MERRION INVESTMENT MANAGERS

CANTOR Fitzgerald

Merrion Global Equity Fund FACTSHEET

31st May 2019

The Merrion Global Equity Fund captures the capital growth potential inherent in equity markets over the long term. The Fund invests in a diversified portfolio of global equities to achieve long-term capital growth through active sector, global and global allocations. The Merrion Global Equity Fund returned -4.4% during May 2019. The benchmark MSCI AC World Index returned –5.5% in the same month.

FUND

Fund Type	Equity
Bid/Offer Spread	None
Launch date	10.05.1995
Base Currency	EUR
Liquidity	Daily
Risk Rating	6
Volatility*	15.5%
Benchmark	MSCI AC World TR Index (Eur)

'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 31.05.2019

	Global Equity*	MSCI AC World
1 Month	-4.4%	-5.5%
3 Months	2.6%	0.4%
YTD	14.2%	11.9%
1 Year	-1.6%	3.2%
3 Years p.a.	5.0%	9.0%
5 Years p.a.	7.9%	9.5%
10 Years p.a.	10.6%	12.0%
15 Years p.a.	7.1%	7.3%
20 Years p.a.	5.9%	4.4%

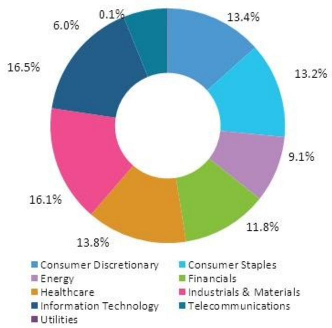
Source: MoneyMate 31.05.2019

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

Equities lost ground in May, falling by -5.5% in euro terms and giving back almost all of the gains from March and April to stand +11.9% year-to-date. Bond globally rallied, with yield curves flattening and some parts of the US curve inverting. Continued weakness in economic indicators and ongoing downward revisions to earnings forecasts had led to already weakening sentiment before President Trump announced that tariffs were being increased on goods imported from China, with more tariffs to come. This significantly upped the ante regarding the trade dispute with China. As the month progressed, the rhetoric worsened, and although the Chinese delegation did attend meetings in Washington mid-month, these meetings were notable only for their brevity. The escalation of tensions between the US and China was offset somewhat by the decision by the US to delay any announcement on European auto tariffs for at least 6 months, and a truce with Canada and Mexico over US steel tariffs. However this small positive was more than offset by the US decision to ban all of its technology companies from supplying the Chinese mega-tech company Huawei, which has the potential to disrupt both the global technology supply chain and global growth forecasts, even before the Chinese respond. To add to concerns US/Iranian tensions also continue to ratchet higher, and in the UK, the divisions in the country were laid bare by the European elections, where Nigel Farage's newly-formed Brexit party performed strongly, but so did the pro-European Liberal Democrats. Theresa May's resignation thus opens the door to a fractious leadership contest, with each candidate attempting to woo back hard Brexiteer Tory voters, increasing the risk of a no-deal Brexit.

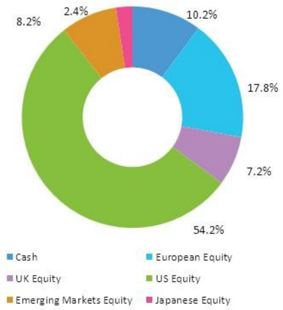
The fund performed ahead of its bench mark for the month, generating a return of –4.4% versus a benchmark return of –5.5%. As expected, after such a large drawdown in equity markets our decision earlier in the year to reduce our overall equity exposure from the top to the bottom end of its range helped the fund to outperform during the month. The mix within equities, at both a stock and sector level helped too. We have been concentrating our holdings in the more higher quality and defensive areas of the market. As lowering global growth expectations drag global interest rates lower stocks in the market that consistently generate higher returns on capital and/ or generate a consistent dividend yield continue to outperform on a relative basis. We are happy, for now, paying a premium for the certainty they offer against such an uncertain macro environment. *Continued*

SECTORIAL DISTRIBUTION OF EQUITIES



It remains difficult to see how the ongoing trade friction between the US and China, Brexit uncertainty and geopolitical risks in the Middle East is a positive for economic momentum. Given the extraordinary rally in equity markets since the beginning of the year valuations are no longer as attractive as they were, despite the fall in May, particularly given ongoing downgrades to earnings estimates. Overall, this makes risk-reward unfavorable. Having increased our cash levels late in the first quarter, we reduced the overweight positions in cyclical sectors and increased exposure to higher quality names over the course of April. Towards the end of April, we further reduced our exposure to growth assets, moving to an underweight position, reducing our overweight in Emerging Markets and technology, investing some of the proceeds in healthcare in order to reduce the underweight in this sector which had performed very poorly but reached interesting support on a relative basis. These decisions left us well placed for the sell off in May so therefore positioning over the course of the month was largely unchanged.

ASSET DISTRIBUTION



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.

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