

# Global Equity Income Strategy



## FACTSHEET

April 2022

### Monthly Portfolio Commentary

Global equities fell over 3% in April in euros, driven by fears of higher interest rates and also some disappointing outlooks in significant technology companies. The US market fell almost 9% in April while the Nasdaq dropped over 13%. A 5% rally in the US\$ versus the Euro mitigated losses for Euro investors. The Global Equity Income portfolio had a very strong relative performance, up 0.5% for the month. Defensive holdings performed well, following positive updates, including Walmart, Nestle, Unilever, Mondelez (chocolates) and Johnson & Johnson – all up between 7% to 9%. Financials were weak, with Blackrock down 14% and Schrodgers down 11%. Over the month we reduced Walmart and US industrial Honeywell which had both rallied strongly, initiated a new position in delivery company UPS and topped up Schroder, both on weakness towards the end of the month, and brought cash reserves down to 8%.

### Why choose the Global Equity Income Strategy?

Much analysis has shown that in the long term the majority of equity market returns are made up of dividends and dividend growth. Hence we believe a portfolio combining high quality companies where management are focused on growing their dividend is very much aligned with our own investment beliefs.

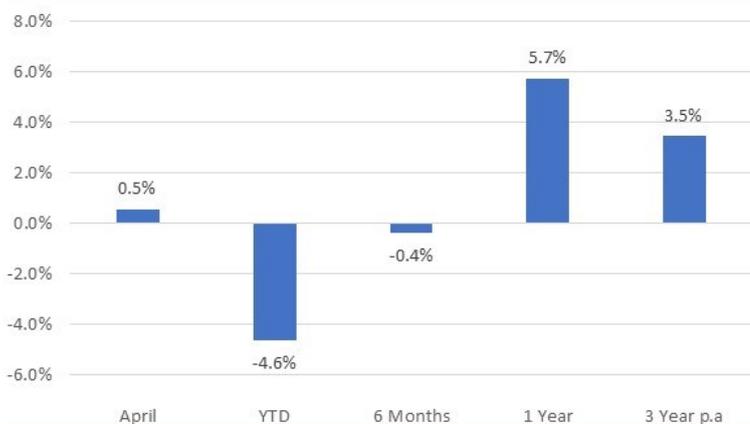
### Conservatism

Conservatism features strongly in our investment process when allocating our clients capital. We are unashamed of this and protecting our clients from losses is at the forefront of our risk management process.

### Experience of the team

The team was one of the first investment managers to focus on dividend paying companies as a strategy. Over the last 30 years we have experienced the peaks and troughs of the markets and have successfully navigated these events by sticking rigidly to our investment philosophy and process.

### Investment Returns Net of AMC\*



\*Source: Bloomberg & Cantor Fitzgerald Ireland Ltd. Research as at 30/04/22

### Investment Objective

The investment objective of the Global Equity Income Fund is to invest in a diversified global portfolio of financially-strong, well-managed companies that have a proven record in paying an attractive dividend and have management commitment to consistently increase it.

We aim to improve long-term risk-adjusted total equity returns while maintaining a balanced exposure to dividend yield, quality and dividend growth. We will aim to generate a c. 5-6% return annually over the medium term.

### Portfolio Management Team

Pramit Ghose, Bernard Murphy & Gareth Walsh

### Geographical Exposure\*



### Calendar Year Returns\*

2021	2020	2019	2018	2017
22.7%	-7.7%	20.8%	-7.1%	6.8%

\*Source: Cantor Fitzgerald Ireland Ltd. Research as at 30/04/2022

WARNING: Past performance is not a reliable guide to future performance. The value of your investment may go down as well as up.

WARNING: This fund may be affected by changes in currency exchange rates

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## Top 10 Equity Holdings (41.47% of assets)\*:

Company	Sector
Mondelez International	Consumer Staples
Blackrock Inc	Financials
CRH Plc	Materials
Analog Devices Inc	Information Technology
Johnson & Johnson	Health Care
Nestle Sa-Reg	Consumer Staples
LVMH Moet Hennessy	Consumer Discretionary
US Bancorp	Financials
Ferguson Plc	Industrials
Capgemini	Information Technology

## Sector Weights\*:

Sector	Global Equity Income
Consumer Staples	18.42%
Information Technology	16.62%
Health Care	15.48%
Industrials	15.02%
Financials	11.56%
Materials	10.74%
Cash	8.13%
Consumer Discretionary	4.03%
Communication Services	0.00%
Energy	0.00%
Real Estate	0.00%
Utilities	0.00%

\*Source: Bloomberg & Cantor Fitzgerald Ireland Ltd. Research as at 30/04/22

## Holding Update\*\*



CRH is the leading building materials business in the world, employing c77,400 people in 28 countries. It is the largest building materials business in both North America and Europe and has regional positions in Asia. The group has three divisions: American Materials, Europe Materials and Building Products. American Materials generates circa 50% of EBITDA. After disposing of the Oldcastle Building Envelope business, the group could end 2022 in a stronger financial position with net debt of just \$1.23bn, and ND\EBITDA of 0.2. This gives opportunities for acquisitions, which are a key part of the group capital allocation strategy.

In a very solid Q122 trading update issued in late April, the company reported like for like sales up 13%. This reflected strong underlying demand, with the integrated solutions strategy continuing to deliver across all divisions. On a Like for like basis Q122 sales in the American Materials division were up 9% year on year, driven by commercial progress across all lines of business. In Europe Materials revenue was up 18% aided by strong demand and milder weather. In Building Products sales were up 12%, reflecting strong demand for residential construction and positive contributions from prior year acquisitions.

Looking forward management expects that Group sales, EBITDA, and margin for H122 will be ahead of H121 due to the positive demand environment in North America. Despite the energy cost volatility and Ukrainian conflict, management expects like for like EBITDA in its Europe Materials business to be ahead of the prior year period.

CRH trades at a premium to its European peers and a discount to its US. The shares are on an inexpensive FY22 11x price earnings ratio and a dividend yield of almost 3%. This is an attractive valuation for a company with organic and acquisitive growth potential.

\*\*Source: Bloomberg & Cantor Fitzgerald Ireland Ltd. Research

WARNING: This is not a stock recommendation

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