

# Merrion Technology Fund **FACTSHEET**

30th September 2019

The Merrion Technology Fund is a specialist investment vehicle that focuses on the Technology, Media, Telecommunications and other dynamic growth sectors. Over the long term, we believe that technology will continue to be an important driver of global economic growth and equity market return.

## FUND

Fund Type	Equity
Bid/Offer Spread	None
Launch date	21.12.1994
Base Currency	EUR
Liquidity	Daily
Risk Rating	6
Volatility*	18.5%
Benchmark	MSCI ACWI Tech Index

\*'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

	Technology*	MSCI ACWI (Tech)
1 Month	4.0%	2.9%
Quarter 3	4.0%	6.9%
YTD	29.3%	34.7%
1 Year	11.2%	13.3%
3 Years p.a.	18.2%	20.5%
5 Years p.a.	17.2%	19.0%
10 Years p.a.	16.9%	17.8%
15 Years p.a.	11.8%	11.8%
20 Years p.a.	7.0%	N/A

\*Performance figures are quoted gross of management fees.

Management fees are detailed in the relevant share class addendum.

The Merrion Technology fund 2014 delivered a disappointing third quarter returning 4% versus the benchmark which returned 6.9%.

The funds large underweight in semiconductor stocks was the main drag on performance during the third quarter with names such as KLA Corp + 41.5% and Taiwan Semiconductor + 19.7%.

Entering the third quarter, the fund is maintaining its conviction on the bearish Semiconductor view.

In Summary, the stocks seem to be discounting an upturn which is six months away at best and this could prove to be disappointing if there is no resolution to the China/US trade war. The expected earnings growth recovery from -10% in 2019 to +16% in 2020 with inventory levels still high very high versus history seems optimistic.

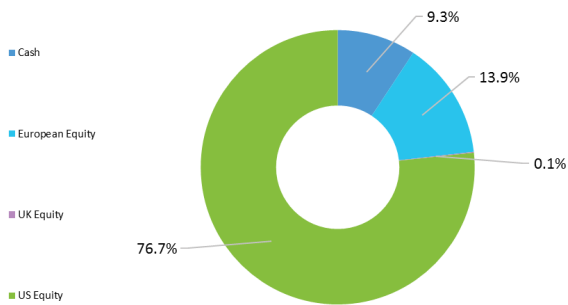
Historically the sector has been correlated with industry revenue trends and US ISM and currently the sector is trading near all time highs while ISM is at the lowest levels since 2009. All eyes will be on earnings season, with Texas instruments the first large cap to report on October 22nd.

An overweight position in Netflix also negatively impacted post poor results in July and this position was closed before the stock deteriorated further September.

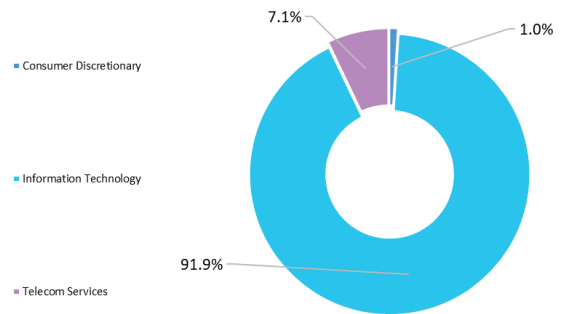
An Apple underweight also impacted performance and exposure to the stock was increased over the quarter.

The technology sector offers investors companies with little or no debt and strong free cash flow, attributes that make large cap technology companies particularly attractive. The sector continues to provide opportunities for growth from companies exposed to structural drivers/ themes.

## ASSET DISTRIBUTION



## SECTORAL DISTRIBUTION OF EQUITIES



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