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Cantor Fitzgerald Strategy & Outlook

MARKET UPDATE

Our flagship CFAM 70 fund has returned over 70% over the last 5 years, a market leading return. It is already up over 10% year to date. Q1 relative outperformance was evenly split across 5 sectors; Industrials (GE, Quanta Services, Airbus) Technology (Dell, Micron, AMD) Financials (Bank OF America, Lloyds, AIB) Communication services (Meta) and Consumer Discretionary (Chipotle, Amazon, General Motors)

Falling inflation and rising economic activity is a rare and very potent backdrop for the funds to continue their recent history of strong returns. Western economies are at full employment despite going through the largest and fastest rate hiking cycle in monetary policy history. The ISM manufacturing index just crossed back above 50 for the first time since October 2022 indicating an economic expansion to come. The 6 previous times the ISM crossed back above 50 the US market was up every time 1 year out with an average return of 22%. US Earnings continue to grow and lead indicators show no signs of this abating. European Headline inflation peaked at 10% in 2022 is now 2.4% which should lead the ECB to follow the SNB and kick start a global rate cutting cycle

The CFAM range of funds enter Q2 at the upper end of their risk asset allocation but with significant changes to holdings. We are now underweight Technology having sold practically all our holdings in certain Megacap tech stocks like Apple and Microsoft. We have reduced our Exposure significantly to GLP1 drugs as share prices now more fully reflect vast opportunity ahead. Our Largest overweight in sector terms is now Industrials especially stocks whose end markets are benefitting from the acceleration of the worlds need to electrify. Financials are our second largest overweight due to an unprecedented cash return story ahead as the economy not only avoids a recession but begins to reaccelerate. We also have investments in numerous deep value single stock turnaround story, especially those with new management (Siemens Energy,Disney,Boeing for example) A regional overweight to note is our positioning in the UK. A decade of underperformance sees a spate of high quality assets on sale at good value as both the rate and political cycle are turning favourably. Banks and Reits stand out in particular. From a factor perspective the overweight to highlight is Cyclical Value (Autos, Housebuilders for example.)

There are areas of concern which should be avoided but they are not existential. The Chinese property market continues to unravel Consumer Spending on goods is slowing The relative valuation of certain technology stocks is questionable The US Political cycle is going to be fraught and the The potential for the Ongoing tragic conflicts in the Middle East and Eastern Ukraine to escalate remains.

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