MERRION INVESTMENT MANAGERS | CANTOR Fitzgerald

Merrion High Alpha QIAIF Fund

FACTSHEET

31ST MARCH 2021

Fund Strategy: The High Alpha Fund was launched in August 2007*. It is a process-driven absolute return fund. The fund may hold cash from time to time in order to protect capital. The fund does not reference a benchmark, instead it targets a return in excess of 7% per annum for the investor, notwithstanding how equity markets perform.

FUND KEY FEATURES

Fund Type	Absolute Return
Bid/Offer Spread	None
Launch date	15.08.2007
Base Currency	EUR
Liquidity	Daily
Volatility*	12.6%
Benchmark	7% Target Return

ESMA Risk Rating

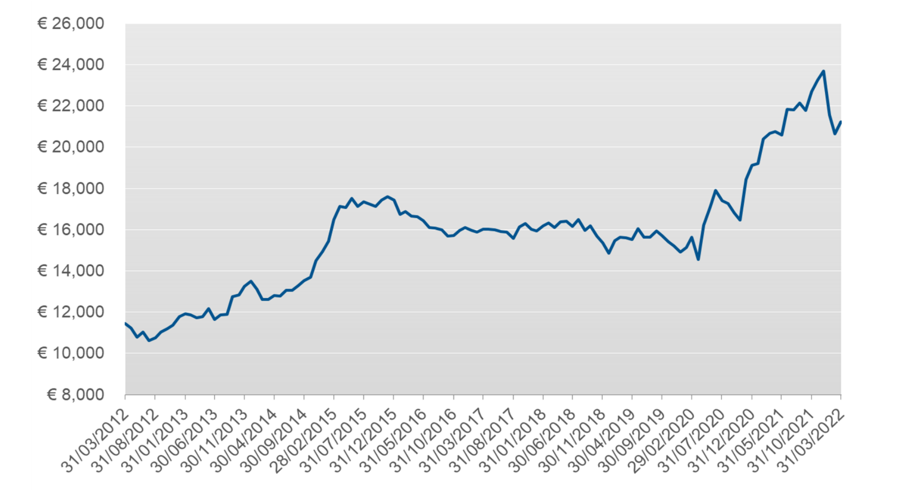
Lower Risk — Higher Risk

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.*

GROWTH OF €10,000 OVER A 10 YEAR PERIOD



PERFORMANCE UPDATE AT 31.03.2022

	YTD	1 Year	3 Years P.A.	5 Years P.A.	10 Years P.A.	Inception P.A.
Merrion High Alpha Fund*	-10.4%	3.0%	11.0%	6.0%	6.4%	10.4%
Fund Target	1.7%	7.0%	7.0%	7.0%	7.0%	7.1%

Source: Merrion Investment Managers

**The Merrion High Alpha Fund (QIAIF) was launched in August 2007. The High Alpha Fund (RIAIF) returns are shown from the end of Q3 2008. Source: Merrion Investment Managers 31/03/2022. Performance Figures are quoted gross of Management Fees. Management fees are detailed in the relevant share class addendum. There is a performance incentive linked directly to the success of the fund. Merrion Investment Managers will share 20% of the excess return over 7% p.a. Fund performance is quoted net of the performance fee.*

ANNUAL RETURNS

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
0.6%	9.5%	14.5%	10.7%	16.7%	-7.7%	-0.9%	-6.8%	0.5%	28.1%	24.7%

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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March

A month of extreme asset price volatility driven largely by Ukraine-Russia headlines and Federal Reserve hawkishness, but global equities nevertheless finished the month higher by 3.3% in euro terms, having been down 4% in the early part of the month. US technology ended the month higher (+3.2%), having been down 7% in the early part of the month, European equities were marginally higher (+0.4%), recovering from a 9% drop, 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.

The Federal Reserve hiked rates by 25 basis points mid-month alongside a hawkish statement, but equity markets have rallied significantly since then. The initial rally was fuelled not by the Federal Reserve but by a volte-face from the Chinese authorities regarding the regulatory framework towards their own technology sector and the policy framework for growth in general. This saw some of the largest rallies in history for Chinese equities, and in particular their large technology platform companies. These moves spread to the west and have so far been uninterrupted by the hawkish Federal Reserve statement, press conference or subsequent speeches. The rally in US technology from the trough in early March is over 11%, confounding extreme bearish sentiment and expectations that currently exist within markets. Although markets rallying after the first hike in rates seems counter-intuitive to some it is consistent with history.

Pockets of hope have appeared regarding a lasting cessation of violence in Ukraine, but the oil price remains above $100. Governments around the world, from Germany to California, appear to be organising further fiscal transfers to remove the burden of higher energy prices from the consumer, thereby alleviating some-what the recession fears that are lingering globally. A general expectation of an increase in fiscal spending in the EU in particular because of the conflict is keeping GDP expectations higher than they otherwise would have been. The US employment picture is as robust as ever with the weekly initial jobless claims this month falling to the lowest level since 1969.

Corporate commentary has been robust with Nike reporting no impact to their consumer demand profile thus far and indicating far-eastern supply chain issues are normalising. A capital-markets day from Nvidia highlighted further the structural investment themes that are still ongoing.

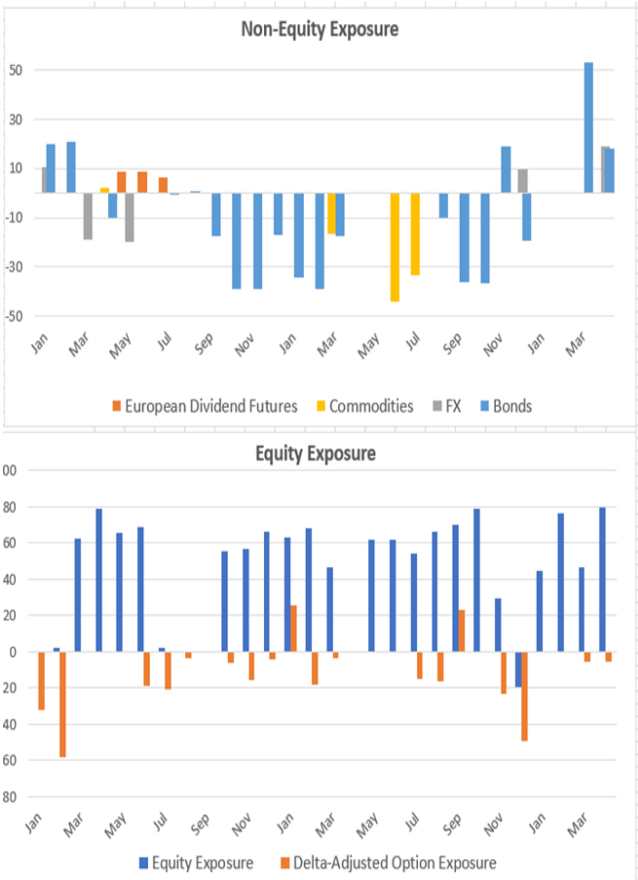
Positioning and Outlook

The invasion of Ukraine threatens the post-cold-war order, Germany announcing a sizeable increase in its defence spending, something which would have been considered almost impossible a few weeks ago. Other countries will follow. Financial markets have, since the beginning of the year, been pricing ever-increasing interest rate hikes from central banks, the Federal Reserve in particular, but also the ECB. This has led to a significant outperformance of "value" over "growth" year-to-date. As the mix for future economic growth swings

Meanwhile, equity market sentiment is extremely bearish, with some measures of market pessimism at GFC levels, cash at Covid levels, and positioning heavily skewed towards commodities and defensives. Much of this could be attributed to the war, the oil price, inflation, the flattening of the yield curve and associated recession fears, but consumers balance sheets remain very healthy, the oil price impact on consumers is much lower than it was in the 1970's, fiscal policy should alleviate short-term concerns and inventory rebuild will counter recession fears.

The High Alpha fund rebounded close to 4% on the month. We took some profits in long dated bond holdings in the early part of the month and added to a number of high-quality EU cyclical equities, which in our view overshot to the downside on war related headlines. We were also active in taking advantage of short-term dislocations that commodity market volatility generated in Carbon futures. The fund also owned downside protection on

HIGH ALPHA EXPOSURE MARCH



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