The Cut

Introducing the latest views from a selection of Independent Research Providers working with IRF

Edition 5 - 10th March 2017

Good to see some of you at the Independent Research Conference yesterday; the event at which a number of our Providers were involved was a success in showcasing the breadth and quality of expertise within the Independent Research field

IRF works with 85 Research Providers covering all geographies, asset classes, industry sectors and methodologies

For further information on IRF, any of the Providers mentioned in The Cut, or if you have any specific research requirements, please contact Edward Blad at:

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or **Via Bloomberg IB**

Events associated with IRF

- **CAGE (Consumer Analysis Group Europe) Conference, 20-22 March, Hilton London Metropole** - www.cag.eu.com/cage-conference

Researchers visiting London in the near future

- **Cha-Am Advisors** - Thematic, David Scott, Founder & Senior Analyst, **13-17 March**
- **Forest For The Trees** - Macro, Luke Gromen, Founder, **20-22 March**
- **Huber Research Partners** - US Media, Internet, Information Services and Credit Rating Agencies, Craig Huber, Founder & Senior Analyst, **30-31 March & 3-5 April**

Macro Research

1. **Andrew Hunt Economics** - How Korea's weak banks are forcing change on Korean corporates
2. **Commodity Intelligence** - Cracks appearing between Russia and Saudi Arabia regarding oil cuts; also new technology will put platinum prices under pressure, and potash demand to tank on subsidy cuts
3. **Connolly Insight** - Is democracy in danger? Examining the economic implications of Brexit
4. **Horizon Insights** - China's real estate prices to impact the real economy in H2; and outlook for copper prices remains favourable
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6. **TrimTabs Investment Research** - Margin borrowing hits record high, but insider selling soars to six-year high
7. **Macro Research Snippets**:

- **Belkin Report** - US is heading into a recession. A number of early economic indicators are flashing red
- **Macro Intelligence 2Partners** - We are approaching the cyclical peak in headline data, providing opportunities for tactical long bond trades
- **Topdown Charts** - Interesting correlation has emerged between Bitcoin and USD/CNY

Company Research

1. **Cha-Am Advisors** - Multinational subsidiaries in Africa; top companies only get cheap in a crisis, **Unilever** (UNA NA), **Guinness Nigeria Plc** (GUINNESS NL) and **Nestle Nigeria Plc** (NESTLE NL) all look good value
2. **Drewry Maritime Financial Research** - Model portfolio produces an impressive 38% return, smashing their benchmark! What about 2017?!
3. **Huber Research Partners** - **Snap Inc.** (SNAP US), $70bn market cap. by 2021!
4. **Messels** - Increase exposure to European construction sector through **Saint-Gobain** (SGO FP). While the risk/reward is unfavourable for new positions in the FTSE 350 mining sector, watch to sell **Rio Tinto** (RIO LN)
5. **Off Wall Street Consulting** - **SELL Zoetis Inc.** (ZTS US), the world's largest producer of medicine and vaccinations for pets and livestock, as a result of new generic competition, with revenue and margins set to miss analyst's expectations
6. **Tematica Research** - **BUY Applied Materials** (AMAT US) as they will benefit from the 'Disruptive Technology' theme over the next 1-2 years
7. **Company & Sector Research Snippets**:

- **Libra Investment Services** - First **short** of the year is **BHP Billiton** (BLT LN) as a combination of factors suggests that investor sentiment has turned more negative
- **SmartInsider** - Positive insider dealing at **United Insurance Holdings Corp.** (UIHC US), with four out of this Director's last five purchases a success

- **Summit Redstone Partners** - RSA Conference (cryptography and information security), saw an increase in security spending regarding securing internal assets; **Varonis** (VRNS US) and **CyberArk** (CYBR US) should benefit

Macro Research

1. Andrew Hunt Economics - How Korea's weak banks are forcing change on Korean corporates

IRF Note *– Andrew Hunt, founder of Andrew Hunt Economics (AHE), believes that problems within the Korean banking system are forcing (long overdue) changes on the traditional North Asian economic model that could well prove 'inflationary' for not only Korea but the entire global trading system. Some of the key points are outlined below:*

- Increasing indebtedness - despite South Korea's relatively 'huge' 7% of GDP current account surplus (not attracted Trump's attention yet!) the Korean corporate sector has remained significantly cash flow negative.
- AHE believes these persistent deficits have been the result of the non-profit maximising, but scale & employment maximizing, nature of the North Asian development model. And says this model is no longer sustainable.
- Corporate debt to GDP ratio is now ~100% GDP. AHE estimates that around two thirds of the debt stock is owed to the domestic banking system.
- Weak banking sector - the 'bank share price relative' is close to all-time lows compared to the main market, AHE highlights that the growth rate in the banking system's capital has recently slowed sharply, arguing that the BoK's ultra-low rate regime may have proven counter-productive.
- So to compensate, companies are actually spending less. The growth rate in core CAPEX, has slowed sharply, nominal spending is declining and companies are attempting to run down their (quite bloated) stocks of inventories, as evidenced by recent production data and employment numbers.
- This 'enforced' austerity is clearly having a significant impact on the wider economy.
- There is also increasing evidence that companies may be changing their price-setting behaviour. AHE points to rising Korean export prices, as well as evidence within the survey data that corporate pricing intentions within the domestic economy have moved up appreciably.

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2. Commodity Intelligence - Cracks appearing between Russia and Saudi Arabia regarding oil cuts; also new technology will put platinum prices under pressure, and potash demand to tank on subsidy cuts

IRF Note *– In their 'Weekly Comment' report, Commodity Intelligence looks to identify key themes, highlighting specific articles of interest they have found utilising various news sources, and then offering clients their own expertise on what the implications might be. These are some of their most recent observations:*

- Saudi Aramco offers crude discounts in every region - it surely is no coincidence that Saudi Arabia announces discounts within hours of seeing the Russian export data! It is a very clear signal to the Russians here, behave, or we go back to war! The EU discounts were the largest, and that is Russia's core market.
- Russia's ESPO crude oil premiums hit multi-month lows as April exports set higher - the macro OPEC/non-OPEC deal holds the bulls attention, but every day now, appear these straws in the wind of excess supply.
- Commodity Intelligence thinks the real issue is that the Kremlin may wish to comply, but the oil companies may not feel willing to accommodate. Arguing, that there's certainly a singular lack of news flow suggesting operational staff/wells are being throttled back. It would be rather interesting if Putin were embarrassed by recalcitrant oligarchs. Saudi Arabia would have a fit!
- Toyota's new technology a blow for platinum, palladium price – Toyota has a new, smaller catalyst that uses 20% less precious metal in ~20% less volume, while maintaining the same exhaust gas purification performance. Investors should reduce their long term platinum forecasts regarding both demand and prices.
- Potash demand destruction likely in India, after government hints at subsidy cut – a cut in Indian and Chinese domestic subsidies would savage fertiliser demand. Studies show that Chindian farmers use 10x the fertiliser per hectare as their US and EU brethren and with lower yields to boot. Most of the excess fertiliser washes into rivers, and wrecks the environment. Modi wants the Ganges clean, so he will be inclined to cut subsidies.

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3. Connolly Insight - Is democracy in danger? Examining the economic implications of Brexit

IRF Note *– Bernard Connolly, founder of Connolly Insight, finds the ongoing propaganda offensive against Brexit, disturbing. Sterling depreciation has provided the BoE an opportunity to re-balance the economy, but political and ideological constraints require the MPC to portray Brexit in an entirely negative light. Some of the key points are outlined below:*

- The MPC should stop depicting all Brexit consequences in a negative light. It must be noted that economic projections under a remain scenario were too optimistic. Having previously suffered from stubbornly low inflation, the sterling depreciation should be welcomed and seen as improving growth prospects, but it must be viewed from a lower relative base.
- Real wages were rising too hard and were likely unsustainable. The MPC should not blame any potential weakness in consumption on sterling depreciation and, by association, on Brexit.
- Inflation could also fall short of the MPC's expectations with different implications on the economy.

- Recent retail sales data imply that rising prices of goods for immediate-consumption have already affected the volume of sales. While sales of other goods may have been supported by purchases in anticipation of future price increases, and if that is the case, we may see weakness in the coming months.
- However, Bernard argues that such an effect is precisely what is required for re-balancing. The prices of traded goods and services must rise relative to those of non-traded goods and services, producing a shift in demand, both foreign and domestic, towards domestic output.
- Bernard says it is staggering that the MPC and many commentators apparently take the view that output will be weaker the larger is the depreciation of sterling. He says the assumptions underlying such a view are nonsense!

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4. Horizon Insights - China's real estate prices to impact the real economy; and outlook for copper prices remains favourable

IRF Note *– In Horizon Insights', 'China Macro and Commodity Strategy', they explain how China's housing prices are expected to slide more noticeably in H2 17, resulting in a drag on the real economy. Additionally, they look at how copper prices are still being supported by supply concerns. Some of the key points are outlined below:*

- 1st tier city sales volumes are at low levels. According to HZ Insights recent survey, the number of prospective buyers viewing properties has been quite low due to more stringent down payment requirements. They expect a more significant fall in housing prices in 1st/2nd tier cities in H2 17.
- December data showed real estate investment growth continues to improve. In past property cycles, there has been an average six month lag between an inflection in sales growth and an inflection in investment growth, implying that the property sales slowdown is unlikely to act as a drag on the real economy until H2 17.
- Government's stance is clear; real estate prices should not appreciate on a M/M basis and mortgage lending should not expand on a M/M basis. Meaning developers are hesitant to add to their land banks, resulting in further downward pressure on land price premiums throughout 2017.
- Copper – during the downturn, supply interruptions did little to support pricing, but this dynamic has changed in 2017 as concerns over insufficient supply (e.g. workers strikes) have boosted prices to over $6000 for the first time since June 15.
- LME copper stocks are approaching a 5-year low, which reflects relatively strong demand.
- Their sources in the industry indicate an optimistic outlook for commodities prices, especially given expectations of a seasonal rise in demand to occur in Q2 17. As yet, there has been no negative impact from tightening credit conditions.

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5. Longview Economics - Rebuild Short JPY vs. USD

IRF Note *– Having reduced their short towards the end of 2016, Longview considers now is the time for investors to increase their position once again. Longview's medium term technical scoring system (which aggregates a number of technical indicators) has moved from sell (mid-December) back onto buy recently. Some of the key points are outlined below (see attachment for charts):*

- US monetary policy – If their thesis on the acceleration of US money velocity is correct, then this year will be the first year that the Fed is likely to 'under promise' and 'over deliver' on rate hikes, which will be USD supportive.
- The primary risk to this thesis is the recent slowdown in US bank lending (which is not consistent with stronger growth). Recent survey data, though, points to a reversal (i.e. a reacceleration) of that recent slowing trend.
- Japanese monetary policy - Japanese inflation remains notably below target. A stronger yen would, of course, act as a headwind for the BoJ. Kuroda told parliament recently that "the BoJ of course stands ready to ease further if needed". This divergent monetary policy with the Fed should lead to further yen weakness.
- Technicals - USD/JPY has been unable to break its 111.75 key support level in recent months (testing it twice). In recent weeks the trading range has been narrow with the 50DMA acting as a resistance level. Should USD/JPY meaningfully break this, then further yen weakness is likely.
- Net short positioning and bearish sentiment - USD/JPY were at extreme levels at the start of 2017. For consecutive weeks net short positions have reduced and sentiment has become less bearish (although they still remain at elevated levels).

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6. TrimTabs Investment Research - Margin borrowing hits record high, but insider selling soars to six-year high

IRF Note *– US equities are regaining popularity as they outperform, while margin borrowing hits a record high (bullish indicator), however caution is advised, as insider selling saw its fastest pace in six years. Elsewhere, TrimTabs highlights bond funds seeing huge inflows and how EM assets remain popular (see attachment for charts):*

- US equity ETFs added $17.6bn (1.1% of assets) in the past two weeks, while global equity ETFs issued just $3.2bn (0.6% of assets). Even retail investors appear to be warming up to US equities. US equity MFs shed a scant $1.2bn last month, the smallest outflow since March 2015.
- Margin borrowing sets record high in January; a greater willingness to borrow is a positive signal for US equities. NYSE margin borrowing jumped 4.9% to $513.3bn in January, eclipsing the previous record of $507.2bn in April 2015. The percentage increase in margin debt was the biggest since August 2016. TrimTabs research indicates that margin debt is an excellent longer-term leading indicator for the US stock market.
- However caution is advised, as market participants chase fresh record highs on the major US stock market averages, the best-informed market participants, i.e. the officers, directors, and major holders are bailing out at the fastest rate in six years. In February, insider selling hit $10bn.
- Elsewhere, bond funds drew huge inflows for the second consecutive month, even though their returns have been unspectacular this year. The combined inflow of

$28.8bn from bond MFs and ETFs was the second-largest in the past six months. Buying was broad based, and riskier categories had the biggest inflows.
- EM assets were extremely popular in February. Although demand cooled last week, EM equity ETFs added $3.3bn (2.8% of assets), the most since August 2016. EM bond ETFs took in $1.3bn (7.2% of assets), the most since July 2016.

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7. Macro Research Snippets:

Belkin Report - Their view remains that the US is heading into a recession. A number of early economic indicators are flashing red. For the first time in more than five years, total outstanding bank loans have dipped for two consecutive months (possibly three now!). Other monetary measures that have recently shown a slump (with a downward model forecast) include M2 growth, the monetary base, commercial and industrial loan growth. But most notably treasury tax receipts, where negative annual growth has only occurred in recessions over the past twenty five years. **Click here** for a short overview of this researcher

Macro Intelligence 2 Partners - We are approaching the cyclical peak in headline data. Headline ISM Manufacturing Index to break 60? (*see attachment for chart*) This has only occurred 2% of the time since 1985! Once the index dips back below 57.5, which investors should expect over the next couple of months, Treasury yields typically fall and stocks enter a sideways funk. This is consistent with Mi2's Trump 'gap' thesis, a slowdown in the data until the Administration delivers the fiscal kicker. Structurally, Mi2 remain bears but will be looking for tactical long bond trades in the next couple of months. **Click here** for a short overview of this researcher

Topdown Charts - Utilises the following 'Cryptic Currencies' chart (*see attachment*), to highlight an interesting correlation that has emerged between bitcoin and USD/CNY, since the 'one-off' adjustment in August 15. Callum Thomas, founder of Topdown Charts, believes this is how the market really feels about where the USD/CNY should be trading. Arguing the fact that it is common knowledge that the Chinese are using bitcoin as a means of both getting around currency controls and believe it or not as a form of hedging... and speculation. **Click here** for a short overview of this researcher

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Company Research

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1. Cha-Am Advisors - Multinational subsidiaries in Africa; top companies only get cheap in a crisis

IRF Note *– David Scott, founder of Cha-Am Advisors, turns his attention once again to multinational subsidiaries in Africa. Utilising his preferred long-term metric of EV/Sales,* *David finds that not only does **Unilever** (UNA NA) offer much better value than its listed EM subsidiaries, but thinks **Guinness Nigeria Plc** (GUINNESS NL) and **Nestle Nigeria Plc** (NESTLE NL) also offer very attractive opportunities. Some of the key points are outlined below:*

- Looking at EV/Sales and FCF/Sales (*see attachment for chart*) – David shows that parent company, Unilever is the bargain.
- Unilever has an EV/Sales value of 2.79, far lower than the likes of Unilever Indonesia (8.25), Hindustan Unilever (5.54) and Unilever Pakistan Foods (4.21). The only two subsidiaries lower than their parent, are Unilever Nigeria (1.94) and Unilever Ghana (1.11).
- The same tests were then run for Diageo (DGE LN), EV/Sales value of 5.99, where they found bargains appearing; noting that Nigeria's recent crisis has produced real value.
- Guinness Nigeria is one example, with an EV/Sales value of just 1.16, its share price has collapsed from ~300NGN in 2013 to ~65NGN today. It recorded its first loss in over 30 years, but this was due to a weak economy and the devaluation of the Naira (fallen ~40% against the USD since Jun 16) not to mention the highest inflation rate in nearly 11 years.
- The company is planning to convert a portion of dollar-denominated loans from parent Diageo Plc into shares to limit the impact of exchange-rate volatility and conserve cash.
- Nestle Nigeria is also highlighted as a bargain, having seen its share price collapse over the last few years (*see attachment for chart*).
- David says the best companies only get cheap in a crisis!

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2. Drewry Maritime Financial Research - Model portfolio produces an impressive 38% return, smashing their benchmark! What about 2017?!

***IRF Note** – Their portfolio was first launched in February 2016 when Maritime stocks had been battered over global slowdown fears and excess capacity. They accurately called the cycle to soon turn, and believed valuations offered a great opportunity to investors. They markedly outperformed the benchmark indices, Bloomberg Intelligence Marine Shipping Index (14%) and MSCI World Index (19%). Some of the key points are outlined below (see attachment for charts):*

- Their conviction call for 2016, "Long dry bulk, short tankers" generated the highest alpha. They made this tactical shift in Q2 16, and then increased their allocation to the dry bulk sector in Q3 as they correctly predicted the upward trend in stock prices would resume following a period of consolidation.
- For 2017 - Drewry are reducing their allocation to dry bulk stocks. Arguing the value play is over and stocks could be at the risk of "too soon too fast" in the near term (they anticipate another rally in H2 17 though).
- Consequently, they stick to their picks in the sector but reduce allocation to high-beta names such as Scorpio Bulkers (SALT US) and Star Bulk (SBLK US).
- Conversely, they say that the worst is over for container shipping and predict higher returns in 2017/18. Their allocation has increased significantly here.

- The port sector is another major constituent of their model portfolio for 2017 as world trade recovery gathers steam and earnings remain resilient for their portfolio constituents.
- The other main change in their portfolio is higher exposure to liner companies such as A.P. Moller Maersk (MAERSKB DC), mentioned in a previous edition. Drewry believes the worst of supply growth is behind us now, which coupled with improving utilisation, could improve freight rates significantly.

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3. Huber Research Partners - **Snap Inc.** (SNAP US), $70bn market cap. by 2021!

IRF Note – *Following on from Snap Inc.'s IPO last week, Craig Huber, founder of Huber Research Partners, has a 12-month price target of $40, based on 20x 2021E adjusted EBITDA of $3.53bn (38.2% margin). Some of the key points are outlined below:*

- Snapchat is a mobile app and time spent using media is trending to mobile devices. It is the only form of media where market share has increased in recent years.
- Massive $500bn global ad market which should reach $600bn by 2021E (Huber estimates they can capture 1.5% 2021 market share).
- Advertisers like targeting young, more impressionable people; Snapchat has 85% of users under the age of 35, with very high user engagement. Daily active users on average visit Snapchat more than 18x per day and spend 25-30mins on there every day.
- Mobile video ads are one of fastest growing parts of advertising and this is what Snap Inc. does! It is projected to increase to $31bn in 2021 ($6bn in 2016). CPM's for targeted and untargeted mobile video ads are among the highest in the industry at $38.81/$26.66.
- There is plenty of room for Snapchat to raise ARPU as it was at only $2.67 in 2016, compared to $23.91 for someone like Facebook.
- They have a disciplined growth strategy of focusing on the largest ad markets globally (top 10 account for 87% of mobile ad spend) and not focusing on undeveloped markets.
- Risks include - expensive on near term estimates, added competition in marketplace, the popularity of Snapchat dropping significantly, its appeal is not wide spread enough and projected losses continue longer than expected.

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4. Messels - Investors should be increasing exposure to the European construction sector through **Saint-Gobain** (SGO FP). Elsewhere the risk/reward is unfavourable for new positions in the FTSE 350 mining sector, accordingly, investors should watch to sell **Rio Tinto** (RIO LN):

IRF Note – *Messels provides their clients with access to over 50 years' worth of industry knowledge. Investors can often become bogged down in technical analysis but they have proved that the key to success is in the analysts themselves, their ability to cut through the* *noise by interpreting the correct meaning of share price activity and not in complex indicators or fancy names of chart patterns! The evidence is in the fact that they have consistently generated alpha over the long term (UK Model Portfolio outperformance: 2010: +9.32%; 2011: +0.55%; 2012: +11.60%; 2013: +14.14%; 2014: +5.60%; 2015: +9.90%; 2016: +5.10%). Here are two recent examples of their analysis:*

- In their weekly 'European technical review', Messels highlights Saint-Gobain, in the construction sector as a stock to buy, as it rallies from 8-month uptrend support, as well as from its 2-year relative base.
- They believe a break of the 5-year peaks at ~EUR47 will provide investors with further upside (*see attachment for charts*).
- Messels are far more wary when it comes to the FTSE 350 mining index, which according to their analysis, has reached medium term overhead resistance. Although it is yet to break its short term uptrend, they caution investors about opening new positions.
- Rio Tinto is a company that they highlight investors should watch to sell, as it is testing both price and relative uptrends (*see attachment for chart*). EDIT - They now advise client's to sell!

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5. Off Wall Street Consulting - Initiates coverage of **Zoetis Inc**. (ZTS US), the world's largest producer of medicine and vaccinations for pets and livestock, with a **SELL** recommendation, as a result of new generic competition, with revenue and margins set to miss analyst's expectations

IRF Note *– Off Wall Street (OWS) says Zoetis' primary driver of growth over the last couple of years has been companion animal product sales, driven by the acquisition of Abbott Animal Health and the launch of Apoquel, which saw a rapid increase in sales. Analysts are expecting this growth to continue as well as margin expansion, but OWS disagree; some of the key points are outlined below:*

- Revenue to be impacted as two important products see new generic competition and more patents are due to expire over the next couple of years.
- Sales of Apoquel to miss expectations; OWS points to US sales in previous quarter slowing markedly, suggesting the product is reaching peak sales in this country. The roll-out in other major markets is also nearly complete.
- OWS do not see new products adding the expected amount of sales due to more effective products already available.
- They also argue that Government efforts and consumer preference for reducing use of livestock antibiotics, will impact livestock revenue (~59% of total revenue).
- Bulls argue that the significant improvement in margins seen over the last few years will continue. But OWS says this was due to an activist investor, who now no longer holds shares in Zoetis.
- OWS thinks the continued aggressive cuts to SG&A are unlikely, they slowed in Q2 and Q3, and lower than expected growth of the high margin companion animal pharmaceuticals already mentioned will impact margins.
- Trading well above human pharmaceutical peers, OWS applies a multiple of 15x their 2018 EPS estimate (currently at 21x analyst's estimate), and have a target price of $35.

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6. Tematica Research - **BUY Applied Materials** (AMAT US) as they will benefit from the 'Disruptive Technology' theme over the next 1-2 years

IRF Note *– Tematica have recently added Applied Materials, a company involved in the manufacture of semiconductor chips, to their 'Select List'. The world is constantly demanding more computing power, greater connectivity speeds and more connections into more things (cars, homes, IoT). This means more chips; which is also spurring a pickup in new semiconductor capital equipment. They have a price target of $47, offering ~30% upside. Some of the key points are outlined below:*

- In the last quarter, Applied's order book rose more than 85% YoY, as orders for its silicon and display businesses rose more than 85% and 200%, respectively.
- Tematica says the silicon business is benefitting from strong 3D NAND demand, given its significant power and performance advantages over other memory solutions, silicon to power applications, 4K video and other computer-intensive applications, like AI and smart vehicles.
- Their semiconductor business is benefitting from the IoT theme, as sensors and communications are being added to a variety of commercial and consumer products. This, Tematica argues, is reflected in large increases in capital spending budgets at companies like Intel and Taiwan Semiconductor.
- Tematica also highlight the impressive performance currently seen in OLED display demand, believing Apple will be adopting OLED displays in its next iPhone. They think this will push other smartphone vendors to do the same.
- China is also seen by Tematica as a key growth area, where wafer fabrication equipment (WFE) sales are expected to reach $7bn in 2017 ($3.4bn in 2013). With easier export controls in China compared to several years ago, companies like Applied can ship more advanced tools into the country.

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7. Company & Sector Research Snippets -

Libra Investment Services - Their first **short** of the year is **BHP Billiton** (BLT LN), as it trades at a net 4% premium to FV, which has now rolled over. The share price has fallen outside the bottom of its FV range (*see attachment for charts*), while the sector has seen momentum turn and now sits in the bottom 4 of their beta heatmap. The combination of these factors suggests that investor sentiment has turned more negative; BHP is screening with a 5 star red rating (highest rating), Libra says sell. Click here for a short overview of this researcher

SmartInsider - Hudson, a Director at **United Insurance Holdings Corp.** (UIHC US) bought 24,647 shares recently at ~$16.15 per share (now holds 114,647). Hudson has shown good entry points with past purchases in this stock. Since Aug 13, four out of his previous five purchases have been successful when measured on a six month time frame (*see attachment for chart*). The recent purchase is his most aggressive to date. They are assigning a +1 rank (positive insider pattern – strongest conviction). **Click here** for a short overview of this researcher

Summit Redstone - The main themes to come out from an 'upbeat' RSA Conference (cryptography and information security) that they attended last month, were endpoint protection, single sign-on, PAM (Privilege Account Management) and UBA (User Behaviour Analytics). They noted an increase in security spending regarding securing internal assets, as many customers believe internal protection is the final security layer before a major breach occurs. Enterprises have focused on securing the perimeter until now and Summit believes that investments in securing the internal assets are long overdue. Companies such as **Varonis** (VRNS US) and **CyberArk** (CYBR US) should benefit. **Click here** for a short overview of this researcher

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