Please find below summaries of recent IRF calls:

Michael Howell - CrossBorder Capital - What will a 40% jump in global liquidity mean? - Audio - Slides

The Global Liquidity measures tracked by CrossBorder Capital are surging higher, pushed up by enormous Central Bank support and led by the US Federal Reserve. Adding up the various promises made by policy-makers to tackle the Coronavirus crisis (GFC2), they figure that World Central Bank balance sheets are likely to rise by some US$7-8 trillion or by more than one-third from here, likely fuelling a whopping 40% gain in Global Liquidity and so catapulting it to over US$180 trillion in 2020, or more than 200% of World GDP. The previous surges in Central Bank money are associated with the Shanghai Accord in 2016; the 2007-08 GFC1; the post-9/11 terrorist attacks in 2001; the reaction to the 1997/98 Asian Crisis, and the Plaza and Louvre Accords on currency policy in 1985-87. All preceded subsequent asset booms.

Putting this all together what does it mean for asset allocation? First, the scale of the monetary impulse is being underestimated by investors and it will propel Global Liquidity substantially higher this year. Second, the inflation risks are not being recognised by policy-makers. These risks may prove to be temporary, but they are still sizeable. Third, the consensus still believes in a higher US dollar, and investors remain hugely risk averse, especially towards US stocks.

Favours gold and equities and would avoid long-dated bonds - US 10-year yields could test 2% because of the surge in 'safe' asset supply - recommends starting to reduce US dollar exposure. If the tempo of financial markets owes much to US liquidity flows, then the tempo of the World economy owes a lot to China. The rebound in both US liquidity and in the post-virus Chinese economy are increasingly re-assuring facts. This suggests that investors should skew portfolios towards Asia and Emerging Markets. If this is correct, then expect to see a firmer Yuan/US$ cross-rate and a narrowing yield spread between Chinese and US government bonds. PBoC-watching is fast-becoming vital for investors.

Chris Watling - Longview Economics - A roadmap for the evolution of this crisis and the outlook for key asset classes - Transcript - Audio - Slides

Chris outlined the fiscal policy response from Congress which has been aggressive and rapid. The global response equates to about 7% of GDP (and rising) and is far larger than at the time of the GFC, but of course the economic hole is far larger. That said, Chris is forecasting a V-shaped recovery in the US driven by household spending, as cash not spent due to the lockdown, plus payments received from the government, exceed household income lost. The caveat being the re-emergence of the virus. In the short term he noted that complacency is back as the markets have rallied so has removed his tactical overweight due to the expectation (seen historically) that markets revisit lows. This could throw up interesting opportunities particularly in value where the underperformance vs growth has reached extremes not seen since the peak of the TMT bubble. Generally speaking, inflation (more below) helps value as operational leverage works, bad debts erode faster and nominal credit growth is higher.

His medium-term view is for the emergence of inflation driven by wartime financing. Austerity is unlikely due to the rise of populism therefore we can expect monetary financing of deficits and yield curve control which in turn will result in negative real rates and dollar debasement. In this environment gold and commodities in general, which are at all time relative lows versus equities, should do well. Other inflationary pressures will come from pent up demand and constraints on supply as inevitably some companies fall into bankruptcy and the effects of deglobalisation are felt.

Risks - EM country risks not fully priced in. Rising cases of the virus in countries such as Russia, Turkey, Brazil and India where they cannot afford large fiscal stimulus mean they have less ability to contend with the problem economically. In addition, external debt is high and there is capital flight risk with widening of spreads leading to refinancing difficulties. A vicious cycle may ensue. Chris would rather be overweight DM than EM here. The second major risk is the Euro break-up. The fragility of Italy is well known as is the fact the ECB is buying Italian bonds to prevent widening spreads. However, once inflation seeps into the system, this may no longer be sustainable.

Below the Commodities section you will find a selection of additional calls that IRF has hosted.

Please find details below of upcoming IRF calls:

Tuesday, 21st April at 1000 BST

Daniel Tabbush - Tabbush Report - Banks: credit, liquidity, market risk, in unison - Banks face a myriad of risks all at once; credit risks remain the most pressing; do not expect forbearance to conceal; banks remain the ultimate utility; risk aversion remains clear; free money is not working; packages to double, triple? Unintended consequences abound.

Join Call

Tuesday, 21st April at 1500 BST

Helen Thomas - Blonde Money - It all comes to less than nought - Impact of central banks QE on liquidity and risky assets. Recession due to sudden decline in velocity of people. Policy response? U-shaped recovery; how long is the bottom of the U? Aggregate supply shock leads to an aggregate demand shock which leads to...Global connectivity but localisation of supply chains. Losers and winners.

Join Call

Wednesday, 22nd April at 0900 BST

Gerard Minack - Minack Advisors - COVID-19 can change everything - Near term markets will be in thrall to virus data. Equities now seem to be pricing in a bull case outcome. The virus crisis will potentially bring in an era of sustained fiscal/monetary policy coordination. Helicopters, in short. This has the potential to end secular stagnation. This would represent a sea-change for investors and change many of the investment themes of the past 20-30 years.

Join Call

Tuesday, 28th April at 1500 BST

Brian McCarthy - Macrolens - Economic and political developments in China - Examining their relationship with the RoW and China's policy response vs the US response. Macrolens exists to help the institutional investor better understand the macroeconomic forces which drive swings in risk sentiment and to provide timely, unbiased views grounded in a deep understanding of monetary economics.

Join Call

For those unable to join, a transcript and audio file will be made available.

Company & Sector Research

— Europe

Dividend withdrawals confirm (hidden) debt issues

COVID-19 to finally trigger a debt crisis. TT's active shorts are all companies that have serious debt concerns including **Arcadis**, **Rexel**, **ISS** and **DS Smith**. Each company drew attention away from weak results, pre-Corona, by releasing unrealistic outlooks and strongly increased dividends. These dividends have since been withdrawn; rights issues cannot be avoided.

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TT Equity Research

Crash or correction - Do stocks really offer good value?

Willis Welby's normal guide to value does not flag current share prices as a remarkable buying opportunity. Across their large cap coverage they have an implied to Y3 EBITM ratio of 95; yes, it comes at a discount to the 100 level they often regard as neutral, but that ratio also relies on a series of consensus numbers where downgrades have barely started.

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Willis Welby

Publicis Groupe (PUB FP)

Communications

Significant downside remains. This is a company that Huber Research knows well having successfully remained Underweight the shares for the past 5 years. Despite several management team changes and large acquisitions, numbers continue to disappoint. Currently expects organic revenue declines of -15.4% Q2 and -11.3% in Q3.

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Huber Research Partners

Redrow

Consumer Discretionary

'Laughing all the way to the landbank' - Liquidity concerns are overstated. Reworking StockViews' Price to Earnings Power and Liquidation value (assuming house prices fall 10%) still makes RDW unequivocally the most appealing company in the sector. Possesses unique online reservation capabilities, while Steve Morgan's purchase makes total sense when you can buy a £1 for 75p...200% upside.

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StockViews

RELX (REL LN)

Technology

Not the safe haven it used to be - COVID-19 impact on Exhibitions is clear, but what about the transactions-driven nature of the Risk business? Within the sector, prefers **Wolters Kluwer**. Also examines the implications re. European Commission awarding a contract for the setting up of an open access publishing platform for scientific articles as a free service.

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The IDEA!

— North America

Pandemic-proofing food retail

Primary interviews Roger Davidson, a leading authority on the food and supermarket industries. How will businesses adjust after COVID-19? 'Just in Time' practices, food security, robotics and future store models are all covered. Considers the **Ocado** partnership with **Kroger** to be a big gamble. Other companies mentioned: **Amazon**, **Costco**, **Walmart** and **Beyond Meat**.

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Primary Access & Research

COVID-19: Assessing the recovery in apparel retail

Despite some arguments to the contrary, 'pantry stuffing' will continue. Kids, Beauty and Health & Fitness will also be prioritised. Retailers that operate off-mall or have a good balance of stores and online sales will see the earliest recovery. Companies best placed to benefit initially: **Children's Place**, **Estee Lauder**, **Lululemon**, **LVMH** and **TJX**.

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The Retail Tracker

Industrials: Positioning for a future rebound

The shape of the economic recovery will fall between a 'U' and a 'V' with significant pockets of weakness likely to persist into 2021. EPS estimates for each of the next 2 years are 20-25% below the current consensus forecasts. Top 3 companies: **AMETEK**, **Dover** and **Rockwell**. Avoid: **General Electric**, **WW Grainger** as well as **3M**.

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Gordon Haskett Research Advisors

Latest insights into IT spending

Business held up better than expected last month followed by a steep fall off in committed deals for Q2. Companies in security, UCaaS and telecom infrastructure are best placed including **CrowdStrike**, **Okta**, **RingCentral** and **Ciena**. Vendors positioned very well for the long term but vulnerable to having deals pushed out in the near term include **Alteryx**, **Splunk** and **SailPoint**.

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Sales Pulse Research

Coupa Software (COUP)

Technology

The 280first platform detects meaningful language changes in security filings which often reflect undisclosed internal discussions, intentions, or active projects. For example, COUP added wordings in their 10K suggesting internal concerns on customer retention. While **Foot Locker** has just added the risk factor in their filing indicating a possible target of shareholder activism.

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280first

JP Morgan (JPM)

Financials

Upgrades to Overweight. Aggregate reserve build over the next two quarters to be no more than the $6.8bn of Q1 and given CECL pro-cyclicality, for there to be a reserve release in 2021. Expects a meaningful reversal in credit-related losses in Q2. No stock buyback until 3Q21, but no interruption of the dividend. TP $125.

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RenMac

Overstock (OSTK)

Consumer Discretionary

Compelling opportunity for investors looking to purchase a depressed equity which is benefitting from COVID-19 and has an imminent catalyst (Digital Preferred dividend). Also, very positive re. the company's prospects for their blockchain solutions.

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Unit Economics

Shake Shack (SHAK)

Consumer Discretionary

Highlighted by short specialist, Tom Chanos, founder of Badger Consultants. He believes investors are missing the fact that sales were down 2% before the virus even hit. Declining guest count/prices/store count = disaster, yet this is a stock that is still trading at 53x pre-virus earnings. Other short ideas include companies that are 'benefitting' from the virus e.g. **Peloton**.

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Badger Consultants

Syneos Health

Healthcare

Are they trying to hide underlying issues by seeking a sale? Gradient certainly questions their motives, arguing that the firm has been pulling forward revenue. However, the cessation of clinical trials due to COVID-19 should force them to finally normalise their outsized AR balance. Accruals will have to normalise near term, materially impacting revenue and earnings.

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Gradient Analytics

Universal Display Corp (OLED)

Technology

Market leader and a pure-play in the rapidly growing OLED display technology space. Strong financial position leaves them well-placed re. any economic fall-out from COVID-19; remains in the early stage of a multi-year growth cycle, which will resume in 2021. Estimates EPS of $5.80 in 2021 and $6.30 in 2022. 1-yr TP $250 and 3-yr $425.

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Costigan Reports

Zebra Technologies (ZBRA)

Technology

Northcoast's quarterly survey targets resellers of ZBRA's products to gain crucial insight into the company's sales/outlook/end markets. March results turned out better than expected. Forecasts a small decline in revenue in Q1 with Q2 -11%. This is a very well-run organisation, no funding issues, whose valuation does not reflect its ability to drive revenue and EPS growth coming out of this epidemic.

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Northcoast Research

— Emerging & Frontier Markets

China: New games streaming tracker

A key segment in gaming and esports, streaming has taken on even more prominence due to the COVID-19 outbreak. Niko Partners now tracks the largest game live streaming platforms in China including **Douyu**, **Huya** and **Bilibili**, producing weekly game rankings based on 5 index categories: heat index, streaming hours, unique streamers, total tips/gifts and fans per streamer.

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Niko Partners

China: eCommerce primary research

Alibaba, **JD** and **Pinduoduo** performed better than lowered 1Q street expectations as March saw a strong rebound. **VIPShop** finished the quarter better than its 1Q guidance with very strong demand for apparel clearance. Westlake's coverage also includes online advertising (**Baidu**, **Weibo**, **Tencent**) where they now expect 2020 digital ad spending to decline in single digits.

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Westlake International

Chinese consumer: Recent coverage includes...

What can we learn from **Luckin Coffee**'s story? Reviews the growth of Chinese catering chain stores. How does the digital coupon help Chinese consumption? Textile industry demand review. Online leisure snacks: **Three Squirrels** to emerge as the leader. Surveys on Food delivery services: **Meituan** & **Eleme**.

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Horizon Insights

MTN (MTN SJ)

Communications

Detailed FY results review and financial forecasts. Given the significant improvement in operational performance and strong balance sheet, considers the recent share price collapse a great buying opportunity - even factoring in concerns re. Nigeria (currency issues/depressed oil price). TP R91.27 (78% upside).

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Primaresearch

National Bank of Bahrain (NBB)

Financials

Creative Portfolios provides value-quality and financial strength rankings on individual banks, utilising their trademarked PH Score*. In this report titled 'Macro Vulnerability and Moral Hazard', they run the rule over NBB (PH Score 5.4 vs regional mean of 6), concluding the shares should be trading significantly lower.

*Scores lie between 0-10; higher scores represent more positive signs; it has has been back tested over several years and conclusively shows progressively higher returns across quintiles ranked by Score.

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Creative Portfolios

Commodities

Top 20 gold mines

Following on from GMR's widely read review of the top 20 copper mines, they turn their attention to the gold sector. **Kinross Gold**'s Paracatu was the largest mover (up 6 places) and new entrants include **Newmont**'s Ahafo and **Kirkland**'s Fosterville. Other recent gold reports: 'The many different forces acting on gold margins in Q2' and a head-to-head: **Barrick** vs Newmont.

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Global Mining Research

Oil: How big is the cut?

Crude has shrugged off the 9.7 mil b/d cut agreed for May-June by OPEC+. Abdulaziz, Novak and Trump are insisting the actual reduction will be 15-20 mil b/d. Where is the truth? Somewhere in between or is it creative accounting? Oil market experts, Vanda Insights, crunch the numbers.

Request info

Vanda Insights

Please find below summaries of previous IRF calls:

Andrew Hunt - Andrew Hunt Economics - Where are we now? Markets are suspended, but what will the post COVID-19 world look like? - Transcript - Audio - Slides

Andrew describes how the global economy possessed little momentum and underlying weaknesses going in to 2020 - hence we had low interest rates and large budget deficits, in particular large corporate deficits in many Emerging Markets, as well as in the US and UK. Following COVID, policymakers have suspended the market system as the system has moved to a 'total war' economy. Now equity markets have utility and they are a gauge of fear of the virus versus fear of missing out in the rally. In the near term, Andrew expects the FOMO rally to continue as the virus appears to ebb, but expects a second wave of infections late summer and markets to have to confront just what the world may look like after COVID. He discussed the four stages of economic response to the global recession / depression. Stage One - saving the banking system - is completed but Stage Two, in which funds need to be transferred from the banking system in to the real economy has not been completed and is challenging, thereby raising the risk of a further contraction in GDP. Stage Three involves restarting the global credit system and in particular easing China's balance of payments constraints but this too has yet to be done. Given these failures, Andrew expects any post lock down economic recovery to be limited and stagflationary. Finally, Stage Four will involve an MMT experiment to restart the global system, but this too may prove inflationary over the long term and in some countries, Italy and Spain, capital controls may need to be introduced to maintain currency and financial stability during this phase. Following the crisis, Andrew believes countries will retreat to isolationist policies, onshoring or shortening supply chains. Ultimately, we will see higher taxes in the corporate sector and wealth taxes as governments seek to close their deficits. Andrew expects that the distribution of cash by companies to shareholders will fall sharply relative to GDP over the coming years, thereby marking the end of the Zaitech Bubble.

Dr Peter Warburton - Economic Perspectives - Preparing for the inflationary backlash - Transcript - Audio - Slides

Peter has long believed that the only resolution of the 2007-08 global credit crisis would be an inflationary resurgence (so far elusive), which would enable businesses, households, governments and the financial sector to de-lever. Hopefully this will be the story of the 2020s where the price level could jump by as much as 50% in the space of a few years! However, the price of failure is unthinkable misery - along the lines of the great depression. Peter discusses how the Central Banks don't have a mechanism for stimulating private sector credit demand. Banks are in the firing line for huge provisions for bad and doubtful debts. Unlike in 2007/08 rating agencies are shooting first and asking questions later; Ford being downgraded to junk. The Fed's stimulus may not be able to save all those downgraded bonds. Peter believes that there is scope for ETF redemptions on an epic scale. Volatility in the US Treasury market has undermined the stability, if not the entire concept, of the risk-free curve, and calls into question risk parity and 60:40 portfolio strategies. One sector that should be protected at all cost is the mortgage markets so investors should look at agency MBS securities. Conventional fixed income is becoming treacherous, when unanticipated inflation arrives the outlook for real yields and real bond returns will be negative. Consumer price inflation will come roaring back in sectors such as food, healthcare, pharmaceuticals, and the electric power system, favouring inflation swaps, TIPS and other index-linked securities. Gold, silver and platinum stand to do well in the new environment. Food is going to be a critical area, particularly in terms of security and supply chains. Bullish Chinese equities as they are playing a different game and don't carry the same risks as elsewhere. Countries such as Norway could prove to be safe havens.

William Hess & Song Gao - PRC Macro - Understanding the sequencing of China's policy response to COVID-19 - Transcript - Audio

William believes Beijing views the crisis as a strategic opening to promote China's role in the global economy. In terms of recent economic activity there are some signs of a bottom in China as various short-term activity measures approach pre-holiday levels. However, there could very well be another hit form the external demand shock and a secondary outbreak of COVID-19. In an attempt to plug the economic hole William noted credit data has picked up; short term corporate loans, discounted bill issuance, issuance of urban development construction bonds and Policy Bank loans - all supportive of infrastructure and construction, but not enough so far to offset the economic impact from the hit to consumption. PRC Macro forecast a decline of 12% in GDP on an annualised basis. Song spoke about the policy response sequence which started on February 17th with the PBoC lending programme and tax relief. March 1st saw a reopening of parts of the economy. March 27th was significant in that there was an about turn at Politburo meeting with agreement to issue central government bonds. Song is confident that ultimately stimulus will not disappoint investors and he estimates it to reach 10% of GDP. It will drive infrastructure spending 23% higher - ultra-high voltage power systems, 5G networks, and affordable housing projects will all benefit substantially.

Sean Maher - Entext - Humans are the weakest link, invest in the machines! With a focus on Technology companies particularly in China - Transcript - Audio - Slides

Sean believes that risk assets will reach all-time highs in next 12 to 18 months - driven by China, not the US. We are going to see the end of US exceptionalism. An Entext structural theme is the rise of China as a competitor to the US, particularly in terms of Technology, which has been highlighted and accelerated by COVID-19. China has beaten the pandemic using big data through GPS tracking on smartphones and via wide-spread testing and genomic sequencing of the virus. A North Asian Tech hub is developing around Korea, Taiwan, Japan and China. US tariffs are likely to create serious confrontation - cyber warfare is a key theme - cyber stocks look attractive. Regarding fiscal stimulus, Sean believes it will be over 10trn dollars in the US which should finally produce inflation. We are going to see bankruptcies across the shale fracking sector and VC funded business, which were previously a major drag on inflation. Oil prices will reach $70-90 in the next two years. The political compass has spun in a very different direction as Government's become bigger risk managers, increase taxes, run larger deficits and the stimulus goes towards fighting climate change -

a green revolution, improving healthcare systems and supporting the unemployed through UBI models. Companies mentioned include: Tencent, Bitdance, MegVii, SenseTime, JD.com, Sony, Alibaba, Huawei, Hyundai, Samsung, Hynix, TSMC, IAG, Ryanair, American Airlines, AirBnB, Amazon, Ocado, Tesco and Sainsburys.

Jon Boyar - Boyar Research - Equity investing in a crisis with a focus on Value stocks - Transcript - Audio

Since its founding in 1975 Boyar Research has been through many crises. While they all had different characteristics, the Boyar approach to investment has remained consistent and that is finding companies trading below their intrinsic worth. That said, Jon pointed out that if one bought the most adversely affected stocks after 9/11 (that could weather the storm), such as cruise operators, hotels, travel and leisure related stocks like Disney, you would have outperformed the S&P 500 as they bounced back strongly. A contrarian approach pays and this is a position Boyar Research aim to occupy. Not for contrarians sake, they find intrinsically undervalued companies - with a catalyst. Jon highlighted a selection of companies that fit this criteria and are investable right now: MSG (hidden-asset play), eBay (spin-off/activism), Starbucks (growth potential), Mohawk (out of favour duopoly), Cisco (transforming business model) and Liberty Braves (owners of a trophy asset).

Julian Brigden - MI2 Partners - A generational turn in macro with implications for all the markets - Transcript - Audio - Slides

Julian described the US labour market flexibility as it's Achilles heel as after mass lay-offs, unemployment does not do V-shaped recoveries. If we are lucky we will see the peak in unemployment early next year. Predicting 12% unemployment rate, but what if its 20%? - There will be social unrest! COVID-19 has ushered in a massive societal inflection point. The world will be radically different the other side. We have seen that any concept of fiscal rectitude is dead. There will be financial repression to fund this, bonds, bitcoins, you name it. De-globalisation will accelerate. Corporate capitalism, laissez faire economics, buybacks, massive dividends, continuation of the greater share of the pie going to the corporate sector, will all end. The Treasury and the Fed are now the same just like in the 60's. Now though the dollar and commodities are free floating, meaning the resulting inflation from debt monetisation, once we are past this disinflationary environment, will be disastrous for bonds. Macro views will start to be played through FX markets as governments pin bond yield curves. The risk-off dollar rally is in its final stage. Expect a weaker dollar as the Fed has guaranteed dollar liquidity. Trades Julian mentioned included: Breakevens and TIPs as Fed pins the curve you have no duration risk - so huge upside from an inflationary print.

Precious metals will start to perform, but not gold - it is all about silver, as gold / silver ratio is a perfect inverse correlation to 5 year break even yields. Other interesting markets currently include Japan, Sweden and Mexico. Also bullish NZD and ASD as a play on commodities.

Dr. Aaron Fletcher - Bios Research - COVID-19 and therapeutics in development - Transcript - Audio

Aaron gave an account of therapeutics, diagnostics and vaccines in development for COVID-19, highlighting Hydroxychloroquine, Azithromycin and Remdesivir as therapeutics which can prevent patients developing severe symptoms. For those severe cases there are approved drugs from Regeneron Sanofi / Roche that target IL6 that can help with acute Respiratory Distress Syndrome (RDS). He made the point that diagnostics are equally as important as therapeutics. Here US government agencies such as the FDA and CDC have errored in not ramping up capacity soon enough. Thanks to commercial players this is being rectified quickly such that Aaron thinks new cases will peak in the US earlier than April 15th which seems to be the consensus. However the rate at which the economy opens up will be defined by testing capacity after new cases peak. Aaron noted that in a Gallop poll early in 2019 Pharmaceutical and Healthcare were two of the most hated industries. They had become a political punchbag. This crisis should do for them what 9/11 did for security and counter terrorism. Benefitting from this tailwind, plus company specifics, are Aptos Biosciences, Cue Biopharma, UniQure and Reata (contact IRF for more details). On vaccines, Aaron sees J&J in the lead and estimates 12 months until production.

IRF works with 220 Independent Research Providers and Specialist Data Providers, which cover all the major Asset Classes, Sectors and Regions utilising a variety of methodologies.

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