Weekly Trader
Upcoming Market Opportunities and Events
CANTOR Fitzgerald
Monday, 4th October 2021

Key Themes This Week

The Week Ahead
Equity markets came under pressure last week and traded lower by on average 3% as increased concerns over the inflation outlook, political gridlock on Capitol Hill and recent, more hawkish central bank comments all weighed on sentiment. While the Growth focused NASDAQ underperformed with a decline of almost 5%, the market weakness was broad-based with even the more Value focused sectors of the market coming under pressure.

The one exception to this move lower in the Value area of the market was Energy which continued to advance as both crude oil and natural gas prices traded to hit multi-year highs. This move higher is in part due to supply disruptions from the Gulf of Mexico and out of Russia, but also as a result of increased global demand as economies reopen. Also supporting this move higher in prices during the week were comments from the Chinese Vice-Premier who instructed state-owned utility companies to secure energy supplies at "whatever cost" to ensure there will be no blackouts in the country during the winter.

This surge in energy prices has increased the focus on the outlook for inflation and the ongoing views of global central banks that higher inflation will be transitory. With inflation data out of Europe last week hitting near 20 year highs, the risk of a more sustained period of higher inflation has increased somewhat however central banks from the Fed to the ECB, while acknowledging that inflation may run hotter than expected for a longer period than originally thought, are still of the opinion that it will moderate in the coming quarters as supply issues are resolved.

The other area of focus for markets last week was in the US where politicians from both sides of the House continue to be at loggerheads over the suspension or extension of the debt ceiling. In testimony to Congress last week, US Treasury Secretary Yellen cautioned that a resolution is required by the 18th October if the US is to avoid the ignominy of a potential default. While the delay in resolving this issue, along with a delay in agreeing on a new stimulus bill, has added to the current period of market volatility, we believe that a consensus will be found to avert a default situation arising, but that it will potentially be an 11th hour agreement.

While equity markets have seen a pick up in volatility in recent weeks, it is worth highlighting that the move last week and overall during September, is relatively modest when one considers that equity markets have virtually doubled since their March 2020 lows. Equally, it is worth highlighting that while bond yields have moved higher in the last two weeks, they are still well below their year-to-date highs seen in March and remain, by historical standards, at ultra-low levels.

We maintain our positive outlook for markets into year-end predicated on that fact that the global economies continue to recover from the pandemic related economic shock, overall demand remains strong, and monetary policy, despite any forthcoming adjustments by central banks, will continue to remain supportive. We would therefore use the current period of market weakness as an opportunity to add to quality names in both the Growth and Value areas of the market.

With this in mind, in this week's Trader we include comments on US payments group **PayPal Holdings**, European semiconductor group **ASML** following a positive investor day last week and aggregates and materials group **CRH**. We also include our regular update on the **MIM Multi-Asset Funds range** which provide exposure a varied range of investment strategies which can meet various levels of risk.

Major Markets Last Week

	Value	Change	% Move
Dow	34,326	-471.54	-1.36%
S&P	4,357	-98.44	-2.21%
Nasdaq	14,567	-481.00	-3.20%
MSCI UK	16,408	-36.61	-0.22%
DAX	15,156	-375.31	-2.42%
ISEQ	8,449	-207.01	-2.39%
Nikkei	28,445	-1795.17	-5.94%
Hang Seng	23,955	-237.32	-0.98%
STOXX 600	453	-10.39	-2.24%
Brent Oil	78.93	-0.60	-0.75%
Crude Oil	75.51	0.06	0.08%
Gold	1,760	9.46	0.54%
Silver	22.63	0.00	0.00%
Copper	419.4	-9.55	-2.23%
Euro/USD	1.1602	-0.01	-0.80%
Euro/GBP	0.8563	0.00	0.30%
GBP/USD	1.3549	-0.01	-1.09%

	Value	Change
German 10 Year	-0.23%	0.00
UK 10 Year	1.00%	0.08
US 10 Year	1.47%	-0.02
Irish 10 Year	0.15%	0.00
Spain 10 Year	0.41%	0.00
Italy 10 Year	0.82%	0.03
BoE	0.1	0.00
ECB	0.00	0.00
Fed	0.25	0.00

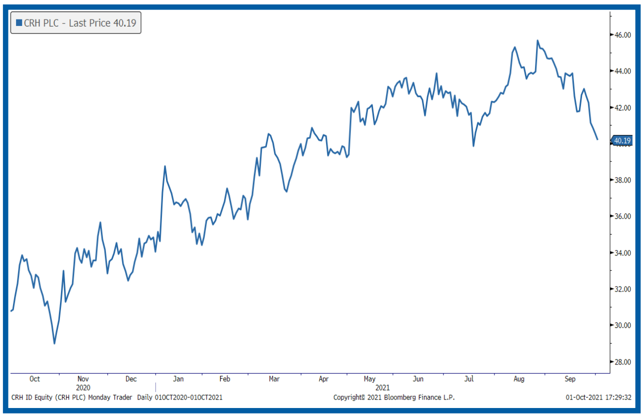
All data sourced from Bloomberg

Opportunities this week

CFI Research Team

CRH plc

Closing Price: €40.19



Key Metrics	2021e	2022e	2023e
Revenue (€'Mn)	25954.0	27139.2	28293.3
EPS (€)	2.59	2.83	3.09
Price/ Earnings	15.51x	14.2x	12.99x
Div Yield	2.69%	2.83%	3.06%

Total Return	1 Mth	3 Mth	YTD
CRH ID	-9.67%	-5.83%	21.04%

Source: All data & charts from Bloomberg & CFI

- We believe that CRH's current market-driven pullback presents a buying opportunity in a stock that is well placed to benefit from the proposed US infrastructure funding programme. We believe that after the politicking, funding will be approved in the near to mid-term. Up 18% year-to-date, CRH is trading at 15.5x FY21 P/E and 8.2x EV/EBITDA, an over 50% premium to its European peers but, conversely an over 35% discount to its US peers. On a weighted basis the stock is trading at a 10% discount to the overall sector. It is also trading at a 14% discount to its 10-year average. With an increasing focus on the North American market, we believe CRH deserves to trade closer to North American multiples. Our unchanged €53 price target implies a c.32% upside supported by a dividend currently yielding 2.4%.
- CRH is down 10% over the past month, in line with its European and North American peers - both down 11% over the same period. This illustrates the sector rather than company-specific nature of the pullback, on concerns over possible supply chain issues and input price inflation. We would argue that given its size, CRH is well placed to pass any price increases through to its clients and that infrastructure stimuli should outweigh any supply chain issues, which we would see as temporary in nature in any case.
- Note that CRH did not disappoint in H121 numbers and FY21 guidance in late August, reporting interim numbers well ahead of market expectations and providing guidance that at the EBITDA level suggested, at the time, a 5% upgrade to consensus numbers for FY21. To recap, the almost doubling of adj. EPS came in 15% ahead of market expectations from EBITDA 8% ahead of consensus and revenue 1% ahead of forecasts. As we reported on the day, management noted that the market outlook was improving and that it expected H221 EBITDA to be ahead of the record prior year.

PayPal Holdings Inc

Closing Price: $264.65

Key Metrics	2021e	2022e	2023e
Revenue ($'Mn)	25760.0	31656.1	38111.2
EPS ($)	4.72	5.90	7.39
Price/ Earnings	56.09x	44.84x	35.79x
Div Yield	0.00%	0.00%	0.00%

Total Return	1 Mth	3 Mth	YTD
PYPL US	-8.47%	-8.82%	13.00%

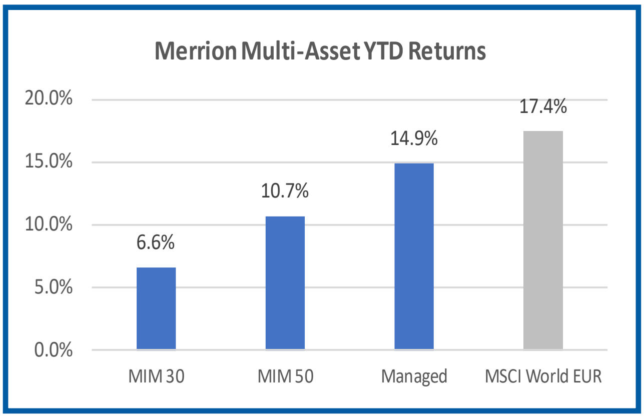
Source: All data & charts from Bloomberg & CFI

- We consider that a number of names in the tech sector are insulated from input price pressures and are not exposed to, or could actually benefit from, expanding interest rates. PayPal is one such stock that we believe has been oversold on sectoral concerns and could see a rally into the results season. We see this month's 9% pullback in a stock, which is still up 11% year-to-date, as a buying opportunity. Currently at 55.2x FY21 P/E and 40.0x EV/ EBITDA, PayPal would appear to be trading at stretched multiples on an historical basis (6-year average 36.8x P/E and 24.7x EV/ EBITDA). However, there was a considerable rerating of the stock at the early stages of the pandemic and it has continued to trade consistently at these multiples for the past year.
- In late July, Paypal reported Q221 numbers in line to slightly ahead of market expectations. While it maintained FY21 guidance, its Q321 guidance disappointed the market. At the time, we opined that the two disparate guides possibly reflected timing of the well flagged migration of eBay payments onto its own system. This has always been set to impact results through FY21 with Q221 guidance possibly suggesting a more efficient eBay operation rather than weakness in PayPal's underlying business. In effect a larger impact in Q3 should be offset by a lower than forecast impact on Q4 numbers.
- PayPal is expected to issue its Q321 results at the beginning of November, when the market is looking for little to no growth in adj. EPS from only a 4.2% increase in EBITDA, with considerable margin contraction baked in as revenue if forecast to have grown by 14.2%. With eBay converting off of the platform at a faster rate, this overhang is set to cease in 2022. Underlying growth is expected to be driven by the strength of Venmo, which could exceed $900m in revenue in FY21, strong momentum in buy now, pay later and in-store QR code payments, better seasonality and growth with new marketplaces.

Opportunities this week

CFI Research Team

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



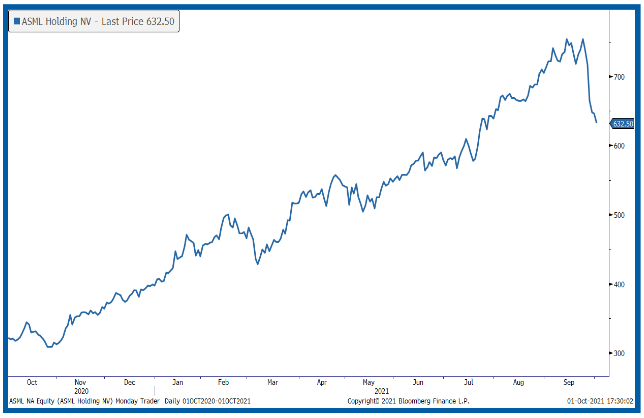
Total Return	YTD
MIM 30	6.6%
MIM 50	10.7%
Managed	14.9%
MSCI World (EUR)	17.4%

Returns as of the 30/09/2021

- 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.
- With the risk of a 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.

ASML Holding NV

Closing Price: €632.50



Key Metrics	2021e	2022e	2023e
Revenue (€'Mn)	18905.0	21869.7	23712.9
EPS (€)	13.51	16.60	18.73
Price/ Earnings	46.81x	38.11x	33.77x
Div Yield	0.54%	0.64%	0.77%

Total Return	1 Mth	3 Mth	YTD
ASML NA	-11.44%	10.71%	59.56%

Source: All data & charts from Bloomberg & CFI

- ASML held their first investor day for three years last week. At this event they upgraded their 2025 revenue guidance to a range of 24bn to 30bn euros, a significant increase from the previous range of 18bn to 24bn euros. They also gave the first indication of revenue growth beyond 2025, forecasting 11% pa growth out until 2030. Delivery of these targets would mean ASML could be generating 50bn euro of revenue by 2030, compared to 19bn euro expected in 2021.
- ASML's positioning at the heart of the global technology industry is what facilitates this remarkable growth. ASML has a near monopoly in manufacturing high end lithography machines used in producing microchips for the semiconductor industry. These lithography machines are essential for producing ever smaller and more powerful chips which are required to meet the increasing demand of a digitised world. New technologies including electric cars; 5G connectivity and cyber security are all dependent upon this chip shrinkage. Recent supply chain issues highlight in industries like automotive, as a result of chip shortages, highlight how central the semiconductor supply chain is to the modern economy. It is this market leadership within a core segment of the global technology chain that enables ASML to continue to deliver such superior earnings growth to shareholders. The company is also committed to returning significant capital to shareholders both via dividends and share buybacks.
- Despite this strong message at its investor day, ASML shares have pulled back some 15% from their recent peak. This partially reflects profit-taking after very strong year-to-date performance, also some investor rotation from growth stocks like ASML into more cyclical areas of the market. This pullback has reduced ASML's significant PE premium to the market and the stock now trades on under 35X 2022 prospective earnings, which looks very reasonable for one of the strongest growth stories in the large-cap European equity space. Historically any pullback of this magnitude is a strong buying opportunity in ASML.

This Weeks Market Events

Monday	Tuesday	Wednesday	Thursday	Friday
Corporate	**Corporate**	**Corporate**	**Corporate**	**Corporate**
	PepsiCo Inc	Tesco PLC		
Economic	**Economic**	**Economic**	**Economic**	**Economic**
EU Sentix Index US Factory Orders	Japanese CPI French Industrial Output French Final Markit Composite PMI German Final Markit Composite PMI EU Final Markit Composite PMI EU Producer Prices US International Trade US Final Markit Composite PMI US Non-Manufacturing PMI	German Industrial Orders EU Retail Sales US ADP National Employment	German Industrial Output ECB Meeting Minutes US Initial Jobless Claims	German Trade Balance US Non-Farm Payrolls

Cantor Core Portfolio - In Detail

Performance YTD	%
Portfolio	6.2%
Benchmark	19.3%
Relative Performance	-13.0%
P/E Ratio	23.06x
Dividend Yield	2.5%
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	4.38%
USD	5.24%

Benchmark

Weighted Average Contribution

Index	Currency	PE	Outlook	Weighting	Total Return Local	Weekly Return	Price	Contribution
STOXX Europe 600	EUR	39	Neutral	60%	16.4%	-2.2%	453	9.8%
S&P 500	USD	28	Neutral	40%	17.2%	-2.2%	4357	9.4%

Core Portfolio

Weighted Average Contribution

Stock	Currency	Yield*	Hold /Sold	Sector	Weighting	Total Return Local	Weekly Return	Price	*Contribution
Verizon Communications Inc	USD	4.7%	H	Communication Services	6.67%	-4.5%	-0.1%	54.30	0.0%
Amazon.Com Inc	USD	0.0%	H	Consumer Discretionary	6.67%	0.8%	-4.2%	3283.26	0.4%
JPMorgan Emerging Markets Trust	GBp	1.3%	H	Emerging Markets	6.67%	-1.0%	-1.8%	1.29	0.2%
Allianz Se	EUR	5.3%	H	Financials	6.67%	1.7%	1.5%	195.30	0.1%
Sanofi	EUR	4.0%	H	Health Care	6.67%	8.9%	0.7%	82.61	0.6%
Vinci Sa	EUR	2.6%	H	Industrials	6.67%	14.3%	1.8%	90.85	1.0%
Siemens Gamesa Renewable Energy	EUR	0.0%	H	Industrials	6.67%	-36.5%	-7.9%	21.01	-2.4%
Fedex Corp	USD	1.4%	H	Industrials	6.67%	-13.6%	-1.8%	222.53	-0.6%
Ryanair Holdings Plc	EUR	0.0%	H	Industrials	6.67%	5.5%	1.1%	17.15	0.4%
Paypal Holdings Inc	USD	0.0%	H	Information Technology	6.67%	13.0%	-4.8%	264.65	1.3%
Microsoft Corp	USD	0.8%	H	Information Technology	6.67%	30.8%	-3.4%	289.10	2.5%
Rio Tinto Plc	GBP	7.1%	H	Materials	6.67%	-1.2%	-0.5%	4808.00	0.2%
Smurfit Kappa Group Plc	EUR	2.7%	H	Materials	6.67%	19.8%	-5.5%	44.35	1.3%
CRH Plc	EUR	2.7%	H	Materials	6.67%	21.0%	-5.7%	40.19	1.4%
Engie	EUR	4.6%	H	Utilities	6.67%	-3.3%	-0.6%	11.62	-0.2%

All data taken from Bloomberg up until 1/10/2021.

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

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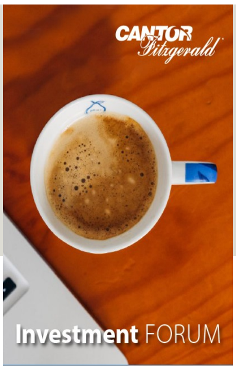

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