MERRION INVESTMENT MANAGERS

CANTOR Fitzgerald

Merrion Managed Fund FACTSHEET

30th September 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 1.2% during September 2019. The peer group average returned 1.3% over the same period. [1]MoneyMate 30 September 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 30.09.2019

	Managed*	Pooled Multi-Asset Fund Average
1 Month	1.2%	1.3%
3 Months	3.2%	2.3%
YTD	18.3%	12.7%
1 Year	4.6%	5.3%
3 Years p.a.	6.2%	5.7%
5 Years p.a.	6.4%	5.7%
10 Years p.a.	8.4%	7.4%
15 Years p.a.	6.7%	5.7%
20 Years p.a.	6.5%	6.3%

Source: Aon Hewitt & MoneyMate 30.09.2019

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

Management fees are detailed in the relevant share class addendum.

After the strong finish to August, global equity markets rallied in the early part of September, reaching a marginal new high in euro terms and drifting sideways for the rest of the month, finishing +2.9% for the month and +22.1% year-to-date at the end of the 3rd quarter. Although US manufacturing data indicated that the US is now also experiencing a manufacturing contraction the mood steadily improved throughout the early part of the month, with bond yields rising as both cyclical stocks and emerging market indices outperformed. Hopes around trade talks in October, the delay of a no deal Brexit, the appearance of the Hong Kong authorities backing down and the formation of a new Italian government all served as positive catalysts. Although in isolation each story seemed circumspect the combination of them was enough to trigger a reversal of the defensive outperformance we had been seeing over the course of the summer. Indeed, markets globally saw one of the largest relative moves on record as stocks that had outperformed year to date underperformed stocks that had underperformed year to date by a magnitude not seen since the end of the financial crisis. This large shift was exacerbated by events post the ECB which saw yields in Europe actually rise despite the announcement of "QE infinity" and a further interest rate cut by the European Central Bank. This rise higher in yields saw financials substantially outperform at the expense of defensive stocks, though the move proved short-lived as economic data, in Europe in particular, continued to deteriorate.

Attacks on Saudi Arabia's oil infrastructure saw oil prices rise substantially before falling back, and a shortage of US dollar cash led to mid-month gyrations in the US repo market not seen since the financial crisis, adding further uncertainty to the mix. Towards the end of the month, revelations regarding a whistle-blower complaint about a request by President Trump to President Zelensky of Ukraine to investigate Joe Biden, a political rival, led to the instigation of impeachment proceedings by the Democrat-controlled House of Representatives. Political chaos is not confined to the US of course, with the Brexit saga dragging on and the UK Supreme Court ruling that the government suspension of the UK Parliament was illegal.

The Fund returned 1.2% on the month, underperforming the benchmark by 0.1%. By remaining underweight risk assets we lagged the market rally which took part in the early part of the month as equity markets had a strong bounce back from their August lows. The September rally was led many of the poorest performing stocks and sectors year to date which we were, and continue to be underweight. This rotation out of the high quality names which have been leading all year into the cyclical laggards will prove to be temporary as "hope" around issues such as global growth, Hong Kong protests, trade wars and Brexit will quickly be replaced by the reality of the situation at hand. Particular detractors from performance were our underweights in Global financials and Energy stocks which benefitted from temporary pick up in global yields and the oil price respectively.

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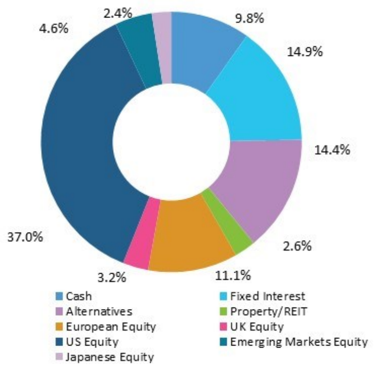
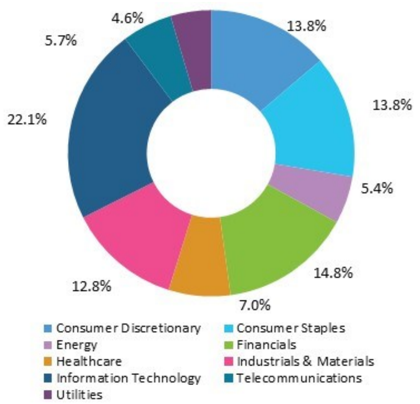
ASSET DISTRIBUTION



***Please note - The alternatives allocation of 14.4% for month ending 30th September 2019 is based on 0.2% exposure to growth assets and the balance being exposed to defensive assets.*

SECTORAL DISTRIBUTION OF EQUITIES



The ongoing trade friction between the US and China, Brexit uncertainty and geopolitical risks in the Middle East is clearly weighing on economic momentum, despite the willingness of central banks to ease monetary policy. Given the strong rally in equity markets since the beginning of the year valuations remain unattractive, particularly given ongoing downgrades to earnings estimates for this year and unrealistic expectations for earnings next year. Overall, this makes risk-reward unfavourable.

Medium term the only area of apparent support for the global economy is in the form of easier monetary policy globally, but with interest rates already very low, there is a limit to how much stimulus can be provided by monetary policy alone. It is worth reiterating that the market rally in the first half of the year was predicated on a second half revival of economic fortunes globally, and a subsequent turn in earnings expectations. We are now half-way through that second half, economic data remains weak and earnings estimates continue their downtrend but still look highly optimistic.

We therefore remain defensively positioned, underweight growth assets (at the lower end of permitted ranges) and with a defensive bias within those growth assets. The concerns we have expressed over the last few months remain in place.

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