# Merrion Multi-Asset 30 Fund FACTSHEET

30th June 2019

The Merrion Multi-Asset 30 Fund returned 2.7% during Quarter 2 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 30.06.2019

| | MMA 30* |
|---|---|
| 1 Month | 1.7% |
| Quarter 2 | 2.7% |
| YTD | 8.8% |
| 1 Year | 3.2% |
| 3 Years p.a. | 3.5% |
| 5 Years p.a. | 5.1% |
| 10 Years p.a. | 7.2% |
| 15 Years p.a. | 5.7% |

*Source: MIM 30.06.2019*

**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.*

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 2.7% for the quarter. The contribution to performance was broad based with tactical equity allocation as well as both stock and sector selection contributing positively to performance. Having reduced our overweight position in growth assets back towards a more neutral stance late in the first quarter, we reduced the overweight positions in cyclical sectors and increased exposure to consumer staples over the course of April. Towards the end of the 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. Over the course of the quarter our overweights in Technology, Healthcare and Consumer staples were the three largest contributors to performance whilst our overweight in the energy sector contributed negatively on the quarter.

Bond yields fell dramatically over the quarter as dovish commentary from central banks and poor economic data gave a significant tailwind to bond markets globally. Although we are underweight bonds from an asset allocation perspective, the bonds we hold are weighted towards very long dated bonds and periphery bonds. These were particularly strong as yield curves flattened and spreads tightened, the net result being that the contribution of bonds to performance relative to the benchmark was a small positive

We moved to an even more defensive stance early in May, reducing our growth asset exposure towards the lower end of permitted ranges, reducing cyclical exposure again to give a more defensive bias. Over the course of June we added marginally to growth assets as a combination of extreme dovishness from the ECB and the Federal Reserve combined with more supportive comments on US-China trade relations to support equities, but we remain underweight growth assets, with a defensive bias. The concerns we have are still valid, but adjusting the underweight to take account of less negative technicals and more supportive (than we expected) central banks is deemed prudent. More medium term, the poor macro environment combined with elevated expectations for growth in the second half of the year, continued downward pressure on earnings estimates amid already stretched valuations suggest equities will struggle from here.

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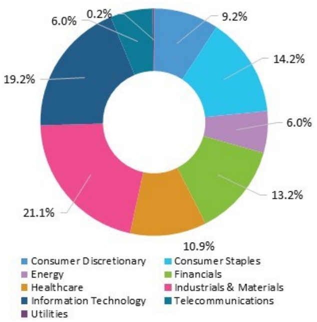
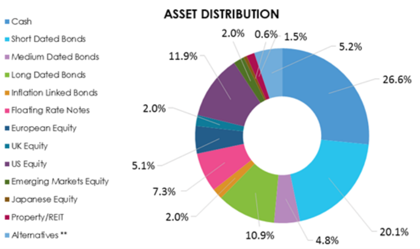
MERRION INVESTMENT MANAGERS

## SECTORIAL DISTRIBUTION OF EQUITIES




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.

## ASSET DISTRIBUTION




*Please note - The alternatives allocation of 5.2% for month ending 30th June 2019 is based on a 0.2% 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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