



# Deuterium Global Dynamic Allocation Fund

Investor Presentation

Sep 2022

# Agenda

1. Introduction
2. Investment Process
3. Environmental, Social & Governance
4. Track Record
5. Current View
6. About the Fund
7. About the Team
8. About Deuterium
9. Why Invest

Case Studies and Models Demonstration

Disclaimer

# Introduction

The fund's objective is to generate positive returns over the course of the global business cycle, which typically runs for five years; by pursuing a policy of active allocation across asset classes and global markets – global equities (countries, regions and sectors), debt (and durations), currencies, commodities, property and cash. Decisions are driven by a global, long-term and dynamic asset allocation model that is adjusted from time to time by short-term tactical asset allocation shifts in anticipation of changing market, fiscal and political conditions.

## Our beliefs



**Macroeconomic factors** drive the majority of broad asset class returns. Quantitative analysis of these factors, focused particularly on the short term, is key to predicting market direction.



**Quantitative processes** that are evidence-driven, transparent, dispassionate and systematic have a significant edge over the human brain.



Quantitative processes have their limitations, so it is essential that **experienced managers** interpret their output and exercise discretion.



**Diversification** and **flexibility** are critical to delivering superior risk-adjusted returns.



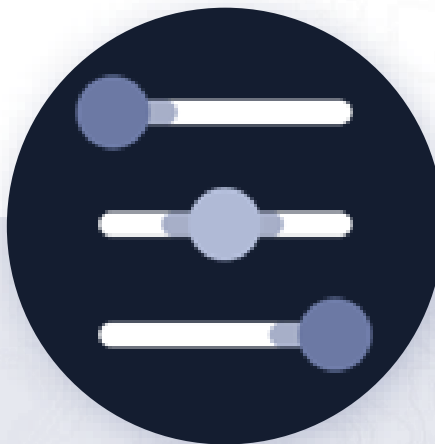
# Introduction

Our approach: To combine quantitative, fundamental macro modelling with decades of manager experience to deliver high risk-adjusted returns.



## Diversified

Investing across up to 35 markets, with ~350 holdings on average, alpha is generated from equity direction, currency and bond direction, regional equity weightings, sector weightings and commodities



## Flexible

Not constrained by narrow bands nor managed to a benchmark. The portfolio can dynamically adjust its allocation, with equities typically moving anywhere between 20% and 80%, over the course of a business cycle



## Liquid

Directly invested in global large and mega-cap securities; equities (average market cap US\$119bn\*), sovereign debt of the largest developed countries, currencies and any commodities exposure achieved with liquid ETFs

\* Source: Deuterium as at 10/01/2022.

# Investment Process

Our four-step process blends the power of large-scale quantitative analytics with fund manager expertise. The process is designed to be evidence-driven, systematic, dispassionate, seamless and transparent.



## 1. Models

The team builds predictive models

Sophisticated macro-economic modelling.

Analysis of 27 countries and 28 economic factors.

4-6 weeks forecasts updated daily with new data.



## 2. Scores

Models produce directional scores

Scores for 27 equity and sovereign bond markets, USD currency pairs and US sectors.

Aggregated with central bank policy, price pattern and valuation scores.



## 3. Positions

Scores translate into suggested positions

Positions are formulated in deep liquid markets.

Positions identified by reference to global market cap weightings.



## 4. Discretion

Managers discuss and interpret positions

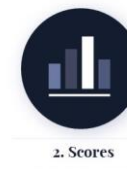
Managers typically deviate from suggested positions when policy or politics are likely to have an outsized influence on market behaviour.

The final decision rests with the Lead Fund Manager.



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# 1. Models: Overview



## Fundamental Macro and Financial Data

## 28 Macro Variables mapped to the 4 GDP Components

Primarily drive

1. Some 50 million data series are considered



2. ~800,000 data series taken into our models



3. Series are transformed for stationarity



4. Normalized z-scores are generated



5. Each series is tagged to allow it to be mapped to different dimensions



### Consumer

1. Consumption
2. Consumer Confidence
3. Personal Income
4. Consumer Credit
5. Employment
6. Unemployment Inverse
7. Initial Jobless Inverse

### Producer

1. Production
2. Factory Orders
3. Durable Goods
4. Exports
5. Imports

### Capital Spending

1. Investment
2. Retail Sales
3. Business Credit
4. House Prices
5. Mortgage Applications
6. Housing Starts
7. Existing Home Sales
8. New Home Sales

### Price

1. CPI
2. PCE
3. Core CPI
4. Service Inflation
5. Goods Inflation
6. PPI
7. Core PCE
8. PCE Services



Equity and commodity markets

Bond and currency markets

Prediction operators: Directionality, amplitude and other vectors



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# 1. Models: Projections



1. Models



2. Scores

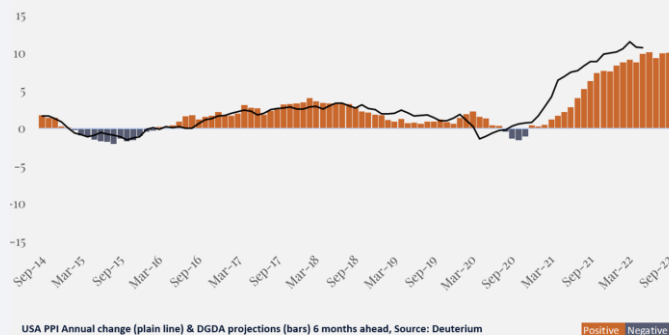


3. Positions



4. Discretion

The process seeks to forecast, several months ahead, the 28 Macro Variables that drive asset prices. Modelling is carried out for each country and globally, and for each Macro Variable.



USA PPI Annual change (plain line) & DGDA projections (bars) 6 months ahead, Source: Deuterium

Positive Negative

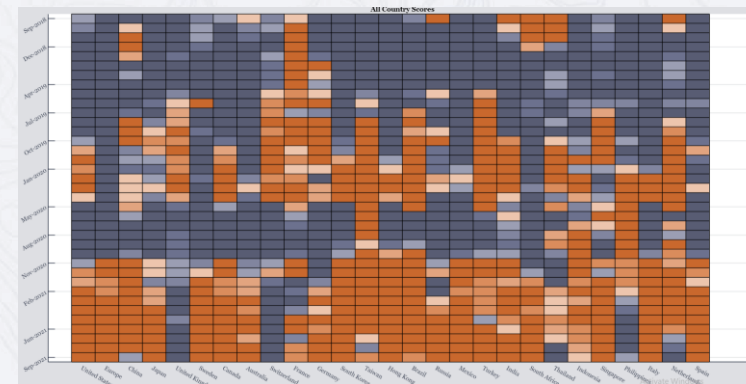
The chart on the left shows, as an example, Deuterium's model projections for US CPI annual change. The team's projections are shown as shaded bars 6 months ahead of announced data (the continuous line). At the right of the chart the projection extends ahead of the actual data.

The model outputs may be viewed as heat maps (illustrated on the right) that show on the y-axis the development of the projections over the past 3 years, with the x-axis selectable by dropdown menu to show:

- Macro Variables for each country and globally
- Countries for each Macro Variable and as an aggregate of all variables

3 years  
ago

Current



Positive  
Negative

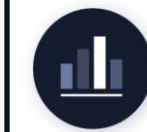
Variable

Forecasts are not a reliable indicator of future performance

## 2. Scores



1. Models



2. Scores



3. Positions



4. Discretion

This Macro Models combine with Policy, Valuation and Price inputs. Weightings are applied to produce an overall market direction probability score (% chance the market will go up/down in the next 4 to 6 weeks).

### Outlook Score

Model projections combined with Policy models for each country

Policy models reflect the monetary policy environment of the relevant Central Bank

75%

### Valuation Score

Valuation scores look at market valuations vs key valuation metrics

They are instrument, country and sector specific and include PE, yield, price to book / cashflow

12.5%

### Price Score

Price pattern scores look at a number of technical indicators

They are instrument, country and sector specific and focus on price against moving averages

12.5%



Strongest score

Weakest score

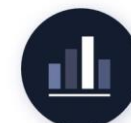
Market	Macro	Valuation	Price	Direction	Score
Equity World					36%
Equity EAFE					48%
Equity Emerging					8%
US Dollar					-38%
US Bond Price					-86%
Oil					20%
Gold					-12%
Equity USA					63%
Equity Europe					50%
Equity Japan					6%
Equity UK					-6%
Equity Canada					13%
Equity France					0%
Equity Switzerland					-13%
Equity Germany					81%
Equity Australia					25%
Equity Netherlands					-6%
Equity Spain					-6%
Equity Sweden					56%
Equity Italy					19%
Equity China					56%
Equity South Korea					-19%
Equity Taiwan					-38%
Equity Hong Kong					-19%
Equity Singapore					-13%
Equity Indonesia					-19%
Equity Thailand					38%
Equity India					25%
Equity Brazil					-50%
Equity Russia					19%
Equity Mexico					0%
Equity South Africa					19%



### 3. Positions



1. Models



2. Scores

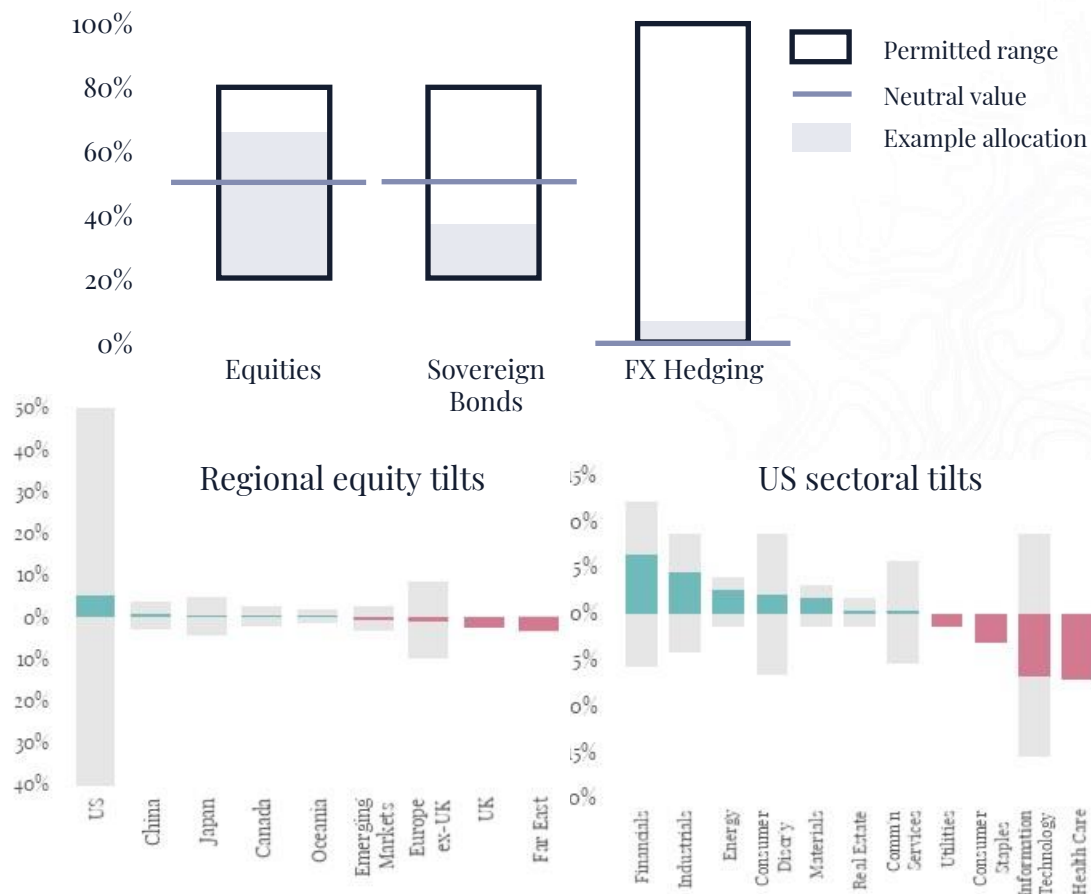


3. Positions



4. Discretion

Scores generate ‘Suggested’ portfolio positions in the ‘Primary’ asset classes. A positive probability of a market rising/falling results in a position above/below the neutral value



- All position sizing starts with a combination of score and a risk minimum and maximum.
- Regional equity positions have risk limits set by reference to world market cap.
- Sector positions are expressed using US sectoral tilts and have limits set by sector market cap vs the relevant local index.
- The fund buys baskets of cap-weighted individual ESG-screened equities (rather than ETFs).
- Bond allocations are based on the bond scores, with a fixed risk limit and competition for capital from the equity allocations. Positive and negative views are also expressed using duration, with the US 10 Year Treasury the neutral position.
- The fund is ‘go anywhere’ and the FX composition of the portfolio is an active choice in the investment process. FX forwards may be used, based on the SmartMarkets scores for currencies combined with the Managers’ discretion. The FX hedging permitted range shown at 0-100% is theoretical; based on an extreme scenario and will in practice be much smaller.

Above positions are illustrative rather than representative of the current portfolio.

## 4. Discretion



1. Models



2. Scores



3. Positions



4. Discretion

Managers can choose to hold or delay implementation of positions for several reasons.



### Example considerations

**Policy** responses (and policy mistakes) that can have market effects more rapid than can be captured in underlying data

**Negative** score in a market that could lead to contagion across global markets

**Timing** effects to reflect differences between scores across various regions in asset classes



### When exercised

Daily real time, continuous investment team discussions at the desk, aiming to make unanimous decisions. Lead Manager has ultimate decision-making authority

Weekly structured and minuted investment committee meeting sets GDA current macro view. The majority of trading takes place as a result of this weekly meeting

Quarterly Investment Summary (QIS) outlining what the models are showing for the coming three months. This is distributed to clients

Managers can adjust the suggested positions at this point in the process.



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# Environmental Social & Governance

By investing in equities directly, the fund can focus upon ESG where peers cannot



The fund seeks to avoid exposure to harmful business practices and products. Article 8 compliant; promotes environmental, social or both characteristics and follows good governance practices.



Unlike funds which invest in ETFs, the fund buys equities directly. This means it is able to exclude companies based on business practices and products determined to be harmful to the environment and society.



Exclusions include industries such as tobacco and controversial weapons, as well as companies causing severe environmental damage, or involved in serious violations of ethical norms and human rights.



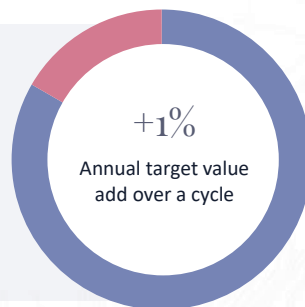
# The Opportunity Landscape: Deuterium's Target Value Add

Multiple drivers of returns: Equity, Currency, & Duration risks, Regional and Sector weightings

Deuterium uses its unique investment process to target additional, dynamic, value add above neutral asset allocations in 4 ways:

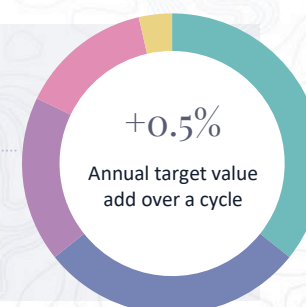
## Equity Risk Decision Equity Directional Risk

Shifting up and down the risk scale, from a minimum of 20% global equities to a maximum of 80%



## Regional Equity Weightings Equity Regional Shifts

Shifting within the equity allocation between countries and regions (Major vs emerging markets, Europe vs US)



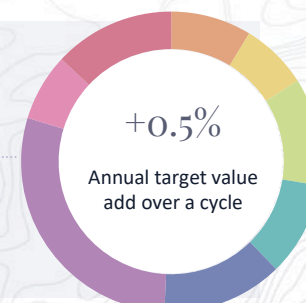
## Currency & Duration Currency and Bond Directional Risk

Shifting currency exposure by choosing which markets to hedge and targeting specific duration ranging from 20% to 75% sovereign bond 10 year equivalent exposure



## Sector Weightings Sector Underweight and Overweight

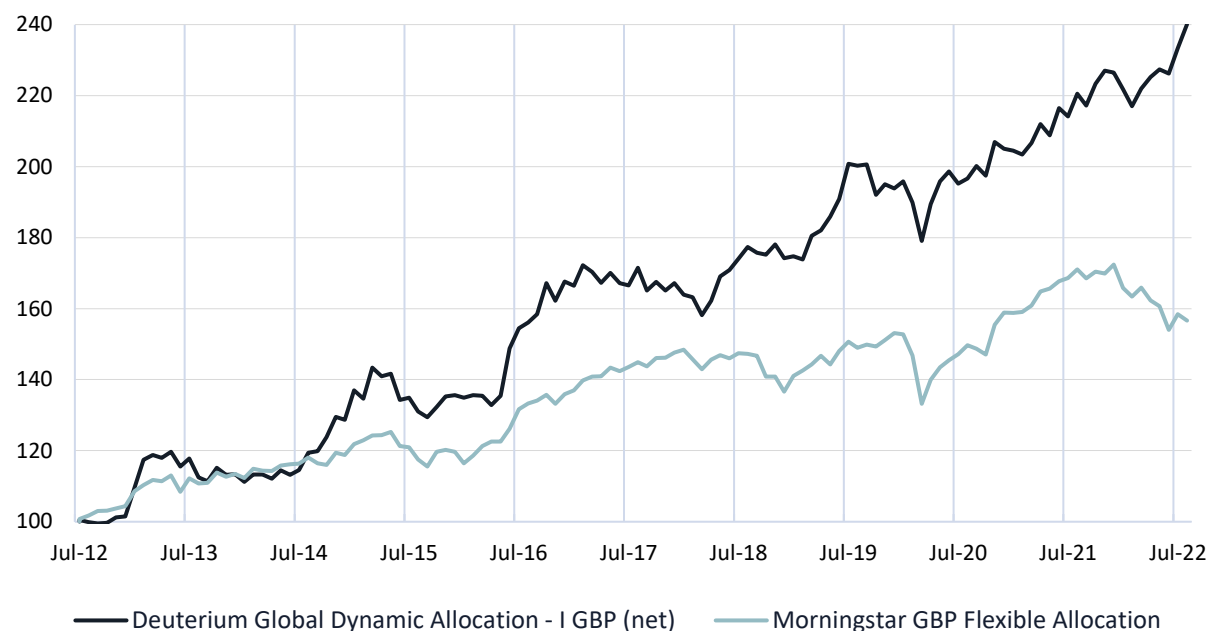
Shifts between sectors at different points in the cycle



Source: Deuterium

# Track Record GBP

With a 10 year track record for the fund strategy. John Ricciardi, with the support of the team of analysts, has managed the strategy to the same investment objective, policy and process since 4 April 2012.



**APR**  
**2012**

Kestrel launches Global Dynamic Allocation (GDA) Fund

**DEC**  
**2019**

Merian acquires global dynamic allocation team, analytics, and GDA Fund from Kestrel. Fund rebranded Merian

**JUL**  
**2020**

Jupiter completes its acquisition of Merian

**AUG**  
**2020**

Deuterium agrees to acquire GDA analytics from Jupiter and to take on the team, which continues to run the Merian fund while setting up the new fund

**JAN**  
**2021**

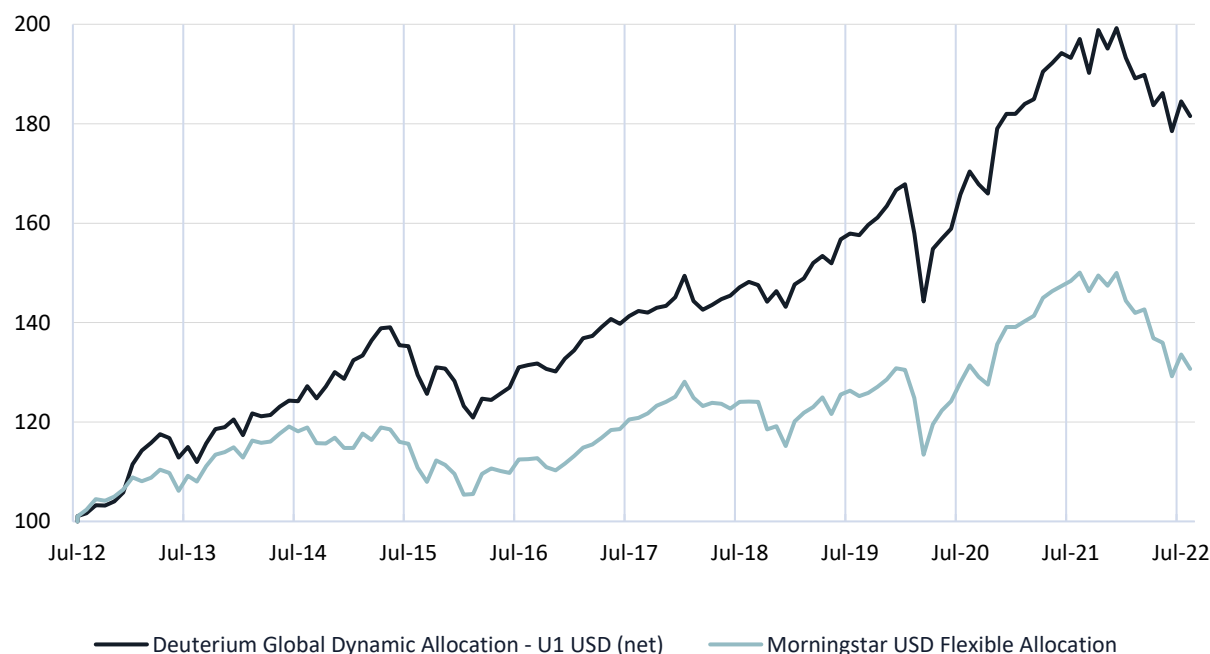
Merian fund closes and Deuterium fund launches with just an 8 days performance period gap

Past performance is not a guide to future performance. The value of your investment can fall as well as rise and you may not get back the original amount you invested.

Source: Deuterium, Morningstar

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Source: Deuterium, Morningstar



# Track Record GBP

Consistent month-on-month performer with strong performance characteristics relative to our peer group

Fund performance month-on-month net of fees

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2012	-	-	-	-	-	-	0.4	-0.6	-0.3	0.2	1.5	0.2	1.4
2013	8.0	7.2	1.2	-0.7	1.5	-3.4	1.9	-4.5	-1.0	3.4	-1.7	0.2	11.8
2014	-1.9	1.8	0.1	-1.1	2.1	-1.1	1.2	4.2	0.4	3.3	4.6	-0.6	13.5
2015	6.4	-1.7	6.5	-1.7	0.5	-5.2	0.5	-2.9	-1.2	2.2	2.3	0.2	5.4
2016	-0.5	0.5	-0.1	-1.9	2.0	9.8	3.8	1.1	1.5	5.5	-3.0	3.4	23.6
2017	-0.7	3.5	-1.1	-1.8	1.7	-1.7	-0.4	3.0	-3.7	1.5	-1.5	1.3	-0.3
2018	-2.0	-0.4	-3.1	2.6	4.2	1.1	1.8	2.0	-0.9	-0.3	1.6	-2.2	4.2
2019	0.3	-0.5	3.8	0.9	2.1	2.7	5.2	-0.2	0.2	-4.3	1.6	-0.6	11.3
2020	1.0	-3.0	-5.7	5.8	3.4	1.5	-1.7	0.7	1.8	-1.3	4.8	-0.9	5.8
2021	-0.3	-0.6	1.6	2.6	-1.5	3.7	-1.1	3.0	-1.5	2.8	1.7	-0.3	10.4
2022	-2.1	-2.2	2.3	1.5	1.0	-0.5	3.1	2.9	-	-	-	-	6.0

## Trustnet IA Flexible Investment Quartile Rankings

1 years



3 years



5 years



Deuterium Global Dynamic I GBP

Sector: IA Flexible Investment (View sector)



Past performance is not a guide to future performance. The value of your investment can fall as well as rise and you may not get back the original amount you invested.

Source: Deuterium as of 31 December 2021

# Track Record USD

Consistent month-on-month performer with strong performance characteristics relative to our peer group

Fund performance month-on-month net of fees

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2012	-	-	-	-	-	-	1.1	0.6	1.6	-0.1	0.8	1.8	5.8
2013	5.4	2.5	1.4	1.5	-0.7	-3.3	1.9	-2.7	3.3	2.5	0.3	1.3	13.9
2014	-2.6	3.7	-0.4	0.2	1.4	1.0	-0.1	2.5	-1.9	1.9	2.3	-1.1	6.8
2015	2.9	0.8	2.3	1.8	0.1	-2.6	-0.1	-4.3	-2.9	4.2	-0.2	-1.9	-0.3
2016	-3.9	-1.9	3.1	-0.2	1.1	1.0	3.2	0.4	0.2	-0.8	-0.4	2.0	3.5
2017	1.3	1.8	0.4	1.3	1.2	-0.7	1.1	0.8	-0.2	0.6	0.3	1.2	9.3
2018	3.0	-3.4	-1.2	0.7	0.8	0.5	1.2	0.7	-0.4	-2.3	1.5	-2.1	-1.3
2019	3.1	0.8	2.1	0.9	-0.9	3.2	0.8	-0.2	1.3	0.9	1.5	2.0	16.4
2020	0.7	-5.9	-8.7	7.3	1.3	1.3	4.3	2.8	-1.5	-1.1	7.9	1.7	9.2
2021	0.0	1.1	0.5	3.0	0.9	1.0	-0.5	2.0	-3.5	4.5	-1.9	2.1	9.5
2022	-3.0	-2.1	0.4	-3.2	1.3	-4.1	3.4	-1.6	-	-	-	-	-8.9

## Morningstar USD Flexible Allocation Category Quartile Ranking

1 year



5 year



10 year



**Deuterium Global Dynamic Allocation Fund UI (USD)**  
Accumulation Shares. |★★★★★|Neutral<sup>o</sup>

Morningstar Rating™ (Relative to Category)

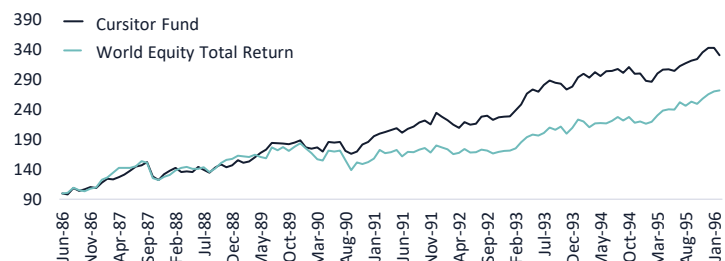
31/03/2022

Past performance is not a guide to future performance. The value of your investment can fall as well as rise and you may not get back the original amount you invested.

Source: Deuterium as of 31 December 2021

# Lead Manager Track Records

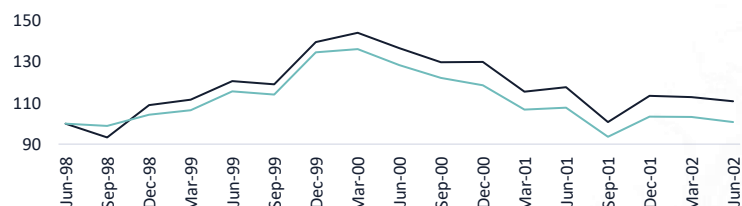
More than three decades of outperformance in multi-asset investing: John Ricciardi's long-term track records prior to Kestrel/Merian



**+59%**  
Cumulative performance

Source:  
Cursitor / Alliance  
& Bloomberg

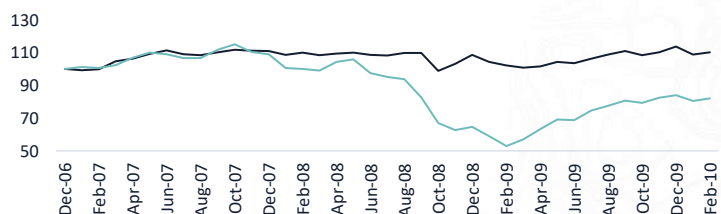
## Cursitor Fund (1986-1996)



**+10%**  
Cumulative performance

Source:  
Alliance Bernstein &  
Watson Wyatt

## Alliance Capital Global Allocation (1998-2002)



**+28%**  
Cumulative performance

Source:  
Iveagh Limited  
& Bloomberg

## Iveagh Wealth (2006-2010)

Past performance is not a guide to future performance. The value of investments can go down as well as up and is not guaranteed.

Sources: Bloomberg, Deuterium. The track records on this slide were achieved using prior versions of the modelling and allocation strategies used by the Fund.



# About the Fund

## Structure

- Umbrella: Deuterium UCITS ICAV
- Domicile: Ireland
- Regulatory Status: UCITS V
- Management Company: KBA Consulting Management Limited
- Investment Manager and Distributor: Deuterium Capital Management, LLC
- Investment Adviser and Sub-Distributor: Deuterium Investment Advisors Limited
- Administrator and Transfer Agent: RBC Investor Services Ireland Limited
- Depository: RBC Investor Services Bank S.A. Dublin Branch

## Key Facts

- Launched: 26 January 2021
- AuM: \$64.6m
- # Holdings: 195 Holdings
- Base Currency: US Dollar
- Sector: Morningstar USD Flexible Allocation
- Dealing: Daily
- Priced: Single Swing
- Share Class Currencies: USD, EUR, GBP, CHF
- ESG Status: Article 8 Compliant

# About the Team



## John Ricciardi

Lead Fund Manager and  
Head of Global Asset Allocation

Before joining Deuterium, John was the Head of Global Asset Allocation at Merian Global Investors. John cofounded Kestrel Investment Partners LLP in 2011, whose global asset allocation business was acquired by Merian in 2019. Prior to Kestrel, John's notable appointments were as Iveagh's Head of Asset Allocation between 2006 and 2011, where he launched the Iveagh Wealth Fund, and as Head of Global Asset Allocation for AllianceBernstein between 1996 and 2003.

John has also cofounded and built two successful asset allocation solutions businesses: Cursor Management which was sold to Alliance Capital in 1996 and Bullrun Financial which was sold to Quantal International Inc. in 2010.



## Osman Ozsan

Chief Investment Officer

In 2018, Osman founded Deuterium Capital Management, the investment manager of the Deuterium Global Dynamic Allocation Fund. In addition to his role on the GDA team, Osman also manages a private investment portfolio and a private equity pool for clients of the firm.

Osman has led an extensive international career in investment banking working at Barclays and UBS, trading interest rate and currency derivatives, as well as debt instruments. Osman studied law at the University of Bristol before moving to graduate study in Finance at the Stern School of Business in New York.



## Vijay Modhvadia

Head of Risk

Vijay joined Deuterium in Dec 2021. Vijay has led an extensive international career in investment banking working at UBS Zurich, Credit Suisse, Barclays and HSBC Bank trading interest rates, government bonds and currency derivatives.

Vijay has extensive experience in leading teams having been Head of G10 STIR at UBS and team leader at Barclays. Vijay has quantitative background with first class degree in Software Engineering and most recently completed courses in Artificial Intelligence and Machine Learning from MIT.

# About the Team



**Ravi Kishore Booka**

**Head Quant Analyst**

Ravi is the Head Quant Analyst within the GDA team, a position he has held since Jan 2021 having joined Kestrel in September 2011 as the Chief Technology Officer. Ravi is responsible for the team's technology strategy and he plays a key role in developing systems to power both the investment process and the research effort. Ravi previously worked with John at Iveagh as technology consultant and was instrumental in developing the innovative tools that drove its investment process.

Ravi began his career as a software engineer with Intoto Software Ltd in India. Ravi has a BSc in Mathematics and Computer Science and an MSc in Electronics from Andhra University, India.



**Pramila Prasingu**

**Data Analyst**

Pramila is a Data Analyst within the GDA team, a position she has held since November 2020 having joined Kestrel in August 2011 as a developer. Pramila is responsible for web administration and the data analysis that underlies the team's investment modelling capabilities. Pramila previously worked with John at Iveagh as intern and was instrumental in data processing.

Pramila began her career with Andhra Bank in India as Helpdesk Executive. Pramila holds a Master's degree in Computer Networks from Middlesex University.



**Sarath Kotamarthi**

**Quant Analyst**

Sarath is a Quant Analyst within the GDA team, a position he has held since November 2020 having joined Kestrel in December 2012 as a consultant developer. Sarath is responsible for organising, analysing and reporting on non-macro-economic and financial market data in support of the team's investment modelling systems.

Sarath began his career with PC DOCTOR 24 in London. Sarath holds a BSc in Computer Science and a MSc in Computer Networking from London Metropolitan University.



# About Deuterium

For professional investors only

- **Deuterium Capital Management LLC (“Deuterium”)** managing more than \$1.2 billion in assets, as of 30-Jun-2022 including \$0.23 billion in long/short, absolute return style private fund assets, has been authorised by the Central Bank of Ireland to launch its daily-dealing UCITS liquid alternatives fund (“GDALS”) on the same platform as its existing UCITS long-only, multi-asset fund.
- **The Deuterium Global Dynamic Allocation Long/Short Fund (“GDALS”)** strategy intends to combine the best of quantitative macro fundamental analysis with decades of manager experience in a UCITS, daily dealing, long-short, multi asset fund.
- **The Deuterium Global Dynamic Allocation Long Only (“GDA”)** UCITS, daily dealing, long only, multi asset fund with 5-star Morningstar rating with 10-year track record.

Simulations are not a reliable guide to future returns

Source: Deuterium, Bloomberg



# Why Invest with Deuterium's Global Dynamic Allocation (GDA)?

## Seven reasons

1. Simple approach with a deep focus: We do not seek to invest across too many classes, but we focus on those where there is a depth and history of reliable data to support our predictions.
2. Pragmatic emphasis on the near-term: With one eye on the long term, we focus on near-term (4-6 week) catalysts and trends that really drive asset prices, and where our models and data are most dependable.
3. Leadership in macro analysis: A long running, continually updated macro-analysis system combined with decades of macro-experience across several economic cycles.
4. Glass box rather than black box: Models and analysis are shared with clients through quarterly commentaries, with direct real-time access to our SmartMarkets quantitative research and analysis for significant supporters.
5. The long only fund has a macro-driven, liquid, ESG-compliant security selection: We are not individual stock pickers, but we select global large and mega cap securities in countries and sectors which are filtered for ESG to meet Article 8.
6. Team longevity and dynamics: The core team has worked together for many years and the move to Deuterium has enhanced the blend of dynamics, experience and insight.
7. Strong and consistent numbers vs. peer group performance



Source: Deuterium, Morningstar



# Case Studies & Models Demonstration



# Case Study: Managing Through the Covid-19 Crisis

In Mar 2020 The Team Extended Bond Durations, Stayed Overweight Equities Anticipating The Rebound, and Concentrated Positions In Technology, Communications and Discretionary Sectors

Deaths • Sweden • All time



## COVID-19 Crisis

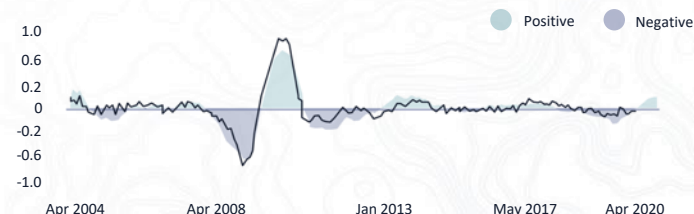
To start 2020 the GDA models showed a strong upswing in the global cycles to come over the next quarters, leading the team to hold an overweight in equities. When the Covid-19 crisis was recognized as a pandemic in March, the team shifted US Treasury bond positions up to an equivalent of 100% 10 year Treasury duration. This underpinned portfolio performance during March in one of the most rapid and deep crashes in stock market history.

The team implemented proprietary short term liquidity and market monitors to assess the effects of central bank interventions and fiscal policy measures on global debt and consumption. This kept the portfolio overweight equities and concentrated positions in technology, communications and discretionary sectors.

## The outcome

By Sep 2020 the fund had recovered to better its previous high in Feb 2020. This meant that the fund significantly outperformed the peer index with its Jan 2020 to Nov 2020 return of +6.4%. Adjusting the portfolio allocations for external shocks remains a core team competence.

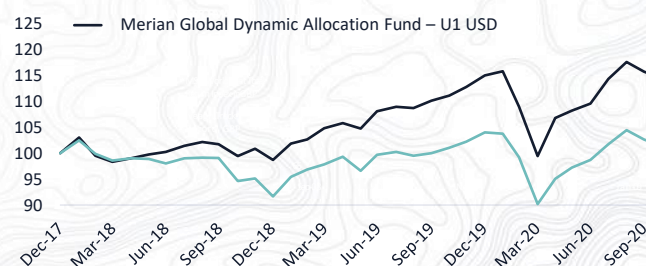
## 1. Anticipating global recovery in H1 2020



## 2. Proprietary monitors predict a rapid recovery



## 3. GDA fund recovers to a new high by Sep 2020



Past performance is not a guide to future performance. The value of investments can go down as well as up and is not guaranteed. Source: Deuterium as at 18/11/2020. Refer to important disclaimers at the end of this presentation.

# Case Study: Discretionary Added Value 2018

In Late 2018 the Managers Decided to Increase Equity Exposure, Ahead of the Fed Flip Flopping on Interest Rates



## Fed Flip Flops

The US Federal Reserve (Fed) flipped from raising interest rates until December 2018 to cutting them between August 2019 and October 2019. The fund was able to benefit from this change in direction.

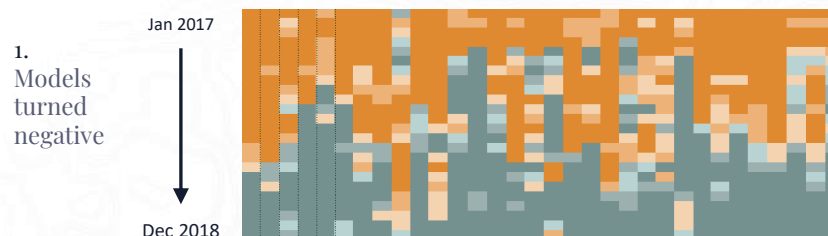
In the latter months of 2018, the team's models showed that worsening economic conditions would make it very difficult for the Fed to continue on its rate hiking path.

## Manager Discretion

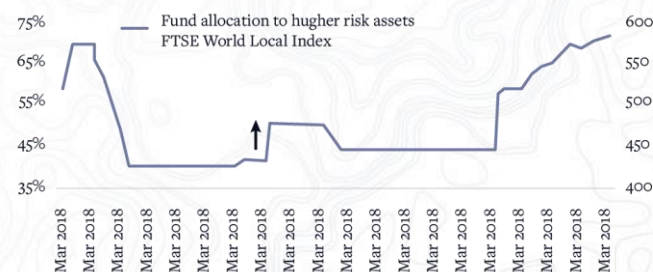
Was introduced because a judgment needed to be taken on human decision making within the Fed. Exposure to equities was increased.

## The Outcome

The fund significantly outperformed peers during the twelve months to October 2019.



2. Higher vol positions were increased



3. Fund (1 USD) performance (%) 1 year to Oct 2019

Merian Global Dynamic Allocation Fund	11.7%
Morningstar USD Flexible Allocation, Open End Fund Funds, Europe Region TR	6.9%

Past performance is not a guide to future performance. The value of investments can go down as well as up and is not guaranteed. Source: Deuterium, Bloomberg, Morningstar. Merian U1 USD Acc (in USD) performance 1 year at October 2019. Performance is shown net of fees and expenses. Refer to important disclaimers at the end of this presentation.

# Case Study: Avoiding the Crash of 2008

In January 2008, The Lead Manager Reduced Equities Below 30%



## Great Financial Crisis

When the great financial crisis hit in September 2008, the fund's lead manager was well prepared. He had only 27% allocated to equities. Consequently, the performance of the fund he was then managing held up well, while equity markets tumbled in one of the worst crashes in stock market history.

He was led to his cautious stance because his macro models had long been forecasting a global recession in 2008.

## Manager Discretion

Was introduced because a judgment needed to be taken on human decision making within the Fed. Exposure to equities was increased.

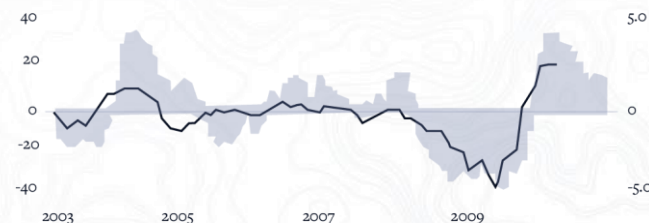
## The Outcome

The fund he was then managing significantly outperformed the market during the worst of the crisis, suffering a fall of only -1.0% during the period 1 September 2008 to 2 January 2009, compared to the -11.2% fall of the MSCI World Index (in GBP).

Protecting against downside risk remains a key part of his investment philosophy to this day.

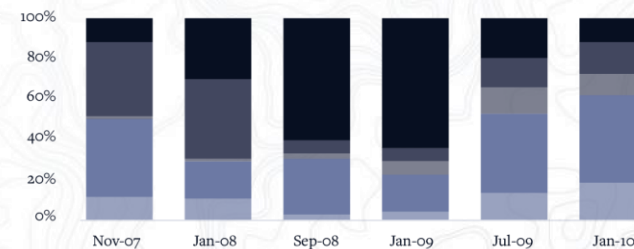
## 1. Macro modelling

Global economy indicator  
World GBP accelerations



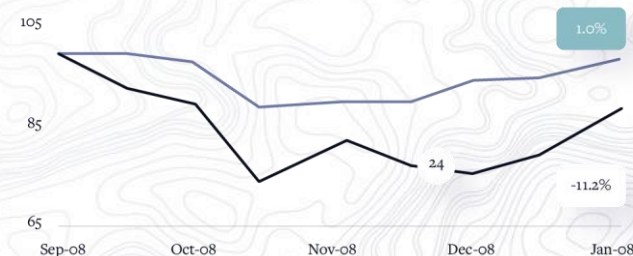
## 2. Asset allocation shifts

Government Bonds & Cash  
Absolute Return  
Corporate Bonds  
Equity Markets  
Commodity Markets



## 3. Fund performance (%)

MSCI World Net Total Return index in GBP  
Iveagh Track Record GBP





# Important Disclosures

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The on-going charges are the fees the Fund charges to investors to cover the costs of running the Fund. Additional costs, including transaction fees, will also be incurred. These costs are paid out by the Fund, which will impact on the overall return of the Fund. For the avoidance of doubt, if you make a decision to invest, you will be buying shares in the Fund and will not be investing directly in the underlying assets of the Fund.