MERRION INVESTMENT MANAGERS

Merrion Managed Fund FACTSHEET

31st August 2019

The Merrion Managed Fund is the Number 1 performing, global, multi-asset fund in the Irish market since its inception over 20 years[1] ago. Launched in October 1993 the fund is a multi-asset fund that gives investors exposure to Equities, Bonds, Alternatives, Property and Cash. The Merrion Managed Fund returned 0.5% during August 2019. The peer group average returned –0.3% over the same period. [1]MoneyMate 31 August 2019 based on Merrion's inception (Oct 1993) return figure for the Merrion Managed Fund in the MoneyMate multi asset/managed fund survey.

FUND

Fund Type	Multi Asset
Bid/Offer Spread	None
Launch date	20.10.1993
Base Currency	EUR
Liquidity	Daily
Risk Rating	5
Volatility*	11.0%
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 31.08.2019

	Managed*	Pooled Multi-Asset Fund Average
1 Month	0.5%	-0.3%
3 Months	4.5%	3.9%
YTD	16.9%	11.0%
1 Year	4.6%	3.9%
3 Years p.a.	5.6%	5.0%
5 Years p.a.	6.6%	5.4%
10 Years p.a.	8.5%	7.5%
15 Years p.a.	6.7%	5.7%
20 Years p.a.	6.3%	6.1%

Source: Aon Hewitt & MoneyMate 31.08.2019

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

Management fees are detailed in the relevant share class addendum.

August proved to be a very volatile month, with global equities lower by -2% in euro terms for the month to stand +17.4% year-to-date. The month began with some residual disappointment from the Federal Reserve's characterisation of its July 31st rate cut as a "mid-cycle adjustment" rather than the beginning of a rate cut cycle, particularly given the almost 10% rally into the Fed meeting coupled with record long positioning across S&P futures in the market. This left the market precarious to any shock which duly followed in the form of a sudden unilateral escalation of the trade war by President Trump in his imposition of further tariffs. This action, despite consistent messaging from the White House of great progress in the trade talks left China with no choice but to retaliate in the form of a weaker currency, allowing their currency to trade through the symbolic 7 which was seen as a further escalation in the trade war. What followed was a sudden and severe "risk off" episode across all asset classes, the US equity market at one stage dropping 5% in the early part of the month.

Although the equity market did regain a large part of that move it was none the less a warning to the market about how precarious a situation the global economy is in. There was also a clear style bias as defensive sectors such as utilities and consumer staples outperformed. This was in part driven by the extreme rallies in bond markets, especially at the long end as the so called "inversion of the yield curve" spooked investors as concerns over future growth in the US mount. There was some relief as Trump announced a delay in some of the extra tariffs until mid-December so as to not damage the US consumer ahead of Christmas, in addition to rumours of a German stimulus package. Towards the end of the month however events took a bizarre turn as retaliation by China (in the form of a new round of extra tariffs on US goods) preceded a rant from President Trump in which he doubled down on the trade war by "ordering" all US companies to leave China and increasing his latest rounds of tariffs by a further 5%, despite the fact that a few days previously he had delayed those extra tariffs as they would damage the US consumer ahead of Christmas. Not to be outdone in the realms of the surreal, the UK's new prime Minister announced an unprecedented "proroguing" of Parliament, suspending it for up to six weeks in what can only be seen as an attempt to thwart any attempt to prevent a "no-deal" Brexit by those opposed to it.

The Fund performed strongly over the course of the month, out performing the benchmark by 0.8%. Performance was driven by a number of factors. We are underweight bonds at an asset allocation level, resulting in a small negative contribution on a relative basis due to the large fall in yields over the month. On the positive side, we continue to be underweight growth assets, and equities in particular relative to the mid-point of the fund's guided range. The equities we do own performed strongly on the month, in particular our exposure to consumer staples. The sectors we were underweight, financials and energy in particular were quite weak which also added to performance on a relative basis. Months like August are also a good reminder of how helpful our exposure to alternative investments can be. As this is uncorrelated with global equity markets and has the ability to run a net short position it can, and did for August, generate a positive return in a falling market.

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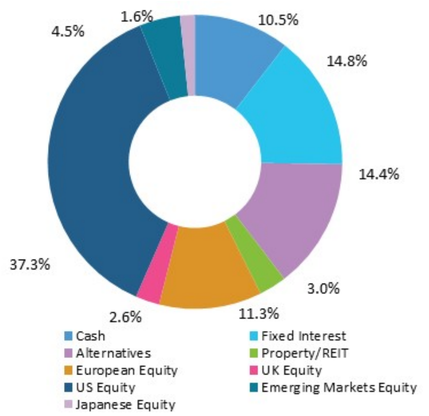
ASSET DISTRIBUTION

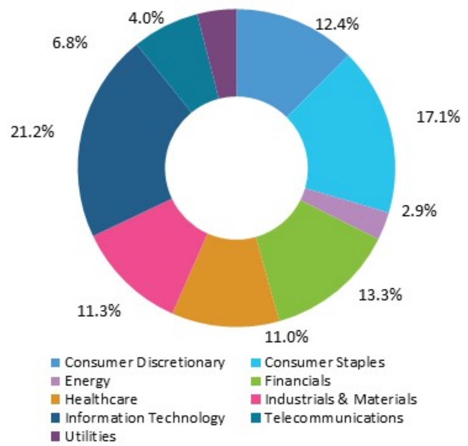


***Please note - The alternatives allocation of 14.4% for month ending 31st August 2019 is based on 0.5% exposure to growth assets and the balance being exposed to defensive assets.*

Detracting from performance for the month was our holding in consumer discretionary stocks. In particular two holdings in US retailers who both disappointed the markets with updates that indicated a slight slowing in the US consumer. At a macro level we note this with interest as the US consumer has been one of the few positives in the global economy year to date.

The economic outlook remains weak, valuations are unattractive, and the technical outlook advises caution. Equity market strength year-to-date leaves markets close to all-time highs on major indices, with valuations at close to decade-highs. The year-to-date gains have been predicated on the expectation of a second half revival in economic growth and earnings, in turn predicated on a resolution of the trade conflict. This outcome looks unlikely, and if anything has become even less likely over the last month, with both trade tensions and the likelihood of an imminent hard Brexit increasing. We therefore remain defensively positioned, underweight growth assets (at the lower end of permitted ranges) and with a defensive bias within those growth assets. Our concerns have been growing over the last few months, and recent developments only serve to further heighten those concerns.

SECTORAL DISTRIBUTION OF EQUITIES



The Merrion Managed 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 Managed 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.

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