MERRION INVESTMENT MANAGERS | CANTOR Fitzgerald

Merrion High Alpha Fund

FACTSHEET

30TH APRIL 2022

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, not withstanding 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*	13.9%
Benchmark	7% Target Return

ESMA Risk Rating

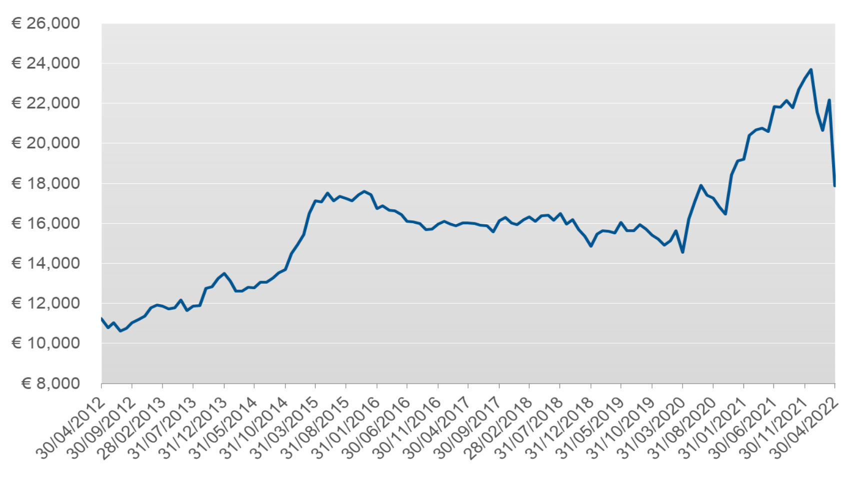
Lower Risk — Higher Risk

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 30.04.2022

	1 Month	3 Month	Year to date	1 Year	3 Years P.A.	5 Years P.A.	10 Years P.A.	Inception P.A.
Merrion High Alpha Fund*	-13.4%	-14.8%	-22.4%	-11.4%	5.8%	2.8%	5.0%	9.1%
Fund Target	0.6%	1.7%	2.3%	7.0%	7.0%	7.0%	7.0%	7.0%

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 30/04/2022. 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%	28.2%	23.9%

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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April

The war in Ukraine continues, with expectations of more sanctions against Russia. To wean Europe off Russian energy dependency, total capex of more than 125bln euro will be required – this is on top of the spending required for decarbonisation and defence. Capex and government spending should remain a support for the European economy for the next number of years.

Covid continues to disrupt the Chinese economy, rolling lockdowns causing the services PMI to fall dramatically. Officials signalled they would step up monetary stimulus, in addition to setting up a financial stability fund to stem financial risks ranging from weak rural banks to distressed developers. The Chinese Renminbi has also started to weaken which at the margin increases disinflationary forces.

Over the month, we saw more evidence that inflation may be peaking with the Mannheim used car prices showing a decline and core US CPI was lower than expectations. We believe we are at or close to the peak of central bank hawkishness as more evidence develops that inflation is peaking which should be supportive of upside in both equities and bonds.

Nevertheless, global equites towards the end of the month have retested their early March lows as volatility continues to rise. That the move comes during what has been quite a reassuring earnings season to date, given the level of caution over inflation, supply chains and tough comps coming into the reporting period suggests that the market moves are being driven by macro concerns. The relative outperformance of European equities suggests that US inflation, a strong dollar and a hawkish fed are the key drivers rather than the conflict in Ukraine. As we have noted above, there are a number of signs suggesting that inflation is not far from peaking if it has not already.

The reporting season highlighted again the secular growth themes that continue to underpin earnings growth. Enterprise spending and digital transformation projects are not slowing down. Capgemini did not see any change in consumer behaviour, all accelerating digital transformation, telling us that "sustained demand will be there, demand for digital transformation is de-correlated from GDP". Microsoft paint a similar picture, telling us that businesses are not looking to cut their IT budgets or digital transformation projects. Cloud businesses continue to grow at a mid-40s clip. Results from Qualcomm and Texas Instruments point to continued strength in demand for semiconductors from the automotive and industrial sectors. Meanwhile results for Visa, raising guidance despite exiting Russia, point to a healthy consumer and a strong recovery in travel with management expecting a return to 100% of 2019 levels by October (had previously said 90%).

Outlook and Positioning

It has been the worst start to US equities for 20 years, the worst start for technology in 20 years, and the worst start to global bonds markets (by a long way) in 20 years.

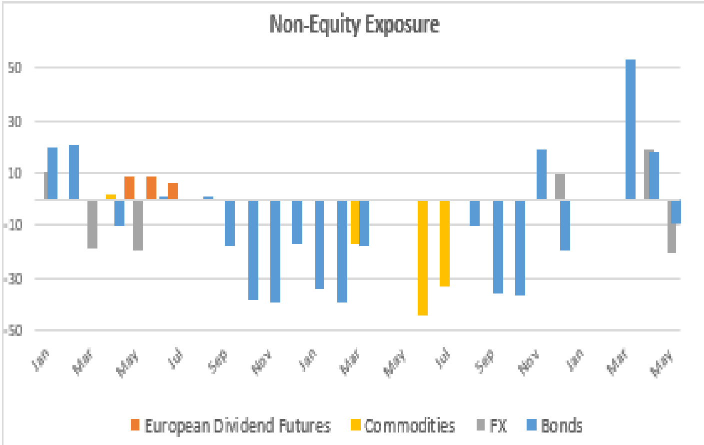
After that bad start, we've seen the largest 3-week outflow from global equities since March 2020, there has been significant selling of US equity futures of late, and sentiment on various measures that we track is as negative as March 09 levels.

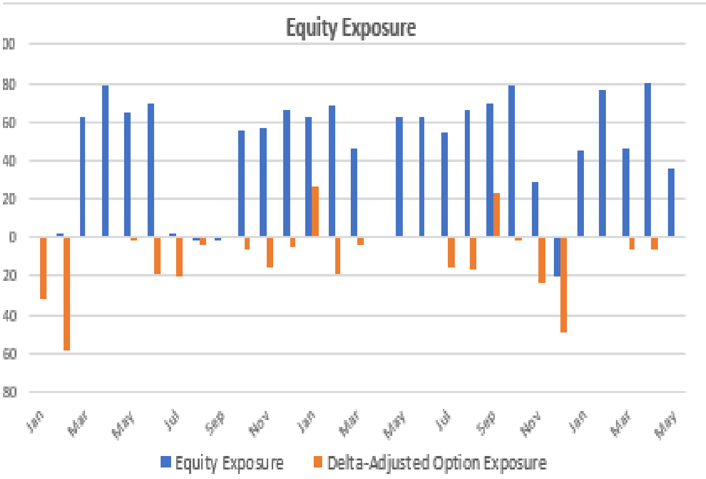
This is driven by Fed rate hike expectations, which have ratcheted higher by a considerable margin, even as evidence mounts that inflation will subside.

Consumers (and the bond market) also believe inflation will subside, long term inflation expectations being significantly below short-term expectations.

The High Alpha fund performed poorly in the risk off environment, falling -13% on the month. Ahead of reporting season we exited a number of names in which we see an attractive long-term growth runway but could face further downside near-term as the market focuses on tough reopening comps and de-rating names trading on high multiples. We added some semiconductor holdings, which have derated materially, trading close to what have historically been trough multiples even as earnings upgrades continue and housing-related cyclicals, for which the impact of rising rates appear more than priced in and demand supply remains extremely favourable. While very disappointed with fund performance we see material upside in oversold high-quality cyclicals and structural winners. At the same time, we will continue to actively manage downside risk through options and futures as appropriate.

HIGH ALPHA EXPOSURE APRIL





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