

# Dynamic Share to Cash Strategy

Signal Update / 31st July 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

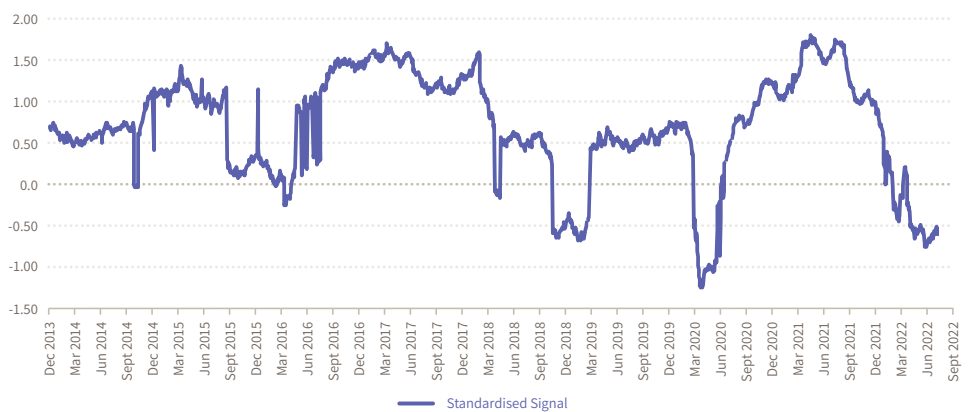
The DSC signal was -0.68 at the end of June 2022 and ended July 2022 at -0.57. The last traded equity weight coming into July was approximately 65%. On the 6th of July, the target equity weight increased to 70.8% as a result of a stronger signal and the strategy stayed at this traded level for the rest of the month.

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

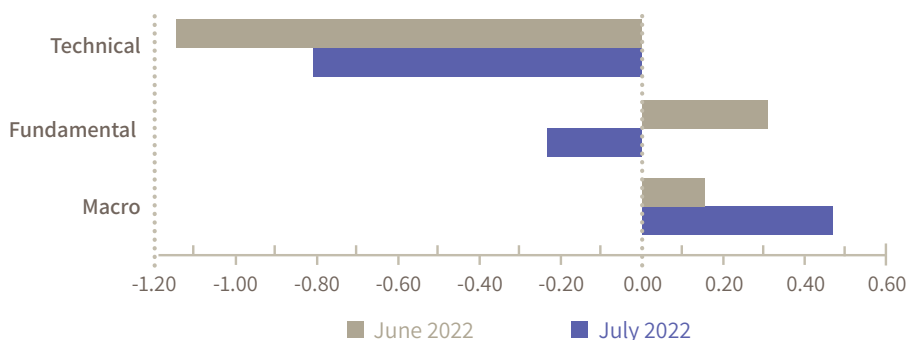
- > The Technical group’s contribution improved on the back of a stronger Equity Market Momentum factor.
- > The Fundamental group’s contribution decreased as a result of a lower Earnings Yield factor, driven by both higher equity prices and higher cash rates.
- > The Macro group’s contribution increased due to a higher contribution from the Slope factor.

Overall, the signal’s current negative configuration is driven by the negative contributions from the Technical and Fundamental groups.

## DSC Signal



## DSC Signal Contributions



## Month in Review

Stocks and bonds rallied in July as a perceived dovish policy pivot from the US Federal Reserve led markets to lower rate hike expectations through the month. This led investors to increasingly price in interest rate cuts from major central banks in early 2023 which supported risk assets and allowed investors to recoup some of their heavy year to date losses across both equities and bonds. Fixed income markets performed strongly, with the over five year euro government bond index giving its first positive monthly return for the year in July.