CANTOR FITZGERALD ASSET MANAGEMENT

Market Update

DECEMBER 2024

Fund Commentary

The road map into 2025 was supposed to be clear. With election uncertainty out of the way markets would exhibit their well-established post-election seasonality rally of circa 5% into year end. They did it in the first few days. The debate is where do we go from here. The new administration in the US has a solid political mandate but does that validate the controversial economic policies and the disruption that would come to implement them quickly and successfully? Will the benefits of D.O.G.E and deregulation outweigh the disruption of trade tariffs and increasing fiscal borrowing?

We celebrate the formidable pro-growth, market friendly business heavyweights across the cabinet and the administration. The question though is how quickly they will be able to impose their will on bureaucratic entities? Will it be over a time frame that the market is patient enough with? The markets are unequivocal the election outcome is positive into year end and are positioned like that. Expectations are sky high. Surveys indicate the highest percentage of investors on record expect markets higher 12 months out. Wall street strategists have just upgraded their collective price targets for indices at the largest and quickest pace in a generation after largely missing the rally of the last 2 years. This is a high bar to meet, especially as outside of US politics other macro data is mixed.

Long term interest rates are already misbehaving. Inflation is proving a little sticky at these low, but not quite low enough levels. Rate cuts are being taking out of future expectations although they are still happening. The Fed seem not to be willing to look through potential inflationary impact of tariffs. The dollar is surging.

European political backdrop is unhelpful, with no effective government in France or Germany over Christmas. The Draghi report shows Europe a way to increase competitiveness, but the political will is lacking for now. Chinese authorities began what appeared to be a long awaited stimulus and although it is helpful it is running out of steam. Technology, and in particular AI investment spending continues to be a bright spark, as do bank earnings and industrial capex exposed to the electrification of the grid globally.

Continued on next page

We have decided to use the post-election strength to de risk the portfolio. Currently we are sitting back at the lower end of our asset allocation range. Regions Like Europe and China who will be at the cross hairs of trade frictions we have reduced exposure to substantially. We have switched into some large cap US financials who will see upgrades and multiple rerating's from this higher rate, lower regulation world. We have also added to our LNG exposure, an industry that sits at the centre of the Trump administration's positive policies and that is coming more to the fore for Europe's energy security. Pragmatism slowly takes over in Brussels. Some renewable names were added to on weakness. Within the defensive assets we have chosen the safety of cash in a flat yield curve world.

Phil Byrne
Chief Investment Officer

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

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

Want to talk to us about investments? Contact us.

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