

# Dynamic Share to Cash Strategy

Signal Update / 31st May 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

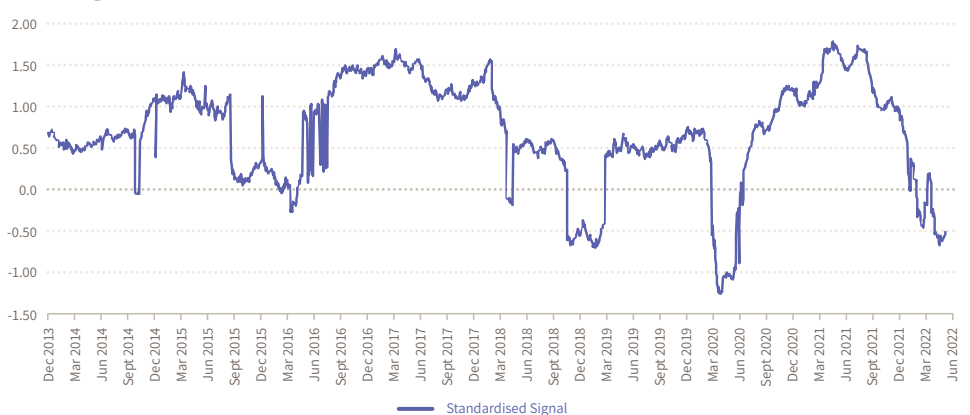
The DSC signal was -0.50 at the end of April 2022 and ended May 2022 at -0.49. The target equity weight ended May at approximately 75%, a similar level to where it started the month. During May, the target equity weight decreased to 69% on the 9th of May, as a result of a weaker signal, before moving back up to approximately 75% on the 27th of May as the signal recovered.

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

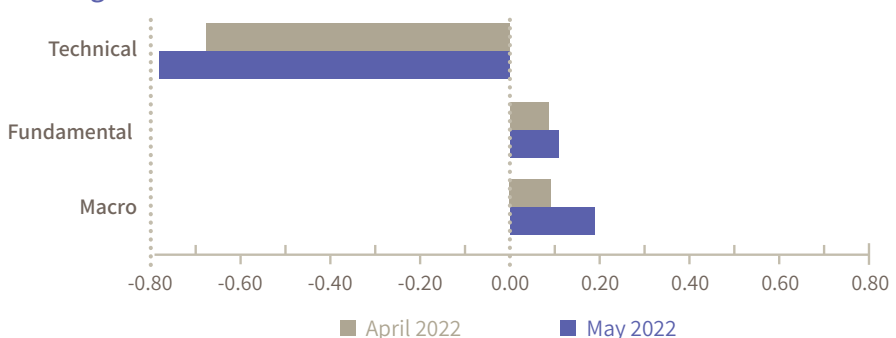
- > The Technical group’s contribution became more negative on the back of a lower Equity Market Momentum factor.
- > The Fundamental group’s contribution increased slightly given improved Earnings Yield and Valuation factors.
- > The Macro group’s contribution increased due to stronger Slope and Risk Index factors.

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

## DSC Signal



## DSC Signal Contributions



## Month in Review

May was a volatile month in markets as equities fell to new lows for the year with the S&P 500 falling over 20% on an intra day basis from its all time high in early January. Markets however rallied in the last week of May to end only slightly down for the month. Early weakness was due to continued hawkishness from central banks and ongoing increases in bond yields in response to persistent high inflation. The late month respite was due to perceptions among some investors that US inflation might have peaked and the reopening of the Chinese economy post recent lockdowns also helped ease growth fears.