CANTOR Fitzgerald

Cantor Fitzgerald Alternative Investment Fund

FACTSHEET

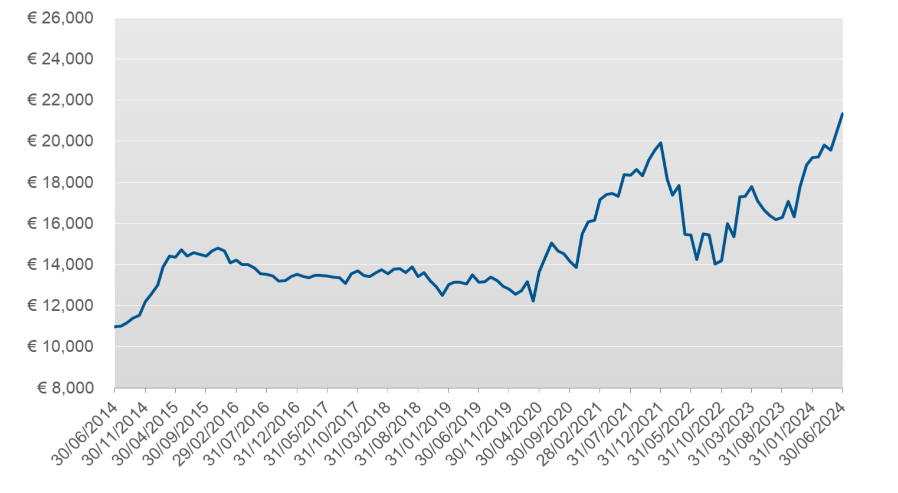
30TH JUNE 2024

Fund Objective: The Cantor Fitzgerald Alternative Investment Fund was launched in August 2007*. It is a process-driven absolute return fund. The fund may hold cash from time to time in order to protect capital. The fund does not reference a benchmark, instead it targets a return in excess of 7% per annum for the investor, not withstanding how equity markets perform.

FUND KEY FEATURES

Fund Type	Absolute Return
Bid/Offer Spread	None
Launch date	15.08.2007
Base Currency	EUR
Liquidity	Daily
Volatility*	18.1%

GROWTH OF €10,000 OVER THE LAST 10 YEARS



ESMA Risk Rating

Lower Higher

1	2	3	4	5	6	7

Source: Cantor Fitzgerald Asset Management

**'Volatility' on a risk scale of 1 to 7, with level 1 being generally low risk and level 7 being generally high risk. The volatility is measured from past returns over a period of five years using weekly and monthly data where applicable. Prior to making an investment decision, you should talk to your financial advisor or broker in relation to the risk profile most suitable for you.*

PERFORMANCE UPDATE AT 30.06.2024

	1 Month	YTD	1 Year	3 Years P.A.	5 Years P.A.	10 Years P.A.	Inception P.A.
Alternative Investment Fund*	4.4%	13.3%	30.1%	5.2%	10.2%	6.9%	10.0%
Fund Target	0.6%	3.4%	7.0%	7.0%	7.0%	7.0%	7.0%

Source: Cantor Fitzgerald Asset Management 30.06.2024
**The Cantor Fitzgerald Alternative Investment Fund (QIAIF) was launched in August 2007. The Cantor Fitzgerald Alternative Investment Fund (RIAIF) returns are shown from the end of Q3 2008. Source: Cantor Fitzgerald Asset Management 30/06/2024. Performance Figures are quoted gross of Management Fees. Management fees are detailed in the relevant share class addendum. There is a performance incentive linked directly to the success of the fund. Canto Fitzgerald Asset management will share 20% of the excess return over 7% p.a. Fund performance is quoted net of the performance fee.*

ANNUAL RETURNS

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
0.6%	9.5%	14.5%	10.7%	16.7%	-7.7%	-0.9%	-6.8%	0.5%	28.2%	23.9%	-22.9%	22.7%

Source: Cantor Fitzgerald Asset Management

WARNING: Past performance is not a reliable guide to future performance.

WARNING: The value of your investment may go down as well as up.

Cantor Fitzgerald Asset Management Europe Limited (trading as Cantor Fitzgerald Asset Management) is regulated by the Central Bank of Ireland.

FUND COMMENTARY

The Alternative fund returned 13.3% in the first 6 months of the year, but with political and central bank policy risks looming on the horizon and markets approaching some short-term valuation targets, we feel prudence is the best stance as we enter the summer and have therefore reduced exposure to risk assets. Although positioning and sentiment indicators are by no means stretched nor flashing red, there is certainly a dark orange to some of them. Market breadth is particularly weak as fewer and fewer sectors participate in the recent rally.

Of the year-to-date market leaders, we've just ended a two-month run of AI led earnings calls, product releases and developer conferences which all exceeded expectations. The Sox index has rallied 30% in two months to reflect this incredible product cycle. A pause from here in the market leaders looks most likely. Some of the team spent time in New York last month where they met over 40 companies and 20 analysts. The excitement and potential around AI from seasoned c-suite technology corporates was phenomenal, with one CEO describing it as "the biggest technology inflection of my lifetime" and another hypothesising that the adoption of AI is more akin to the "invention of calculus or electricity" than to the start of the Internet.

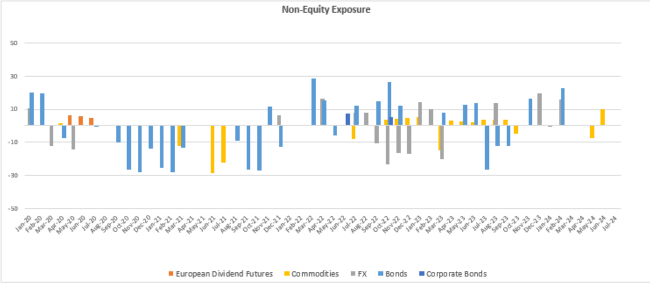
The shorter-term message was clear on the economy. The consumer and corporates are solid and have withstood everything thrown at them in the last 2-3 years. However, from here there is little room for error and monetary policy needs to take over from fiscal policy as the next economic catalyst. It's why the most recent Fed press conference and dot plot were worrying. Economic data in the US is stable but slowing. The unemployment rate has risen slowly for six months and is 50bps off record lows. Inflation data just hit a 3 year low. Despite this, the most recent Fed press conference and dot plot were slightly hawkish. The Federal Reserve appears to be inching slowly to the brink of a policy error in the short term by pushing out rate cuts as they worry about a resurgence in inflation. After 2 years of falling inflation, it is deflation that is the threat from here.

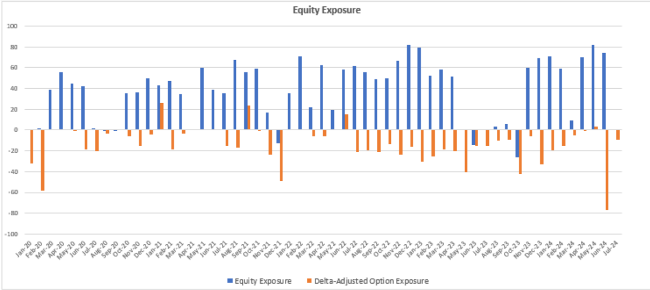
Retailers have been talking about food price deflation worsening. Restaurants are talking about aggressive discounting. Corporates on the industrial side are beginning to talk about giving back pricing. Airlines have offered disappointing fare guidance. Goods price deflation in the US is at generational lows. The FT in the last few weeks finally acknowledged the energy glut we have in the west as LNG supply will double by end of the decade. Used car prices continue to fall month on month and are now 24% off their highs.

Geopolitics was flagged as a risk at the start of the year and in the last few weeks has come to the fore in the form of extreme cross asset volatility. Initially it was EM FX after Mexican and Indian elections. Emmanuel Macron's decision to call a snap election has caused a blow out in French-German spreads as the implications for fiscal policy and banking regulation of a far-left or far-right government in France come to the fore. On the 27th of June the first US election debate, 3 months earlier than usual, will kick start an elongated US election cycle. Historically, US markets trend sideways in the couple of months leading up to the election, but this is an earlier start to a fraught campaign so perhaps that seasonality kicks in earlier. Biden making any progress in the polls from a positive showing in the coming debates would be taken unfavourably by a Wall Street that is convinced of Trump's victory and positive market reaction. Of particular concern is the disparity in corporate tax policy and subsequent earnings downgrades to come if Biden were to win. Over the following two weeks, the UK and France will go to the polls quickly followed by the RNC on the 14th of July. Some hope around China drawing a line in its housing crisis has been dampened as headline grabbing policies have failed to yield any tangible actions thus far.

The Alternative fund ended the month of June up 4.4% having reduced exposure by taking profits in financials, semiconductors and some industrial names. The factors listed above lean us towards thinking Q3 at the moment offers a poor risk reward for markets in general, but with lots of trading opportunities thrown up around the growing cross asset volatility we are seeing. However, one should not lose sight of the potential for a very strong Q4 as election uncertainty gives way at a time when seasonal inflation data allows the Fed to make the drastic rate cuts needed to kick start a broader market rally and economic recovery.

ALTERNATIVE INVESTMENT EXPOSURE JUNE





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Want to talk to us about investments? Contact us.

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