

Dynamic Share to Cash Strategy

Signal Update / 28th February 2022

Strategy Objective

The Dynamic Share to Cash “DSC” strategy seeks to tactically manage a portfolio’s equity exposure to provide medium term downside protection and volatility control with the aim of preserving long term returns. The strategy is a systematic and objective multi-factor process to manage equity market risk.

DSC Signal

The signal moves between a range of +2 and -2. When the signal is above zero the strategy is fully invested in equities. If the signal falls below zero this triggers a switch from equities to cash. As the signal moves further into negative territory the strategy increasingly allocates to cash. If the signal reaches -2, the allocation to equities is zero.

ILIM Multi-Asset Solutions Team

Irish Life Investment Managers (ILIM) is a global asset management business based in Dublin, Ireland. The Multi-Asset Solutions team is responsible for the design and development of ILIM’s range of multi-asset solutions. ILIM currently manages over €28 billion* in multi-asset solutions in both proprietary funds and in tailored solutions for third party distributors. In addition to the development of multi-asset solutions, ILIM’s internal investment capabilities include Indexation, Quantitative Investment Strategies and Real Estate.

*Correct as at 31st December 2021

Signal Update

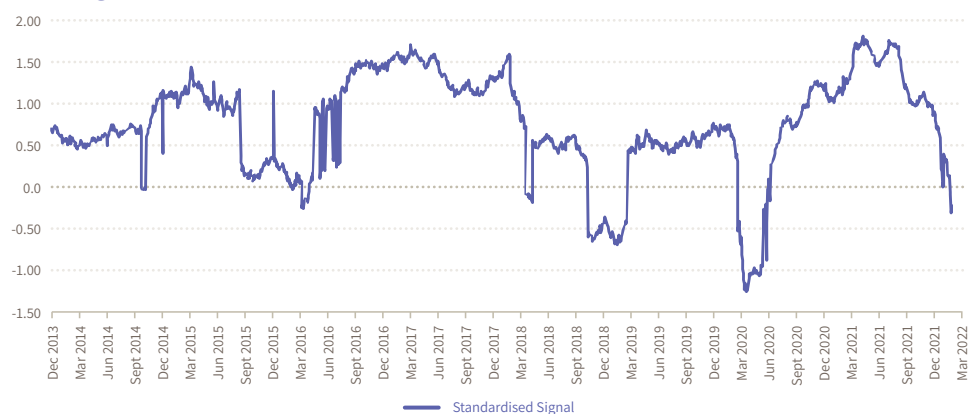
The DSC signal was 0.05 at the end of January 2022 and ended February 2022 at -0.22, which indicated a target equity allocation of 89%. The signal moved into negative territory, on Tuesday 22nd of February 2022, for the first time since July 2020. The most recently traded equity allocation was at 85% at month end.

During February, the contributions from the Technical and Macro groups decreased. The contribution from the Fundamental group increased, leaving only the Technical group’s contribution negative at the end of the month.

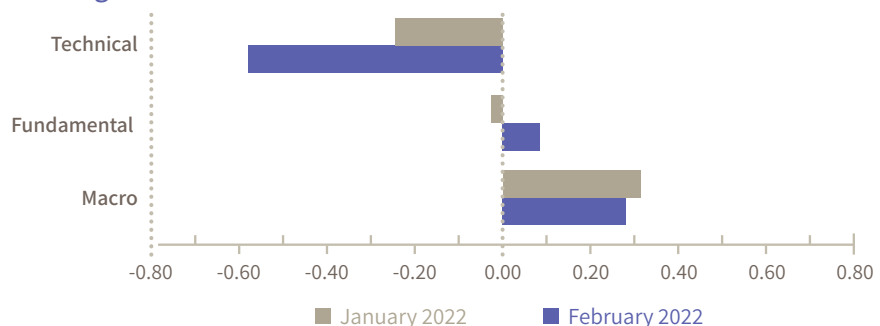
- > The Technical group’s contribution decreased on the back of a weaker Equity Market Momentum factor as well as a lower Moving Average factor with all four of the moving average indicators crossed to the downside.
- > The Fundamental group’s contribution increased due to stronger Earnings Yield and Valuation factors as a result of lower equity market valuations.
- > The Macro group’s contribution decreased because of a lower Energy Price factor given rising energy prices.

Overall, the signal’s current negative configuration is primarily driven by the negative contribution from the Technical group which is partially offset by the positive contributions from the Fundamental and Macro groups.

DSC Signal



DSC Signal Contributions



Month in Review

Global equities fell for a second straight month in February as markets responded negatively to the news that Russia had launched a full scale military offensive against the Ukraine. The early part of the month had already been negative for equities with central banks dominating news flow, as investors increased bets on aggressive front loaded interest rate hikes from major global central banks. Fears that sustained higher commodity prices could impact global growth and inflation dynamics led to a sell off in risk assets with safe haven assets rallying.