MERRION INVESTMENT MANAGERS

CANTOR Fitzgerald

Merrion Multi-Asset 30 Fund FACTSHEET

31st March 2019

The Merrion Multi-Asset 30 Fund returned 5.9% during Quarter 1 2019. Multi-Asset Funds invest in a range of Growth Assets (equities, property, alternative) and Defensive Assets (cash and bonds) The Fund has 20% - 40% invested in Growth Assets.

FUND

Fund Type	Multi Asset
Bid/Offer Spread	None
Launch date	20.07.2015
Base Currency	EUR
Liquidity	Daily
Risk Rating	4
Volatility*	6.4%

**'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 31.03.2019

	MMA 30*
1 Month	1.5%
3 Months	5.9%
1 Year	1.6%
3 Years p.a.	2.9%
5 Years p.a.	5.3%
10 Years p.a.	7.7%
15 Years p.a.	5.5%

Source: MIM 31.03.2019

**Performance figures are quoted gross of management fees.*

Management fees are detailed in the relevant share class addendum. All fund returns are shown gross of management fees. The Merrion Multi-Asset (MMA) funds were launched in July 2015, therefore they do not have an established long-term actual past performance record prior to that date. The information includes simulated performance for the MMA funds based on the asset allocation of the Merrion Managed Fund, which has been 60-80% in Growth Assets, reweighted on a pro rata basis for the MMA simulated performance. These funds and the Merrion Managed Fund are managed by the same investment team, follow the same investment strategy and use the same investment process. Consequently, we anticipate that the past performance of the Merrion Managed Fund based on the asset allocation methodology is representative of the simulated past performance that may have been achieved by the MMA funds had they been available over the historical periods shown.

Equity market staged a very strong recovery in the first quarter, most of which was concentrated into the first month of the year, with some follow-through in late February after an initial pause. Whilst there were a number of reasons for the rally, principal among them was a significant change of direction from the US Federal Reserve. Statements over the course of January from Federal Reserve officials emphasised not simply data dependence but made specific reference to their sensitivity to market movements and, critically, highlighting that the Fed was open to tweaking the balance sheet run-off. This latter statement was a significant change of direction from December, when the Fed chairman had glossed over investor concerns about the tightening of financial conditions that this represents. Other positive developments included stronger than expected employment data in the US, which went some way to alleviating fears about US growth, apparent progress on trade talks between the US and China, a slightly more dovish than expected tilt from the European Central Bank and a resilient earnings season. A push through the much vaunted resistance of the 200 day moving average at a time when overall investor participation appeared quite limited added further impetus to the rally.

March however saw the return of market concerns that had been lurking in the background but had to an extent been ignored. Economic growth concerns resurfaced - a combination of weaker US data (manufacturing ISM and retail sales) and particularly weak European data, with purchasing managers indices for manufacturing falling further into contractionary territory. It seems clear that a combination of trade concerns, Brexit, weather and financial market volatility have all contributed to weakening the current mix of global growth. Whilst trade talks are continuing, they appear nowhere closer to a resolution. Likewise Brexit, which is further prolonging uncertainty. Valuations are no longer as attractive as they were after the strong rally, earnings estimates are still being revised down, and equity markets are now at resistance to the upside amidst declining breadth. Risk-reward is clearly no longer as favourable as it was. 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.

Our overweight in global technology stocks was a large contributor to performance on the quarter. This was driven by continued outperformance in our high quality software holdings, combined with a rebound in both hardware and semiconductors stocks. Our holdings in consumer discretionary stocks also added considerably to performance on the month, whether that be in European luxury names which benefited from strong stimulus in China or US housebuilding stocks which outperformed as US mortgage rates collapsed on the back of central banks driving down global interest rates. An overweight in global materials names also added considerably to performance, especially UK listed miners which have become some of the best generators of free cash flow in the market. One global material holding however detracted from performance as a tragic accident at one of its mines resulted in the deaths of dozens of locals in a neighbouring village. We have subsequently exited this position in light of these tragic events. Other notable contributors to the quarter's performance were in the communication services sector. In particular Netflix, which benefitted from providing evidence of its incredible pricing power and Softbank in Japan which finally begun to crystallise the large discount it trades at versus its own NAV by announcing a large share buy-back. Positions which detracted from performance included an ill-timed purchase of Coca Cola and an overweight position in US large cap banks which struggled on a relative basis as global interest rates collapsed. An overweight in IAG, the parent company of British Airways also dragged on performance as the stock underperformed on concerns over the ownership structure and yield environment post Brexit. Our underweight position in bonds also dragged on relative performance, as bond yields fell globally thus delivering a strong positive return for this asset class. We have reduced this underweight, investing some cash in Italian bonds where yields available are much more attractive than their German counterparts, though we remain underweight bonds as an asset class.

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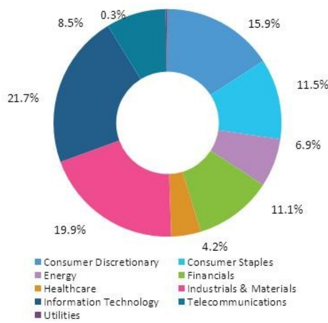
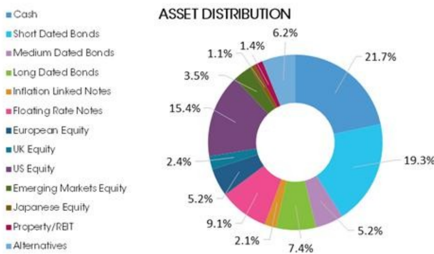
SECTORIAL DISTRIBUTION OF EQUITIES



For most of the first quarter we have been overweight growth assets within our multi-asset portfolios, maintaining exposure towards the upper end of permitted ranges, with a cyclical bias. We have been underweight defensive assets. We maintained this overweight position in growth assets as an underinvested market continued to be dragged higher by hopes of a resolution on trade wars, a consistently dovish Federal Reserve and a huge monetary and fiscal policy stimulus emanating from China.

Within our growth assets, we held overweight positions in cyclical sectors such as industrials, energy, materials and technology. These sectors continue to grow their earnings quicker than the overall market, benefitting from both cyclical and structural growth tailwinds, and we would expect this to continue in a world where the Federal Reserve is on hold. However, with mounting risks in the short term surrounding Brexit, weaker economic growth, protracted trade negotiations, not to mention very strong returns year-to-date, we have reduced the overweight position in growth assets back towards a more neutral stance. In addition, within our growth assets, we have reduced the overweight positions in cyclical sectors and increased exposure to consumer staples, moving this sector to overweight within our growth assets. We still hold underweight positions in other defensive sectors such as healthcare and utilities whose valuations remain unattractive.

ASSET DISTRIBUTION



Please note - The alternatives allocation of 6.2% for month ending 31st March 2019 is based on a 1.3% exposure to growth assets and The balance being exposed to defensive assets.

The Merrion Multi-Asset 30 Fund may invest in alternative investment funds run by Merrion Capital Investment Managers or external fund managers where a performance related fee may be paid. Where the Merrion Multi-Asset 30 Fund invests in other funds managed by Merrion Capital Investment Managers, the management charge will be rebated to the Managed Fund. Further details are available on request from Merrion Investment Managers. 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 - KIDs 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.

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