Weekly Trader

Upcoming Marketing Opportunities and Events

CANTOR Fitzgerald

MONDAY, 28th MARCH 2022

Key Themes This Week

The Week Ahead
Risk assets registered modest gains last week of on average 0.5% with US markets continuing their relative outperformance against their European counterparts, with the exception in Europe being the UK which gained 1% due to a renewed move higher in energy prices. Against the backdrop of the ongoing geo-political crisis in Ukraine and an increase in expectations for a 50 basis point increase in US interest rates at the next Fed meeting on 4th May, the overall performance by equity markets was impressive, Add in the fact that US bond yields registered one of their biggest ever weekly moves with both the 2 and10 Year yields increasing by 30 basis points, the marginally positive return by equities was even more impressive.

Despite the ongoing conflict in Ukraine it is interesting to note that equity markets have now recouped the majority of the losses incurred since the invasion on 24th February while in the US all three major indices are in fact higher than their closing levels on the eve of the invasion. This resilience comes despite the fact that expectations for the pace of interest rate increases from the US Federal Reserve have increased following the recent Fed policy meeting with the market now pricing in 6 further rate increases with some US investment banks predicting the Fed to increase rates by 50 basis points in each of the next four policy meetings.

While this performance by equity markets may seem counterintuitive, our colleagues in **Merrion Investment Managers** have highlighted that it is typically the rate of performance that has occurred historically at the start of previous rate hiking cycles. Equally supporting equity markets on a relative basis over bonds is that despite the increase in bond yields year-to-date, real yields adjusted for inflation, remains negative.

Another critical point to highlight is the strength of the US economy as evidenced by last weeks US PMI readings and both the Continuing and Initial Jobless Claims. One of the persistent arguments from the Fed in the justification for its intended path of more aggressive policy tightening has been the strength of the US economy and in particular the tightness in the US labour market. These two data points last week merely served to galvanise this view, but also would have provided comfort to equity investors that the risk of an imminent recession in the US as a result of a faster pace of rate increases is low despite the fact that the inverted nature in the belly of the US yield curve suggests otherwise. Equally, positive trading updates from companies such as **Nike (Buy)** and **Nvidia** provide evidence that supply chain issues appear to be moderating and that end-user demand remains strong despite some weaker consumer sentiment readings.

A clearer picture on both supply chains and demand, as well as the impact of higher input costs, particularly from higher energy prices, will emerge when the first-quarter earnings season commences in three week's time. Indications for the upcoming earnings season however remain positive with year-over-year earnings growth expected to be 4.8% (Source: Factset) compared to a forecast growth rate of 5.5% just prior to the invasion of Ukraine and the subsequent surge in energy, agricultural and specialist metal commodities. While it is clear that there has been some moderation in the earnings growth forecast, the extent of the move lower is mild relative to the issues facing markets.

Over the last number of weeks in both this commentary and our weekly podcasts we have been advocating a gradual deployment of cash into the market on any weakness, and this is a strategy we continue to advocate for clients, but also acknowledge that with the ongoing situation in Ukraine, commodity price uncertainty and a distinctly more hawkish Fed, markets will continue to be vulnerable to pockets of volatility.

In this week's Trader we include some recommendations for the potential re-investment of cash clients may have realised from the announced takeover on Friday of one of the stocks on our Analysts Conviction List, **Hibernia REIT**. Two stocks in particular we see as suitable replacements are the **Supermarket Income REIT** and homebuilder **Cairn Homes**, both of which offer attractive dividend yields. The third stock we cover, also from our Analysts Conviction List, is French luxury goods group **LVMH** which offers significant upside to our price target at current levels.

Major Markets Last Week

	Value	Change	% Move
Dow	34861	106.31	0.31%
S&P	4543	79.94	1.79%
Nasdaq	14169	275.46	1.98%
MSCI UK	18139	274.31	1.54%
DAX	14306	-107.33	-0.74%
ISEQ	7174	-401.10	-5.29%
Nikkei	28150	1496.95	5.62%
Hang Seng	21405	-7.52	-0.04%
STOXX 600	454	-1.05	-0.23%
Brent Oil	120.65	12.72	11.79%
Crude Oil	113.9	9.20	8.79%
Gold	1958	36.67	1.91%
Silver	25.5262	0.56	2.25%
Copper	469.85	-4.10	-0.87%
Euro/USD	1.0983	-0.01	-0.62%
Euro/GBP	0.8331	-0.01	0.66%
GBP/USD	1.3182	0.00	0.03%

	Value	Change
German 10 Year	0.59%	0.21%
UK 10 Year	1.70%	0.20%
US 10 Year	2.47%	0.32%
Irish 10 Year	1.15%	0.19%
Spain 10 Year	1.44%	0.13%
Italy 10 Year	2.08%	0.19%
BoE	0.75%	0.00%
ECB	0.00%	0.00%
Fed	0.50%	0.00%

Opportunities this week

Cairn Homes plc

Closing Price: €1.24

Key Metrics	2021e	2022e	2023e
Revenue (€'Mn)	591.7	668.8	745.5
EPS (€)	0.11	0.12	0.15
Price/ Earnings	11.51x	10.11x	8.4x
Div Yield	4.34%	7.32%	8.20%

Total Return	1 Mth	3 Mth	1 Year
CRN ID	4.01%	8.74%	26.94%

Source: All data & charts from Bloomberg & CFI

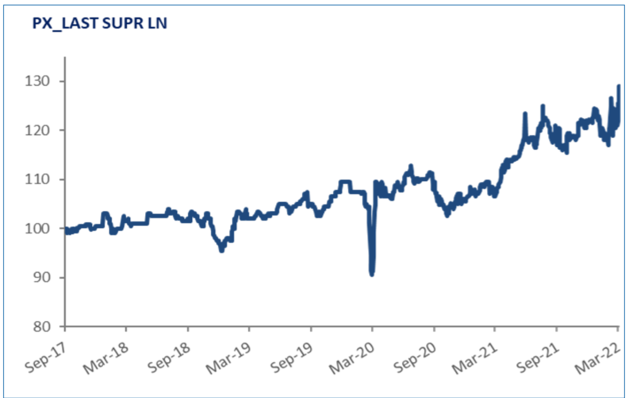
After the announced acquisition of Hibernia REIT on Friday last, focus is undoubtedly now pointed towards putting cash for our HBRN shareholders to work. In light of this, we are proposing that Cairn Homes represents strong value at these levels, given that like HBRN, the stock is undervalued relative to the value of the company's assets and also offers a strong dividend yield. Last week, we issued a refreshed research note on Cairn, in which we highlighted our positivity on the company in light of the strong FY21 results, the refreshed FY22 guidance, the new set of medium-term targets, and the heightened focus on cash distributions to shareholders.

Guidance for 2022 sees turnover in excess of €600 million (a 40% increase on this year), with 1,500 closed new homes sales; a gross margin in core housebuilding of up to c. 21.5% (previously guided 20%); guiding build cost inflation of around €10,000 per new home built; c. €100m operating profit up from the previously guided c. €85 million, delivering FY operating profit margin of 16.5%; €175m of operating cashflow this year, to now bring total operating cash flow for the two years to the end of 2022 to €300m (€265m guided previously).

On its medium-term targets, Cairn expects to deliver between 5,000 and 5,500 new homes in the three years to the end of 2024 and expects to generate in excess of €500 million in operating cashflow in the three-year period to the end of 2024. The Company expects ROE to be c. 11% in 2022 growing to 15% by the end of 2024. The story remains a positive one, as we are seeing higher profits feeding into improving margins, and stronger cash flow reducing net debt feeding into improved shareholder returns with the initiation of the €75m buyback programme, with further buybacks expected. We believe recent market weakness has presented an opportunity here with our DCF-derived price target of €1.55 implying over 25% upside from current levels, supported by a dividend yielding 4.4%.

Supermarket Income REIT

Closing Price: 129p



Key Metrics	2021e	2022e	2023e
Revenue (£'Mn)	70.6	87.2	96.9
EPS (£)	0.06	0.07	0.07
Price/ Earnings	20.47x	18.97x	17.91x
Div Yield	4.57%	4.73%	4.88%

Total Return	1 Mth	3 Mth	1 Year
SUPR LN	7.50%	5.52%	21.13%

Source: All data & charts from Bloomberg & CFI

A second alternative for clients looking to reinvest cash proceeds from Hibernia REIT is the UK-based Supermarket Income REIT, which offers secure, inflation-hedged GBP income due to the nature of the company's focus on long-dated, inflation-linked leases. Since its IPO in mid-2017, SUPR has grown at an impressive rate, growing to a portfolio size of over £1.6bn in assets in less than five years. In early March, we held a meeting with SUPR management following the interim results from which we drew a lot of positives. SUPR has recently moved to the premium listing of the LSE and was upgraded to BBB+ investment grade rating by Fitch, both of which are significant catalysts for continued growth for the company.

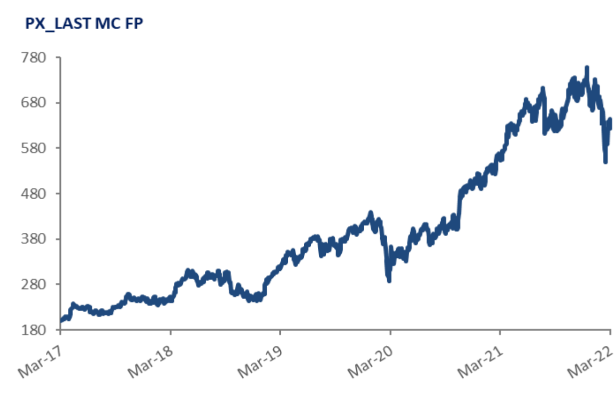
The Sainsbury JV will be monetised by mid-2023, with SUPR seeing an increase in the JV portfolio value of around 66% in 2-3 years. The UK supermarket sector continues to go from strength to strength. Now vs pre covid total UK grocery sales are up +10%; Online +88%; Physical store sales +4%; specific omnichannel (SUPR) stores are+16%, all really boosted by the shift to WFH. We're also clearly seeing high levels of food price inflation (FPI) with an over 90% correlation between FPI and Inflation. Given the high degree of correlation between inflation and food prices and the level of investor appetite in the sector, SUPR believes it will see continued progressive growth in both supermarket rents and capital values.

Market yields have moved lower to c.4.40% now but the net initial yield on SUPR's own portfolio at about 4.7%, which management was very keen to highlight as being conservative, so they see yield compression coming through here in the coming years which will have a positive NAV impact. SUPR is trading at 129p, up c.6% YTD and offering a 4.6% dividend yield as well – we continue to like it and see upside to our PT of 136p, seeing it as a viable alternative to clients looking for REIT exposure with a solid dividend profile while also still representing strong arbitrage value relative to UK supermarket bonds.

Opportunities this week

LVMH

Closing Price: €626.00



Key Metrics	2022e	2023e	2024e
Revenue (€'Mn)	72483.5	78559.8	84811.5
EPS (€)	26.21	28.85	31.60
Price/ Earnings	23.88x	21.7x	19.81x
Div Yield	1.79%	1.95%	2.10%

Total Return	1 Mth	3 Mth	1 Year
MC FP	-1.56%	-12.74%	22.53%

Source: All data & charts from Bloomberg & CFI

LVMH is the global leader in the high-margin, strong secular growth, luxury goods industry. Operating performance remains robust as evidenced by recent full-year results at the end of January which saw group revenues increase 44% for the full year to 64.2bn. Net profit in 2021 more than doubled compared to 2020 to 17.2bn euro, which was a 49% increase from 2019 pre-pandemic. Group organic sales growth for Q4 was ahead 26% on Q4 2020, driven by 28% growth from the largest division, fashion, and leather goods. The second largest division, wine & spirits, saw organic sales growth of 18%, jewellery, benefitting from the full integration of 2019's acquisition of Tiffany, recorded 21% and selective retailing 30%. Group organic sales growth was up 22% in Q4 2021 compared to Q4 2019, reflecting strong recovery ahead of pre-pandemic levels. Operating margin improved to 26.7% from 18.7% in 2020. LVMH does have a progressive dividend policy, although it did reduce the dividend pay-out in 2020, reflecting the challenges posed by the pandemic. The group has now resumed dividend growth, and this is forecast to continue going forward. LVMH could buy back shares but generally prefers to use its balance sheet strength to grow the business, both by acquisition, (most significantly Tiffany recently) and R&D.

Luxury remains a secular growth story and the recent pullback in the sector, and LVMH in particular, on a combination of rising interest rates and the Russian invasion of Ukraine looks to offer an attractive medium term buying opportunity. LVMH moved quickly to close its stores in Russia which accounts for less than 2% of group sales. LVMH report Q1 2022 sales figures on Thursday 22^{nd} April and we have a price target of 775 euros, representing 26X 2023 EPS, broadly in-line with its 5-year average and offering over 20% upside from current levels.

This Weeks Market Events

Monday	Tuesday	Wednesday	Thursday	Friday
Corporate	**Corporate**	**Corporate**	**Corporate**	**Corporate**
	McCormick & Co,			
Economic	**Economic**	**Economic**	**Economic**	**Economic**
Irish Retail Sales	German Consumer Sentiment US Case-Shiller House Prices US Consumer Confidence US JOLTS	EZ Economic Sentiment German Flash HICP US ADP US GDP US Q4 Core PCE	UK GDP German Retail Sales German Unemployment EZ Unemployment USE Feb Core PCE US Personal Income	EZ Markit Manufacturing PMI US Non-Farm Payrolls US Manufacturing ISM, PMI

Analyst Conviction List

The Analyst Conviction List highlights the buy-rated stocks that we feel have the greatest potential for share price upside at the current time and where new money purchases could be made. In addition to traditional analytical methods including valuation, industry background and competitive positioning, we also consider ESG factors in our equity research process.

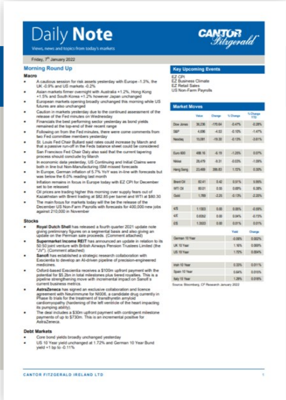
Our initial Analyst Conviction List is provided below:

Company	FX	Industry	Price when in ACL	Current price	Price target	Div yield	Fwd P/E (x)	3m move	ESG Score (0-100)
Flutter Entertainment PLC	EUR	Entertainment	147.30	105.6	195.00	0.00%	17.17	-21.9%	43
LVMH Moet Hennessy Louis Vuitton SE	EUR	Apparel	708.90	626.0	775.00	1.60%	21.70	-14.3%	89
TotalEnergies SE	EUR	Oil&Gas	43.41	47.60	54.00	5.55%	6.50	5.2%	90
Shell PLC	GBp	Oil&Gas	1683.00	2089.50	2300.00	3.37%	6.46	27.1%	82
Barclays PLC	GBp	Banks	192.00	164.00	255.00	3.66%	5.69	-12.5%	92
FedEx Corp	USD	Transportation	242.77	226.56	355.00	1.32%	10.02	-11.7%	69
Ryanair Holdings PLC	EUR	Airlines	18.12	13.56	18.50	0.00%	11.16	-13.6%	27
Caterpillar Inc	USD	Machinery-Constr&Mining	205.88	223.36	230.00	1.99%	15.39	8.1%	94
Microsoft Corp	USD	Software	336.06	303.68	380.00	0.82%	28.29	-11.0%	98
Apple Inc	USD	Computers	151.28	174.72	186.00	0.50%	26.62	-2.5%	34
ASML Holding NV	EUR	Semiconductors	737.10	620.20	900.00	1.19%	31.48	-13.3%	93
Smurfit Kappa Group PLC	EUR	Forest Products&Paper	45.07	40.63	55.00	3.09%	11.55	-14.7%	66
CRH PLC	EUR	Building Materials	42.93	38.33	53.00	2.83%	11.68	-16.9%	94
Hibernia REIT plc	EUR	REITS	1.31	1.62	1.50	3.34%	35.91	24.5%	61

Source: Bloomberg

Warning: The value of your investment may go down as well as up. You may get back less than you invest

Cantor Publications & Resources



Daily Note

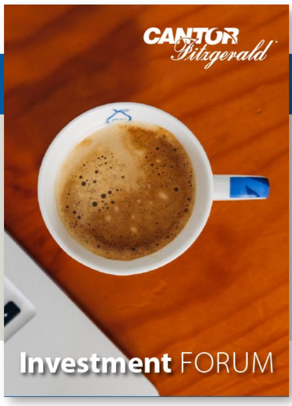
Each day we produce a market commentary outlining critical economic and company developments. We leverage off our global network of analysts and investment professionals to provide clients with critical insights from our local teams first thing in the morning.

CLICK HERE

Investment Journal

Each quarter our Private Client and Research departments collaborate to issue a publication which highlights the very best current stock ideas, through our Analyst Conviction List along with the performance of our flagship products and funds, most recent private equity deals and structured product investment opportunities.

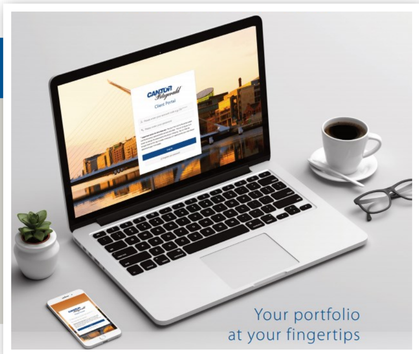
CLICK HERE



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



Client Portal

Access all of your information through a single login and view information updates in the Notifications Centre with our easy to use, intuitive user interface.

CLICK HERE

Regulatory Information

Issuer Descriptions: (Source: Bloomberg)

Flutter Entertainment PLC

Flutter Entertainment provides and mobile and inline gambling and gaming services primarily in the UK, Australia, the US and Ireland. The company offers betting on a wide range of sporting events as well as offering online games, including bingo, casino games and poker. The more recent acquisition of stakes in FanDuel (now owns 95%) makes it the largest online sports betting business in the US.

LVMH Moet Hennessy Louis Vuitton

LVMH Moet Hennessy Louis Vuitton is a diversified luxury goods group. The company produces and sells wine, cognac, perfumes, cosmetics, luggage and watches and jewelry

TotalEnergies SE

TotalEnergies SE engages in the exploration and production of fuels, natural gas and low carbon electricity. Headquartered in Courbevoie, France, it operates through the following business segments: Exploration & Production; Integrated Gas, Renewables & Power; Refining & Chemicals and Marketing & Services divisions.

Royal Dutch Shell PLC

Royal Dutch Shell Plc, through subsidiaries, explores, produces, and refines petroleum. The Company produces fuels, chemicals, and lubricants. Royal Dutch Shell owns and operates gasoline filling stations worldwide. It operates through the following segments: Integrated Gas, Upstream, Oil Products, Chemicals and Corporate. The company was founded in February 1907 and is headquartered in The Hague, Netherlands.

Barclays PLC

Barclays PLC is a global financial services provider engaged in retail banking, credit cards, wholesale banking, investment banking, wealth management, and investment management services.

FedEx Corp

FedEx Corp. delivers packages and freight to multiple countries and territories through an integrated global network. The company provides worldwide express delivery , ground small parcel delivery, less-than-truckload freight delivery, supply chain management services, customs brokerage services and trade facilitation and electronic commerce solutions

Ryanair Holdings PLC

Ryanair is one of the largest airlines in Europe. The carrier flies to c.190 destinations, serving more than 30 countries throughout Europe, plus Morocco. It specialises in short-haul routes between secondary and regional airports, operating a fleet of c.300 Boeing 737-800s from 75 bases. Under normal conditions the company flies around 116m passengers annually from airports in Ireland, UK, Belgium, France, Germany, Italy, Spain and Sweden.

Caterpillar Inc

Caterpillar designs, manufactures and markets construction, mining and forestry machinery. The company also manufactures engines and other related parts for it equipment and offers financing and insurance. It distributes its products through a worldwide organisation of dealers.

Microsoft Corp

One of the world's leading technology companies, Microsoft Corporation develops, manufactures, licences, sells and supports software products. Microsoft also develops video game consoles (e.g. Xbox) and digital music entertainment devices. Its products include the Windows operating system, Office productivity applications and Azure cloud services. It also owns LinkedIn, the business-oriented social network..

Apple Inc

Apple Inc. designs, manufactures and markets mobile communication devices, personal computers and related equipment along with a variety of related software, services, peripherals and networking solutions. Apple sells its products worldwide through its online stores, retail stores, direct sales force, third-party wholesalers and resellers. Half of its revenue comes from iPhone sales and over half its revenue is generated outside the Americas.

ASML Holding NV

ASML Holding N.V. develops, produces and markets semiconductor manufacturing equipment, specifically machines for the production of chips through lithography. The company services clients worldwide.

Smurfit Kappa Group PLC

Smurfit Kappa Group PLC manufactures paper packaging products. The company offers container boards, corrugated containers, and other paper-based packaging products. Smurfit Kappa Group serves clients globally.

CRH PLC

CRH is an Irish-based international company that makes and distributes cement, concrete, aggregate, glass and asphalt for commercial, residential and infrastructure projects across the globe. CRH has over 3,100 operating locations and a presence in circa 30 countries. It is one of the main building materials suppliers in North America and the largest heavy-side materials business in Europe.

Hibernia REIT PLC

Hibernia REIT operates as a real estate investment trust. The company invests in commercial properties including offices. While it has the scope to invest in industrial properties, retail stores, warehousing and distribution centres and other related property assets, Hibernia focusses on high-end office properties in Dublin, Ireland, with strong and improving ESG credentials.

Deere & Co

Deere & Company manufactures and distributes a range of agriculture, construction, forestry and commercial and consumer equipment worldwide. Deere, which trades mainly through the John Deere brand, also provides servicing and financing for its product range.

Regulatory Information

Historical record of recommendation

Flutter Entertainment rating:	Buy; issued 7th October 2021; previous: Hold; issued 16th July 2021
LVMH rating:	Buy; issued 22nd September; previous: none: initiation
TotalEnergies rating:	Buy; issued 22nd June 2021; previous: none: initiation
Royal Dutch Shell rating:	Buy; issued 08 Oct 2021; previous: none: initiation
Barclays rating:	Buy; issued 17th October 2021; previous: none: initiation
Fedex rating:	Buy; issued 2nd June 2021; previous: Buy; 24th November 2020
Ryanair rating:	Buy; issued 2nd July 2021; previous: Buy 19th November 2020
Caterpillar rating:	Buy; issued 5th November 2021; previous none: initiation
Microsoft rating:	Buy; issued 26th August 2021: previous: Buy: 17th June 2020
Apple Inc rating:	Buy; issued 15th July 2021; previous: none: initiation
ASML rating:	Buy; issued 22nd September; previous: none: initiation
Smurfit Kappa rating:	Buy; issued 24th August 2021; previous: Buy: 9th June 2021
CRH rating:	Buy; issued 10th March 2021; previous: Buy: 25th November 2020
	Last change 1st September 2020 Upgraded to Buy from Sell
Hibernia REIT rating:	Buy; issued 31 Aug 2021: previous: none: initiation

None of the above recommendations have been disclosed to the relevant issuer prior to dissemination of this Research.

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

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 retails 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 recommendations 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 purchased 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 to 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.

Regulatory Information

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 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: Cantor Fitzgerald House, 23 St. Stephen's Green, Dublin 2, D02 AR55.
Tel: +353 1 633 3800.

email : ireland@cantor.com **web :** www.cantorfitzgerald.ie

: @cantorIreland : Cantor Fitzgerald Ireland : Cantor Fitzgerald Ireland