MERRION
INVESTMENT MANAGERS

Fund Factsheet

Merrion High Alpha Fund (RIAIF)

30th November 2017

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.

CUMULATIVE PERFORMANCE										
	1 Month	3 Month	YTD	1 Year	3 Years p.a.	5 Years p.a.	7 Years p.a.	10 Years p.a.	Inception*	Inc. p.a.*
High Alpha	-1.6%	2.9%	-0.4%	0.4%	3.4%	7.1%	6.8%	11.7%	213.7%	11.7%
Fund Target	0.6%	1.7%	6.4%	7.0%	7.0%	7.0%	7.0%	7.0%	100.7%	7.0%

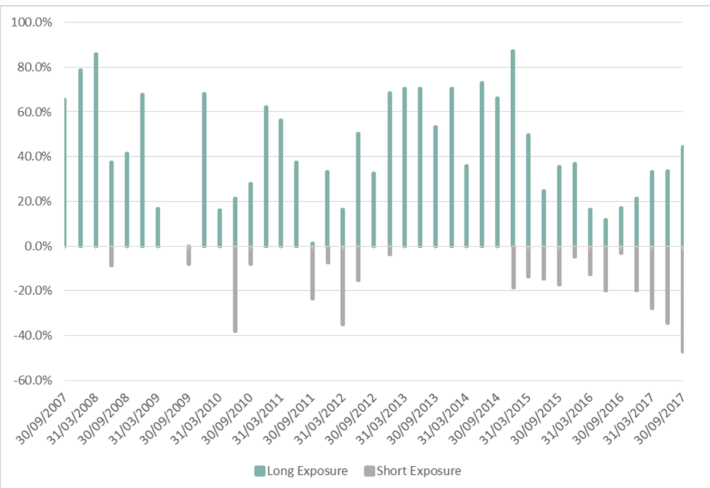
YEAR ON YEAR PERFORMANCE									
	2016	2015	2014	2013	2012	2011	2010	2009	2008
High Alpha	-7.7%	16.7%	10.7%	14.5%	9.5%	0.6%	7.7%	61.9%	6.6%
Fund Target	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%

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 30/11/2017. 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.

FUND PARTICULARS	
Fund Type	Absolute Return
Performance Fee	20% of the excess return over 7% p.a.
Bid/Offer Spread	None
Launch date	15/08/2007
Base Currency	EUR
Liquidity	Daily
Risk Rating*	4
Volatility	8.0%
Benchmark	7% Target Return

* '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.

Asset Allocation to 30/09/2017



The High Alpha fund returned -1.6% for the month of November, bringing the 3-month return to +2.9%

A number of European & UK equity positions performed poorly over the month detracting over 1% from fund performance. At a sector level, defensive sectors outperformed while cyclical sectors drifted lower. This negatively impacted returns due to the fund's exposure to EU cyclical names, global energy and financials. The beginning of the month saw a relatively sharp pullback in equities, and the fund used this as an opportunity to open new positions in names such as Daimler, Renault, Paccar and Total. The fund also added to existing positions in Citigroup and Komatsu on this weakness. A number of other positions were closed as the risk-reward became unfavourable.

Shorter dated bond yields in the US were higher over the month as strong data encouraged a re-pricing of the speed of interest rate hikes. However the interest rate the market thinks the Fed will ultimately reach has seen no reassessment, the result being little or no change in longer dated bond yields. Bond yields in Europe were lower over the month despite an apparent acceleration of economic data in the Eurozone. Whilst inflation this year has been lower than expected, more recent inflation indicators would suggest that inflation rates should drift upwards from here. This view is supported by evidence that industrial capacity is becoming scare by historical standards, particularly in Japan and the Eurozone. Similar tightness is also evident in labour markets, with unemployment rates continuing to fall in all the major economic regions. Anecdotally, we have seen a surge in the number of corporates highlighting inflationary pressures in their business over the recent reporting season.

Financial markets have yet to price in a normalisation of the last decade's ultra-loose monetary policy, despite evidence that the global economy itself has returned to a normal path. As such just two more (0.25%) interest rate hikes by the Federal Reserve are fully priced by the end of 2018, with US interest rates of only 2% in three years' time. Similarly, although the ECB has announced a tapering of its Quantitative Easing, market pricing indicates that ECB interest rates will still be marginally negative in two years' time. This leaves scope for an upward reassessment which should drive upward pressure on US and European bond yields. Our three pillar investment process is indicating that our current positioning has the scope to deliver significant performance if the synchronised improvement in global economic data is maintained which will allow central banks to gradually normalise policy after almost a decade of ultra-loose monetary policy.

Among the risks to the outlook are political concerns in Europe and the US, stalling Brexit negotiations, the potential for a rise in trade protectionism, and concerns that rising US bond yields cause financial conditions to tighten too quickly and cause a growth shock.

Merrion Investment Managers pay trade commissions ranging between 0.10% and 0.20% on trading client securities, depending on the size, nature, execution venue and other considerations relating to the execution of the trade order. An element of this trade commission may be allocated for the purposes of receiving investment research. The purpose of this research is to enhance the quality of the service provided by MIM to its clients. Further details are available on request from Merrion Investment Managers.