

Weekly Trader

Upcoming Market Opportunities and Events

CANTOR
Fitzgerald

Monday, 13th September 2021

Key Themes This Week

The Week Ahead

Equity markets finished last week with average declines of 1% however they did finish off their worst levels of the week which continues the recent trend where any market weakness is generally short-lived as dip-buyers appear.

In the earlier part of the week, global equity markets came under pressure for a variety of reasons which included nervousness ahead of last Thursday's ECB meeting, renewed state interference in certain areas of the Chinese technology sector, some downgrades to Q3 and Q4 US GDP growth and a number of investment banks expressing caution on US equities.

By far the most significant event last week was the ECB meeting where concerns built ahead of it that the ECB was set to announce a significant reduction in the pace of its asset purchases for the Pandemic Emergency Purchase Programme (PEPP). As it transpired, ECB President Lagarde delivered a skillful, and generally dovish message. While acknowledging that the pace of asset purchases would be at a 'moderately slower pace that that seen in the preceding two quarters', she stopped short of announcing the specific size of any reduction in purchases and was at pains to emphasise that the ECB would continue to buy assets in significantly large volumes. This helped reassure both bond and equity markets which both rallied following the post-meeting press conference.

In our opinion, the dovish messaging from the ECB on its gradual reduction of PEPP purchases, highlights the fact that it is mindful of the fact that a significant degree of monetary policy accommodation will still be warranted for some time to come, and this we believe will be the signal issued by the Fed whenever it formally announces its plans for tapering at either its November or December meetings. Also it is worth remembering, that even when the Fed does finally announce its taper, it will still be buying significant amounts of assets for most of 2022.

Regarding the downgrade of the short-term growth outlook as a result of the persistently high levels of Delta variant cases, these should not have come as any major surprise as the exceptionally strong growth levels registered in the first half of the year were bound to moderate somewhat. Critically, none of the investment banks in question reduced their growth forecasts for 2022 and indeed in some cases, these estimates were revised higher.

Finally, regarding the more cautious outlook expressed by some investment banks on US equities due primarily on valuation grounds, some context on this view should be considered. While on the face of it, US stock market valuations look high, with the S&P currently trading at 20.3 times 2022 earnings, earnings growth for 2022 is forecast to be 10% (source: Factset) while bond yields stand at an unattractive level of 1.32%. Equally, the current level of market valuation is frequently compared to the last time multiples were this high back in 1999/2000 however back then, interest rates stood at a much more elevated level of circa 6%.

Accordingly, we maintain our positive outlook for risk assets into year-end using any periods of short-term market weakness to add to risk asset exposure.

In this week's Trader we include a comment on house builder **Cairn Homes** following strong results last week, low-cost carrier **Ryanair Holdings** which stands out following the £1.2bn equity raise by easyJet last week, and pharmaceutical group **AstraZeneca** which looks attractive after recent share price weakness. We also include the regular update on the **MIM Multi-Asset Fund range**.

Major Markets Last Week

	Value	Change	% Move
Dow	34,608	-836.10	-2.36%
S&P	4,459	-78.37	-1.73%
Nasdaq	15,115	-215.69	-1.41%

MSCI UK	16,357	-258.86	-1.56%
DAX	15,610	-171.39	-1.09%
ISEQ	8,652	-146.30	-1.66%

Nikkei	30,382	1253.73	4.30%
Hang Seng	26,206	303.92	1.17%
STOXX 600	466	-5.59	-1.18%

Brent Oil	72.92	0.31	0.43%
Crude Oil	69.72	-0.27	-0.39%
Gold	1,788	-40.15	-2.20%

Silver	23.74	-0.97	-3.93%
Copper	445.2	14.80	3.44%

Euro/USD	1.1814	-0.01	-0.56%
Euro/GBP	0.8538	0.00	-0.40%
GBP/USD	1.3839	0.00	-0.23%

	Value	Change
German 10 Year	-0.33%	0.03
UK 10 Year	0.76%	0.04
US 10 Year	1.34%	0.02

Irish 10 Year	0.04%	0.02
Spain 10 Year	0.33%	0.00
Italy 10 Year	0.70%	-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

Cairn Homes PLC

Closing Price: €1.14



Key Metrics	2021e	2022e	2023e
Revenue (€Mn)	393.0	544.7	672.0
EPS (€)	0.05	0.09	0.12
Price/ Earnings	24.17x	13.36x	9.7x
Div Yield	4.05%	5.55%	5.11%

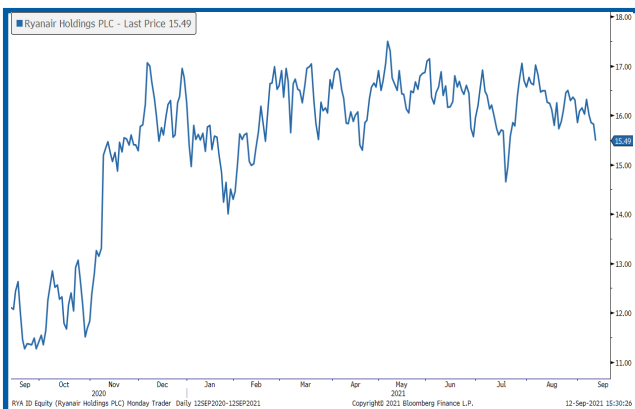
Total Return	1 Mth	3 Mth	YTD
CRN ID	1.43%	9.86%	15.92%

Source: All data & charts from Bloomberg & CFI

- Following a strong set of interim FY21 results in which we saw management upgrading guidance and reporting a significant increase in its order book, we are reaffirming our positivity on Cairn Homes. Revenues of €131m were reported from 403 sales completions, along with an 86% increase in gross profit to improve the gross margin again to 18.5% and a return to pre pandemic H119 gross margin levels (H120: 16.1%), reporting that the impact of build cost inflation was offset by sales pricing in the period. The Board is recommencing its annual ordinary dividend programme and has declared an interim dividend of 2.66 cent per ordinary share to be paid on the 8th of October.
- Cairn contracted to sell 832 new homes in the first half of the year, in addition to the 403 sales completions. This now brings the closed and forward order book to 1,750 homes as of yesterday, a strong underpin for the 2,550 closed sales target in the two years to the end of 2022, which was increased from the 2,500 target previously. Cumulative operating profit guidance for the two-year period to 2022 has increased by €17 million to c. €137 million since March 2021. The company now expects gross margin for the second half of 2021 to be c. 19.5% which would lead to a full year margin of c. 19.0% in 2021, and the gross margin for 2022 to be just over 20.0%, up from 19% previously guided.
- Cairn is trading up 44% over the past 12 months and 16% year-to-date, but it is still c.9% below pre-pandemic levels. The strong set of results last week with the reinstatement of the dividend program, guidance upgrade, increase in order book and business generation through the Housing for All plan, should provide positive upside momentum in the share price from here. Following the earnings upgrade, we determined that Cairn was trading considerably below its fair value. We reviewed our model which saw our price target increase from €1.25 to €1.35, implying 18% upside from current levels, and as such, we reiterate our Buy recommendation.

Ryanair Holdings PLC

Closing Price: €15.49



Key Metrics	2022e	2023e	2024e
Revenue (€Mn)	5090.2	8895.9	10336.2
EPS (€)	-0.03	1.27	1.68
Price/ Earnings	-	12.22x	9.23x
Div Yield	0.00%	0.18%	0.22%

Total Return	1 Mth	3 Mth	YTD
RYA ID	-4.74%	-6.66%	-4.71%

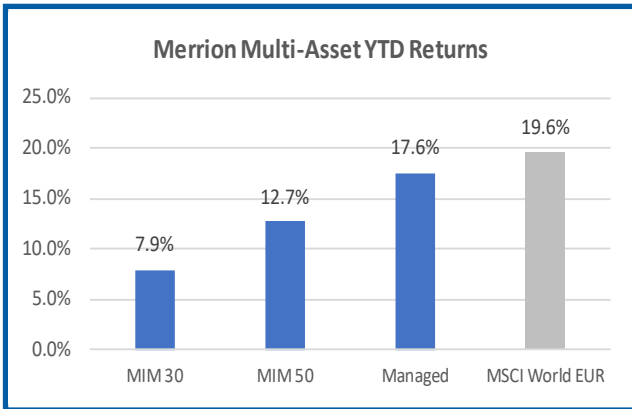
Source: All data & charts from Bloomberg & CFI

- Last week saw plenty of activity in the European airlines sector, including the £1.2bn rights issue by easyJet, easyJet's rejection of a takeover approach from Wizz Air, Ryanair's forced sale of 1 million ordinary shares, and Ryanair ending talks with Boeing over a new order of 737 MAX 10 jets. The deeply discounted offer proposed for easyJet's rights issue saw easyJet shares dropping as much as 14% in early trading on Thursday, breeding weakness across the sector. The rights issue from easyJet provides a fairly limited read-through to Ryanair in our opinion, which found itself in the position of having to unload shares against its own preference last week.
- Less than a fortnight ago, Ryanair published extremely strong passenger numbers for August, carrying 11.1m passengers (August 2020: 7.0m), a 19% increase on its July 2021 passenger number of 9.3m. This is a significant and sequential improvement from the 500k passengers carried only five months ago, back in March. The load factor had also ticked up to 82% in August from 80% in July and an average of 74% over the first six months of the calendar year.
- Between mid-day on Wednesday and Thursday morning post-easyJet announcement, Ryanair's share price dropped as much as 6%. It has since recovered part of the move downwards, but still closed the week below the €16-€17 range that it had been trading in for the past 6 months or so. We believe that this weakness presents a decent opportunity to pick up or add to positions in Ryanair, which remains the most resilient stock in the European airlines sector, with the strongest balance sheet by a comfortable distance. While reiterating our Buy recommendation, we continue to caution that there continue to be risks to investing in the sector at present, albeit, we believe, greatly reduced.

Opportunities this week

CFI Research Team

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



Total Return	YTD
MIM 30	7.9%
MIM 50	12.7%
Managed	17.6%
MSCI World (EUR)	19.6%

Returns as of the 09/09/2021

- MIM multi asset (30/50/Managed) 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
- From a top-down perspective, to sum up MIM's views and positioning - the western economic cycle is still rolling over due to slower reopening from new variants, supply chain disruptions and risks to US fiscal spending. Therefore the fund holds quality and growth as the rates backdrop is supportive of these businesses which are doing well.
- The funds are currently at the upper range in growth asset allocation, but the mix is what is key. A slowing western economic cycle and a supportive rates backdrop, along with recent results, supports the teams quality and growth holdings.
- Recently, MIM added some more cyclicals - miners whose dividend and free cash flow yields are very attractive, and some European luxury goods names that have pulled back significantly on Asian growth concerns.
- With the risk of a summer shake-out ever present, MIM also own equity index put options to offer some protection.
- 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.

AstraZeneca PLC

Closing Price: £81.73



Key Metrics	2021e	2022e	2023e
Revenue (\$'Mn)	34728.2	41657.4	45376.3
EPS (\$)	5.30	6.91	8.26
Price/ Earnings	21.36x	16.37x	13.7x
Div Yield	2.49%	2.59%	2.71%

Total Return	1 Mth	3 Mth	YTD
AZN LN	-1.52%	-1.23%	14.64%

Source: All data & charts from Bloomberg & CFI

- Following a 7% correction since earlier this summer, AstraZeneca, now appears to be offering an attractive entry point for one of the world's leading healthcare companies. This share price weakness comes despite continued successful roll-out of AstraZeneca's Covid -19 vaccine and recent settlement of a dispute with the EU over earlier delays to vaccine supplies. Recent weakness is likely to be at least partially related to the closure of the \$39bn Alexion deal in July. This deal announced in December 2020, increases AstraZeneca's presence in the high-margin, high-growth rare diseases market and should be immediately earnings enhancing. Alexion shares were delisted in the US in July and it's likely there has been flowback of AstraZeneca shares from some former Alexion shareholders, which will have a short-term impact on the AstraZeneca share price.
- At their interim results in July, AstraZeneca upgraded full-year guidance to a range of \$5.05 to \$5.50 from previous range of \$4.75 to \$5. This reflects the acquisition of Alexion as well as continued strong performance in AstraZeneca's core oncology franchise, where it is a global leader. AstraZeneca offers one of the strongest top-line growth stories in the global healthcare sector as illustrated by these results and accompanying guidance.
- The stock is currently offering a dividend yield of 2.5% and trades on an estimated consensus forward PE of around 20X. which appears attractive given the strong underlying fundamentals. Buy on weakness.

This Weeks Market Events

Monday	Tuesday	Wednesday	Thursday	Friday
Corporate	Corporate	Corporate	Corporate	Corporate
Ferrovial SA Oracle Corp	JD Sports Fashion PLC Ocado Group PLC	Carnival Corp Industria de Diseno Textil SA H & M Hennes & Mauritz AB	Ashtead Group PLC IG Group Holdings	
Economic	Economic	Economic	Economic	Economic
Japanese Producer Prices	UK ILO Employment US CPI	Japanese Machinery Orders Chinese Industrial Output Chinese Retail Sales UK PPI UK CPI EU Industrial Production US Empire State Index US Industrial Production	Japanese Trade Balance EU Trade Balance US Initial Jobless Claims US Philly Fed Index US Retail Sales	UK Retail Sales EU Final HICP US Preli. Michigan Consumer Sentiment

Cantor Core Portfolio - In Detail

Performance YTD	%
Portfolio	9.3%
Benchmark	21.5%
Relative Performance	-12.2%
P/E Ratio	26.60x
Dividend Yield	2.3%
ESMA Rating	6
Beta	1.01

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	4.68%	<div style="width: 46.8%;"></div>
USD	3.43%	<div style="width: 34.3%;"></div>

Benchmark

Weighted Average Contribution

Index	Currency	PE	Outlook	Weighting	Total Return Local	Weekly Return	Price	Contribution	
STOXX Europe 600	EUR	39	Neutral	60%	19.7%	-1.2%	466	11.8%	<div style="width: 118%;"></div>
S&P 500	USD	28	Neutral	40%	19.9%	-1.7%	4459	9.6%	<div style="width: 96%;"></div>

Core Portfolio

Weighted Average Contribution

Stock	Currency	Yield*	Hold /Sold	Sector	Weighting	Total Return Local	Weekly Return	Price	*Contribution	
Verizon Communications Inc	USD	4.5%	H	Communication Services	6.67%	-4.6%	-1.9%	54.23	-0.1%	<div style="width: -10%;"></div>
Amazon.Com Inc	USD	0.0%	H	Consumer Discretionary	6.67%	6.5%	0.2%	3469.15	0.7%	<div style="width: 70%;"></div>
JPMorgan Emerging Markets Trust	GBP	1.3%	H	Emerging Markets	6.67%	3.4%	-1.9%	1.35	0.6%	<div style="width: 60%;"></div>
Allianz Se	EUR	5.2%	H	Financials	6.67%	0.6%	-1.7%	193.26	0.0%	<div style="width: 0%;"></div>
Sanofi	EUR	3.7%	H	Health Care	6.67%	8.0%	-6.8%	81.87	0.5%	<div style="width: 50%;"></div>
Vinci Sa	EUR	2.5%	H	Industrials	6.67%	10.6%	-3.5%	87.93	0.7%	<div style="width: 70%;"></div>
Siemens Gamesa Renewable Energy	EUR	0.1%	H	Industrials	6.67%	-31.2%	-11.3%	22.77	-2.1%	<div style="width: -21%;"></div>
Fedex Corp	USD	1.0%	H	Industrials	6.67%	0.0%	-3.6%	257.55	0.2%	<div style="width: 20%;"></div>
Ryanair Holdings Plc	EUR	0.0%	H	Industrials	6.67%	-4.7%	-3.3%	15.49	-0.3%	<div style="width: -30%;"></div>
Paypal Holdings Inc	USD	0.0%	H	Information Technology	6.67%	21.4%	-0.4%	284.32	1.7%	<div style="width: 170%;"></div>
Microsoft Corp	USD	0.8%	H	Information Technology	6.67%	33.8%	-1.8%	295.71	2.6%	<div style="width: 260%;"></div>
Rio Tinto Plc	GBP	6.8%	H	Materials	6.67%	8.2%	-2.7%	5264.00	0.9%	<div style="width: 90%;"></div>
Smurfit Kappa Group Plc	EUR	2.4%	H	Materials	6.67%	30.4%	-1.6%	48.57	2.0%	<div style="width: 200%;"></div>
CRH Plc	EUR	2.4%	H	Materials	6.67%	29.5%	-3.4%	42.99	2.0%	<div style="width: 200%;"></div>
Engie	EUR	4.4%	H	Utilities	6.67%	-2.1%	-2.0%	11.76	-0.1%	<div style="width: -10%;"></div>

All data taken from Bloomberg up until 10/09/2021.

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

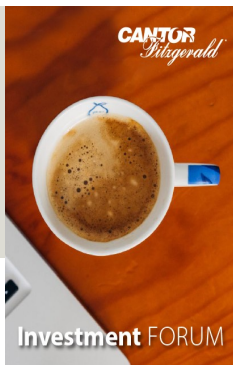
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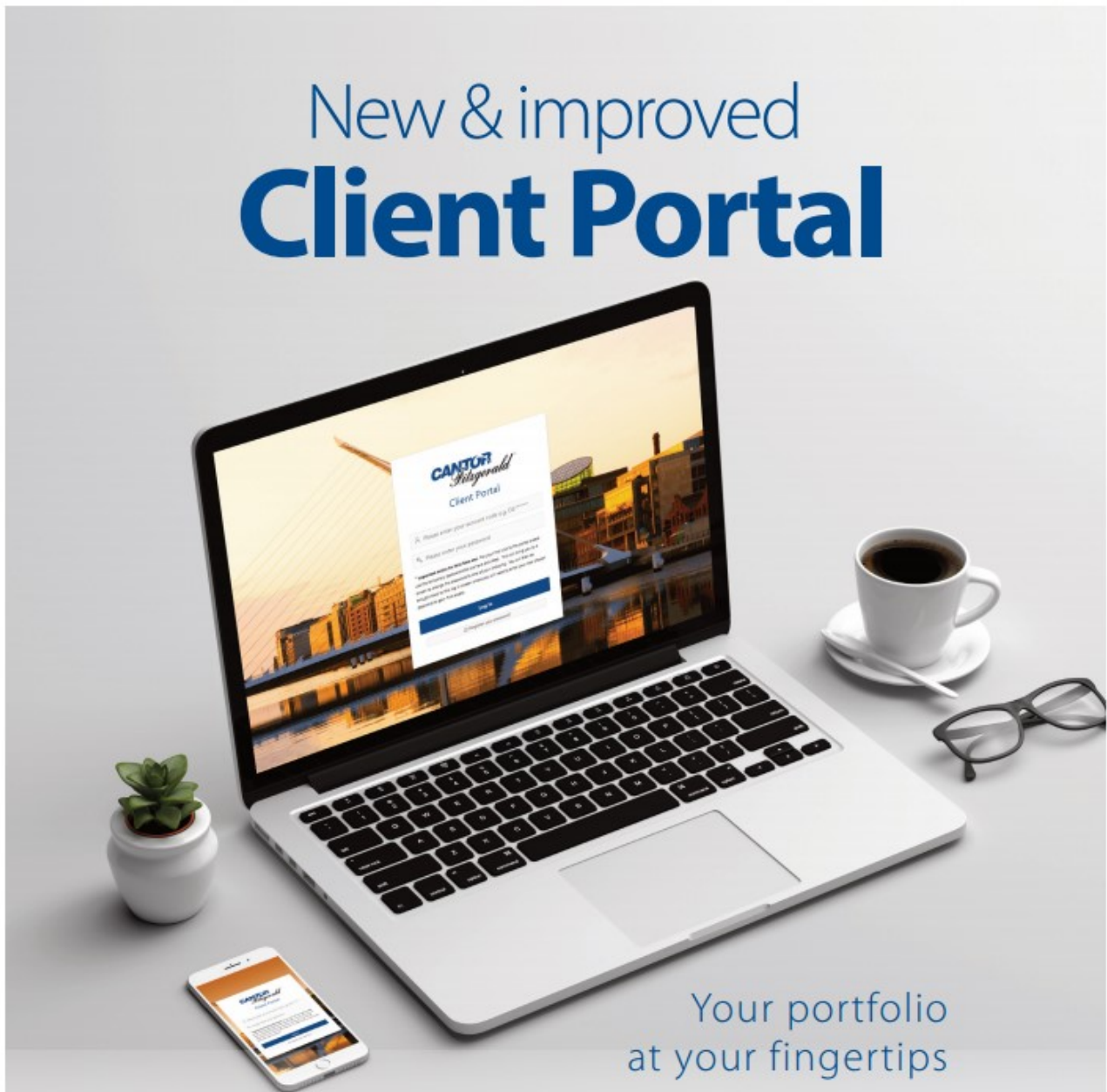


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Regulatory Information

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

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