MERRION INVESTMENT MANAGERS

CANTOR Fitzgerald

Merrion European Equity Fund FACTSHEET

30th June 2019

The Merrion European Equity Fund aim is to achieve long-term capital growth through a portfolio of diversified equity investments in the countries that form the European economic region. The fund seeks to exploit the opportunities which the creation of the single currency zone has brought. It is not, however, restricted to the countries participating in "Euroland".

FUND

Fund Type	Equity
Bid/Offer Spread	None
Launch date	13.01.1999
Base Currency	EUR
Liquidity	Daily
Risk Rating	5
Volatility*	15.1%
Benchmark	MSCI Europe 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 30.06.2019

	European Equity*	MSCI Europe
1 Month	4.3%	4.9%
Quarter 2	3.8%	3.2%
YTD	18.6%	16.8%
1 Year	-0.8%	4.7%
3 Years p.a.	4.5%	8.2%
5 Years p.a.	2.5%	5.1%
10 Years p.a.	8.9%	9.3%
15 Years p.a.	6.1%	5.9%

Source: MoneyMate 30.06.2019

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

Management fees are detailed in the relevant share

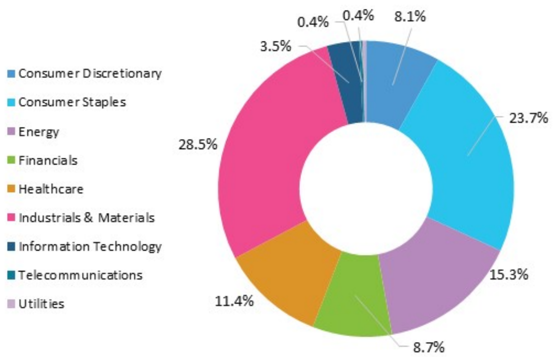
In a volatile quarter, equities rallied further in April, adding to Q1's gains, slid back over the course of May and rebounded strongly in June to finish the quarter near the highs, the MSCI AC World Index in euro terms rising by 2.4% over the quarter to stand +17.2% year-to-date. Bonds globally rallied, 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 soured sentiment somewhat even before the rhetoric around US-China trade relations worsened early in the quarter, and the increased threats of tariffs, coupled with a ban on US technology companies from supplying the Chinese mega-tech company Huawei did not help. To add to concerns US/Iranian tensions also ratcheted 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. June however saw a very strong rebound in global equity markets, driven primarily by dovish central banks and some optimism surrounding the meeting between Presidents Trump and Xi Jinping at the G-20 in Osaka at the end of the month, despite evidence during June that the US administration sees tariffs as a weapon not just to secure better economic terms, but for political purposes also, as the threats over US-Mexican border served to demonstrate. A key change over the last month however has been how dovish central banks have become, with the ECB suggesting interest rates could be lowered further, along with a renewal of quantitative easing, and the Federal Reserve performing a second pivot in the space of six months and implying an imminent move lower in interest rates.

The fund generated a return of 3.8% for the quarter, versus the bench mark of 3.2%. Our exposure to staples, healthcare and Financials contributed positively to performance. In healthcare we had begun the quarter underweight but some well time purchases of Roche in particular proved profitable for the fund as we moved to a more defensive bias. We maintained a consistent overweight in Consumer staples as the sector consistently outperformed for the quarter. Our financials underweight added to performance as the sector as a whole made new relative lows versus the market. On the flip side our holdings in industrials, especially airlines detracted from performance. Our overweight in the energy sector also weighed on performance as the sector performance, on a relative basis, failed to keep up with the strong performance of the underlying commodity.

We enter into the third quarter of the year overweight defensive sectors such as healthcare and consumer staples. Against such an uncertain backdrop these sectors offer a steady earnings profile relative to the market. We also remain overweight energy, attracted by the extremely high free cash flow the sector is currently generating. Although we remain underweight financials we are conscious about how much of a valuation discount the sector is trading on currently therefore we are monitoring this positioning carefully

Equity markets have rallied strongly year-to-date and sit at or near all-time. highs on major indices. These gains have been predicated on the expectation of a second half revival in economic growth and earnings, an outcome that is looking increasingly less likely, particularly as we approach yet another Brexit deadline, we still have no clarity on trade and there is now a significant headwind in terms of inventory build. With the resignation of Theresa May and the likelihood that she is replaced by Boris Johnson, the risk of a no-deal Brexit has increased, thus further increasing the uncertainty for the UK, and for Europe. The US-China trade dispute at this stage is giving no appearance of nearing a conclusive deal, with both sides agreeing to continue negotiations after a period of escalation. Given the recent escalation, the decision to restart negotiations will undoubtedly give a short-term boost to sentiment. However there remains a not insignificant risk that any deal ultimately disappoints, and that President Trump's attentions turn towards Europe post conclusion of a deal with China.

SECTORIAL DISTRIBUTION OF EQUITIES



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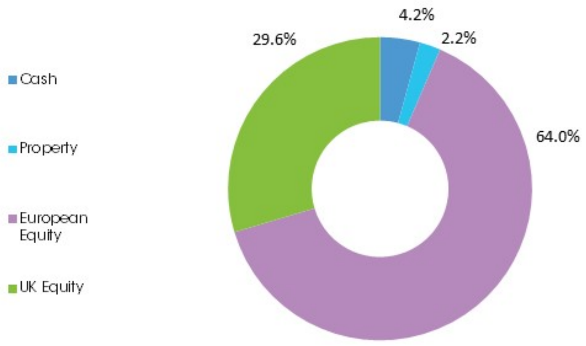

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WARNING: Past performance is not a reliable guide to future performance. The value of your investment may go down as well as up. Merrion Capital Investment Managers Limited (trading as Merrion Investment Managers) is regulated by the Central Bank of 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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