

Merrion Balanced Fund FACTSHEET

30th April 2019

The Merrion Balanced Fund was launched in October 2006 to provide balanced long term growth by actively managing the distribution of the portfolio across global markets, including equities, property funds, bonds and cash deposits. The split between asset classes is actively managed according to economic conditions, which will normally constitute 60-80% invested in equities.

FUND

Management Fee	1.50%
Bid/Offer Spread	None
Launch date	October 2006
Base Currency	EUR
Liquidity	Daily
Risk Rating*	5
Benchmark	Pooled Multi-Asset Fund Average

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

PERFORMANCE UPDATE AT 30.04.2019

	Balanced Fund*	Pooled Multi-Asset Fund Average
1 Month	3.4%	1.6%
3 Months	8.6%	4.8%
YTD	15.5%	9.4%
1 Year	4.6%	4.4%
3 Years p.a.	5.6%	5.9%
5 Years p.a.	7.1%	6.4%
10 Years p.a.	9.3%	8.6%
15 Years p.a.	6.7%	6.0%
20 Years p.a.	6.3%	5.9%

Source: Aon Hewitt & MoneyMate 30.04.2019

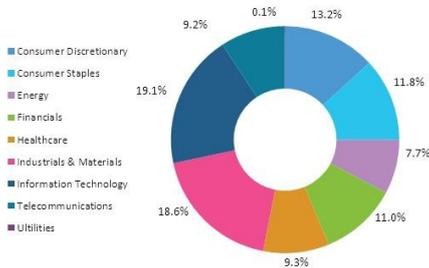
*Performance figures are quoted gross of management fees.

The rally in equities that began in Q1 continued through April, the MSCI AC World Index in euro terms rising by another 3.4% to bring the year-to-date return to 18.4%. The latest leg of the rally was led by cyclical sectors. The market took comfort from the small improvement in Chinese data, as evidenced by the small beat in the PMI index at the start of the month, and a positive surprise from US employment data, also at the beginning of the month. As the month progressed however economic data points have consistently failed to confirm the economic green shoots that equity markets are increasingly pricing in. An example of this was the US GDP report for the first quarter which appeared quite strong at +3.2%. However net exports and inventory build accounted for more than half of this figure indicating the domestic economy is not as strong as the headline figure suggested. Confirming the general weakness in the global economy, earnings season was mixed at best.

In the very short-term, the Brexit cliff appears to have been pushed out to October, which is a positive in the short-term. Medium-term though it is difficult to see how the ongoing uncertainty that the continuous rolling of potential exit dates inevitably creates is a positive for economic momentum. The US-China trade talks continue, with the US apparently willing to give up a number of its key demands in regard to China changing its industrial policies, and are also now open to mutual enforcement of any deal, something they had previously refused. The significance of these developments is that we feel it increases the chance of a "deal" being announced soon but that also decreases the likelihood of there being any positive surprises for the market. If anything it materially increases the chances of the market being disappointed with the details. In addition it would appear that trade talks between the US and the EU are deteriorating before they begin, with demands on climate change and a refusal to discuss agriculture from the European side.

The Funds outperformance in April was in large part driven by the equity sector selection as globally a theme of cyclical stocks outperforming their more defensive peers pervaded. Our overweight's in industrials and technology stocks were amongst the biggest contributors to performance. They benefitted from the hint of some "green shoots" in some economic data, as well as an earnings season which proved more benign than some had feared. We used this outperformance to reduce our exposure to both sectors as we feel their year to date performance has overshot and does not fully reflect the more balanced outlook ahead, with risks to the downside particularly overlooked at present. On the flip side our underweight in Healthcare was also positive contributor to relative performance. Political risks in the US weighed heavily. Similarly we used this sell off to reduce the underweight across the funds. Energy overweight's were the biggest detractors on the month. Despite large scale M&A in the space and apparent value in the large cap names the sector continues to lag the overall market.

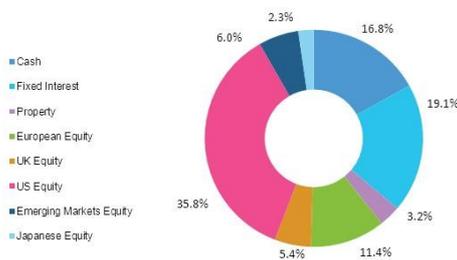
SECTORIAL DISTRIBUTION OF EQUITIES



Given the extraordinary rally in equity markets since the beginning of the year valuations are clearly no longer as attractive as they were. Earnings estimates are still being revised down, and whilst there have been some strong data from China, data elsewhere is so far failing to show any sign of recovery, making risk-reward unfavourable. Medium term other policies are supportive, such as China's ongoing stimulus, the ECB's TLTROs and the clear message from central banks, the Federal Reserve in particular, that interest rates are on hold. The political risks in the US are growing, both in regards to the presidents domestic issues but also with what appears to be an ever slowing of progress in trade talks with all of its main trading peers. This potential breakdown in trade talks is a key concern for us going into the summer months.

With mounting risks surrounding Brexit, weaker economic growth, protracted trade negotiations, not to mention very strong returns year-to-date, we reduced our overweight position in growth assets back towards a more neutral stance late in the first quarter. In addition, within our growth assets, we reduced the overweight positions in cyclical sectors and increased exposure to consumer staples, moving this sector to overweight within our growth assets. We still held underweight positions in other defensive sectors such as healthcare and utilities whose valuations remain unattractive. Towards the end of the April, we further reduced our exposure to growth assets, moving to an underweight position. We reduced our overweight in Emerging Markets and technology, investing some of the proceeds in healthcare in order to reduce the underweight in this sector which has performed very poorly but reached interesting support on a relative basis.

ASSET DISTRIBUTION



The Merrion Balanced Fund was launched in October 2006. Therefore, it does not have an established long term past performance record. To demonstrate the investment manager's capabilities in differing historic market conditions, we have shown the past performance of the Merrion Managed Fund. This Fund and the Merrion Balanced Fund are managed by the same investment team, using the same investment process and built around the same model equity portfolio. Consequently, we anticipate that the past performance of the Managed Fund is representative of the past performance that would have been achieved by the Balanced Fund had it been available over the historical periods shown. The Merrion Balanced Fund returns are shown when available since October 2006. Please refer to our website link <https://www.merrion-investments.ie/assets/documents/policy-research-third-party.pdf> for our policy regarding the provision of research by third parties. In relation to Merrion Investment Trust - KIIDs additional information is available on request from Merrion Investment Managers - please contact 670 2500 or e-mail info@merrion-investments.ie Further details are available on request from Merrion Investment Managers.

WARNING: Past performance is not a reliable guide to future performance. The value of your investment may go down as well as up. Merrion Capital Investment Managers Limited (trading as Merrion Investment Managers) is regulated by the Central Bank of Ireland. Cantor Fitzgerald Ireland Ltd is regulated by the Central Bank of Ireland and is a Member Firm of The Irish Stock Exchange and The London Stock Exchange.