

# Dynamic Share to Cash Strategy

Signal Update / 30th April 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

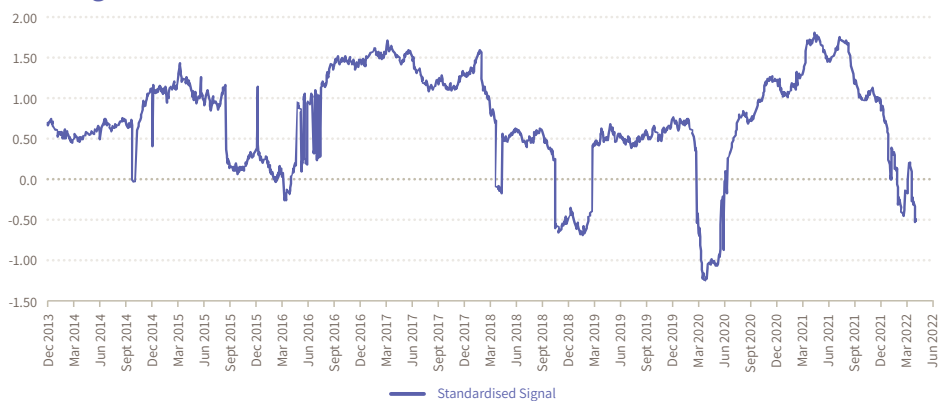
The DSC signal was +0.19 at the end of March 2022 and ended April 2022 at -0.50, with the target equity weight ending April at approximately 75%. The signal initially moved into negative territory on the 12th of April with a resulting target equity weight of 87%. On the 25th of April, the signal reduced further, resulting in a target equity weight of 75% and the signal stayed around this level into the end of the month.

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

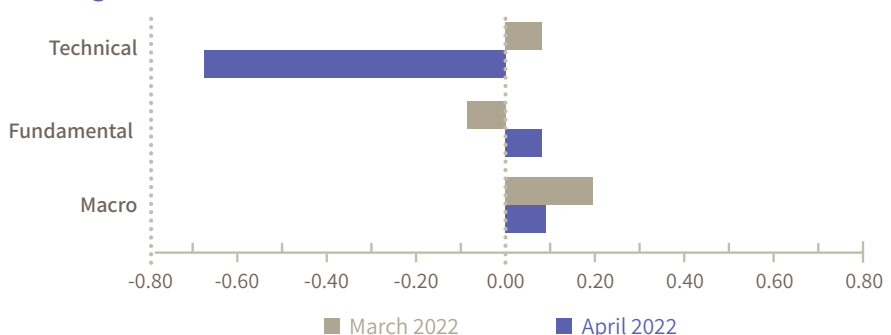
- > The Technical group experienced a significant decrease over the period, primarily due to a lower Equity Market Momentum factor as well as a lower Moving Average Cross factor. Two of the four moving average indicators crossed to the downside on the 12th of April (with one indicator having crossed previously), while the final moving average indicator crossed to the downside on the 25th of April.
- > The Fundamental group’s contribution moved from negative to positive on the back of improved Earnings Yield and Valuation factors.
- > The Macro group’s contribution decreased with long-term interest rates pushing higher and leading to a weakened Slope factor.

Overall, the signal’s current negative configuration is primarily driven by the negative contribution from the Technical group.

## DSC Signal



## DSC Signal Contributions



## Month in Review

Global equities resumed their down trend in April as investors began to discount more aggressive tightening of monetary policy by global central banks as inflation pressures remained higher and more persistent than expected. Increasing concerns over the growth outlook on the back of new Covid related lockdowns in China and the impact of tighter monetary policy on economies also contributed to the recent fall in equity markets. Additional supply of bonds on the back of increased fiscal stimulus measures also contributed to the rise in bond yields as did growing fears over the potential for a sustained rise in inflation with Eurozone inflation recently rising to 7.5% y/y.