MERRION INVESTMENT MANAGERS | CANTOR Fitzgerald

Merrion Fixed Interest Fund

FACTSHEET

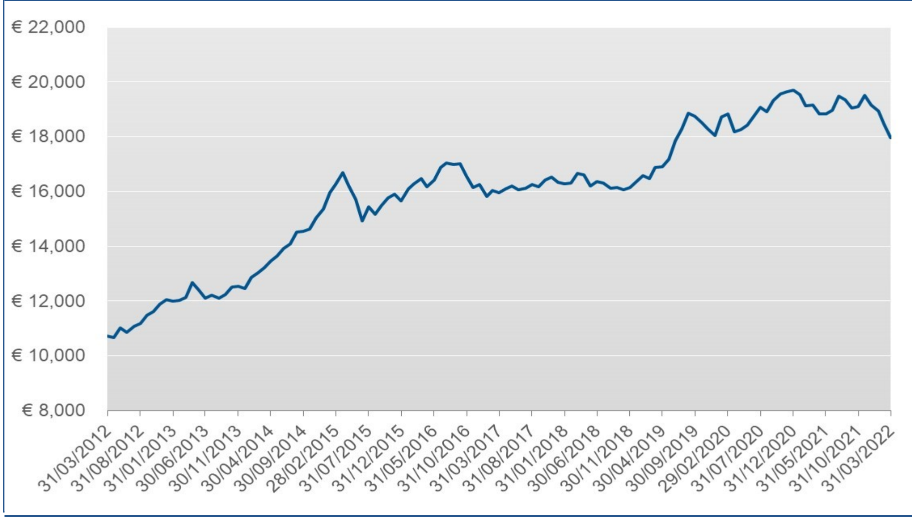
31st MARCH 2022

Fund Objective: The Merrion Fixed Interest Fund invests in Government securities, money market instruments and corporate bond issues. By anticipating movements in interest rates and yield curves the fund seeks to earn superior returns from a diversified portfolio of fixed income instruments.

FUND KEY FEATURES

Fund Type	Fixed Income
Bid/Offer Spread	None
Launch date	13.01.1999
Base Currency	EUR
Liquidity	Daily
Volatility*	5.6%
Benchmark	EMU Govt Bonds > 5 Yr

GROWTH OF €10,000 OVER A 10 YEAR PERIOD



ESMA Risk Rating

Lower Risk — Higher Risk

1	2	3	**4**	5	6	7

Source: Merrion Investment Managers

**'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 31.03.2022

	1 Month	Year to Date	1 Year	3 Years P.A.	5 Years P.A.	10 Years P.A.	15 Years P.A.
Merrion Fixed Interest*	-2.6%	-6.2%	-6.2%	2.1%	2.4%	5.3%	5.2%
Average	-2.8%	-6.5%	-7.4%	0.9%	1.9%	4.9%	4.9%
Index[1]	-3.1%	-7.1%	-8.5%	0.3%	1.8%	4.5%	4.6%

Source: Aon Hewitt & MoneyMate 31.03.2022
**Performance figures are quoted gross of management fees (0.40%)*
Management fees are detailed in the relevant share class addendum.
1 Source ICE BofAML 5+ Year Euro Government Index

ANNUAL RETURNS

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
19.5%	3.4%	23.3%	1.9%	3.9%	0.5%	0.0%	10.3%	9.2%	-2.7%

Source: Merrion Investment Managers

WARNING: Past performance is not a reliable guide to future performance.

WARNING: The value of your investment may go down as well as up.

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DISTRIBUTION OF ASSETS AT 31.03.2022

	Merrion	EMU Govt Bonds > 5 Yr to Maturity[2]
0-10 Years	47.5%	50.6%
10-15 Years	10.4%	17.8%
15-20 Years	16.4%	11.8%
> 20 Years	25.7%	19.8%
Total	**100.0%**	**100.0%**

Please refer to our Monthly Market Update for the latest details on strategy and outlook from the investment team.

https://www.cantorfitzgerald.ie/merrion-investment-managers/market-updates/

DISTRIBUTION OF ASSETS AT 31.03.2022

	Merrion	EMU Govt Bonds > 5 Yr to Maturity[2]
Cash	8.5%	0.0%
Core	32.4%	48.8%
Periphery	39.4%	41.1%
Semi-Core	11.6%	10.1%
Inflation Linked Bonds	8.1%	0.0%
Corporate Bonds	0.0%	0.0%
Total	**100.0%**	**100.0%**

Source ICE BofAML 5+ Year Euro Government Index

2 Source: Bloomberg

FUND COMMENTARY

Global equities finished the quarter down 2.8% in euro terms, a number which very much hides the extremes of volatility that were seen over the quarter, but a remarkable return given extremely hawkish central banks, war in Europe, a 40% rally in the oil price, further Covid lockdowns in China, fears of stagflation and one of the worst quarters for global bonds in many years.

The opening month of the year saw a 3.5% drop, prompted by minutes of the Federal Reserve's December meeting, which caused the biggest sell-off in US technology since March of last year. Bond yields had been quietly pushing higher in the aftermath of the December Federal Reserve meeting and extended that move in early January, with inflation concerns front and centre.

February saw the Russian invasion of Ukraine, the threat of which was warned about for weeks but denied consistently by Russia. The response of the West was swift and far-reaching, Russia effectively being frozen out of the international financial system and sanctions being imposed on its large foreign reserves. The private sector also reacted, energy companies announcing they will divest their Russian holdings / end joint ventures, Apple and Nike putting a halt to sales of their products in Russia and a number of large household names following suit.

The conflict drove the price of oil materially higher, further exacerbating concerns about inflation whilst at the same time raising concerns about the short-term impact on growth (which is disinflationary). Equity markets obviously were hit hard, global equities following January's fall with another 2.5% drop in euro terms to stand 5.9% lower at the end of February. European equities and European banks fell markedly. Emerging markets (bonds and equities) also suffered, whilst US equities, after the initial lurch lower, performed strongly in absolute and relative terms. Developed market bonds also rallied strongly.

The Federal Reserve hiked rates by 25 basis points in mid-March alongside a hawkish statement, press conference and subsequent speeches. Although asset price volatility continues to be driven by Ukraine-Russia headlines and Federal Reserve hawkishness, the rally in global equities from the lows of early March has been impressive. US technology for example ended the month 3.2% higher, having been down 7% in the early part of the month (though remains 9% lower year-to-date), European equities rebounded from a 9% drop to finish the month marginally higher (+0.4%), but still down -8.4% year-to-date, whilst bonds fell precipitously, 10-year yields in Europe and the US rising by more than 50 basis points and 2-year yields in the US rising by almost 100 basis points. The recent drawdown in US treasuries ranks as the third worst in a century.

Drivers of performance

Outperformance over the quarter was driven by several factors. We entered the quarter with duration below that of the index, mainly due to underweight positions in core bonds. Mid-way through the quarter we added to long-dated German bonds, bringing duration on the fund to an overweight position, as the increase in yields and aggressive monetary policy action which had been priced over the previous ten weeks meant our underweight position in bonds was no longer warranted. This delivered significant protection during the war-induced volatility as bond yields fell dramatically. Periphery spreads widened dramatically over the quarter as the ECB moved towards removal of monetary policy accommodation. We used this widening to increase exposure to Italian debt at the expense of core debt.

Fund positioning and outlook

The fund enters the second quarter with duration close to that of the index, being overweight periphery debt and underweight core debt. We continue to hold inflation linked bonds.

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 are 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.

MERRION INVESTMENT MANAGERS

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