The Cut

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IRF provides institutional investors with expertise across an increasingly fragmented investment research industry in readiness for the post MiFID II world. We work with 110 Independent Research Providers covering multiple geographies, asset classes, industry sectors and methodologies.

Researchers visiting London

- **Asia Macro and L/S equities with Anne-Stevenson Yang of J Capital** - Longs: Ctrip, Tingyi, Shorts: Boohoo, Gentex, Snap-On, Harvey Norman, Vipshop. **4-5 September**
- **Thematic Ideas with John Trudgian of Williams Inference** - Couch Economy, Retail Downturn, Energy, Anomalies, Wonder Women. **4-8 September**
- **Retail L/S equities with Stacey Widlitz of SW Retail Advisors** - Longs: PVH, TJX, Shorts: L Brands, H&M, Marks & Spencer, Dillard's, Recent Upgrade: Lululemon. **7-8 & 12-13 September**
- **US L/S equities with Mark Roberts of Off Wall Street** - 15 Longs including: Blackstone, Caseys, Crown, Darling, Twenty-First Century Fox, Kirby and 11 Shorts including: Natus Medical, Cooper Tire, Haemonetics, Snap-On, Zoetis. **30-31 October & 1 November**
- **Global Macro and Trading Recommendations with Julian Brigden of Macro Intelligence 2 Partners**. Dangers in US momentum stocks. Taking risk off in European equities and the EURUSD. **26-29 September**
- **US Industrial and Construction Equities with Kathryn Thompson and Chris White of Thompson Research Group** - Longs: H&E Equipment, Owens Corning, Granite Construction. **27 September**

Macro Research

1. **Korea** - Economy poised to hit the wall in late 2017 - **AAS Economics**
2. **Italy** - No economic recovery or a 'soft unwind' from the ECB's current stance - **AHE**
3. **Hong Kong** - Buy to ride China's multi-year upswing - **Asianomics**
4. **USD** - The new VIX - **FFTT**

5. **India** - Bullish assets, in particular INR - **Redward Associates**
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- **High-Risk Bonds** - Risk appetite high as Central Bankers keep printing - **TrimTabs**

Company Research

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2. **Tronox** (TROX US) on positive mineral sand pricing inflection and the company's earnings power post Cristal acquisition - **Alembic**
3. Hacking attacks no longer lead to firewall sales, **Cisco** (CSCO US), **Fortinet** (FTNT US); focus now on endpoint solutions, **Microsoft** (MSFT US), **Proofpoint** (PFPT) - **Blueshift**
4. **LendingTree** (TREE US) impressive growth shows little sign of slowing - **BWS Financial**
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6. **Lululemon** (LULU US) from recent store channel checks. **L Brands** (LB US) product problem and **Hugo Boss** (BOSS GR) to miss top line and margin assumptions - **SW Retail Advisors**

Company Research Snippets:

- **LVMH** (MC FP) as shares broken back inside their FV range and expects the FV/IV gaps to now close - **Libra**
- Look to sell **Rio Tinto** as Ftse 100 Mining stocks approaching resistance. Buy **Direct Line** (DLG LN) as Insurance sector strengthens - **Messels**
- **Blackberry** (BB CA), as President reduces stake significantly - **Smart Insider**
- Facebook beating **Snap Inc**. (SNAP US) at their own game - **Summit Redstone**

Macro Research

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1. AAS Economics - Why the Korean economy looks poised to hit the wall in late 2017

IRF Note *– AASE specialises in producing forecasts for the global macro community using advanced monetary and econometric analysis. They use a unique framework to generate specific, trackable predictions for over 50 world markets and variables. From these forecasts they construct model portfolios which can form the basis of investible products. Here they* *discuss how Korean money supply growth has peaked and is now in a sharp downtrend, with their successful multi-country MENGER (Monetary Econometric National & Global Economic Research) model pointing to a slowing Korean economy later this year:*

- MENGER model covers more than 15 economies and examines the interplay between changes in money supply (as they measure it) and various other domestic and international factors so as to forecast what is likely to happen in the Korean economy over the coming 18 months.
- Korean money supply growth is in sharp decline after peaking at over 29% p.a. in late 2015 - this spells “slowdown” as businesses that survived or evolved as a result of this “rescue” of the Korean economy by the Bank of Korea and the commercial banks will be finding life a lot tougher as the liquidity largesse is withdrawn.
- Predicts Korean industrial production growth to head towards zero, or even into negative territory in late 2017/early 2018.
- This is consistent with their global economic slowdown scenario. The KOSPI Index is forecast to drop 15-25% over the next 18 months
- AASE’s equally successful business cycle asset allocation models shift from the current Stage 4 (defensive - 50% bonds 50% equities) to Stage 1 (extremely defensive - 70% bonds 30% equities) in 3Q.
- Consumer Staples and Healthcare become their only equity exposures, each with 50% allocations.

Click here for a short overview of this researcher and their South Korea Sector Allocation Performance Table

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2. Andrew Hunt Economics - Italy's banks and ECB policy

IRF Note – *Provides flow of funds-based approach to macroeconomic analyses. Here Andrew Hunt examines Italy’s banks and ECB policy. He does not believe in the Italian economic recovery thesis or that Italy’s companies have been successfully deleveraging of late given the data contained within the flow of funds reports:*

- Italian banks have been successful in transferring their bad loan problems either to equity holders in general, or to the ECB itself.
- The banks’ exploration of the situation within the Italian financial system (including its growing dependence on the TARGET2 system for financing) has neatly revealed the true extent of the policy dilemma that now faces the ECB regarding unwinding of QE/Negative Rates.
- Reducing the level of QE purchases could lead to a relatively sharp steepening of the yield curve, given the ECB’s importance within the bond markets. But any initial rise in official interest rates could in fact prove ultra-stimulative for the credit system and therefore require further (currently undiscounted) rate hikes in order ‘to control’ the situation as the banking system reflates its capital.
- Consequently, if Draghi does anything then the impact on European bond yields and even official interest rates may be more severe than the consensus of conventional economic forecasters believe. Initially, such events might be EUR-positive.
- Therefore Draghi may wish to delay doing anything until he obtains unequivocal proof that the euro zone economies have indeed strengthened.
- However some of the latest economic data from parts of Europe have been a little disappointing.
- September likely to surprise the financial markets - there will be either more or less action from the ECB than the market expects but what there cannot be is a ‘soft unwind’ from the ECB’s current stance. Depending on the ECB’s politics there will likely either be a tapering tantrum or simply no tapering.

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3. Asianomics - Buy Hong Kong to ride China's multi-year upswing

IRF Note *- Founded by Dr Jim Walker, Asianomics provides economic, corporate and technical analysis giving particular attention to credit cycles, profit cycles and cash flows. The coverage is global but there is a core focus on Asian economies. Here they focus on Hong Kong. While China rebounds (it is now entering the second year of what Asianomics expects to be a multi-year upturn) HK will just keep on going. HK is feeding off the Chinese economy and it is enjoying a lot of nourishment at the moment. But China also feeds off Hong Kong's expertise and position as a global financial and business centre. It is a convenient and beneficial synergy. Key points from their 12-page report include:*

- Key economic indicators show HK is doing well – monetary data, wage growth, consumer price trends, GDP numbers, (horse) betting turnover and tourist arrivals all confirm strongly positive momentum.
- Key drivers – upturn in trade and logistics (related to the global and Chinese upturn); increased financial sector activity (the renminbi offshore centre and the stock bond connects); improving tourist arrivals and growing professional services.
- HK’s current market metrics, at 12.2x 12-month forward earnings and a 3.3% dividend yield, are some of the most attractive in the region.
- Don’t foresee anything to disrupt China’s cyclical upswing in the next 18 months and so the HK stock market remains the best proxy for China that most international investors can easily access.
- Technical Analysis also favourable – the 10,617-11,483 area on the MSCI Hong Kong (M3HK) was a barrier for 2 years, during that time the market formed a Head & Shoulders continuation pattern. The size of the completed pattern has the potential to support a move to 13,500-14,000. The area of the 40-week WMA should act as support.

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4. Forest For The Trees - If the BIS knows “The USD is the new VIX”, then heaven & earth will likely be moved to lower the USD

IRF Note *– Luke Gromen, founder of FFTT, a macro thematic research house, thinks investors using the BIS’ mantra to justify buying the USD may be missing the BIS’ point… FFTT’s view is that the BIS is actually telling us the USD must continue to be weakened for the world to avoid a systemic financial calamity. This argument is further supported by the IMF, who recently said that the USD real effective exchange rate is overvalued by 10-20%. Key points include:*

- The BIS noted in Nov’16 that “The USD is the new VIX”, and that “there may be no winners from a stronger USD.”
- The long-time Central Bank veteran & former Chief Economist of the BIS said last year that global Central Bankers know they are out of macroeconomic tools to fight the next downturn.
- If the BIS knows it needs risk assets to rise on low volatility to avoid systemic collapse & “the USD is the new VIX”, we can infer global Central Bank authorities want a lower USD.
- Ironically this also implies that the BIS knows that gold must rise from here to avoid a systemic financial crisis.
- What has happened to the USD and to gold ever since that BIS speech? USD down, gold up at a time when consensus was overwhelmingly bullish on the USD in

particular, despite a heavily-publicised Eurodollar shortage (which continued LIBOR increases suggest is ongoing) as well as positive US rate differentials.
- How do we make money with this? Remain negative on the USD and bullish on gold, US industrials, US energy, and EM FX and assets.

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5. Redward Associates - Bullish Indian assets, includes remaining Long INR - given strength of India's BoP and rising FX reserves amid generalised USD weakness

IRF Note *- Redward provides macroeconomic research on the U.S. and countries in Asia-Pacific with a focus on short-term interest rates and the foreign exchange market. Their current view is that demand conditions remain insufficiently strong to offset declining inflation expectations and drive inflation to policy targets. The recent sell-off in bond markets should be faded and gold bought. They expect the USD to remain under downward pressure against key G-10 currencies (EUR, JPY, CHF) and high-yield EMFX (IDR, INR). Here are Redward's latest views on India*:

- INR is largely a carry-trade with FX upside optionality and they remain short USD/INR, received 1yr OIS and long 5yr G-SEC currency un-hedged.
- Believe that conditions are supportive of two more 25bp rate cuts by fiscal year-end - i) the economy is operating below potential and activity is expanding below trend, ii) inflation is well below the Reserve Bank's 4% +/-2% inflation target and subsiding, iii) monetary and credit conditions are firm - transmission of rate cuts to lending rates is partial, credit growth is anaemic and the INR is appreciating.
- At present, the overall BoP surplus is consistent with rapid reserve accumulation and currency appreciation pressure, and the Reserve Bank is struggling to sterilise these inflows via a combination of FX forward intervention and liquidity drainage mechanisms, primarily the Liquidity Adjustment Facility and Monetary Stabilisation Securities.
- The ongoing deterioration in banks balance sheets and its negative impact on credit off-take and capital expenditure is a clear focus for government, but it appears that progress is likely to be slow. Expects the government to consolidate the banks, recapitalise them and partially-to-fully privatise them, possibly retaining only State Bank and Bank Baroda as 'policy banks'.

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6. ThirdYear Capital - Strategy China – Slowdown in housing broadens

IRF Note *– ThirdYear Capital is an independent and specialised provider of macro strategy. They believe that the underlying driver of economic activity in China is the housing market because the credit system is built on the assumption of rising house and land prices. Last year's reflation and the related pick-up of economic activity has been driven by unsustainably fast house price and credit growth. The end of the reflation trade earlier this year coincided with an inflection point in China's housing market. Key points from this latest 'Strategy China' report include:*

- Global growth is increasingly dependent on unsustainably fast credit growth in China and China's credit system is built on an increasingly cyclical housing market.
- Based on recent data, the slowdown in house price growth has not just continued but spread from Tier 1 to Tier 2/Tier 3 cities. Expect further moderation of house price growth reaching into at least H1 of 2018.

- The current slowdown is comparable to 2014, but follows an unprecedented pace of house price growth, creating the risk of a larger negative surprise.
- Lower house price growth will continue to weigh on construction activity. It is in a structural downward trend and shows cyclical weakness in particular in the new construction of office buildings, which shows negative YoY growth. Tighter regulatory control makes the residential sector likely to follow.
- This will have a negative effect on commodity demand and creates negative knock-on effects to other manufacturing-related sectors and trade.
- While financial and regulatory tightening continue in China, monetary tightening by the Fed, and lately also by other central banks like ECB and BoC, reinforces the downturn in China, creating downside risk for global growth and inflation.
- The strategy remains underweight assets in China. For the RoW, disinflationary spillover lowers growth and inflation expectations, improving the return expectation of defensive trades like 10Y bonds.

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Macro Research Snippets:

Horizon Insights - A China-based research firm that offers macroeconomic, currency, commodity, fixed income and equity research to their clients. In 3Q, they believe improved domestic demand and optimism toward China's economy could lead to upside risks for copper prices, while there is not that much change in supply. Recent dollar weakness has driven appreciation in EM currencies - in the past 6 years, copper and EM currencies have exhibited a strong correlation. Expects dollar weakness to continue in 2H17, therefore recommends buying copper with target price LME $6750. **Click here** for a short overview of this researcher

TrimTabs Investment Research - In their latest Weekly Liquidity Review, Junk bond ETFs get whopping 7.0% of assets since start of July. Risk appetite is arguably stronger in fixed income than in equities. Fund investors have been pouring money into junk bonds despite their uninspiring recent performance. High-Yield bond ETFs brought in $750m (1.6% of assets) in the past two weeks, boosting the inflow since the start of July to $3.3bn (7.0% of assets). The heavy buying is particularly noteworthy because these funds are up just 0.2% since the start of July, trailing the 0.6% gain for all bond funds. **Click here** for a short overview of this researcher

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Company Research

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1. Advanced Investment Research - Buy **LVMH** (MC FP)

IRF Note *– AIR provides European equity research covering over 530 companies. Every December the team sends their clients the 10 European stocks which they believe have the greatest potential on the upside over the next 12 months. This list has a very impressive track record, outperforming each year since launch. In 5 years, the top 10 European equity picks have outperformed the index by almost 300%. Here they discuss their favourite idea at the moment – LVMH, and why they have raised their price target to €300 (from €200) following a recent visit to the company:*

- First upgraded LVMH to Strong Buy Rating (from Buy) beginning of June 2016 just after visiting - timing turned out to be perfect as share price has since risen strongly.
- But believes this positive momentum will continue - consumers quest for quality instead of volume is just starting.
- Growth catalysts - China and Japan rebounding with strong US and European domestic customers ending their luxury diet after 8 years of frugality, not forgetting Chinese tourists coming back to Europe.
- In Fashion & Leather Division, strongest brands at the moment are LV, Fendi and Celine. While Berluti will lose money until 2020 (spending is now under control after crazy start) and Loro Piana will get entire facelift to rejuvenate its clientele. Marc Jacobs is still non-performing and brand is cutting costs sharply at all levels.
- In Perfumes, make-up is strongest; in Watches Tag-Heuer is suffering with EBIT Margin half of what it should be (10% vs. 20% industry average) and Zenith is lacking true identity. In Duty-Free, DFS is rebounding well this year from tough 2016 (tourists-driven).
- Forecast LVMH 2017 EBIT at €8bn (from €6.9bn in 2016) and €8.7bn in 2018.

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2. Alembic Global Advisors - Buy **Tronox** (TROX US); market not fully appreciating the positive mineral sand pricing inflection and the earnings power post Cristal acquisition

IRF Note - *Provides investment research on global industrial sectors. A recent report focussed on the US Chemical sector, where shares of TiO2 majors have rallied by ~332% off their January 2016 lows, signalling a robust turn in the cycle. This share price rally is justified, as recent pigment price hikes are sustainable and will gain momentum from here. Supply-demand tightening and fears surrounding an inventory build overblown. Tronox is their favourite way to play the TiO2 cycle, and they have highlighted four near-term upside catalysts for the shares:*

- Q2’17 earnings beat - most U.S. coatings majors during their Q2’17 earnings releases recently discussed raw material inflation trends, suggesting pricing for TiO2 should be strong. Additionally, Huntsman (HUN, Overweight) reported a 65% q/q rise in its Q2’17 Pigment segment EBITDA in its earnings release last week further supporting this view.
- Ore prices hikes - spot Chinese ilmenite prices, a lead contract price indicator, have inflected up meaningfully YTD. Additionally, Iluka (ILU.AX) reported strong H1’17 numbers on the back of mineral sand price gains and suggested that pricing momentum should continue over the near to medium term.
- Expect Alkali business sale – EDIT sold last week for $1.3bn!
- Cristal acquisition - should complete by Q1’18. Expect it will be over 40% EBITDA accretive and over 60% accretive to 2021.
- 12-month price target of $23.

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3. Blueshift Research - Has the recent spate of malware/ransomware attacks helped or hurt traditional IT security firewall and antivirus vendors?

IRF Note - *Blueshift, a financial data mining research company, helps you ask the right questions, find anomaly pieces of data that are signals rather than noise, and gets you data from a variety of independent areas to ensure you make the right decisions. Here they offer* *a perspective on the potential for mainstream IT security providers to be disrupted by a shift to cloud provisioned endpoint security:*

- "The game has become too expensive for the customers to play. They are going to give up and move to the cloud, and the vendors know it. Not if but when." – CEO IT security consulting firm.
- Companies reporting slowing security sales include **Cisco**, **Fortinet**, **Check Point**, **FireEye** and **Symantec**.
- Instead of considering firewall-based security as the solution, clients are turning to two areas - very specific endpoint control products, and the offloading of applications to the cloud where security is imbedded and handled by cloud providers.
- **Proofpoint** has gained IT security spending share by centrally updating patches and conducting advanced threat detection inside the cloud. The company has benefited from DIY-deployed firewall products failing to protect data networks. IBM also has cast a net into the cloud security segment, albeit as an unproven arrival.
- **Microsoft** has been the target of recent ransomware and malware attacks. However, instead of suffering, Microsoft has seen clients stepping up efforts to migrate to its cloud offerings based on the idea that it will do the best job of patching security holes in its own software.
- Endpoint security products are hyper-competitive in terms of price, and often are selected from privately held companies that have successfully shifted from the consumer to the high-end corporate market (e.g. Cylance and Carbon Black – both are expected to do very well).

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4. BWS Financial - Increases **LendingTree** (TREE US) price target to $285 (from $185)

IRF Note *– BWS was founded by Hamed Khorsand and provides equity research recommendations on US companies. We recently highlighted their short thesis on Applied Optoelectronics (AAOI) and last week they were proved correct as the share price crashed following release of their 2Q results! Hamed was the only analyst talking about AAOI as a short - based on the expectation 40G would begin to decline and AAOI would not be able to sell enough 100G to make up the difference. The growth AAOI was being valued for is disappearing. Here we focus on one of the stocks BWS are bullish on - LendingTree, and why they have just upgraded their price target substantially:*

- MyLendingTree user count jumped to 5.7m (from 4.9m) at the end of the March quarter and there is little evidence the growth is slowing down.
- Growth in both mortgage and non-mortgage helped this quarter and is expected to rise further in 3Q.
- With a larger cash balance TREE has a longer pathway to sustain the current growth rate as it could deploy the capital in making accretive acquisitions.
- 3Q is seasonally a strong period for home purchases, yet TREE is taking a conservative approach with guidance. There was also some refinancing activity that might not repeat in 3Q.
- There is inherent value in MyLendingTree platform and the lender relationships TREE has. Both of which should result in further growth in 2018 as digital loans become a bigger piece of the loan market.
- Based on BWS's increased numbers for 2018, they are raising their price target to $285 (from $185) using an enterprise value to EBITDA multiple of 30 times. Assumption is based on adjusted EBITDA growing by nearly 25% - marking the fourth year in a row where TREE has posted such a growth rate.

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5. Copley Fund Research - EM funds put some faith back into Chinese banks

IRF Note *– Founded by Steven Holden, specialises in analysing the latest and past allocations of long only actively managed equity funds. The following report focuses on Global Emerging Markets and how the long running underweight position in EM Financial stocks has narrowed from a low of -4% to just -34bps (relative holdings comparisons are made against the MSCI Emerging Markets Index). The current fund sample spans 127 Funds with combined AUM of $265bn:*

- Average fund weights stand at 23.27%, a top 10th percentile over the last 6.5 years. The current underweight of 34bps represents the lowest level since their records began.
- 49% of EM funds in their analysis hold an overweight position in Financials – a new high. In the last 6 months, Financials stocks have seen the largest increase in average weight vs. the MSCI EM Index (+0.95%) and the largest increase in the percentage of funds moving to an overweight position (+9.1%).
- Mainly driven by China and HK stocks - **China Construction Bank Corp** (939 HK) has seen investment from funds such as TT International, UBS and Delaware this year. **ICBC** (1398 HK) and **Bank of China** (3988 HK) have seen similar inflows after years of selling and reducing stakes.
- However, **AIA Group** (1299 HK) is showing the first signs that sentiment is changing, having seen the first significant decrease in funds held since Copley's records began. Leading the charge for the exit were BlackRock, GMO and Neuberger Berman.
- Other countries of note include Indonesia, where **PT Bank Central Asia** (BBCA IJ), is on a very positive run. It has consistently attracted new investment from EM Funds, including Aberdeen Asset Management this year. But also Turkey, where stocks such as **Garanti Bank** (GARAN TI) and **Halk Bank** (HALKB TI) are starting to attract inflows after years of declining ownership among EM funds.
- Banking stocks in the Philippines (country effect rather than sector specific) and India (stock specific - funds reducing overweight exposure) are seeing investor flight.

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6. SW Retail Advisors - Recently upgraded **Lululemon** (LULU US), **L Brands** (LB US) has a new product problem and **Hugo Boss** (BOSS GR) is likely to miss top line and margin assumptions

IRF Note *– SW is a specialist Retail Researcher Company, aiming to find inflection points in European and US stocks under coverage and to identify disruptors early in their evolution. They analyse proprietary data including y/y traffic counts, conversion rates, promotions and market intelligence. They talk to a wide-reaching network, attend all local Retail conferences and other such events and also host focus groups. Most importantly though, SW is on the ground internationally and this is where the majority of their best ideas are born. Recent research highlights include:*

- Recent ratings changes – Lululemon upgraded 7/7/17 from Negative to Neutral. Upgrade based on their proprietary "Ta Tas" Survey. Stock up +15% since upgrade.
- L Brands - Negative Bias - has a new product problem the Street is ignoring. SW also publish their proprietary data on Primark/LB customer overlap providing a blue print for Primark's roll-out in the US and what it means for the lingerie market.
- Hugo Boss - Negative Bias - they attended the BOSS investor day in Metzingen, Germany this week. SW believes top line and margin assumptions will miss the mark in 2018/2019 as the brand looks to capture a younger customer and develop the

Hugo brand. SW provides an analysis by geography of company assumptions for wholesale distribution, pricing, margins and the effect of Click & Collect roll-out.

- Thematic – analysis of the leaders and laggards in the world of Click & Collect in Europe and discuss related catalysts for **H&M** (Negative Rating), **PVH** (Positive Rating) and **Ralph Lauren** (Negative Rating).
- Bi-Monthly proprietary data counts H2 July - biggest changes include Zara, Hollister, Calvin Klein and Lululemon.

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Company Research Snippets:

Libra Investment Services - Provides Smart Alpha solutions to active investors by utilising its equity valuation, risk and market timing platform, Apollo. They recently recommended buying **LVMH** (MC FP). The stock trades at a 5% net discount to FV and the 'excess return' to IV is +12%. Compared to sector peers, LVMH is the clear positive outlier in terms of both short-term risk & return and longer-term opportunity. Value trends remain strong due to firm fundamentals (CF, EBITDA and EPS estimates all continue to rise) and the shares have once again broken back inside their FV range, so expect the FV/IV gaps to now close. **Click here** for a short overview of this researcher

Messels - A consulting research firm specialising in technical analysis, founded by Tim Parker and Dominic Hawker, who have been producing persistent model portfolio alpha generation for 25 years. Highlights from their latest Ftse 100 Stocks & Sector Review include: Mining stocks continue to rally but approach medium term resistance – investors should watch to reduce positions; e.g. **Rio Tinto** (RIO LN), they are watching for resistance at top of 6-year range. Elsewhere, there has been improvement in Insurance, which tests prior price/relative highs. Buy **Direct Line** (DLG LN) as it has broken to new highs and turned to outperformance (*see attachment for charts*). **Click here** for a short overview of this researcher

Smart Insider - Monitors and analyses 'insider' transactions. Here they have concerns regarding, Sandeep Chennakeshu, President at **Blackberry** (BB CA), who sold 394,298 last month at USD 9.49 per share, leaving a balance of 134,283 shares. This stock had run from CAD 9 to over CAD 15 per share before falling back to CAD 12 - a rather wild ride. Main concern is that this is such an aggressive sale relative to holdings, and reasonably certain that Chennakeshu wouldn't have made such a sale if he thought the stock would trade above CAD 15 again any time soon. They are assigning a -1 rank (Negative Insider Pattern). **Click here** for a short overview of this researcher

Summit Redstone Partners - Focuses on providing research in the global Technology sector. When Summit initiated on **Snap Inc.** (SNAP US), their biggest concern was that Facebook was copying SNAP's features and functionality and beating them at their own game. This looks to be playing out, as FB's Stories growth has not only blown past, but they have now built up a sizeable lead in DAU for Instagram and WhatsApp (at SNAP's expense). FB has now become the go-to site for >50% of 18-24 year olds and FB intends rolling out SNAP Stories and SNAP features to other products in its portfolio. Target price lowered to $10 (from $17) based on 5.5x 2018 revs of $1.8bn as SNAP will become a niche application and capture only a small slice of the large ad pie. **Click here** for a short overview of this researcher

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