

Dynamic Share to Cash Strategy

Signal Update / 31st March 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

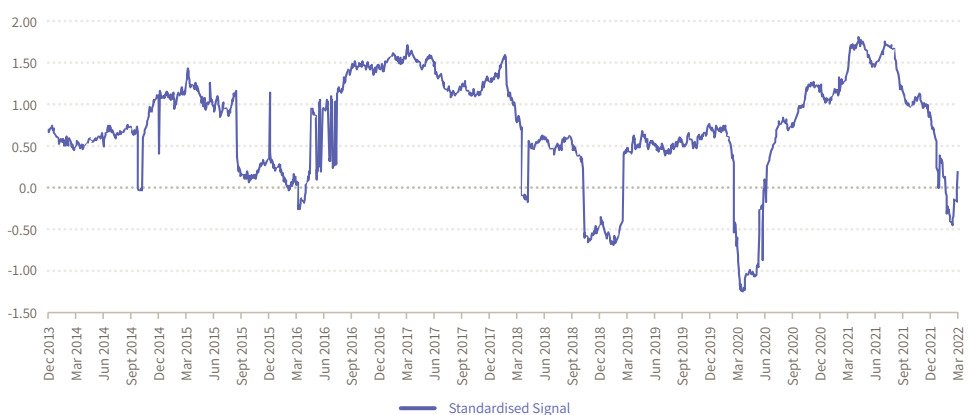
The DSC signal was -0.22 at the end of February 2022 and ended March 2022 at +0.19. The signal moved into positive territory on the 30th of March 2022, as a result, the target equity weight increased to 100% and stayed there for the rest of the month.

Over the course of the month, the contribution from the Technical group increased while the contributions from the Fundamental and Macro groups decreased:

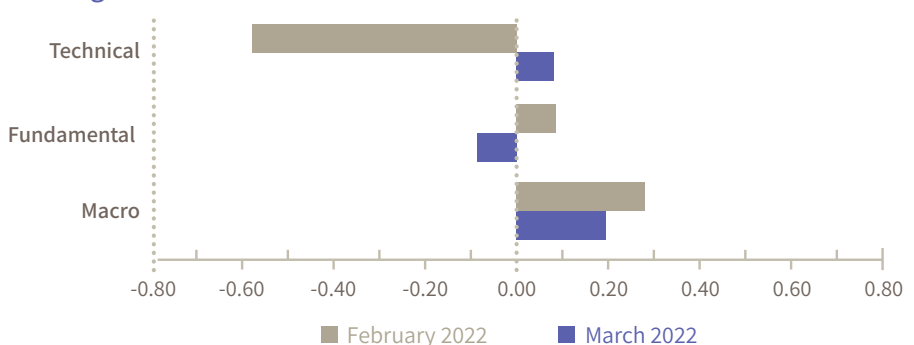
- > The Technical group experienced a significant increase over the course of the month primarily due to a higher Moving Average Cross factor with three of the four moving average indicators crossing to the upside. Higher Equity Market Momentum also contributed to the increase but to a lesser degree.
- > The Fundamental group’s contribution moved from slightly positive to slightly negative on the back of a lower Earnings Yield factor.
- > The Macro group’s contribution decreased slightly with long-term interest rates pushing higher and leading to a weakened Slope factor.

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

DSC Signal



DSC Signal Contributions



Month in Review

Global equities continued to fall in the early part of March given the uncertainty over the potential fallout from the Russian invasion of Ukraine. Continued ratcheting up of interest rate expectations as inflation readings remained high which in turn spurred central banks to adopt more hawkish policy guidance also contributed to the weakness. Equities however bottomed in the second week of March and recovered to end the month in positive territory. Bonds were lower on the month as yields rose to their highest levels in several years on persistent high inflation and an upward readjustment to interest rate expectations at global central banks.