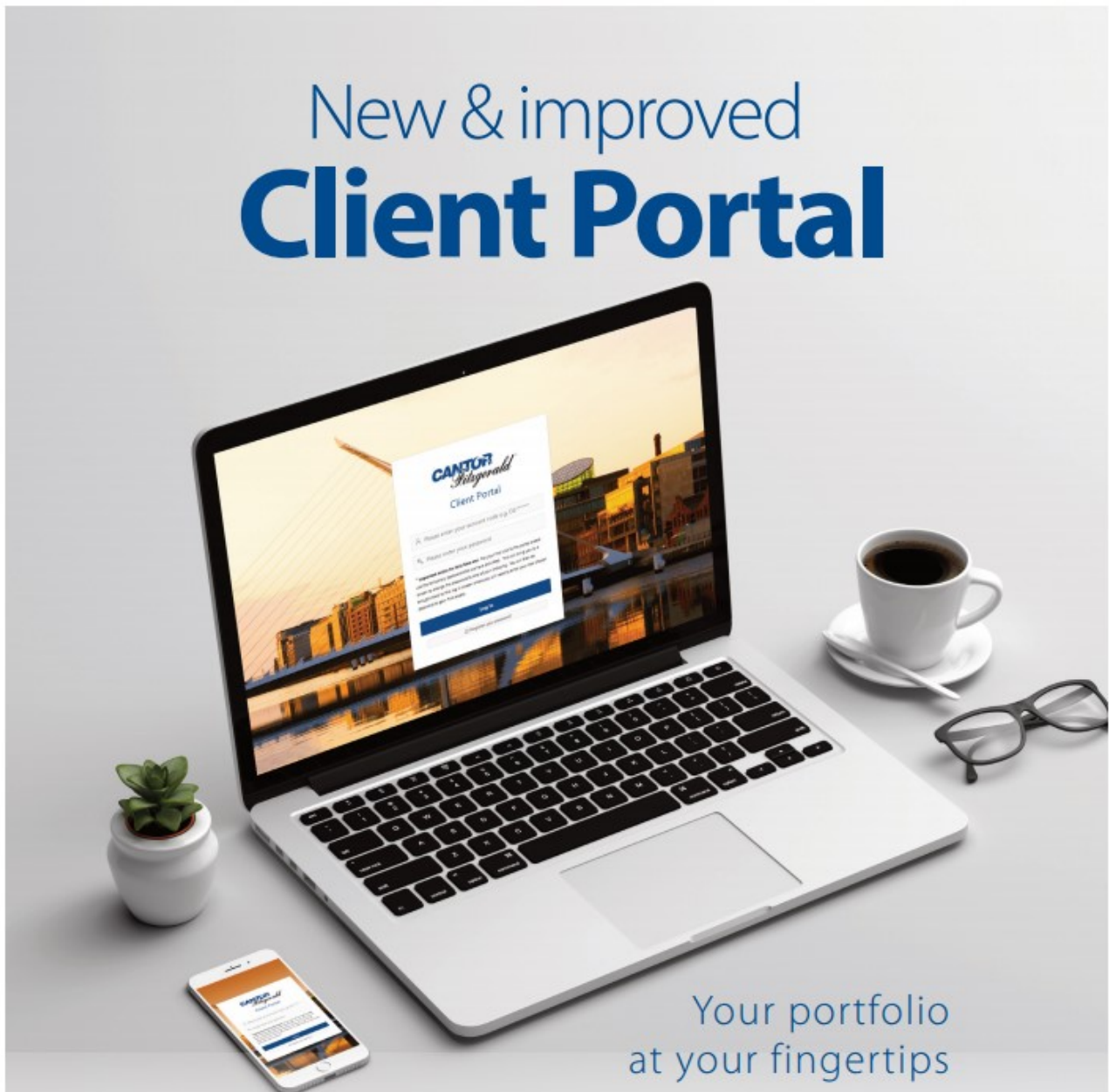


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Issuer Descriptions: (Source: Bloomberg)

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.

Greencoast Renewables: Greencoast 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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